

**Required Report:** Required - Public Distribution

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## **Report Name:** Grain and Feed Annual

**Country:** Venezuela

**Post:** Caracas

**Report Category:** Grain and Feed

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### **Report Highlights:**

As Venezuela's economy continues to recover into MY 2022/23, Venezuela is expected to increase its consumption of wheat by 5.2 percent. With rising global prices of wheat, Venezuela may shift to more price competitive sources like Brazil and away from the United States for wheat grains. Venezuela is continuing to strengthen its domestic milling capacity, which has led to an increase in the share of imports of wheat grain and a decrease in the share of imports of wheat flour and products. Producers in Venezuela are viewing global rises in commodity prices as an opportunity to encourage domestic production of corn, which is expected to increase by 10 percent in MY 2022/23. The same increase in production is forecasted for rice in MY 2022/23 due to greater access to financing to support inputs and the introduction of stronger rice varieties for planting.

**Commodity:**

Wheat

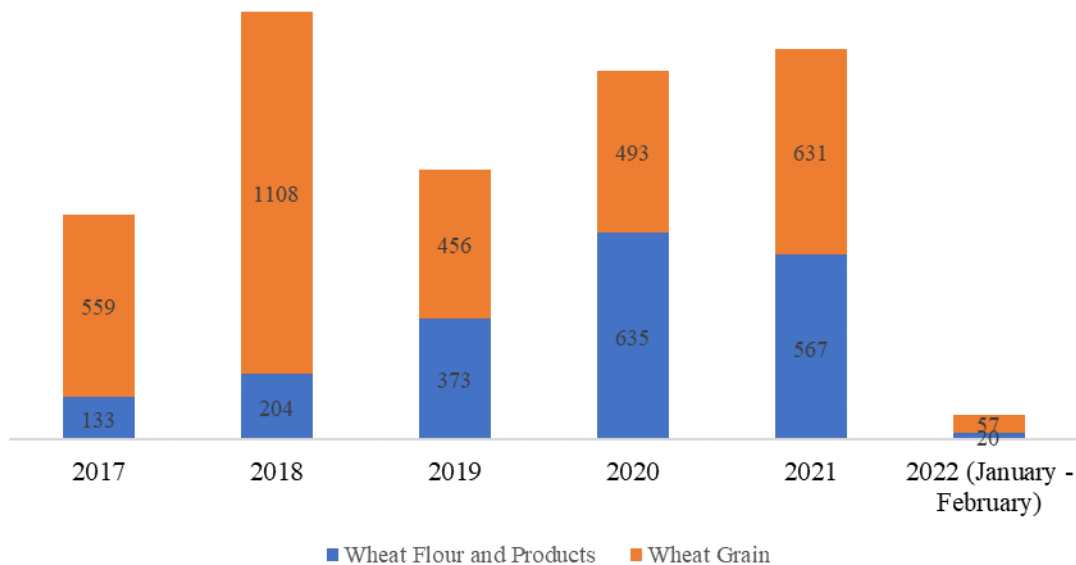
**Production:**

The country is entirely dependent on imported wheat for domestic consumption. Venezuela’s wheat production continues to be zero.

**Consumption:**

Wheat consumption estimates for marketing year (MY) 2022/23 will increase 5.2 percent from the previous marketing year to 1.2 million metric tons (MT) wheat grain equivalent (WGE), based on rising imports of wheat due to an expected recovery of the Venezuelan economy. The national milling industry is expected to rebound in terms of production of pasta and wheat flour due to the regime’s priority of increasing local processing capacity. This is expected to continue to decrease Venezuela’s dependence on imports of pasta and finished wheat from Turkey and Brazil. As shown in Figure 1, lower imports of finished wheat products are being offset by increasing imports of wheat grain as raw material for the milling industry.

**FIGURE 1: WHEAT GRAIN VERSUS WHEAT FLOUR AND PRODUCT EXPORTS TO VENEZUELA, 2017 – 2020, THOUSAND MT**



Source: Trade Data Monitor

The Venezuelan milling industry will likely translate rising prices of wheat into higher consumer prices if commodities become less available in the market due to current global uncertainty and supply disruptions.

