

International Market Report

MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

June 25, 2004

Contact: David Miller
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YTD Season Packout Totals

PEACH:	5,958.3
PEACH SW:	1,847.1
PLUM:	2,754.0
NECTARINE:	6,246.7
NECTARINE SW:	1,221.5

Taiwan

Steven Chu & Associates

GENERAL COMMENTS

The new labor pension bill finally passed its third reading in the Legislative Yuan on June 11. Though the Council of Labor Affairs (CLA) claimed that it is beneficial to both employers and employees, it has aroused great concern about the costs it will add to enterprises and the increasing financial burden employees will share with employers.

The stock market in Taiwan has dropped about 20 % since late March. All traders hope that the stock market will show better performance in order to strengthen consumer confidence.

MARKET SITUATION

The fresh fruit market was filled with imported and local fresh fruits to meet the predicted heavy consumption of "Dragon Boat" Festival on June 22. All visited importers and wholesalers were pleased with sales and profits made during the period. But they also complained about the short supply of cherries and California peaches as these were the two most welcomed fruit items for both worship gifting. They all committed to carry more California Tao Lee through the whole supply season.

CURRENT ACTIVITY Exchange Rate US\$1.00 = NT\$33.4

California Tree Fruit	Grade	Size/ Counts	Wholesale Price US\$	Retail Price US\$
PEACH SW	CWM	18-25/1 lyr		0.96-2.35/pc
NECTARINE SW	CWM	64/vf		0.48-0.51/pc

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	Local	24-36/	8.90-23.73	0.44-0.89/pc
Peach	Japan	6-8	23.73-29.67	3.85-6.43/pc
Cherry	WA	20 lbs.	83.08-89.02	4.15-5.78/lb.
Strawberry	CA	8 boxes	25.22-26.71	4.09-4.34/box
Grape	CA	20 lbs.	17.80-28.19	1.18-2.07/lb.
Mango	Local	40 lbs.	8.9-17.8	0.44-0.59/pc

COMPETITION

Locally grown peaches and imported Japanese peaches were the main competitors to California Tao Lee but did not affect sales much due to their limited supply. However, other locally grown summer fruits such as mango, pineapples, lychee, and watermelon were in good supply and threatened sales of imported fruits due to their cheaper prices. In addition, imported apples, grapes and cherries also brought competition, more or less, to California Tao Lee in the market.

QUALITY

Most traders confirmed the good quality of California peaches and nectarines that had arrived Taiwan during the reporting period. But some also complained about the shelf life of certain varieties of California nectarines.

ARRIVALS

Medium shipments of California peaches, nectarines and some pluots been brought into Taiwan market during the reporting period to meet the market needs during the "Dragon Boat" Festival. The retail prices for California Tao Lee were quite high given insufficient supplies before the Festival fewer than expected US cherries in the market.

The arrivals including Ivory Princess, Spring Snow and Snow Blaze of California peaches: Article Star and June Pearl of California nectarines plus some small sized pluots.

PROMOTION ACTIVITIES

Trade Activities

- Merchandising visits to wholesalers have begun and POS materials have been delivered.
- The June CTL newsletter to announce the promotional calendar will be sent to trade during the last week of June.

POS materials

- All POS materials been delivered to the wholesalers island wide and dispatched to their customers.
- The advertising agency been requested to modify the TVCF for 2004 season with new CTFA logo.

UPCOMING PROMOTIONS

Trade Activities

- The merchandising visits to retailers will be started right after the visits to wholesalers were finished.

Consumer Activities

- New TVCF version with CTL new logo in it being produced.
- Major hyper / supermarket chains will be contacted for the In-store Promotion.

TRADER FEEDBACK

Several major importers indicated that they did not carry much in the way of California or Washington cherries due to the short crop caused by the abnormal weather this year. As a result, they will purchase more California Tao Lee through the whole supply season to make the balance of their annual sales turnover.

Many importers indicated that the California peaches and nectarines they brought into Taiwan market from season beginning were smaller compared to last season. However, they also confirmed on the good overall quality of California Tao Lee they bought so far.

MERCHANDISING / TECHNICAL ACTIVITIES

The merchandising visits to wholesalers all over the island been started and will be finished by the end of June. Merchandisers been trained on the product knowledge in advance and visits to retailers will be conducted right after the visits to wholesalers been finished.

FEATURE SECTION -

- Total of 210 sampling days will be conducted at 70 selected outlets of 7 major super/hypermarket for July.
- The first wave of main TVCF will be on aired from July 13 to 26 and second wave of main TVCF will be on aired from August 4 to 10, the last wave of worship TVCF will be from August 23 to 29.

Mexico

Grupo PM S.A. de C.V.

GENERAL COMMENTS

In general, warm weather benefited fruit sales at wholesale and retail markets this period. Only some areas suffered rain resulting in reduced movement.

Phyto-sanitary requirements continue to be an important risk factor for importers as fumigation keeps affecting quality and shelf life of California peaches, plums and nectarines.

MARKET SITUATION

General stability describes market situation for this period. Prices had no important shifts and California Summer Fruits® availability continues to be good. Chilean fruits continue to be highly available especially apples with 50% of the market.

