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Socialist System of Distribution of Goods

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Agricultural Situation

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Report Highlights:

The fair distribution of food in the socialist system proposed by President Hugo Chávez means that the government will exercise as much control as possible over the Venezuelan agri-food industry, and will take control of essential foodstuff imports.

Executive Summary:
The government will take control of imports of essential foodstuffs, both final consumer goods and raw materials, according to the Minister of Agriculture and Lands. The government's goal, per the National Socialist Plan Simón Bolìvar 2007-2013 is that "economic and social inclusion is part of the socialist-oriented planning, production and distribution system, where the most pertinent aspect is the progressive development of social ownership over the means of production, and the implementation of fair, equitable and supportive systems opposed to capitalism."

General Information:
According to the Central Bank of Venezuela (BCV), Venezuela spent in real terms USD 7.49 billion for food imports in 2008, 37 percent more than in 2007. According to the data, USD 4.1 billion (55.4 percent) of the 2008 total was for imports made by the government, broken out between USD 1.9 billion by the Corporation of Supply and Agricultural Services (CASA), and USD 2.2 billion by the state-run oil company Petróleos de Venezuela (PDVSA), for its food

distribution program PDV Alimentos, (PDVAL).

Both the imports made by the government and by the private sector are focused on the more expensive and important items in the Venezuelan daily diet. The BCV reports that in 2008, Venezuela's leading imports were beef, animal and vegetable oils, cereals, powdered milk, livestock, fish, shellfish, fruits, legumes and vegetables.

The Ministry of Food, in its Annual Report for 2008, stated that the volume of imports by CASA for the food distribution chain Mercal increased by 124 percent for vegetable oil, 107 percent for peas, 83 percent for black beans, 57 percent for meat, 15.2 percent for milk, 163.5 percent for bologna and 57 percent for chicken.

The eventual establishment of an exclusive importer of food would mean that the government would need a 100 percent increase in budget to meet the demand of imported foodstuffs compared to the purchases made abroad in 2008. The expenditure would also depend on price changes in international markets. At the same time, it would imply a great logistical effort for the receipt of merchandises and distribution of imported goods to supply the industrial processing and distribution centers of finished food products.

Sources: leading dailies and the Central Bank of Venezuela