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## **Venezuela**

### **Exporter Guide**

### **Exporter Guide Annual**

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**Report Highlights:**

Venezuela is a significant importer of agricultural products, totaling US\$9.7 billion in 2013 according to data from the Government of the Bolivarian Republic of Venezuela (GBRV). U.S. agricultural and food exports over the last five calendar years (2009-2013) averaged US\$1.3 billion per year. However, total U.S. agricultural export value to Venezuela is down in 2014, due mostly to an economic system in crisis. The lack of dollars is arguably the most significant obstacle to trade for Venezuelan importers.

## **I. MARKET OVERVIEW**

Venezuela remains a significant importer of agricultural products, with total imports reaching US\$9.7 billion in 2013 according to GBRV data. Demand for food and beverages is driven by a population of 30 million with two-thirds under the age of 30.

U.S. suppliers are seen by local importers, distributors and food processors as a reliable source, in terms of volume, standards, prestige, and quality. Additionally, many local ingredients/products are unavailable or insufficient. U.S. agricultural and food exports to Venezuela in 2013 were valued at US\$1.5 billion and over the last five calendar years (2009-2013) averaged US\$1.3 billion.

Total exports of U.S. Bulk commodities were US\$724 million in 2013; being the wheat the best prospect with an increase of 30 percent compared to the January-September period in 2014.

Total exports of U.S. Intermediate products were US\$662 million in 2013; being the Soybean Meal the best prospect in 2014.

Total exports of consumer-oriented products from the United States to Venezuela in 2013 were US\$160 million. However, total imports of this category from the U.S. are down in 2014; there is a fall of 46 percent comparing the January-September period of 2014 with the same period in 2013. This outcome has been driven by a combination of internal factors, including the lack of available dollars due to foreign exchange control established by the GBRV, and the bureaucracy importers face when requesting import permits and dollars for products coming from the United States.

Despite this profile, there are some U.S. products that have experienced growth in 2014, including: wheat, soybean meal, poultry and meat products, corn oil, tree nuts, planting seeds, preparation for infants and glucose syrup.

There is strong competition from Brazil, Argentina, Colombia and Chile. The main reason for this is importers are taking advantage of ALADI (Latin America Integration Association) regulations; that allow ALADI countries to trade using local currencies instead of dollars. Similarly, exporters from the non-MERCOSUR region face difficulties to compete with products from MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay).

Advantages	Challenges
<ul style="list-style-type: none"> <li>• Local products unavailable or insufficient, while U.S. food products are seen by importers as readily available pending dollar availability.</li> <li>• Fast food chains that import U.S. food ingredients are having success in Caracas and in major cities.</li> <li>• U.S. suppliers are seen by importers as reliable, with consistent product standards and quality.</li> <li>• Two thirds of the population is under 30 years of age and are heavily influenced by U.S. culture through</li> </ul>	<ul style="list-style-type: none"> <li>• Government-imposed price controls on several products.</li> <li>• MERCOSUR and other South American countries have trade agreements with Venezuela giving them preferential duties and local-currency-use agreements.</li> <li>• High tariffs applied to most specialty food imports and increased difficulty in obtaining import permits.</li> <li>• Government-imposed exchange control resulting in difficulties for</li> </ul>

<p>social media, and are open to processed and ready-to-cook, ready-to-eat imported food products.</p> <ul style="list-style-type: none"> <li>• Operations by multi-national food companies in Venezuela require ingredients with globally-accepted food standards.</li> </ul>	<p>importers to obtain dollars.</p> <ul style="list-style-type: none"> <li>• Parallel exchange rate, resulting in high-value food products being significantly more expensive than heavily subsidized locally produced food items.</li> </ul>
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**II. EXPORTER BUSINESS TIPS**

**Import Procedures:**

The GBRV implemented the United Nations Custom Computerized System (SIDUNEA) in the majority of Venezuelan ports of entry. With this system, clearing customs takes approximately five to eight working days. However, importers have reported delays in this process. By law, only nationals and private custom agencies with Venezuelan local staff are entitled to clearing shipments through customs. A Customs Agent assesses customs, port charges, and taxes as well as fills out paperwork forms. Generally, the Customs Agent’s fee is approximately one percent of the CIF value, plus handling charges.

All imported goods presented at the ports of entry must be officially declared to the National Integrated Tax Administration Service (SENIAT) authorities within five days of arrival. Fines may be levied and applied to any shipment when the customs entry is made later than five days after the date of arrival. When an importer either delays or refuses to claim a product arriving in Venezuelan ports, SENIAT will impound the goods not claimed, and, if steep fines and storage fees are not promptly paid, sell the goods at auction.

All shipments must be made on a direct consignment basis. Customs regulations stipulate that the consignee is the owner of the shipment and is responsible for all customs payments. Importers must register all of their products with the MH’s Health Food Comptroller Division prior to placing the product on the Venezuelan market.

