

MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

August 27, 2007

As we round out August we have packed more than 80% of our plum estimate and more than 90% of our peach and nectarine estimate. Most of the plums will finish packing by mid-September, lead by Angeleno's, and the final nectarine varieties will also be completed by then. Although the end is in sight we will still have plenty of great tasting fruit throughout September and peaches will be available through the end of October. As with any year, this one has had its challenges and opportunities, so with a bit of luck we will finish this year strong. Temperatures are currently hovering near the 100 degree mark and no significant changes are forecasted.

Thank you for your interest in the International market developments for fresh California PPN. If you have any suggestions or comments, please feel free to contact Gordon Smith at gsmith@caltreefruit.com or Sarah Alvernaz at salvernaz@caltreefruit.com.

Current News

Typhoon Sepat

Taiwan has been hit hard by three storms over the past two weeks with agriculture losses totaling \$34.5 million dollars, according to the Taiwan Council of Agriculture (COA). The bulk of the losses were felt in crop damages to pomelo, bananas, watermelons, other melons and leafy green vegetables. Beginning August 6, the island was subjected to two tropical storms, Pabuk and Wutip followed by Typhoon Sepat each of which drenched the island with torrential rains. Reports are that more than 60% drop in pomelo supplies and a 20-30% drop in banana supplies can be expected for the year. In terms of damage done to roads and infrastructure, the Suao-Hualien Highway, which links the Ilan County city of Suao with Hualien along the eastern coast, were closed due to landslides brought about by rains from Typhoon Sepat. *Source: chinapost.com.tw*

China Threatens to Retaliate Over U.S. Recalls

Stung by a wave of recalls, China hinted that it might take retaliatory action against U.S. products exported to China. Last week, China rejected a batch of U.S. made pacemakers and asserted that U.S. soybean farmers sent shipments tainted with pesticides and weeds. The State Council, China's Cabinet, said Thursday that the Chinese government would return or destroy all improperly imported meat, fruit and recycled waste by year's end. Gao Hucheng, a commerce vice minister, pointedly reminded a news conference that China is poised to overtake Japan as the United States' third-largest export market. Gao has accused U.S. news organizations of grossly exaggerating problems with China's exports. "The Chinese government thinks certain media ... sensationalize the quality problems of Chinese products," Gao said. "Deliberate sensationalism and overstatement will not be accepted by China." Retaliation by China against U.S. products would be especially costly for American agricultural exporters. *Source: statesman.com*

New Zealand- Foodstuffs' Labeling Only on Fresh Products

Supermarket operator Foodstuffs has decided to put country of origin labeling on its fresh fruit, vegetables, meat and seafood following concern about the safety of food from overseas, but says it is not practical to do the same for processed food. Foodstuffs said while it is relatively straightforward to declare the country of origin for one single ingredient, it would be difficult and expensive to produce labels for processed food. Melissa Hodd, Foodstuffs executive manager says it is a big job but suppliers should know the origins of their food. The policy should be in place by December. Recently, there has been concern about food from China in particular after fish exported to America was found to contain high quantities of chemicals, toothpaste was contaminated with anti-freeze and cats and dogs died from eating Chinese manufactured pet food. *Source: nz.news.yahoo.com*

Reliance Retail Opens India Superstore

A subsidiary of India's most valuable company, Reliance Industries, launched what it says is the nation's largest superstore, as it attempts to make inroads into a retail market dominated by small stores. The store, in the western city of Ahmedabad, sprawls over 165,000 square feet and retails goods ranging from groceries to automotive accessories. Reliance Retail, which opened its first store in November in Hyderabad, is spending \$6 billion to set up hypermarkets and food and grocery stores across India. Reliance plans to set up 500 hypermarket stores as it attempts to gain an edge over local rivals and overseas giants like Wal-Mart. India's retail market is estimated at \$350 billion, but small mom-and-pop stores account for about 97% of it. News of Wal-Mart's entry has precipitated opposition from small-scale retailers, who say millions will lose their livelihoods if large chains come in. The protesters have the support of the government's communist allies and opposition parties. In fact such strong opposition led to the vandalizing of Reliance Fresh Stores last Thursday during one of their store openings by traders. The protestors forced Reliance Retail Ltd staff to stay cooped in their stores for nearly an hour in Janakipuram and Alambagh while they chased away customers. Groups of vegetable traders clarified that their anger was directed not only at Reliance Retail Ltd. alone, but all retail players keen on entering the fruits and vegetables market. *Source: forbes.com, Hindustan.com*