Availability and the number of importers with California stone fruit increased for the period. Peach and nectarine availability increased as price is lower than plums. Importers are waiting for plums to have better prices. Peach prices were lower to accelerate movement and avoid shrink.

CURRENT ACTIVITY Exchange Rate US\$1.00 = Pesos \$11.27

California Tree Fruit	Grade	Size/ Counts	Wholesale Price US\$	Retail Price US\$
PEACH	CWM	64-72		1.25-1.42
NECTARINE	CWM	64-72		0.97-1.43
PLUM	CWM	90-80		1.18-1.67

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Apple	WA, MX Chile	90-100-113-117-120	14.90-25.43	0.59-0.97
Peach	MX	60-70-80	13.15-21.05	0.77-1.29
Plum	MX		8.77-14.03	0.41-0.63
S-berry	MX Ca	12lb	10.52-14.90	1.11-1.59
Pear	Arg, Ch, USA	36-44 lb	18.42-26.31	0.71-0.95

COMPETITION

Local plums from Puebla include varieties Perfumada and Santa Rosa. Availability and sales are fair to good and consumers are demanding this fruit for its attractive prices. Pieces per box are higher than California fruit which is good for importers, they consider there will be no important competition of these two origins for target markets are different California plums and local plums differ in size, flavor and appearance. Importers handling local plums sold and average of half a load per week with availability at the retail market sales and demand all good.

Local peach availability and demand were strong. Prices were attractive for Chihuahua and Amarillo varieties. In general, quality was good and wholesalers were selling from 1 to 2 loads per week. Some warehouses are expecting product to also be coming from Sonora in the coming weeks. At retail, while availability for local peaches was good, sales were low as consumers consider prices high given only fair quality. In some cases the fruit are overripe.

QUALITY

Importers are concerned about California Summer Fruits® quality as fumigation effects have been showing at the market.

Nectarines offer the highest fumigation resistance. Quality at visited warehouses was good with only a few showing over ripeness. General quality at the retail market was good.

California peaches showing fumigation damage. High shrink is an important issue with soft and dark pulp the usual complaint. In general, importers mentioned that this problem is common, but limited.

Plums are also showing some condition problems - over ripeness. Fumigation is considered the likely cause of softness and poor color uniformity. It is good to mention that importers see this situation as

typical of the early varieties of the season expecting, as season advances the problem decreases.

ARRIVALS

During the period a moderate number of mixed loads of California peaches and nectarines arrived to different warehouses. Only one in four receivers imported plums.

UPCOMING PROMOTIONS

Supermarket Chain	Dates	Promotion	Cities
Soriana	July 9-14	Sampling	13 cities
Wal-Mart	July 9-13	Sampling	1 city
Mega	July 14-18	Sampling	1 city
Superama	July 19-22	Sampling	1 city
Gigante	July 17-20	Sampling	3 cities
Comex	July 16-20	Sampling	1 city
HEB	July 16-22	Sampling	6 cities

TRADER FEEDBACK

There is consensus among wholesalers about their concern about fumigation's effect on the fruit. They are aware that there is nothing to do regarding this issue so they are trying to select varieties with the highest tolerance to it.

MERCHANDISING / TECHNICAL ACTIVITIES

Market	Covered
Public Markets	60
Stalls	240
Street Markets	50
Stalls	200
Warehouses	36
Fruit stores	40
Supermarket Stores	80
Technical Seminars	Date
Superama Churubusco	June 23 and 24

FEATURE SECTION -

JULY IN-STORE PROMOTIONS

Period	CITY	CHAIN	STORES	DAYS
9 - 14	LEON, GUADALAJARA, QUERETARO, CULIACAN, SAN LUIS POTOSI, VERACRUZ, TLAXCALA, MERIDA, MONTERREY, CHIHUAHUA, CD. JUAREZ, TORREON, NUEVO LAREDO	SORIANA	13	7
9 - 13	CUERNAVACA	WALMART	1	6
14 - 18	CUERNAVACA	MEGA	1	6
19 - 22	CUERNAVACA	SUPERAMA	1	5
17 - 20	MEXICO, MONTERREY, GUADALAJARA	GIGANTE	30	5
16 - 20	MEXICO	COMEX	10	6
16 - 22	MONTERREY, REYNOSA, NUEVO LAREDO, SALTILLO, MATAMOROS, TAMPICO	HEB	20	7

Consumer TV advertising production underway with media expected to run by mid-month. Final budget for consumer advertising yet to be established

TECHNICAL SEMINARS FOR JULY

Date	Chain	City
July 01	Copesa, Central Abastos	Mexico City
July 06	Calimax	Tijuana

Hong Kong

Michael Wong & Co.

GENERAL COMMENTS

Consumer prices in Hong Kong fell less than expected in May, reflecting a steady upward trend in prices; the composite consumer price index fell 0.9 per cent, the second straight month of easing. The figures reflect the combined influence of the recent bottoming out of property rentals, and upward adjustments in the prices of some major commodity items amid sustained pickup in consumer spending and import prices.

The jobless rate dipped slightly to a 26-month low of 7 per cent for the three months to May amid a rebounding economy, but there is concern that the rate is still relatively high and that there will be an influx into the market of school dropouts and university graduates in the months ahead.

