

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Venezuela

Exporter Guide

Approved By:

Randall Hager

Prepared By:

Jonathan Martinez

Report Highlights:

Venezuela is a significant importer of agricultural products, totaling USD5.9 billion in 2009 according to Bolivarian Republic of Venezuela (BRV) data. U.S. agricultural and food exports over the last five complete calendar years (2005-2009) have averaged USD 792 million per year. Total agricultural imports from the U.S. in 2009 reached USD 968 million. Additionally, demand for consumer-oriented products from the United States has been growing rapidly; total exports of this category to Venezuela in 2005 were USD 69 million compared to USD 116 million in 2009.

Post:
Caracas

Author Defined:

I. MARKET OVERVIEW

Venezuela remains a significant importer of agricultural products, with total imports reaching USD 5.9 billion in 2009 according to BRV data. U.S. agricultural and food exports over the last five calendar years (2005-2009) have averaged USD 792 million. However, lower year-to-year imports are expected for 2010 due to the low oil prices which will have a significant impact in the Venezuelan economy.

Total agricultural imports from the United States in 2009 reached USD 968 million. 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.

Demand for intermediate agricultural products increased from the U.S., total exports were USD 131 million in 2005 compared to USD 390 million in 2009. Additionally, demand for consumer-oriented products from the United States has been growing rapidly; total exports of this category to Venezuela in 2005 were USD 69 million compared to USD 116 million in 2009.

Among the intermediate and consumer-oriented products that have experienced strong growth are: snack foods, breakfast cereals, pancake mixes, dairy products, fresh fruits, processed fruits and vegetables, food ingredients, fruits and vegetables juices, confectionary, and tree nuts.

There is also strong competition from Argentina, Brazil and Chile. The main reason for this is importers are taking advantage of ALADI (Latin America Integration Association) regulations to bring products without foreign exchange restrictions. Additionally, Argentina and Chile have been very aggressively selling products, especially fresh fruits, to Venezuela benefiting from duty-free preferential access.

Demand for food and beverages is driven by a population of 29 million. With two-thirds of the population under the age of 30, Venezuela is a youth-oriented food market. This is an excellent opportunity for U.S. market share to increase in the future.

II. EXPORTER BUSINESS TIPS

(For detailed information, please refer to GAIN report: Food and Agricultural Import Regulations and Standards (FAIRS - Narrative) Caracas, Venezuela 12/16/2010).

Import Procedures:

The BRV has 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. By law, only nationals and private custom agencies with Venezuelan local staff are entitled to conduct customs procedures. A custom agent assesses customs, port

charges, and taxes as well as fills out paperwork forms. Generally, the custom agent's fee is one percent of the CIF value, plus any other charges accrued during offloading.

All imported goods presented at the ports of entry must be officially declared to 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 Ministry of Health's (MH) 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 IVA 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. Currency trading is illegal and all import transactions must be approved by the government's foreign exchange administration commission (CADIVI). Importers must register with CADIVI for formal applications for foreign currency transactions. When approved, the transactions are then liquidated through the Central Bank and finally through commercial banks. A complete list of imported agricultural products that can be imported at the official foreign exchange rate can be found at: <http://www.cadivi.gob.ve>. The list should be checked periodically as products are added or removed by CADIVI without previous notice. Currently, there are two different exchange rates set at Bs. 2.15/USD and Bs. 4.30/USD depending on the product.

For more information about food products included in CADIVI's priority list, visit: <http://www.cadivi.gob.ve/normativa/pdf/minal1.pdf>

Price Controls

Since January 2003, the BRV imposed a price control policy on basic food and processed food products. The Ministry of Agriculture (MAT), Ministry of Food (MINAL), Ministry of Commerce (MC), and the Ministry of Finance (MINFINANZAS) are responsible for recommending changes to the controlled-price list. Changes to the list of food products under price controls include: a) adding or removing products from the list, and b) increasing or lowering prices of certain food products. It is important for exporters to check the list of products under price controls and their current prices, as it changes periodically. For the current list of products subject to price controls, refer to Appendix B.

III. MARKET SECTOR STRUCTURE AND TRENDS

Food Service (HRI sector)

Restaurant food sales, especially via franchises, have been increasing in the last year. Venezuela is a good market for franchising investments as demonstrated by the amount and variety of new brands penetrating the Venezuelan market. Profranquicia is a private company chamber that has been working to accomplish franchisers' goals, lead by a proactive team of young executives with 420 members. This franchising chamber, founded in 1998, reports that there are 332 franchises currently operating in the country with a total of over 8,500 outlets/stores. Profanquicia reports that 32 percent of all franchises are food related. About 20 percent of the 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. The 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. With 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.

Food Retail sector

Most of the supermarkets in Venezuela are owned by descendants of Portuguese immigrants who came to Venezuela in the 1950's. The sector was characterized by many disparate, small groups of outlets called "bodegas" or "abastos" that did not have sophisticated import mechanisms and customer service in place. However, the supermarket sector has changed significantly in the last 20 years, and today most of the supermarkets have modern stores to offer quick and good service to customers.