Market Reports

Mexico

The market situation continues to look good for California PPN as demand is high, volumes are good and quality is excellent. Peaches remain the leader amongst the three fruits, with the trade reporting approximately 90% market share due to a decline in local peach supplies as a result of bad weather. White-flesh nectarines have arrived in the market last week and are reporting to be selling very well. A range of plum varieties are in the market and are reporting to be great quality and selling well. Washington apricots are in the market but quality is reporting below average. Good quality, low price plums from Puebla State are also adding to the competition but mainly Mexico City and traditional markets.

Hong Kong

Sales of fresh fruit continued to feel the impact of less than ideal weather, as the market slowed due to heavy rains following Typhoon Sepat. Still California Tao Lee can be found in all levels of the market with more than 80% of vendors carrying 2 or more varieties. Chinese stone fruit continues to be our primary direct competition as their eating quality has improved from the beginning of the season. As for indirect competition oranges, table grapes and apples are popular among imports, and local favorites including lychee and longans are available.

Taiwan

In the wake of Typhoon Sepat demand for imported product is expected to increase as local agriculture losses total more than US\$34.5 million dollars. Pomelo orchards were hit the hardest, along with bananas, watermelons, melons and leafy vegetables. As a result of the typhoon, the trade expects sales pressure from local fruits to decrease markedly, providing significant sales opportunities for California Tao Lee. This past weekend was a major selling period for the Ghost Festival, with every outlet reportedly carrying and/or displaying large volumes of California Tao Lee. Other imported fruits include New Zealand kiwi, Korean melon and California table grapes.

China

As the season progresses, reports indicate the quality of Chinese stone fruit is actually improving, thus increasing the already intense competition for California Tao Lee. Compared to last year there is a significant increase in availability in the market, especially early and the number of varieties of Chinese Tao Lee offered. The trade is generally happy with the quality of the California plums found throughout the market. California red and black plums were found high tier hyper/supermarkets and department stores in Shanghai, Shenzhen, Guangzhou, and Beijing. Surprisingly in Shanghai there were still trace amounts of Chilean plums in the market-their size and quality was inferior to California but the fact that they were still there is a shock. Local lychee and watermelon continue to be favorites amongst consumers.

Singapore

Volumes of California PPN have increased over the past couple of weeks as more sea and air shipments have arrived. The trade is continually pleased with the quality of the fruit and is anticipating a sales boost during the Ghost Festival. The variety of California PPN has improved over the past couple of weeks, including an increase in the number of vendors handling white flesh nectarines. Chinese white flesh peaches are the main competition at the moment but the arrival of Washington donut peaches are proving popular.

Malaysia

Demand for California peaches, plums and nectarines have been good and expected to increase further through Ghost month. Sales of California PPN in the retail market have been encouraging to date. Many importers are importing more varieties of California PPN to meet the demand of retailers with many retailers utilizing CTFA materials to prominently display the fruit. Chinese stone fruit is the predominant competition but primarily in smaller cities and price driven supermarkets.

Thailand

Over the past couple of weeks import volumes of California PPN have increased with the trade planning to take advantage of late season varieties by placing additional orders at the end of August. A mix of varieties and sizes can be found in most high-end retail outlets, supermarkets and selected wet markets. Chinese peaches can be found in limited quantities in supermarkets and Chinese plums can be found in wet markets. Other competition includes the extremely low priced local longkong.

Indonesia

Most high-end supermarkets and fruit boutiques were offering supplies of California peaches, plums and nectarines, including a variety of white flesh, red and black plums. The trade continues to be pleased with the

quality of the fruits, commenting on the freshness, color and perfect eating quality. Chinese peaches can be found in all fresh fruit boutiques at a considerably lower price.