MARKET SITUATION

California peaches and nectarines, both Summerwhite® and yellow flesh, were available with increasing supply for the past two weeks. While peaches were still mostly only available in supermarkets, more varieties of nectarines (both Summerwhite® and yellow flesh) were seen at supermarkets and wet markets alike.

This season Summerwhite® peaches and nectarines have finally found retail acceptance in supermarket chains. Wellcome is the first supermarket giant in Hong Kong, with over 250 outlets, to bring in California Summerwhite® peaches and nectarines, in addition to their long-time support for the yellow varieties. This has made the aforementioned four types of California stone fruits available in an even more diverse retail environment, i.e. traditional wet markets and fruit shops, general supermarket chain as well as the high-end supermarkets. California plums had limited availability.

CURRENT ACTIVITY

Exchange Rate US\$1.00 = HK\$7.7

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
PEACH SW	CWM	64		0.51
PEACH	CWM	64		0.51
NECTARINE SW	CWM	64-72		0.26-0.39/pc
NECTARINE	CWM	64-72		0.21-0.26/pc
PLUM	CWM	45-70		0.32-0.55/pc

*Wholesale price applies to small-sized nectarines only

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	China	70-88	12.99-16.20	0.26-0.45/pc
Plum	China	30-35lb	16.69-19.26	0.70-0.96/lb
Kiwi	NZ	65	21.18-23.1	0.24-0.38/pc
Lychee	China	30-45lb	11.55-20.35	0.65-1.54/lb

COMPETITION

There was a moderate volume of Chinese peaches in the market with reasonable pricing. A small quantity of Chinese plums was also available with small sizes and low prices. Direct competitors also included imported Japanese peaches with an exorbitant price, but supply was limited to a couple of high-end Japanese supermarkets. There was also a small quantity of late season Chilean plums in the market.

QUALITY

Quality of California peaches was fair. Some of them were found to have soft pulps at some supermarket outlets. California nectarines had excellent quality with sweet taste and aroma and received generally good comments from importers and fruit traders at wholesale and retail levels. Plum quality was fair. Some plums were found to have bruised pulps.

UPCOMING PROMOTIONS

All POS materials and trade incentives were produced and are ready for distribution. These include newsletters, consumer leaflets, posters, buntings, t-shirts, aprons, plastic bags as well as paperback price tags. More Pit Poppers are soon to be delivered as consumer incentives for in-store promotions.

There was a soft launch of Summerwhite/yellow flesh peaches and nectarines at Wellcome supermarkets; in-store sampling promotion with full support of CTFA promoters and POS will be conducted in the coming week. Peaches and nectarines brought in by Wellcome are all of good maturity.

MERCHANDISING / TECHNICAL ACTIVITIES

Merchandising visits to wholesale and retail markets to collect market information and perform product check.

Conducted three seminars at Wellcome supermarkets to educate the characteristics of all varieties of CTL, handling and storage do's and don'ts, ripening knowledge etc.; audience included produce managers, logistics and warehousing staffs totaling 120 attendants.

FEATURE SECTION -

PROMOTIONS PLANNED FOR JULY

- CTFA support for New Yaohan (Macau) promotion with POS materials
- Conduct promotion with Jusco supermarkets during their annual American Food Fair from July 9-22; fruit sampling available; 6 outlets
- Conduct promotion with Wellcome for Summerwhite®/yellow Peaches and Nectarines, to enhance the launch of the Summerwhite® varieties; fruit sampling available; 250+ outlets

CONSUMER ADVERTISING AND PR

- Print ads to be placed in leading newspapers and magazines to advertise the new California Tao Lee logo and the CTL as a brand for peaches, nectarines and plums (prunes)
- Close liaison with PR agency for the California Tao Lee Brand Campaign, the campaign includes three hardcore programs: (1) Back on the Menu – a CTL Menu Promotion (including drinks and desserts) with the foodservice; (2) Back in the Bag Loyalty Program – sending fruit baskets to media along with press release and fact sheet pitching for wider media angle for our fruits; (3) Back in the Box Coloring Competition – prizes awarded to winning consumers

NSA Region: Colombia, Venezuela, Ecuador - Consultores 27, Ltd.

GENERAL COMMENTS

Venezuelan President Hugo Chavez would lose a recall vote scheduled for Aug. 15, according to a poll taken last month by independent Datanalisis polling agency. The poll, taken in May found 57.4 percent would vote to recall Chavez. A similar poll in March found that 59 percent would vote for Chavez to be recalled.

Finance Minister Alberto Carrasquilla said that the International Monetary Fund will likely approve Colombia's proposal to use the proceeds of planned sales of state assets to increase spending on health, roads and schools. Carrasquilla said the plan will increase the budget deficit target to 2.8 percent of gross domestic product this year from 2.5 percent. Colombia is in the last six months of a two-year \$2.1 billion loan accord with the IMF aimed at boosting investor confidence in the South American country. The government hasn't decided whether it will seek to renew the program. Colombia is preparing to sell up to 24 trillion pesos (\$9 billion) worth of assets owned by state companies to help ease public debt equal to 52 percent of the country's \$77 billion gross domestic product.

