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# GAIN Report

Global Agricultural Information Network

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## Venezuela

### Grain and Feed Annual

### Grain & Feed Annual Report

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**Report Highlights:**

Post expects significant imports of yellow corn, rice and wheat to continue, based on domestic food demand, requirements of the animal feed industry and insufficient domestic grain production.

## **Executive Summary:**

Despite some domestic production increases reported by the Venezuelan Ministry of Agriculture and Lands (MAT) in rice, corn and sorghum in 2012, the country will still rely on imports of these agricultural raw materials for the manufacture of finished products. A growing population, price controls and the poultry, pork and livestock sectors should continue driving imports.

Venezuela depends on wheat imports for domestic flour milling and the traditional suppliers are the United States and Canada. Post estimates imports to increase slightly from 1,668,000 MT during MY 2011/12 to 1,685,000 in MY 2012/13.

Corn imports are needed to supply the feed industry. Imports of corn are estimated at 2,500,000 MT for MY 2012/13 and Post forecast corn imports for MY 2013/14 to slightly increase to 2,550,000 MT. Corn flour made out of domestic white corn is part of the Venezuelan basic diet and imports of white corn for 2013 will be needed to supplant the domestic crop shortfall.

Sorghum production is estimated to reach 110,000 MT in MY 2012/13 and remain steady at 110,000 tons in MY 2013/14. Domestic production and yields are low and other cereals are often substituted to satisfy domestic feed grain demand.

Milled rice production for MY 2012/13 was estimated at 385,000 MT due to good weather conditions and better yields in key production area of Portuguesa but may drop to 380,000 MT for MY 2013/14 if farm-gate prices are not increased. There is also a lack of inputs for planting that limit the performance of this sector. Imports last year came from the United States, Guyana, Argentina, Brazil and Ecuador.

## **Commodities:**

Wheat

### **Production:**

The Venezuelan climate and soil does not support good wheat production so almost all wheat supplies are imported. A small amount of wheat produced in the Venezuelan Andean region is milled and consumed close to where it is harvested.

There are ten milling companies in Venezuela with a total installed capacity of 1.9 MT. All of the wheat milled is imported. The largest milling group is Cargill of Venezuela and it has estimated capacity of 2,210 tons per day. The second largest group is MONACA with an estimated capacity of 1,360 tons per day. The third largest group is MOCASA. The other millers include, MOSACA, MOLVENCA, MOHICA and MOLGUACA. There are 17 pasta-manufacturing plants with an installed

capacity exceeding 430,000 MT per year. There are also 6,832 non-industrial bakeries, 17 industrial bakeries and 13 cracker-manufacturing plants.

**Consumption:**

Total wheat consumption in MY 20011/12 was 1,500,000 MT. Total wheat consumption is expected to increase in MY 2012/13 to 1,550,000 MT. Pasta and bread are low-cost basic staples of the Venezuelan diet and provide an alternate protein source for low income Venezuelans. Some types of pasta and bread are price controlled.

Pasta consumption in Venezuela continues to be one of the highest in the world, with a per capita consumption of about 13 Kg per year. The BRV is an important pasta distributor through their Mercal food networks, which represents about 31 percent of the market.

**Trade:**

Venezuela imports almost 100 percent of its wheat requirements, with the traditional suppliers being the United States and Canada. A small amount of wheat was imported last year from Argentina and Mexico. Total imports reached 1,668,000 MT during MY 2011/12. Post estimates MY imports to increase to 1,685,000 in MY 2012/13 and forecasted to remain steady.

No barriers are being imposed on wheat imports and no problems are reported with import permits but importers face increasing problems obtaining authorizations for dollars at the official exchange rate through CADIVI, the government foreign exchange control entity. Delays in obtaining approval can be a problem for importers, sometimes impeding timely liquidation of payments to suppliers. This situation has resulted in a delay in imports of raw materials, which ultimately affect the availability of wheat products on the shelves and the amount of inventories.

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

Wheat Venezuela	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	84	84	270	252		387
Production	0	0	0	0		0
MY Imports	1,686	1,668	1,700	1,685		1,685
TY Imports	1,686	1,668	1,700	1,685		1,685
TY Imp. from U.S.	693	671	0	0		0
Total Supply	1,770	1,752	1,970	1,937		2,072
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	0	0	0	0		0
FSI Consumption	1,500	1,500	1,550	1,550		1,555
Total Consumption	1,500	1,500	1,550	1,550		1,555
Ending Stocks	270	252	420	387		517
Total Distribution	1,770	1,752	1,970	1,937		2,072

1000 HA, 1000 MT, MT/HA

**Commodities:**

Corn

**Production:**

Corn is the most important cereal in Venezuela, constituting the main source of energy in the Venezuelan diet. Around 400,000 hectares are harvested annually, of which 75 percent are located in the Western Plains, Central Plains and the Yaracuy River Valley. These three regions differ markedly in the soil and climate conditions and have significant inter-annual variations in the amount and distribution of rainfall.