United Kingdom

Similarly to last report, European stone fruit is dominating the market. However, as the European season ends importers will be looking to California to bridge the Southern-Northern hemisphere gap in the UK stone fruit market. Other commodities doing well in the market include US cherries, Pakistani mangoes and Spanish melons.

New Zealand

The New Zealand government has announced that there will be mandatory Country of Origin Labeling on all products as of December 2007, after a series of problems regarding tainted imported product from China. In terms of California PPN, the feedback from the trade continues to be good as demand is high, quality remains excellent and the kiwi dollar remains strong- all very important factors directing the market. As for competition, Australian citrus continues to be the main competition as it continues to be heavily promoted by retailers.

Central America Region

California peaches, plums and nectarines continue to receive positive feedback from the trade reporting excellent color, size, flavor, and excellent shelf life. Sales and volumes are good in all markets except for Guatemala as local peaches have increased their market presence. All three commodities can be found in the traditional sector as well as in supermarkets with large displays. Multiple varieties of the three fruits continue to arrive in the market with the trade pleased with the quality of the product and looking forward to coming shipments.

South America

In Colombia and Ecuador, California PPN is doing very well as quality is above average and consumer demand is strong. Produce managers are very pleased with the quality and have commented on the quick rotation of the fruit. At the moment California peaches, plums and nectarines are the only stone fruit available in Colombia. In Ecuador, Peruvian peaches are the only direct competition, but only in open markets. In Venezuela, only low volumes of California PPN are available but new arrivals are expected at the end of the month. Local peaches and plums continue to dominate the market there, but some Spanish nectarines and plums were also present. Official dollars have not been issued in the past two weeks in Venezuela leaving little incentive for the importation of California PPN.

Promotional Highlights

General

This section of the report highlights various promotional programs and/or events that are traditionally important for our fruits. Listed below are several brief descriptions of in-country activities. Promotional programs have begun and will continue to increase over the next month as more fruit enters the international markets.

*Be sure to visit the new International section on the PPN Network Download Center at www.eatcaliforniafruit.com! On the download center you will find downloadable POS material from many different countries. Additional file formats may be available upon request.

Mexico

In an effort to reach parents and kids a joint promotion was conducted with an organization "Kids in the Kitchen" in Guadalajara last week. Over 50 participants including moms and their kids attended a cooking class where they learned three simple recipes: "Plum Loin", "Nectarine Rice" and "Peach Cake". The participants also learned about the nutritional value of California PPN, varieties, ripening methods and the difference between peaches and nectarines.

Hong Kong

In addition to in-store samplings, the ad campaign launched on June 15 and continuing through September places ads in 6 leading lifestyle magazines: *Next*, *Eastweek*, *TVB Weekly*, *Oriental*, *Three Weekly*, and *Eat & Travel Weekly*. The media campaign will also feature TV advertising and newspapers advertising to be conducted through Moon Festival in September.

Taiwan

Heavy promotions are taking place in August to support the sales during Ghost Month. In addition to over 160 in-store samplings, a newsletter was sent out to all trade members, the third wave of TV advertising ran on August 9 through the 13 and ran again on August 22 - 27. Also consumer promotions aimed at encouraging sales of California PPN will continue to be heavy during Ghost Festival and up to the Moon Festival on September 25.

China

Over 60 promotions with supermarkets, hypermarkets and department stores were conducted in August and continuing through September. The joint promotions include samplings as well as cooperative advertising with some of the retailers. In addition to the promotions a retail training seminar was conducted last week in Shanghai, with three more scheduled in September. The seminar discussed the proper storage, handling and merchandising of California Tao Lee.

Malaysia

A display contest with two major hypermarket and supermarket chains just kicked off with a majority of their stores participating. The contest is designed to have the retailers prominently and attractively display California peaches, plums and nectarines to boost sales.

CAM

In store promotions continue, with demonstrators sampling fruit, handing out recipe brochures and small consumer incentives. Also, consumer advertisements were placed in specialized magazines in Costa Rica and Guatemala, which will run through September.