Ecuador's government plans to present a new hydrocarbons sector reform bill to congress, after congress rejected the original bill. The reforms are important for President Lucio Gutiérrez's government because they would open the door for more private participation in the oil sector and free up public funds for other areas. Apparently, congress rejected the proposal because it does not guarantee fixed participation for the state. The government now plans to present a bill that will propose 35% as the minimum participation, but it is still discussing the percentage and how it should be applied. Ecuador wants to take advantage of high international oil prices, which are expected to continue through 2004, to attract private oil companies and reactivate the country's production. National production has fallen in the last few years due to lack of investment.

MARKET SITUATION

Import permits, originally requested for Chilean fruits in the beginning of the year have now been changed for "California. The good news is, while the Chilean permits had been languishing since June, the only permits that have been granted have been for California stone fruits. However, the amounts requested have not been fully assigned. On the other side, the good news is that official dollars will now be assigned for import of USA fruits. This is what was reported by one of the largest importers who hopes receive official dollars in the next week. Official dollars had already been granted for Chilean fruits in March and April. However, these dollars were granted under the ALADI agreement that Venezuela has subscribed with Chile and no restrictions have been applied in this regard. The US does not have a bilateral agreement with Venezuela, but since the referendum date to take President Chavez out of office is so close (August 15), the government is trying to please everyone and the granting of official dollars is a strategy for recovering votes in his favor. Importers are planning on having first stone fruit shipments arriving mid-July. In the meantime, Venezuelan peaches are available at large volumes and reasonable prices.

California stone fruits are already arriving Colombia and quality has been very good. Prices are similar to the last report and California stone fruits are showing up in more supermarkets though volumes are limited.

More California stone fruits are expected to be arriving Ecuador this season according to different importers; though first arrivals will compete with Peru grown peaches. Importers are expecting their first arrivals for the end of June or beginning of July.

CURRENT ACTIVITY COLOMBIA US\$1.00 = 2,200Pesos

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
PEACH	CWM	64		1.78
NECTARINE	CWM	72		1.78

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Kiwifruit	Chile	N/A	13.21	1.24
Peach	Colo.	N/A	19.26	1.06

CURRENT ACTIVITY VENEZUELA US\$1.00 = 1,920 B's

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Melocotón	Venez	N/A	N/A	1.54
Peach	Venez	N/A	N/A	0.99
Ciruella Huesito	Venez	N/A	N/A	1.85
Apple	Chile	64-198	18.52-25.92	1.92-2.22
Strawberry	Venez	N/A	N/A	1.16
Grape	Chile	M	22.22	3.90-4.03
Grape	Venez	N/A	5.0-Kg box	0.99-2.13
Pears	Chile	70-80-90	20.37-25.92	1.09-2.03
Kiwifruit	Chile	M	20.37	2.66-3.80
Mango	Venez	N/A	N/A	0.32-0.36

CURRENT ACTIVITY ECUADOR US\$1.00

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
PEACH	CWM	72		3.36-3.80
NECTARINE	CWM	72		3.36-3.80

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	Peru	N/A	13.00-15.00 160 unit box	8 unit per US\$1.00

COMPETITION

There are medium volumes of local peaches and melocotones in excellent shape and at affordable prices. Still some local stone plums but this should not last more than a month.

QUALITY

Low volumes of Colombian peaches in good shape

ARRIVALS

Peruvian peaches and nectarines are available with excellent quality.

California stone fruits are in Colombia. Few traders are expecting arrivals again soon though since most have recently received containers.

In Ecuador importers are receiving first orders with more are on the way.

PROMOTION ACTIVITIES

Awaiting larger volumes to start in-store sampling promotions.

TRADER FEEDBACK

Even though importers are still complaining about the delay in receiving import permits and the high costs involved in obtaining them, they feel a little more encouraged now that permits are being granted and that official dollars will apparently be available for fruits from the US.

In Colombia, importers are very pleased with the quality of California stone fruits received so far.

Ecuadorian importers are pleased that the fruit is starting to arrive normally and trust that prices will get better in the next few weeks.

Venezuela

Action	#	Sector	Companies
Merchandising	1	Importers & Wholesalers	Representaciones Dole
Merchandising	1	Importers & Wholesalers	Friosa
Merchandising	1	Importers & Wholesalers	La Marina Caracas
Merchandising	1	Retail Supermarkets	Central Madeirense, Plaza Las Américas
Merchandising	1	Retail Supermarkets	ÉXITO
Merchandising	1	Retail Supermarkets	Plaza's Centro Plaza
Merchandising	2	Street Vendors Street markets	Buhoneros del casco central de la ciudad – Av. Urdaneta. Y Mercado Municipal El Valle.

Colombia

Action	#	Sector	Companies
Merchandising	8	Importers	Frutcom, Imporfénix, Gadco, Becerra
Merchandising	10	Supermarkets	Carulla-Vivero, Olímpica, Ley, Superley, Exito.

Ecuador

Action	#	Sector	Companies
Merchandising	1	Importers & Wholesalers	Mercado Mayorista
Merchandising	1	Importers & Wholesalers	Rueda & Salinas
Merchandising	1	Retail Supermarkets	Santa María
Merchandising	1	Retail Supermarkets	Mi Comisariato
Merchandising	2	Retail Supermarkets	Super Maxi
Merchandising	1	Street markets	Mercado Municipal Carolina

New Zealand

Sue Knowles Ltd.