**Import Duties**

Import duties are calculated using the WTO Harmonized Scheduled Tariff classification system on the CIF value of the products (using the commercial invoice as basis). Import duties are assessed, due and payable at time of arrival. Import duties and fees are assessed in local currency; despite the currency listed on the commercial invoice. The VAT (value added tax) rate of twelve percent is calculated on the basis of the CIF value.

**Exchange Rate Policy**

Since early 2003, strict control policies govern and limit foreign exchange transactions in the country. In early 2014 the GBRV created the *National Center for Foreign Trade* (Cencoex) replacing CADIVI, an entity responsible of foreign exchange administration. Venezuela currently has four different exchange rates. Some dollars are bought from the government at the official rate of 6.3 bolivares per

U.S. dollar. These are intended for essential goods, such as staple food products and medicines. Some importers can buy dollars from the government at a rate of about 12 bolivares per dollar on a limited exchange availability basis, called *Ancillary Foreign Currency Administration System* (SICAD 1); this system works with weekly auctions. There is also SICAD 2, which was introduced in March 2014 and involves private sellers, at a rate of 50 bolivares per dollar. Finally, there is the parallel and unsanctioned government market, which is unregulated that reached over 170 bolivares per U.S. dollar at the end of 2014.

In Venezuela, the lack of dollars is arguably the most significant obstacle to trade for importers. Therefore, many importers have to use their own dollars they have in other countries or buy dollars at a much higher price using the parallel market.

### **Price Controls**

Since January 2003, the BRV imposed a price control policy on basic food and processed food products. The Ministry of Agriculture and Lands (MAT), Ministry of Foods (MINAL), Ministry of Commerce (MILCO), and the Ministry of Finance (MINFINANZAS) are responsible for recommending changes to the controlled-price list. It is important for exporters to check the list of products under price controls and their current prices, as it changes regularly.

## **III. MARKET SECTOR STRUCTURE AND TRENDS**

### **Food Service (HRI sector)**

Venezuela is a good market for franchising investments as demonstrated by the number of U.S. companies present in the Venezuelan market. Profranquicia is a private company chamber that has been working to accomplish franchisers' goals, led by a proactive team of young executives with 420 members. This franchising chamber, founded in 1998, reports that there are 410 franchises currently operating in the country with a total of over 10,228 outlets/stores. Profranquicia reports that more than 30 percent of all franchises are food related. About 20 percent of all franchises are of U.S. origin.

Most HRIs in Venezuela buy their food products at the lowest available price and prefer fresh foods to canned, precooked, or frozen. HRI establishments buy products at many different points in the distribution chain, reflecting each product's particular nature. Fresh foods are bought at wholesalers, and nonperishable products at hypermarkets whenever possible. In regard to refrigerated or frozen foods, HRIs prefer to deal directly with the manufacturer, given most distribution centers' limited cold storage capacity. Imported liquors are purchased from specialized distributors/importers.

The National Restaurant Association (CANARES) is the primary association of restaurants in Venezuela with more than 300 members throughout the country. CANARES reports its members generate more than 9,000 jobs in the foodservice sector. Additionally, there are some small regional associations outside of Caracas.

### **Food Retail sector**

The supermarket sector changed significantly in the last 20 years, and today most of the supermarket chains have modern stores to offer quick and good service to customers. Major supermarket chains include: Central Madeirense, Excelsior Gama, Plaza's, Sigo, Makro, Unicasa, El Patio and Garzon. Most of the major supermarket and hypermarket chains in Venezuela belong to the National Supermarket Association (ANSA).

There are more than 1,500 privately owned supermarkets (both chain and independents) in Venezuela selling food and beverages. There are an additional 160,829 traditional “abastos” or “bodegas” (mom & pops), located in nearly every block in Venezuela’s cities and towns, especially in middle-and low-income neighborhoods.

Pharmacies have also been growing rapidly in the last decade. The store layouts now include aisles dedicated to food and beverages (similar to Walgreens or CVS). The three major pharmacies are Saas (206 stores), Farmatodo (143) and Locatel (50). These pharmacies also are members of ANSA.

Both the public and private sectors are involved in Venezuela’s retail food sector. The government of Venezuela is increasing expenditures on social food programs and price controlled foods are sold in government-owned stores. However, the private retail sector is used in many cases by the GBRV as a distribution channel since the government stores have many issues including: lack of cold chain, insufficient distribution, shortages, poor customer service and declining quality of products sold. The private sector also has product shortages due to the economic crisis mentioned above.