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Mexico	Peaches	CA	50-64 vf	18.16	18.16
	Nectarines	CA	64-72vf / 25 lb	13.88	13.88
	Plums	CA	70-72 / 28 Lb.	16.03	16.03
	Peaches	MX	22 lb	15.71	15.71
	Apple	WA,MX	100-125-135	32.04	32.04
	Kiwifruit	Chile	22 lb	14.22	14.22
	Strawberries	CA	12 lb	14.04	14.04
	Strawberries	MX	19.2 lb	6.88	6.88
	Table-grapes	CA	18-20 lb	14.67	14.67
	Mangoes	MX	25 kg	9.85	9.85
	Plums	MX	18Kg	9.21	9.21
Pears	Arg	36-44 lb	27.80	27.80	
Hong Kong	Peach	CA	15 - 56	18.18 - 36.36	0.51 - 2.59/pc
	Nectarine	CA	56 - 80	15.58 - 25.97	0.21 - 0.90/pc
	Plum	CA	35 - 110	15.58 - 32.46	0.18 - 1.29/pc
	Prune	CA	28 lbs	23.37 - 36.36	1.29 - 2.07/lb
	Peach	China	70 - 88	11.68 - 15.58	0.18 - 0.64/pc
	Plum	China	75	10.38 - 12.98	0.18 - 0.25/pc
	Apple	WA, China	40 - 100	15.58 - 25.97	0.19 - 0.64/pc
	Orange	USA	88 - 113	20.77 - 29.87	0.25 - 0.77/pc
Taiwan	SW Peach	CA	12-18/Lyr	28.8-36.4	2.1-3.5/each
	SW Nectarine	CA	44-72/Vf	18.2-24.2	0.3-0.5/each
	Plum	CA	25-45/Vf	22.7-39.4	0.3-0.5/each
	Plum	CA	70-80/Vf	18.2-21.2	0.3-0.5/each
	Peach	Japan	12-15/box (4kg)	55-67	6-8/each
	Peach	Taiwan	5-8/box (1.5kg)	5.9-9.6	0.7-2.1/each
China-Shanghai	RED PLUM	USA	10KG	31.58/BOX	2.34---5.00/500G
	RED PLUM	CHINA	BULK PACK	0.64--1.91/500G	1.18--5.00/500G
	BLACK PLUM	CHINA	BULK PACK	0.59--1.58/500G	0.77---2.76/500G
	PLUM	CHINA	BULK PACK	0.29---1.18/500G	0.31---3.68/500G
	NECTARINE	CHINA	BULK PACK	0.34--0.44/500G	0.39---3.68/500G
	WHITE PEACH	CHINA	SMALL,48	13.75--14.38/BOX	1.57---5.00/500G
	WHITE PEACH	CHINA	BULK PACK	0.15---0.25/500G	0.52---2.63/500G
	PEACH	CHINA	BULK PACK	0.13---0.59/500G	0.20---0.99/500G
China-Guangzhou	NECTARINES	CHINA	LARGE,70/75	9.21	0.98-1.53
	NECTARINES	CHINA	SMALL,BULK	0.26/500G	0.45-0.65
	PEACH	CHINA	SMALL,BULK	0.26-0.63/500G	0.65-1.17
	PEACH	CHINA	MEDIUM,BULK	0.66/500G	0.99-1.29
	PLUM	CHINA	BIG,BULK PACK	0.97/500G,12.98/5	1.62-1.95
	PLUM	CHINA	MEDIUM	13.16	1.05-1.32
	PLUOT	USA	35	25	2.03
	RED PLUM	USA	30/35	26.32/25	1.91-2.21
	NECTARINES	USA	35	27.63	