GENERAL COMMENTS

The NZ economy remains vibrant. Results just published have shown that the economy grew 2.3% during the March quarter and this is expected to lead to an interest rate rise. Higher consumer spending, increased exports and expansion in business, powered the expansion boosting GDP from 2003's 3.4% to 3.6%. Most businesses are flat out and struggling to find good staff.

MARKET SITUATION

In general, the fruit market is quiet in Auckland and on the South Island while movement in Wellington is better. An oversupply of imported bananas in NZ has resulted in bananas being promoted everywhere at very cheap prices - NZ\$0.25 - \$0.45 / lb over the last three weeks. This is likely to be affecting sales of competing fruit.

Predominantly in the markets we are seeing traditional varieties of California nectarines. There are also small volumes of traditional peaches as well as Summerwhite™ peaches and nectarines in the market. Peaches are arriving in notably good condition. There are still no early plum varieties in the market.

This week several chains began promoting traditional nectarines at excellent early season prices NZ \$3.99 - \$4.99/kg.

CURRENT ACTIVITY Exchange Rate US\$1.00 = NZ \$1.61

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
PEACH	CWM	64		\$2.72 - \$4.52
NECTARINE	CWM	64		\$1.81- \$2.72
PEACH SW	CWM	64		\$2.27- \$4.00

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Grapes	Aust	8.2kg	\$36 - \$40	\$1.35 - 3.17
Mango	Mexico	12 ct	\$14	0.90 each
Apples	NZ	100 ct	NA	\$1.13 - 1.43
Comice Pears	NZ	18kg		\$1.15

COMPETITION

Major competition is coming from an oversupply of bananas. This can be seen particularly in Auckland. Chilean and Australian grapes also continue to be promoted heavily at very cheap prices.

QUALITY

General quality of nectarines and peaches has been fantastic. The traditional nectarines have so far been outstanding. Several retail buyers have commented that their produce managers think the fruit tastes better than ever before. Peaches are also arriving in good condition. The higher than usual sugar level is also resulting in the fruit storing very well.

Though limited, the small amount of Summerwhite™ available are looking very good.

ARRIVALS

Fruit is now arriving weekly

PROMOTION ACTIVITIES

In-store demos begin week commencing 12 July, w/ 4 chains

UPCOMING PROMOTIONS

Consumer Advertising

- Half page in Next Magazine and Cuisine Magazine – August issues available July

Foodshow Wellington 18 – 20 June

- Sponsored chef Phillip Neverman preparing peach and nectarine recipe

Hamilton Field Days 18 – 20 June

- Sponsored celebrity chef Annabelle White preparing peach and nectarine recipe

Pit Popper promotions are now all confirmed, POS nearly complete and we are just waiting for the poppers to arrive

The idea of a display contest was discussed and we are organizing materials with one retailer

TRADER FEEDBACK

Importers have commented that the season is off to a good start. Pricing is very good for the sizes that New Zealand retailers seem to prefer.

Most importers have promotional programs organized with their retailers

MERCHANDISING / TECHNICAL ACTIVITIES

Wholesale merchandising visits are occurring fortnightly in Auckland, Wellington and Christchurch

Retail visits will begin early July visiting over 90 stores three times during the season

Malaysia

Lieu Marketing

GENERAL COMMENTS

The Malaysian population has grown to 25.1 million, a growth of 2.2% from 2000. However, there has been a decrease in the fertility rate. Women, Family and Community Development Minister said the structure of the local population was undergoing evident changes and Malaysia now had one million senior citizens.

Jaya Jusco Stores Bhd, which is one of the biggest supermarket chains in Malaysia, hopes to record an 11% revenue growth in the current financial year ending Feb 28, 2005, according to their chairman Datuk Abdullah Mohd Yusof. Abdullah said Jusco, with seven outlets in the Klang Valley, intended to switch its focus to other states where the group saw a niche market. Jusco will set up an outlet in Balakong, Selangor in the current financial year and another in Johor in the next financial year. This will increase their number of stores to nine.

MARKET SITUATION

Since the beginning of California Summer Fruits season, it is encouraging to note that the displays of California peaches and nectarines have improved and become more prominent at the selective outlets which carry the fruits. The bigger product displays are crucial especially at these outlets that cater to higher income group of consumers who are more inclined to purchase California peaches and nectarines. As the display get more prominent, it will help create better awareness of the fruits as well as influence other retail players to start selling and giving more display space for California peaches and nectarines.

A foreign-owned supermarket chain, that is already carrying the fruits, is very keen on running California Summer Fruits promotions and would want to highlight a promotion solely on California peaches and nectarines and another generic one across all the California Summer Fruits. Other key hypermarkets and supermarkets have also been in contact with us to plan for California Summer Fruits promotions as the supermarket managers generally have confidence that the quality this year will be better than the previous season. It is therefore reflected that there are already quite a number of supermarkets carrying California peaches and nectarines despite quite a high price at present.