### **The Government Food Distribution Network**

MERCAL or "Mercado de Alimentos C.A.", created in April 2003, markets food products at very low prices, usually even lower than controlled-priced products sold by chain supermarkets. The program is focused on a basic basket of products which include: dry milk, precooked corn flour, black beans, rice, vegetable oil, sardines, pasta, sugar, bologna, margarine, deviled ham, eggs, mayonnaise and sauces. MERCAL’s food distribution web has expanded to 15,743 points of sales that includes mostly small stores and 35 supermarkets. Food purchases are carried out directly by a government entity called CASA or “Corporacion de Abastecimiento y Servicios Agricolas”, which was originally created in August 1989. CASA is in charge of purchasing domestic and imported food and agricultural products. Domestic purchases are made through several local suppliers including private companies. Imported goods come from different countries including Argentina, Bolivia, Brazil, Colombia, and China, among others.

In January 2008, after several months of shortages of basic food products, the Government, throughout the Venezuelan state oil company PDVSA, created PDVAL, a subsidiary to produce and distribute food in Venezuela.

In January 2010, the government announced the expropriation of the supermarket chain, “Supermercados Exito” after several months of negotiations with majority holders French group Casino, and the Colombian “Almacenes Exito,” Later in November 2010, the government bought 81 percent of CATIVEN Supermarket Chain owned also by the Casino Group.

With the acquisition of this network of supermarkets, the Venezuelan State became the owner of 35 stores that were renamed Abastos Bicentenario (formerly Supermercados CADA), six stores of Gran Bicentenario (former Hipermercado Exito), eight distribution centers and a truck fleet.

In October 2014, the GBRV created a corporation called *Corporacion Productora, Distribuidora y Mercado de Alimentos S.A.* (CORPO-PDMERCAL). This corporation belongs to the Ministry of Agriculture and Lands (MAT) and will include the following state companies: MERCAL, PDVAL, Abastos Bicentenario, CASA, and FUNDAPROAL.

### **Direct Marketing**

Marketing, through TV commercials, newspaper inserts or street vendors, is common. Mail orders are not an option because of the unreliability of the postal system. Supermarkets and hypermarkets like

MAKRO, EXCELSIOR GAMA, PLAZA 'S and CENTRAL MADEIRENSE have been successful in placing their catalogs in newspapers as weekend-issue inserts. E-commerce is offered by major supermarkets, allowing consumers to order on-line or by e-mail for home delivery. However, Venezuelan consumers prefer to buy directly at the stores especially when it comes to produce.

#### IV. BEST PRODUCT PROSPECTS

**Table 1: Best Product Prospects**

<b>Top Venezuelan Product Imports from the United States</b> (Millions of U.S. Dollars)			
<b>Product Description</b>	<b>2013</b>	<b>2014</b>	<b>January-October % Change</b>
Soybean Meal	287	299.6	4.4
Wheat	141	183	29.6
Planting Seeds	18.5	38.5	108.5
Vegetable Oil	4.2	10.1	141
Tree Nuts	0.9	5.4	286.9
Preparation for Infants	1.1	3.5	200
Glucose Syrup	0.9	1.1	28
Food Preparations HSC: 1901909500	0.11	0.2	98

#### V. KEY CONTACTS AND FURTHER INFORMATION

**Ministerio de Agricultura y Tierras (Ministry of Agriculture and Lands, MAT)**

Av.Urdaneta, Edificio "MAT"  
 Esquina de Platanal a Candilito  
 La Candelaria, Caracas  
 Tel: (58-212) 509-0347/ 0348/ 0359/ 0360/ 0361  
<http://www.mat.gob.ve>

**Ministerio del Poder Popular para la Salud (Ministry of Health, MH)**

Av. Baralt, Centro Simón Bolívar, Edificio Sur  
El Silencio, Caracas  
Tel: (58-212) 408-0000  
<http://www.mpps.gob.ve>

**Ministerio del Poder Popular para la Alimentación (Ministry of Food, MINAL)**

Av. Andrés Bello - Edificio "Las Fundaciones"  
Municipio Libertador, Caracas  
Tel: (58-212) 577-0257  
Fax: (58-212) 578-2647  
<http://www.minal.gob.ve>  
Email address of Public Relations: [oirp@minal.gob.ve](mailto:oirp@minal.gob.ve)

**Ministerio del Poder Popular para el Comercio (Ministry of Commerce, MILCO)**

Av. Lecuna, Torre Oeste de Parque Central  
Entrada Nivel Lecuna  
Caracas Tel. (58-212)-509-6861  
<http://www.mincomercio.gob.ve/>

**National Center for Foreign Trade (CENCOEX)**

Av. Leonardo Da Vinci, Edificio PDVSA, Piso 3  
Los Chaguaramos, Caracas  
Tel: (58-212) 606-3939  
[www.cadivi.gob.ve](http://www.cadivi.gob.ve)