Country					
Singapore	SW Peach	CA	18-40	30-43.33	1.67-2.33 pc
	SW Nectarine	CA	64 v/f	25.33	0.87 - 1.00 pc
	Peach	CA	64 v/f	42.8	1.00 pc
	Nectarine	CA	64 v/f	43.33	1.00 pc
	Donut Peach	WA	36	53.33	2.00 pc
	Donut Nectarine	WA	4pc x14 boxes	62.67	5.93 4pcs
	Prune	CA	80/90	57.33	8.60 kg
	Plum	CA	55 - 60	19.97	015 - 0.20 pc
	White Peach	CHA	S	1.8	2.33 / 900g punnet
	White Peach	CHA	75	19.97	0.64 pc
	Apple	SA	150	28	0.27 pc
	Cherry	USA	10 rolls	60	11.33 kg
	Persimmon	NZ	14	21.33	1.93 pc
	Grapes	USA	8.2 kg	25.33	3.93 kg
	Strawberry	USA	8 x 454g	23.33	3.67 454g
Malaysia	Peaches	CA	56-64 vf	36.0-42.0/carton	1.10-1.80/pc
	Nectarines	CA	62- 70vf	36.0-42.0/carton	1.10-1.80/pc
	Donut Peaches	CA	56-84	44.0-66.0/carton	1.40-2.50/pc
	SW Peach	CA	56-64/vf	38.0-44.0/carton	1.20-1.85/pc
	SW Nectarine	CA	64-88/vf	36.0-42.0/carton	1.10-1.80/pc
	Peaches	CHINA	900g	16.0-20.0/carton	2.30-2.60/900g
	Nectarines	CHINA	900g	16.0-20.0/carton	2.30-2.60/900g
	Orange	CA	113-180	17.5-20.2/carton	0.15-0.28/pc
	Plum	CA	28lb.	1.50-1.75/lb.	1.12-1.6/lb.
Thailand	Plum	CA	25-55	21.99-91.0	2.82-14.0/kg
	Peach	CA	16-45	25.41-84.81	3.85-12.85/kg
	Nectarine	CA	55-60	25.41-84.81	3.85-12.85/kg
	Prune	CA	70-100	66.61-72.41	8.54-11.14/kg
	Peach	CHA	40-45	22.23-26.67	2.85-3.42/kg
	Black Plum	CHA	45-55	40.11-44.53	5.14-5.71/kg
	Longkong	Thai	10/kg	2.24-4.56	0.28-0.57/kg
	Chinese Pear	CHA	20/2lyr	10.08-54.72	0.42-2.28/pc
Indonesia	SW Peach	CA	44/45	47.87	7.7 - 15.41
	Peach Donut	CA	24	46.96	13.7
	Peach	CA			7.9
	SW Nectarine	CA	44/45	47.87	7.1 - 12.76
	Nectarine	CA	35		8.35-13.14
	Plum	CA	25-55	23.4-69.15	3.52 - 10.56
	Pluot	CA	28		16.44
	Nectarine	China	70		2.65
	Strawberry	USA	3Kg(8 pack)	35.91	6.46 - 6.8
	Cherry	USA	6 kg	92.7 - 98.23	105.59

Country						
United Kingdom	Nectarines	Spain	Pack of 4	990/4kg	3.94	
	Nectarines	Italy	Pack of 4	792/4kg	4.93	
	Nectarines	France	Pack of 4	Na	3.92	
	White Nectarine	France	Pack of 4	Na	4.93	
	Peaches	Portugal	Pack of 6	Na	2.93	
	Peaches	Italy	Pack of 4	841/4kg	4.93	
	Peaches	France	Pack of 4	1118/4kg	3.92	
	Peaches	Italy	Per fruit	594/4kg	1.56	
	Peaches	CA	Pack of 4	Na	4.93	
	Plums	UK	500g	196/kg	3.94	
	Plums	Spain	500g	792/4kg	2.95	
	Plums	Israel	Per kg	891/5kg	9.88	
	Plums	Portugal	Per fruit	Na	1.98	
	Plums	UK	Per kg	130/kg	6.91	
	Yellow plums	Portugal	500g	Na	2.95	
	Watermelon	Spain	Per fruit	693/14kg	3.72	
	Bananas	Ecuador	Per kg	Na	1.16	
	Mango	Spain	Per fruit	Na	2.93	
	New Zealand	Nectarine	CA	11.3kg	1.5	3.4
		SW Nectarine	CA	11.3kg	2.3	4.1
Peach		CA	8.0kg	2.8	4.1	
SW Peach		CA	8.0kg	2.3	4.1	
Plum		CA	12.6kg	1.8	2.4	
Pluots		CA	12.6kg	1.4	4.1	
Bananas		Phillipines			2.0	
Kiwifruit		NZ	medium		0.70 - 0.80	
Oranges		Aussi	medium		2.0	
Mandarins		Aussi	small/med		2.0	
Grapes		US	small/med		5.5	
Apples		NZ	medium		2.0	
Central America		Peach	CA	56-65	16.00-31.46	1.07-2.59
	Donut peach	CA	50		4.6	
	Nectarine	CA	56-65	18.00-31.46	1.20-2.17	
	Plum	CA	50-90	18.00-29.00	0.95-2.59	
	Peach	CR, GT, HO	73-100	15.68-19.60	1.04-1.30	
	Plum	CR, GT, HO	18 lbs	7.72-9.27	0.94-0.97	
	Apple	WA, CH, AR	64-182	23.00-32.80	1.30-1.98	
	Pear	CH, AR	100-130	26.92-48.35	1.79-1.88	
	Grape	CH, USA	18, 21 lbs	15.40-24.10	1.65-3.47	
	Kiwifruit	CH	18-22 lbs	20.00-29.01	1.62-1.76	
	Mandarine	CH	25	18.00-41.05	0.90-2.05	
	Orange	CH, PE	48-72	24.00-24.83	0.60-2.35	
	Pomegranate	CL			1.75	
	Lime	USA	115	29.00	1.00-1.48	
	Grapefruit	CA			1.55	
	Strawberry	CR, USA			1.87-6.95	
	Cherry	USA			5.50	