The Plum market is still dominated by the Chilean plums. It is because the export price from California is still relatively high and the importers are hoping that the price will become more competitive soon so that they can start importation. Hypermarkets and supermarkets are generally interested in the generic California Summer Fruits promotion especially plum promotion. We have been in discussion with them but have informed them that we will have to wait till budget is approved before any promotion can be confirmed.

CURRENT ACTIVITY Exchange Rate US\$1.00 = 3.8 Ringgit

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
PEACH	CWM	56 / 2 lyr		0.80-1.16/pc.
NECTARINE	CWM	56 / 2 lyr		1.00-1.16/pc.

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Plum	Chile	100pc.	12.16-13.50	0.22-0.25/pc.
Apple	WA, China	130-150pc. 28pc.	18.90-21.62 7.60	0.45-0.67/pc. 0.18-0.20/pc.
Kiwifruit	Chile	140pc.	15.0-18.0	0.13-0.18/pc.

COMPETITION

As California peaches and nectarines are the only source of stone fruits of this kind, there is no direct competition from other countries of origin. However, California is facing stiff competition from Chile in the case of plums. Chilean plums are widely available in the consumer market.

QUALITY

The quality of California peaches and nectarines is satisfactory, and importers and supermarket retailers are hoping that the quality of California plums will be just as good.

ARRIVALS

Although California peaches and nectarines are present in the Malaysian fresh fruit market, the volume is still relatively small due to the high prices. We expect to see some shipments of California plums arriving soon although no fruits are available in the market yet.

PROMOTION ACTIVITIES

In general, hypermarkets and supermarkets are interested in the joint generic California Summer Fruits promotions. We have been touching base with them in the promotion planning and will finalize the promotion dates once the budget is approved.

UPCOMING PROMOTIONS

There has been positive feedback from importers and wholesalers on the California Summer Fruits. At present, although there are only California peaches and nectarines available in the market, the fairly good quality arrivals have helped instill confidence in all the California stone fruits in general. This is encouraging. Most of the importers have informed us that they are planning to bring in California plums beginning the month of July.

MERCHANDISING / TECHNICAL ACTIVITIES

Action	# of Times	Sector	Comments
Trade Merchandising	20 per week X 2 weeks	Importers/wholesalers Retailers	Eager to start promoting

Feature Section -

Date	Chain	# of Stores	Type	Commodity
5 th – 26 th July 04	Jaya Jusco	11	Promotion Demo	Peaches, Nectarines

Singapore Lieu Marketing

GENERAL COMMENTS

According government figures released last week, Singapore's key non-oil domestic export (NODX), jumped 27.7% to S\$11 billion in May. This surge in NODX was higher than the projected 22.1% leading some economists to tip GDP growth for the second quarter to expand beyond the consensus forecast of 10% year on year.

In a recent first quarterly labour market report from the Ministry of Manpower, the number of private-sector job openings rose to an 18-month high in March, with 15,400 job openings- the highest since September 2002. The increase was 27% over 2003. Service industries accounted for more than half of the vacancies, while job creation is coming from the manufacturing sector showing a 43 percent increase from December 2003.

MARKET SITUATION

Over the last two weeks, air freighted California SW peaches, nectarines, plums and traditional peaches were imported. There was also an increased presence of Donut peaches in the wholesale market. Traders reported that export prices from recent shipments were stable as more fruits were available for export. According to one importer, full container loads of sea shipment SW nectarines will be arriving before the end of June.

Retail distribution for California peaches and nectarines improved since our last report as more fruits were imported. The wholesale and retail prices are now more competitive and affordable following the arrival of more fruits. Supermarket and hypermarket chains are now allocating more shelf space for California peaches and nectarines as more outlets are selling three or more varieties. During retail merchandising visits, merchandisers found distribution at retail fruit vendors' and the wet market outlets increased by about 20% more than the first half of June.

CURRENT ACTIVITY Exchange Rate US\$1.00 = SN\$

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	CWM	56/ 2lyr		1.21/each
Nectarine	CWM	64/ 2lyr		1.18/each
Peach SW	CWM	56/ 2lyr,vf		1.18/each
Peach SW	CWM	18 1lyr		2.12/each
Nectarine SW	CWM	56 2lyr		1.21/each

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
White peach	China	900g X 10 punnet	18.45	2.36/900g
White nectarine	China	900g X 10 punnet	19.73	2.36/900g
Donut peach	China	900g X 10 punnet	19.09	2.73/900g
Plums	Austr	50/55	36.36	0.24/each
Plums	Chile	55	16.55	0.22/each
Cherries	USA	10 ½	66.67	9.69 kg
Lychees	China	S/M	5.76	3.94/2kg
Lychees	Thai	11kg	15.15	1.51/kg
Strawberry	USA	-	18.79	2.97 /454g

COMPETITION

China white peach, nectarine and Donut peach are now in direct competition with California fruits in the last week, following their arrival. As for plums, Australian plums and Chilean plums remained in competition, though volume is declining.

