

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Venezuela

### Livestock and Products Annual

#### Annual

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**Report Highlights:**

The Venezuelan cattle herd is estimated at 12.6 million head in 2010, and could well contract further in 2011. During the last two years the slaughter rate has increased as ranchers move out of the business due to lower livestock, milk and meat prices, insecurity on the farms, and large imports of live animals for slaughter, mostly from Brazil. Colombia had been Venezuela's major trading partner for cattle and beef; however no trade took place during 2010 due to an embargo on Colombian exports since January. Live animals are the preferred import as value can then be added in country.

**Executive Summary:**

Venezuelan livestock numbers have been declining in recent years as fixed price policies applied to the sector and other factors generate an imbalance between supply and demand, which has been covered by imports. Domestic self-sufficiency in the meat sector has not been reached. Further, the new Land Law favors expropriations of productive farms, lowering the sector's potential for the future.

### **Commodities:**

Select

### **Production:**

Dual purpose cattle dominate the Venezuelan livestock industry, only 20 percent of operations are specialized for either dairy or beef production. Most cattle in Venezuela are grass fed. Pastures conditions for 2010 have been recuperating from a serious drought in early 2010 when thousands of hectares were practically destroyed. Some ranches were in a delicate situation due to the limited availability of pastures and poor condition of cattle.

The domestic cattle herd inventory is uncertain—no official data exists—but is currently estimated at around 12.6 million head. According to the National Cattle Rancher Association, Fedenaga, during the last ten years livestock production has deteriorated, showing a seven percent fall when compared to the 13.5 million head in 1999. One of the main constraints for the livestock sector is personal and legal insecurity as well as the difficult economic conditions such as high input cost inflation. Added to that, the low controlled meat prices slow investment, restricting potential growth and recovery in the industry.

Between 2008 and 2009, per capita domestic production decreased by 28 percent, from 10.8 kilograms to 7.8 kilograms, according to figures from the Venezuelan Meat Council (Convecar). Overall production of the sector has maintained a downward trend in recent years. Meat production between 2009 and 2010 is estimated to be steady at 320,000 tons and forecast to slightly decline to 305,000 tons in 2011 because of lack of economic incentives and drawdown of the domestic herd.

Of the 1,275,000 head slaughtered in 2009 only 62 percent were produced in country, the rest correspond to imported live cattle coming from Brazil and Nicaragua. According to the National Cold Storage Association, Asofrigo, carcass and deboned meat imports are equivalent to 820,000 animals of about 480 kilograms that were brought by the Government from Colombia, Argentina, Chile, Brazil, Uruguay, and Nicaragua.

### **Consumption:**

It is estimated that meat consumption per person per year is 19.4 kilograms; 52 percent of that is imported. According to the Cattle Federation, Venezuela went from being a self-sufficient country in the supply of meat in 2003 to import almost 52 percent of consumption in 2009. Total meat demand in 2010 is estimated at 532,000 tons and forecast to slightly increase to 540,000 tons in 2011, via population increase. With recent trade restrictions and higher street prices, consumers acquired less beef. General high inflation in the economy has also reduced purchasing power. In the last few years the behavior of beef consumption has been fluctuating as well as production.

The Venezuelan market is price elastic; when prices are down consumption increases and vice versa.

**Trade:**

Beef imports in 2009 were about 52 percent of the domestic needs and this year post estimates that they will increase as a share of total consumption, as domestic output may make only a slight advance as ranchers leave the business. Imports are completed at a preferential exchange rate of 2.15 Bs./US\$ authorized by Venezuela’s foreign exchange commission, and correspond to first class cuts.

During the first six months of 2010 supplier countries by order of importance were Brazil, Nicaragua, Argentina, Uruguay, Paraguay and Chile. Traditionally, Colombia has been Venezuela’s major trading partner for cattle and carcass meat. However Venezuela has not imported meat from Colombia during 2010 due to an embargo to Colombian exports. Brazil is now the main supplier of cattle to Venezuela.

During 2008 about 600,000 tons were imported (including live animals, carcass and boneless meat) from Colombia. In 2009, meat purchases from Colombia were more than 400,000 tons.

The Government has tried to cover the gap in supplies left by Colombian with imports from Brazil, Nicaragua, and Argentina. In 2009, Venezuela imported from Argentina more than 27,000 tons of boneless beef, 9,300 from Nicaragua, 39,924 tons from Brazil, 87,000 from Chile and 27,700 from Colombia. Some of the gap was not covered, and domestic consumption slipped with lower supplies. Brazil has also lowered exports to Venezuela in 2010 due to payments defaults and competition from temporarily increased domestic slaughter. Lower live cattle availability will result in somewhat stronger imports for 2011.

**Policy:**

**Price Policy:**

Controlled meat prices have not been adjusted for the last two years and this issue has distorted the market. In the first quarter of 2010 the retail sector was investigated by government control entities since butchers were said to be not selling at the regulated prices.

