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News on dry milk imports and new rice prices

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Agricultural Situation

Dairy and Products

Grain and Feed

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Report Highlights:

Venezuela recently increased rice and corn flour prices, but producers claim that they are not sufficient to cover higher production costs. The country will also begin issuing import licenses for milk powder from Argentina and Belarus.

General Information:

Price adjustments for rice and corn flour have come into force

On Saturday August 16, new retail prices for rice and corn flour came into effect, as previously stated in Official Gazette No. 39.208 of June 26, 2009. Corn flour increased 31.4 percent and rice about 21 percent. Consumers will have to pay Bs 2.72 for a kilogram of corn flour (previously Bs. 2.07) and, Bs. 2.82 for a kilogram of rice (previously Bs. 2.33). However, the retail price of these products will be 40 percent lower if purchased at the government food

network, Mercal.

The industry says that these adjustments do not cover production costs, and they believe that the price should be Bs. 3.00 for a kilogram of corn flour. On July 1, the farm gate price for corn increased from Bs. 728 to Bs. 900 per metric ton.

The Government will start issuing milk import licenses this week

The Minister of Food announced that import licenses for powder milk purchases "necessary to meet the demand of the population" will be granted this week.

Until last week, the Venezuelan Chamber of Dairy Importers, Cavelacteos, did not know the government's plans for importing dairy products. During recent months the Government had refused to allow Chamber members to purchase cheese and milk from abroad, arguing that importers had already filled the "import quota." The Chamber explained that they are unaware of the number of licenses that had been allocated. After Venezuela's negotiations with Argentina, Belarus and Uruguay for powder milk imports, domestic producers will watch to see if imports harm the local industry.

The president of the National Cattle Rancher Association, Fedenaga, said that it is important that imports be done in a controlled way and that production data must be sincere. According to the Government figures milk production is 2.3 billion liters per year. Fedenaga's figures for last year were 1.45 billion liters, and for 2009, they estimate output at 1.508 billion liters if the four percent growth recorded in recent years is maintained.

Fedenaga expressed concern that last year 270,000 tons of dry milk were imported while the Venezuelan market only requires between 130 and 140 thousand tons. They pointed out that this year imports should not be above 100,000 tons.

More recent milk purchases and deals

On February 2009, the government closed a deal with Belarus for the purchase of 7,000 tons of dry powder milk. The Department of Commercial Exchange of the Belarus Ministry of Agriculture and Food announced that this quantity was about three times more than the amount sent to Venezuela during 2008.

In July 2009, the Uruguayan dairy company Conaprole had problems sending 20,000 tons of dry powder milk that was part of an agreement with the Venezuelan government since the local authorities argued that there was an excess milk inventory in the market.

The last agreement of the government included the purchase of 8,000 tons of dry milk powder from Argentina.

Sources: Official government documents and media reports