Durians, the king of fruits, are in season as truckloads of Malaysian durians are being imported daily. Cheap Chinese lychees and Thai lychees with mass distribution (*make that WMD "Weapons of Mass Distribution"! Sorry, I couldn't resist – the editor*) are taking away the consumer dollar with very low retail prices. Other WMD include US cherries, Strawberries, grapes and mangoes from India, Pakistan and Taiwan

QUALITY

Quality on imported air shipments of California peaches, nectarines, plums and Donut peach was reported as good to excellent. Most fruit were firm and have good color and textures. There were some comments on the mild taste of some white peaches as compared to other varieties

ARRIVALS

Twice weekly air shipments on peaches, nectarines, plums and donut peach arrived in moderate volume with increased volume last week.

UPCOMING PROMOTIONS

In-store sampling promotions to support trade importation and retail consumption have been confirmed for July following confirmation from importers of more fruits ordered.

FEATURE SECTION –

Promotions Planned for July

In-store Sampling: peach/nectarine/plum demos with 5 chains (108 stores)

Consumer Advertising – August, schedule subject to confirmation.

Thailand Lieu Marketing

GENERAL COMMENTS

The first round of talks on a Free Trade Agreement (FTA) between Thailand and the United States will be held in Honolulu from June 28 – July 02, 2004. Amongst the items to be discussed is market access for agricultural products.

Prime Minister Taksin Shinawatr will sign the FTA between Thailand and Australia during his visit to Australia in July 5, 2004. Effective January 1, 2005, Australian products that currently pay a 50% duty will become duty free. Duties on other Australian products will be phased out in stages over the next 10 years. From this FTA with Australia, Thailand is expected to gain from exports of electrical products especially air-conditioning, automobiles and textiles to Australia.

MARKET SITUATION

Air freighted California SW peaches were imported this week initiating the summer fruit season in Thailand. Importers commented that as the export price is still high, they would increase the quantity and variety when prices are more favourable to them. One importer mentioned that their company is planning to import California white nectarines for arrival in July to supply supermarket clients for an in store promotion supported by CTFA.

At the wholesale and retail markets, distribution of Chilean plums remained very visible with two varieties available as compared to only one variety of Australian plums which are very low stock and are about to be phased out soon.

CURRENT ACTIVITY Exchange Rate US\$1.00 = Baht

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	CWM	40		2.25-2.5/pc

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Black Plum	Chile	70	27.5-55.0	3.75-7.0/kg
Red Plum	Chile	70	27.5-55.0	3.75-7.0/kg

COMPETITION

During this reporting period, there were plenty of local fruit in the market. Local favourites such as durian, mango, mangosteen,

lychee, rambutan etc. were sold at very low retail prices as compared to last year.

Two varieties of Chilean plums and one variety of Australian plums and other imported fruits are in competition with the local fruits.

QUALITY

Air shipment California SW peaches was reported to have very good quality. The fruits were fresh, firm with clean skin surface, average sugar and good taste.

TRADER FEEDBACK

Traders and importers are still waiting for the order of California Summer Fruit. They also stated that the imported fruit market now is quite slow since there are a lot of local fruit with very reasonable prices. We also visited some importers and encouraged them to order the California Summer Fruit if available then we can support them with the promotions in the supermarkets.

FEATURE SECTION –

Trade educational training seminar for Makro hypermarket chain has been confirmed on July 6, 2004. About 40 participants from fresh produce department have signed up to attend this seminar to learn more about California Summer Fruits from growing, handling/storage, merchandising and promotion. The CTFA industry videotape will also be shown during the presentation.

CAM Region
Grupo PM S.A. de C.V.

GENERAL COMMENTS

The cost increase on “bunker”, you know - fuel used by ships; is one of the main factors of this year’s GRI on marine transportation costs. Another significant factor that has been affecting the transportation costs is the China’s increase in ships demand since the second semester of 2003 -a result of their increased production and sale of raw materials and finished products.

On another important subject, all of the presidents of Central America will meet to start the integration of the countries into a region. These countries are looking for a common customs union and the free transit of persons and goods. This meeting will take place next Tuesday, June 29, 2004, in Guatemala. The result of this meeting will affect on the Trade agreement between CAM and the US.

MARKET SITUATION

Another important change that seems to be underway in the Region is that Summerwhite® peaches are starting to have a significant presence in the market. This fruit type has had very good acceptance among consumers, importers and traders alike. *(Okay, so maybe not as important as bunker or a common Central American market granted, but good news that’s important to us – the editor)*

California peaches, plums and nectarines are available throughout the region. California nectarines and peaches are present in supermarkets and at the traditional sector while plums are just making inroads in spite of some supermarket chains still displaying Chilean product. In the majority of the countries, CTFA has the biggest market share. Georgia peaches can be found in

Supermarkets and the traditional sector, offering nice fruit but no great taste.

CURRENT ACTIVITY THROUGHOUT THE REGION

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	CWM	72-84 vf		0.89-1.42/lb.
Peach SW	CWM	72 vf		0.92-1.10/lb
Nectarine	CWM	70-80 vf		0.91-1.52/lb.
Plum	CWM	80-90 vf		1.15-1.52/lb

COMPETING FRUIT THROUGHOUT THE REGION

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	Spain, GA	108	15.00-24.00	0.95-1.40/lb
Plum	Chile, Guat, Panama	70-170	10.00-18.00	0.46-1.40/lb.
Apples	Chile, WA	88-163	18.50-22.50	0.92-1.15/lb.
Pears	Chile	60-80	19.00-23.80	0.88-1.25/lb
Kiwifruit	Chile	19.8 lb.	19.50-23.00	1.35-1.60/lb.
Grapes	Chille, CA	9-16 lb.	14.00-27.00	1.15-2.20/lb.