Most of the corn produced in Venezuela is white corn for human consumption, and the remainder is yellow corn for human consumption and feed manufacturing. The white corn crop is traditionally purchased to produce corn flour for the basic diet of Venezuelans. Since 2010 Venezuela has had to import white corn to cover its domestic needs.

According to industry sources, corn production for the period 2011/12 was 1,300,000 MT, white corn production only reached about 750,000 MT and yellow corn about 550,000 M. The industry needs of white corn in Venezuela are about 1,500,000 MT and about 2,400,000 MT for yellow corn and sorghum together for the animal feed industry. Production for the period 2012/13 is estimated to remain the same at 1,300,000 MT due to unclear agricultural policies related to prices and financing.

The future of the domestic corn production for the period 2013/14 is difficult to forecast due to multiple problems of the economy. This slowdown in the economy is directly linked to the existing shortage in foreign currency. Farmers currently cannot buy enough inputs, seeds, fertilizers, chemicals, parts, etc. to improve production.

**Consumption:**

White corn is milled to produce the precooked corn flour and it is used mostly for human consumption, while yellow corn is used for animal feed. Total consumption of corn flour has been increasing in response to declining real incomes; it is cheaper relative to other food products and there is sufficient availability through the Government's food networks.

Animal feed consumption has been based mostly on imported yellow corn since domestic production has not been enough to cover the needs. Feed consumption for 2012/13 is estimated to remain steady at 2,400,000 MT.

**Trade:**

The United States continue to be the major yellow corn supplier to Venezuela. Other suppliers of yellow corn have been Argentina and Brazil. White corn imports come mainly from Mexico or South Africa (most recent in 2011) and those are made directed by the BGV throughout their purchasing entity Corporation CASA.

Imports will be needed to supply the growing feed industry in Venezuela. The feed industry estimates that imports of yellow corn could be about 2,500,000 MT in 2012/13. Based on information from the local industry, Post forecast total corn imports for 2013/14 to slightly increase to 2,550,000 MT.

Importers continue to face delays in obtaining the approval for dollars from CADIVI. This problem has brought shortages and scarcity of raw material to the feed manufacturing industry and has put the industry in risk.

**Marketing:**

The United States dominates the market for imported yellow corn in Venezuela because of proximity and year-round availability. Reduced access to foreign exchange have pressure the feed industry to explore alternative feed sources. In this atmosphere of improvisation, continued trade servicing, technical support, and marketing assistance are important in order to maintain and improve client loyalty and satisfaction. The feed industry greatly appreciated a US Grain Council visit in March 2013 that included US Grain Quality Seminar.

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

Corn Venezuela	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2013		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	420	430	430	430		430
Beginning Stocks	324	324	370	414		264
Production	1,400	1,300	1,780	1,300		1,350
MY Imports	2,596	2,740	2,000	2,500		2,550
TY Imports	2,596	2,530	2,000	2,200		2,550
TY Imp. from U.S.	1,398	1,398	0	0		0
Total Supply	4,320	4,364	4,150	4,214		4,164
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	2,400	2,400	2,200	2,400		2,400
FSI Consumption	1,550	1,550	1,600	1,550		1,560
Total Consumption	3,950	3,950	3,800	3,950		3,960
Ending Stocks	370	414	350	264		204
Total Distribution	4,320	4,364	4,150	4,214		4,164

1000 HA, 1000 MT, MT/HA

**Commodities:**

Sorghum

**Production:**

Sorghum is an important crop for certain dry areas in the east and southern part of the country, especially in Guárico, Cojedes and Portuguesa States. Lately, the sorghum harvest has been affected by lower product prices and lack of incentives to producers but there was a ten percent increase in sorghum production in 2012. According to the Venezuelan Producers Association, sorghum production during 2011/12 was about 100,000 MT. Sorghum production is estimated to rise to 110,000 MT in MY 2012/13 as ranchers are planting this cereal to supplement the other feed sources. Also, some soybean farmers are converting to sorghum. Production for the period 2013/14 is forecasted to remain the same at 110,000 MT.

Area planted to sorghum during 2011/12 was 100,000 hectares. Area planted to sorghum is estimated to remain steady under current government policies. Feed manufacturers do not like the domestic sorghum quality. The shortage of agrochemicals has also limited production.