Country					
Colombia	Peach	CA	64	28.76 / 29.76	1.71 - 3.96
	Nectarine	CA	64	27.28 / 28.76	1.73 - 3.47
	Plum	CA	65	27.77 / 28.76	2.23 - 3.45
	Kiwi	Chile			2.28 - 2.39
	Apple	Chile	80- 150	29.80 - 32.80	1.22 - 1.35
	Pear	Chile	70 - 100	20.50 - 28.52	1.22 - 1.10
Ecuador	Peach	Perú	90 u.	13.00-15.00/box	0.25 u.
	Nectarine	CA	22 lb	18,00-20,00/box	1,26-1.60/lb
	Plum	CA	16 Lb	18,00-23,00/box	1,26-1,64/lb
	Peach	CA	22 Lb	19,00-23,00/box	1,26-1.60/lb
	Pink Apple	CA	125-60	17.00-22.00/box	0.74-0.80/lb
	Kiwi	Chile	22 lbs	13,00-16,00/box	0,87 - 0,91/lb
	Apple	Chile	125-160	15,00 - 20,00/box	0.71 - 0.77/lb
	Packam` s Pear	Chile	22 lbs	15,00-20,00/box	0.70 - 0.87/lb
Venezuela	Peach	Venezuela	N/A	N/A	2.51-3.06/Kg
	SW Peach	CA	25-27lb	28.57-33.33	4.26-6.69/Kg
	Peach	Venezuela	N/A	N/A	3.67/Kg
	Nectarine	CA	25-27lb	27.90-32.55	4.26-6.23/Kg
	Nectarine	España	25-27lb	27.90-32.55	4.26-6.23/Kg
	Plum	Venezuela	N/A	N/A	3.20-3.95/Kg
	Plum	CA	28lb	27.90-32.55	4.02-6.03/Kg
	Plum	España	28lb / 50-55	27.90-32.55	4.02-6.03/Kg
	Kiwi	Chile	N/A	N/A	6.00-7.30/Kg
	Apple	WA/Xfncy	64-72-80-88-100	23.25-25.58	2.19-2.61/Kg
	Apple	Chile/ Xfncy	60-163	25.58-30.23	2.04-3.23/Kg
	Pear (Packham's)	Chile	60-120	32.55-37.20	3.30/Kg
Legend	Arq	Argentina		Mal	Malaysia
	Aus	Australia		MX	Mexico
	CH	Chile		NZ	New Zealand
	CO	Colombia		NZ	New Zealand
	CR	Costa Rica		Sp	Spain
	CUG	California Utility Grade		SW	Summerwhite®
	CWM	Ca Well Mature®		Thai	Thailand
	EC	Ecuador		TW	Taiwan
	GT	Guatemala		USM	US Mature
	JP	Japan		Vf	Volume fill
	Lyr	Layer		VZ	Venezuela
				WA	Washington

*Denotes Sales Price