In MY 2021/22 the wheat consumption estimate remains unchanged from USDA official of 1.15 million MT. Driven by a regime policy, the domestic industry tried to increase production, but local pasta was not satisfactorily sold in the market given the competitive prices of pasta from Turkey.

In calendar year (CY) 2021, the domestic wheat industry and the regime agreed to progressively increase demand for domestically produced pasta. The objective was to achieve a supply balance of 50 percent domestic pasta and 50 percent imported pasta through price reductions and product availability. This agreement was partially fulfilled bringing the national production to 13,000 MT per month (39%) versus 20,000 MT per month (61%) of imported pasta in MY 2021/22.

In addition, the regime's promise to purchase national pasta from the industry to supply the CLAP program (Local Committees for Supply and Production) was not accomplished. Imports of duty-free Turkish pasta with a better market outlet than national pasta was a factor contributing to higher local inventories.

The annual per capita consumption of wheat, based on a population of 28 million, remains at approximately 37 kg (82 pounds). The purchasing power of Venezuelan consumers is slowly strengthening, supported by the augmented salaries paid by the private sector and a rebound in the reception of remittances in MY 2021/22.

The milling industry is currently working at an average capacity of 24 percent. The nominal installed milling capacity is 2.54 million MT per year. Currently the milling industry produces 65 percent of total consumption. The monthly needs of the Venezuelan wheat milling industry to supply the current domestic market and maintain reasonable inventory levels are 115,000 MT per month, broken down as follows:

**TABLE 1. WHEAT NEEDS OF THE VENEZUELAN MILLING INDUSTRY**

50,000 mt of Hard Red Winter (HRW) wheat/month
40,000 mt of durum wheat/month
20,000 mt of wheat blend/month
5,000 mt of soft wheat for cookies and crackers/month.
<b>Total:</b> 115,000 MT of wheat/month

Source: Venezuelan Wheat Association (ASOTRIGO)