**Servicio Nacional Integrado de Administración Aduanera y Tributaria-SENIAT**

Av. Blandín, C.C. Mata de Coco, Torre SENIAT  
La Castellana, Caracas  
Tel: (58-212) 274-4000/ 274-4026  
<http://www.seniat.gob.ve>

**Instituto Nacional de Estadísticas (INE)**

(National Statistics Office)  
Avenida Boyacá, Edificio Fundación La Salle  
Maripérez, Caracas, Venezuela  
Tel: 58-212-781-1380  
Telefax: 58-212-781-5412 782-1156  
[www.ine.gov.ve](http://www.ine.gov.ve)

**Camara Venezolano-Americana de Comercio e Industria (VENAMCHAM)**

(Venezuelan-American Chamber of Commerce)  
2da.Av. de Campo Alegre, Torre Credival, Piso 10, Ofic.A, Caracas 1060, Venezuela  
Apartado Postal 5181 (Caracas 1010-A)  
Tel.: 58-212-263-0833/267-20-76/64-81  
Fax: 58-212-263-20-60  
[www.venamcham.org/](http://www.venamcham.org/)

**Federacion Venezolana de Camaras y Asociaciones de Comercio y Produccion (FEDECAMARAS)**

(Venezuelan Federation of Chambers and Associations)  
Edf. Fedecameras, PH 1 y 2, Av. El Empalme, Urb. El Bosque, Caracas 1050, Venezuela

Apartado de Correos 2568 (Caracas 1010-A)  
Tel.: 58-212-731-17-11/17-13/18-45/19-32/19-67  
Fax: 58-212- 730-2097 – 731-1907  
[www.fedecamaras.org.ve/](http://www.fedecamaras.org.ve/)

**Confederacion Nacional de Asociaciones de Productores Agropecuarios (FEDEAGRO) (National Confederation of Agricultural Producers)**  
Edf. Casa de Italia, P.B., Av. La Industria, San Bernardino, Caracas, Venezuela  
Tel.: 58-212-571-40-35/573-44-01  
Fax: 58-212-573-44-23  
[www.fedeagro.org/](http://www.fedeagro.org/)

**Asociación de Supermercados y Autoservicios (ANSA) / Supermarkets**  
Ave. Principal de los Ruices  
Centro Empresarial Los Ruices  
Piso 1, Ofic. 116 Caracas 1071, Venezuela  
Tel: 58-212-234-4490/235-7558  
Fax: 58-212-238-0308  
[www.ansa.org.ve](http://www.ansa.org.ve)

**Cámara Venezolana de la Industria de Alimentos (CAVIDEA) / Food Chamber**  
Av. Principal de Los Ruices  
Centro Empresarial Piso 5, Of. 510 Los Ruices Caracas, Venezuela  
Tel: 58-212-239-9818/0918  
Fax: 58-212-238-3268  
<http://www.cavidea.org.ve/>

**Cámara Nacional de Restaurantes (CANARES) / Restaurants Chamber**  
Av. Francisco de Miranda  
Centro Comercial Lido Torre Este Piso 6 El Rosal  
Tel: 58-212-952-1435 / 952-3124  
Caracas, Venezuela  
<http://www.canares.org/>

**Cámara Venezolana de Franquicias (PROFRANQUICIA) Franchising**  
3ra. Transversal de Altamira con Avdas. Luis Roche y Juan Bosco,  
Oficentro Neur, Ofc. 4  
Caracas, Venezuela  
Tlf. 58-212-266-8494/261-8613  
Fax 58-212-261-9620  
[www.profranquicias.com](http://www.profranquicias.com)

**Mercado de Alimentos MERCAL C.A.**

[www.mercal.gob.ve/](http://www.mercal.gob.ve/)

**USDA/FAS CARACAS OFFICE CONTACT INFORMATION:**

**Office of the Agricultural Counselor /American Embassy**  
Calle F con Calle Suapure,  
Colinas de Valle Arriba  
Caracas 1061, Venezuela  
Phones: (58-212) 907-8333



Fax: (58-212) 975-8542  
 E-mail: [Agcaracas@fas.usda.gov](mailto:Agcaracas@fas.usda.gov)  
 websites: [www.fas.usda.gov](http://www.fas.usda.gov)

<http://caracas.usembassy.gov/about-us/agricultural.html> (Caracas)

**Table A. KEY TRADE AND DEMOGRAPHIC INFORMATION**

Agricultural Imports From All Countries (2013)	\$9.7 billion
U.S. Market Share	17 percent
Total Population (Millions)	30
Number of Major Metropolitan Areas	6
Size of the Middle Class	23 percent
Total Gross Domestic Product (2013)	\$438 billion
Unemployment Rate (October 2014)	7.6 percent
Exchange Rate	US\$1= 6.3 Bolivares (Bs) Sicad 1 = 12 Bs Sicad 2 = 50 Bs

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics, World Bank, Local Newspapers, Venezuelan Official data