Meat industry experts believe that higher prices recorded by the meat during the months of April and May were due to a decrease in domestic production, which coincided with a decline in imports during those two months and consequently causing a decline in the availability of the product. By reducing imports, which supply the shortfall of domestic production, street prices moved upward.

With respect to live cattle controlled prices has not either been reviewed since August 2008. At that time the Government fixed the price of live cattle at Bs. 5.50 per kilogram, and a kilogram of first class meat sold for a retail price at Bs. 17.60. Government policies of price review will have a major impact on determining meat and cattle production levels for 2011.

**Production, Supply and Demand Data Statistics:**

Animal Numbers, Cattle	2009	2010	2011

Venezuela										
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Total Cattle Beg. Stks	13,269		13,269	13,109		13,126			12,771	(1000 HEAD)
Dairy Cows Beg. Stocks	0		0	0		0			0	(1000 HEAD)
Beef Cows Beg. Stocks	0		0	0		0			0	(1000 HEAD)
Production (Calf Crop)	1,100		1,100	1,000		1,000			1,000	(1000 HEAD)
Intra-EU Imports	0		0	0		0			0	(1000 HEAD)
Other Imports	415		432	525		550			550	(1000 HEAD)
Total Imports	415		432	525		550			550	(1000 HEAD)
Total Supply	14,784		14,801	14,634		14,676			14,321	(1000 HEAD)
Intra EU Exports	0		0	0		0			0	(1000 HEAD)
Other Exports	0		0	0		0			0	(1000 HEAD)
Total Exports	0		0	0		0			0	(1000 HEAD)
Cow Slaughter	0		0	0		0			0	(1000 HEAD)
Calf Slaughter	0		0	0		0			0	(1000 HEAD)
Other Slaughter	1,275		1,275	1,475		1,505			1,455	(1000 HEAD)
Total Slaughter	1,275		1,275	1,475		1,505			1,455	(1000 HEAD)
Loss	400		400	400		400			400	(1000 HEAD)
Ending Inventories	13,109		13,126	12,759		12,771			12,466	(1000 HEAD)
Total Distribution	14,784		14,801	14,634		14,676			14,321	(1000 HEAD)
CY Imp. from U.S.	0		0	0		0			0	(1000 HEAD)
CY. Exp. to U.S.	0		0	0		0			0	(1000 HEAD)
Balance	0		0	0		0			0	(1000 HEAD)
Inventory Balance	-160		-143	-350		-355			-305	(1000 HEAD)
Inventory Change	-2		-2	-1		-1			-3	(PERCENT)
Cow Change	0		0	0		0			0	(PERCENT)
Production Change	-8		-8	-9		-9			0	(PERCENT)
Production to Cows	0		0	0		0			0	(PERCENT)
Trade Balance	-415		-432	-525		-550			-550	(1000 HEAD)
Slaughter to Inventory	10		10	11		11			11	(PERCENT)
TS=TD			0			0			0	

Meat, Beef and Veal Venezuela	2009			2010			2011			
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Slaughter (Reference)	1,275		1,275	1,475		1,475			1,475	(1000 HEAD)
Beginning Stocks	25		25	25		57			25	(1000 MT CWE)
Production	288		320	334		320			305	(1000 MT CWE)
Intra-EU Imports	0		0	0		0			0	(1000 MT CWE)
Other Imports	250		250	100		150			180	(1000 MT CWE)
Total Imports	250		250	100		150			180	(1000 MT CWE)
Total Supply	563		595	459		527			510	(1000 MT CWE)
Intra EU Exports	0		0	0		0			0	(1000 MT CWE)
Other Exports	0		0	0		0			0	(1000 MT CWE)
Total Exports	0		0	0		0			0	(1000 MT CWE)
Human Dom. Consumption	533		533	444		497			500	(1000 MT CWE)
Other Use, Losses	5		5	5		5			5	(1000 MT CWE)
Total Dom. Consumption	538		538	449		502			505	(1000 MT CWE)
Ending Stocks	25		57	10		25			5	(1000 MT CWE)
Total Distribution	563		595	459		527			510	(1000 MT CWE)
CY Imp. from U.S.	0		0	0		0			0	(1000 MT CWE)
CY. Exp. to U.S.	0		0	0		0			0	(1000 MT CWE)
Balance	0		0	0		0			0	(1000 MT CWE)
Inventory Balance	0		32	-15		-32			-20	(1000 MT CWE)
Weights	226		251	226		217			207	(1000 MT CWE)
Production Change	-6		-6	16		0			-5	(PERCENT)
Import Change	-22		-22	-60		-40			20	(PERCENT)
Export Change	0		0	0		0			0	(PERCENT)
Trade Balance	-250		-250	-100		-150			-180	(1000 MT CWE)

Consumption Change	-13		-13	-17		-7			1	(PERCENT)
Population	26,814,843		26,814,843	27,223,228		26,814,843			26,814,843	(PEOPLE)
Per Capita Consumption	20		20	16		19			19	(KG)
TS=TD			0			0			0	