One of the reasons for this change is that the new generation of supermarket owners have attended trade shows like the Food Marketing Institute Show (FMI), where they have learned the latest trends in the sector including technology. And, of course, some have been educated in the U.S. and/or have visited frequently.

Most of the major supermarket and hypermarket chains in Venezuela belong to the National Supermarket Association (ANSA). On the other hand, the Government of Venezuela is increasing expenditures on social food programs and price controlled foods are sold in government-owned MERCAL stores.

MERCAL or "Mercado de Alimentos C.A.", created in April 2003, markets food products at very low prices, usually even lower than the controlled-priced products sold by supermarkets. The program is focused on a basic basket of products which includes: 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 approximately 14,000 points of sales that includes mostly small stores and 37 supermarkets. More recently, it added the concept of 4,052 "home-cooking-houses" where lunches will be provided to around 150 people each; products will be sourced out of MERCAL's stores. 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.

Direct Marketing

Marketing, through TV commercials, newspaper inserts, house visits or street vendors, is common. Mail orders are not an option because of the unreliability of the postal system. Supermarkets and hypermarkets like MAKRO, EXITO, EXCELSIOR GAMA and CENTRAL MADEIRENSE have been successful by placing their catalogs in newspapers as weekend-issue inserts. Almost all businesses now use e-mail in their day-to-day business. E-commerce is in the early stages and could be a promising area for growth with major supermarkets now allowing consumers to order on-line or by e-mail for home delivery.

IV. BEST PRODUCT PROSPECTS

Table 1. Best Prospects Listing

Top 10 Venezuelan Agricultural Product Imports from the United States (Millions of U.S. Dollars)	
Product Description	2009
Wheat	131.57
Corn	244.36
Rice	17.62
Animal Fats	45.82
Soybean Meal	194.19
Vegetable Oils (Excluding Soybean Oil)	39.24
Breakfast Cereals	2.33
Processed Fruit & Vegetables	16.46
Snack Foods (Excluding nuts)	16.37
Dairy Products	6.87

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

V. KEY CONTACTS AND FURTHER INFORMATION

Ministerio de Agricultura y Tierras (Ministry of Agriculture)

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)

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

División Higiene de los Alimentos

(food registration)
Av. Baralt, Centro Simón Bolívar,
Edificio Sur, piso 3
El Silencio, Caracas
Tel: (58-212) 408-1533/ 484-3066
Fax: (58-212) 483-1533
<http://www.mpps.gob.ve>
www.msds.gob.ve

Instituto Nacional de Salud Agrícola Integral-INSAI

Av. Francisco Solano López cruce con calle Pascual Navarro
Edificio Torre Banvenez, pisos 12, 13 y 14
Sabana Grande - Caracas
Tel: (58-212) 705-3416
<http://www.insai.gob.ve/>

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

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

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

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

Exchange Control Administration Commission

Comisión de Administración de Divisas (CADIVI)
Av. Leonardo Da Vinci, Edificio PDVSA, Piso 3
Los Chaguaramos, Caracas
Tel: (58-212) 606-3939
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>

Fondonorma (COVENIN -Venezuelan Standards Agency)

Director de Seguimineto y Control
Servicio Autónomo
Dirección de Normalización y Certificación de Calidad
Avenida Andrés Bello,
Edificio Torre Fondo Común, piso 11
Caracas, Venezuela
Tel: 58-212-575-4111
Fax: 58-212-574-1312/576-3701

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

Bolsa de Productos e Insumos Agropecuarios de Venezuela, BOLPRIAVEN

Parque Cristal, Ala Este, Piso 4, Of. 412

Los Palos Grandes, Caracas.

Tel. 58-212-564.7446 - 564.9556

Fax 58-212-564.6894

www.bolpriaven.com

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/

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/

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/

Asociacion 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

Camara 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/>

Camara 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

Mercado de Alimentos MERCAL C.A.

www.mercal.gob.ve/

Foreign Agricultural Service

USDA/FAS

American Embassy

Calle F con Calle Suapure, Parcela B-2
 Colinas de Valle Arriba
 Caracas 1061, Venezuela
 Phones: (58-212) 907-8333
 Fax: (58-212) 975-8542
 E-mail: Agcaracas@usda.gov
 websites: www.fas.usda.gov
<http://caracas.usembassy.gov/usda> (Caracas)

Table A. KEY TRADE AND DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries (2009)	\$5.9 billion
U.S. Market Share	16.5 percent
Total Population (Millions)	29
Number of Major Metropolitan Areas	6
Size of the Middle Class	20 percent
Total Gross Domestic Product (2009)	\$326 billion
Unemployment Rate	8.4 percent
Exchange Rate	US\$1= 4.30 Bolivares

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