**Consumption:**

Grain sorghum is mainly used for poultry and swine feed, with some also going to cattle feed production. Sorghum feed consumption in 2011/12 was 100,000 MT. Consumption increased in 2012/13 due to increased animal feed demand. In the 2011/12 period, 95 percent of total sorghum supply was consumed by the feed industry, and about five percent remained in stocks.

**Trade:**

Venezuela has not been a major importer of sorghum. Last imports of sorghum seeds for sowing were done in 2010 and came from the United States, Guatemala and Mexico.

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

Sorghum Venezuela	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	100	100	100	100		100
Beginning Stocks	10	10	5	10		10
Production	90	100	100	110		110
MY Imports	0	0	0	0		0
TY Imports	0	0	0	0		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	100	110	105	120		120
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	90	95	90	105		105
FSI Consumption	5	5	5	5		5
Total Consumption	95	100	95	110		110
Ending Stocks	5	10	10	10		10
Total Distribution	100	110	105	120		120

1000 HA, 1000 MT, MT/HA

**Commodities:**

Rice, Milled

**Production:**

According to the rice industry, domestic milled rice production in MY 2011/12 was about 380,000 MT and area harvest was about 140,000 hectares. For MY 2012/13 area harvested remains steady at 140,000 but there was a slight increase in production to 385,000 MT due to good weather conditions in key production area of Portuguesa that showed better yields.

Production for MY 2013/14 is expected to decrease to 380,000 MT as low controlled prices and high production costs make rice production less profitable. Producers concerns about unclear production policies and the lack of seeds, fertilizers, agrochemicals and parts limit production.

Both farm-gate and retail rice prices have been controlled by the government since 2003. These controls result in losses for the industry and shortages of regulated products in the market.

**Consumption:**

Rice is a traditional and important staple in the Venezuelan diet and considered a “strategic food” by the government. Per capita rice consumption is about 23 kg/year. Consumption in 2011/12 reached 650,000 MT. Consumption is estimated to increase to 665,000 MT in 2012/13 supported by continued imports of the Bolivarian Government.

Despite the increased rice production reported by the Venezuelan authorities during 2012, it was insufficient to meet the country's annual consumption. According to the Venezuelan Rice Producers Federation 1.4 million tons a year are required to cover domestic consumption and they claim the domestic production in 2012 barely covered 50 percent of the demand.

**Trade:**

Rice production in Venezuela will not be enough to satisfy domestic demand and significant imports will again be needed for MY 2013/14. The Government continues to be the sole rice importer through their food purchasing entity “Corporation CASA.” Imports, mostly of paddy rice, during TY2012 came mainly, by order of importance, from United States, Guyana, Brazil, Argentina and Ecuador. Imports from Guyana are from the “oil for rice” program, part of the Petro-Caribbean Agreement with the Government of Guyana.

Imports of milled rice reported during MY 2011/12 were 241,000 MT. Imports of milled rice for MY 2012/13 increased to 370,000 MT because the Government imported extra in the months before the elections. Imports are expected to stay at 370,000 MT for MY 2013/14 unless unclear government policies change.

Unofficial cross border trade with Colombia has traditionally occurred. This is exacerbated by the price controls on domestic rice, and results in a lot of rice being illegally diverted to Colombia through the border. During MY 2011/12, exports were reported at 50,000 MT and doubled to 100,000 MT in MY 2012/13.

**Stocks:**

The amount of rice on the market has been diminishing progressively in the last five years. Rice distribution fluctuates and there are often temporary shortages in cities especially outside of the capital. Inventories have been declining not only because of last year’s increased consumption, but also to cover shortfalls in production.

**Marketing:**

Venezuela will continue importing rice to supplement decreasing domestic production. The Government, through their food purchasing entity “Corporation CASA,” will continue to import rough rice. Purchasing decisions are often made at the last minute, which gives U.S. product an advantage due to its availability and proximity to Venezuela.

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

Rice, Milled Venezuela	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Apr 2011		Market Year Begin: Apr 2012		Market Year Begin: Apr 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	140	140	140	140		140
Beginning Stocks	251	237	159	158		148
Milled Production	380	380	385	385		380
Rough Production	560	560	567	567		560
Milling Rate (.9999)	6,786	6,786	6,786	6,786		6,786
MY Imports	288	241	370	370		370
TY Imports	375	416	370	420		420
TY Imp. from U.S.	0	0	0	0		0
Total Supply	919	858	914	913		898
MY Exports	125	50	200	100		50
TY Exports	150	50	200	100		50
Consumption and Residual	635	650	640	665		665
Ending Stocks	159	158	74	148		183
Total Distribution	919	858	914	913		898

1000 HA, 1000 MT, MT/HA