COMPETITION

On one hand, Plums from Chile are available in the region with increasing volume recently – cleaning out storage maybe? Chile is competing with big black plums that have a very short shelf life. On the other hand, Georgia peaches are also available at lower prices than California with good appearance but lacking flavor.

Also local competition is entering now into the market, such as plums from Panama and Guatemala. This last origin is small, not uniform and too much sour.

QUALITY

Importers commented the first containers of California peaches and nectarines received, were small sized fruits, but with good pressure and very good flavor.

Plums were smaller than expected, and even though the flavor was very good the appearance was not; affecting sales in a negative way.

ARRIVALS

Importers indicated that they will continue importing California Summer Fruits® regularly following an increase trend. These containers will be loaded with all three commodities. This tendency is the result of the good sales movement the first containers had in all the countries.

PROMOTION ACTIVITIES



At the first in-store Pit Popper™ promotion in the Central America Region, an in-store demonstrator shows the ins and outs of using the Popper... “Yes, try this at home, since now you too can be a Pit Popping Professional”

UPCOMING PROMOTIONS

Date	Chain	# of Stores	Type	Commodity
July	Paiz	3	Interactive	All
July	Mas x Menos	2	Interactive	All

TRADER FEEDBACK

Traders are expecting to see price decreases and appearance improvement, of course without losing any quality on flavor or juiciness. Traders are also waiting to see if they can get bigger fruit sizes.

Unfortunately, they are also expecting an 18% increase on transportation costs.

MERCHANDISING / TECHNICAL ACTIVITIES

Action	# of Times	Sector	Comments
Seminars & Training	8	Supermarkets Importers	seminars and POS training
Seminars for Management levels	1	Importers	Hortifruti @ Tegucigalpa, Honduras Purchase management
Merchandising	150	Supermarkets Traditional sector	Information on the market

FEATURE SECTION -

- Consumer advertisement in Paiz supplement for a Nationwide Newspaper. This supplement is printed once every three to four months, and is a special supplement on nutrition and health.
- Seminars and POS training in Guatemala with importers and Supermarket chains. This activity is addressed to two groups, managers and POS personnel.
- Interactive promotions in 5 Stores of two different chains will be conducted.

Japan

J. Brain Inc.

GENERAL COMMENTS

According to the report by Japan Chain Store Association, sales amount of the retail store and Department store in May decreased 3.6 percent and 2.4 percent respectively compared to 2003. This sales decrease was third in as many months and was attributed to the decrease of the number of shoppers due to the poor weather on weekends.

MARKET SITUATION

Most retailers have started to increase sales space for local white peaches and plums grown in green house as the season moves about 7-10 earlier than last season. This earlier season is brought by the warmer weather. It is reported that the field grown peaches will start in early July. The retail price of local white peaches and plum is still high as it is green house grown. Simultaneously, the local greenhouse grown grapes have also started to increase in supply.

CURRENT ACTIVITY Exchange Rate US\$1.00 = ¥ 107

Other fruit	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	JPN	5kg	68.69	6.3/3 pcs
Plum	JPN	700g	2.94	4.44/7 pcs
Loquat	JPN	400g	3.92	9.15/pack
Apple	JPN	10kg	73.59	8.22/4 pcs
Grape	JPN	2kg	22.57	3.71/pack

COMPETITION

Local peaches grown in green house started to increase in supply toward early July when the field-grown peaches are expected to start due to the warm weather. Taste of the local peaches is not as sweet as it should be for some reasons.

Most retailers started to expand the sales space for local peaches as the supply volume is increased day by day although the retail price is maintained at the higher level as those were the green house grown ones.

QUALITY

Summerwhite™ and Summergold™ imported by air shipment was reported to have arrived in good condition.

ARRIVALS

Air loads have arrived with more shipments expected shortly.

PROMOTION ACTIVITIES

Planning is underway for in-store sampling and POS distribution to participating retailers.

UPCOMING PROMOTIONS

First in-store demonstration will be planned to conduct at the weekend of July 10th and 11th although the number of the participated retail stores has not been confirmed yet.

MERCHANDISING / TECHNICAL ACTIVITIES

Samples of posters and newly developed nectarine leaflets have been given to participating traders so that they could use them when they had the meeting with the retailers.

Closing Comments

David Miller, Ltd. very Ltd.

CTFA was granted \$1,571,463 in Market Access Program (MAP) funds for conducting promotion programs in 19 countries this year. Some of that, \$80,971, was previously released and combined with last year's funds to initiate program activities - a terrific bonus since the early crop mandated an earlier start to all activities. The balance is available July 1 for program spending.

These funds are used to reach traders in a myriad of ways to teach them to better merchandise and sell fresh peaches, plums (including prunes and newer hybrids) and nectarines. CTFA program activities also target consumers to generate awareness that these products are available and generate more frequent impulse buying and use of them in their daily diets. The MAP funds are combined with about an equal share of grower assessments. About 26 percent of the crop, 15.3 million cartons worth \$164 million, was exported in 2003.