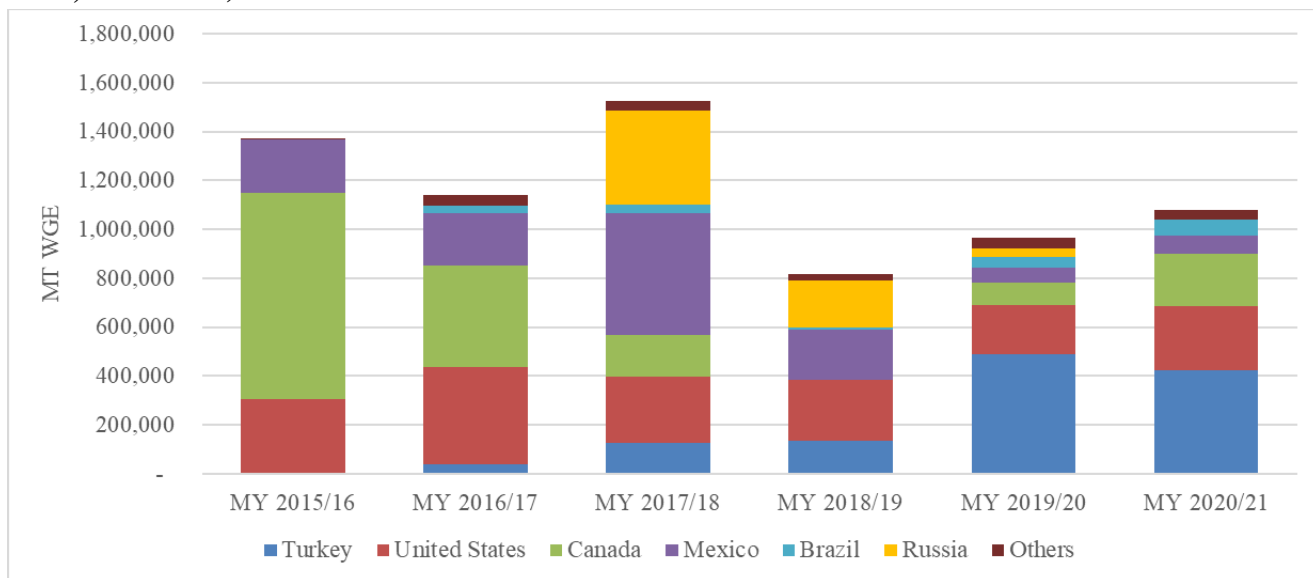
**Trade:**

Post forecasts Venezuelan wheat imports to 1.2 million MT in MY 2022/23, a 10 percent increase from MY 2021/22. Imports are expected to increase due to an expected economic recovery and the improvement of the purchasing power of the industry through the strengthened opportunity to access financing credit. In MY 2021/22 imports are estimated at 1.1 million MT, aligned with the USDA official estimate.

Venezuela continues importing Mexican durum, although it is not preferred due to the quality and milling yield issues. Venezuela will have limited capabilities to import wheat from the United States, which is favored by the industry due to higher quality and better milling yields, due to high prices, and will shift over to other suppliers.

Figure 2 below illustrates Venezuela’s total wheat imports in the past years by country of origin.

**FIGURE 2: WHEAT EXPORTS TO VENEZUELA BY COUNTRY OF ORIGIN (MY July to June, MT WGE)**



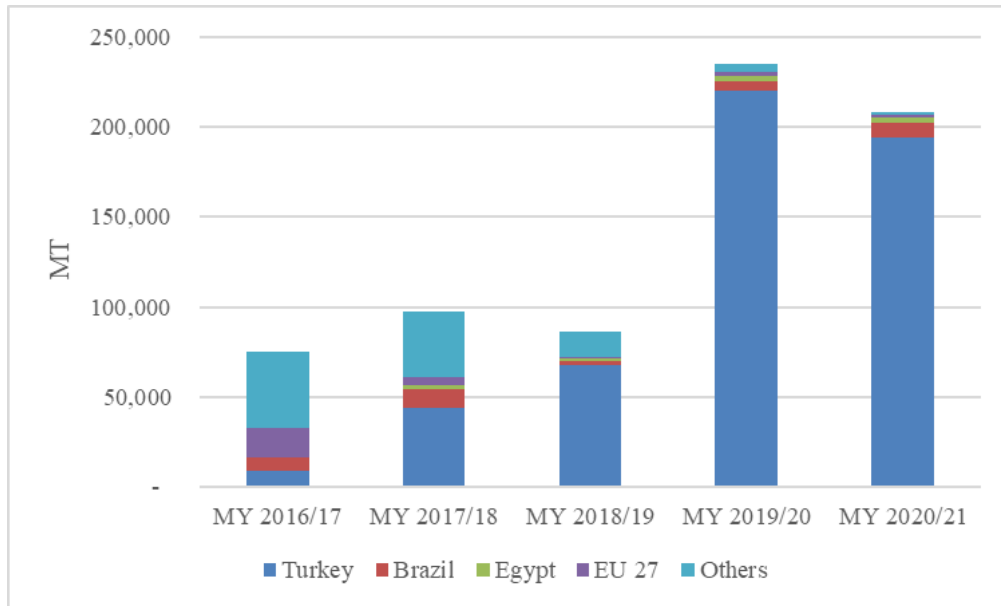
Source: Trade Data Monitor

As a new development Venezuela is importing increasing quantities of wheat from Brazil. Brazil’s wheat production increased in MY 2021/22 (see GAIN Grain and Feed Update, Brasilia, October 5, 2021). The exports of wheat from Brazil could start to compete with the U.S. Hard Red Winter in MY 2021/22 and MY 2022/23 if Brazil is able to compete on price. However, Venezuela is accustomed to the high quality and milling yields of U.S. wheat.

Venezuelan wheat imports from Russia and Ukraine have been declining since CY 2019. In MY 2020/21 and MY 2021/22 there were no imports of wheat from Russia and only small quantities of flour were imported from Ukraine.

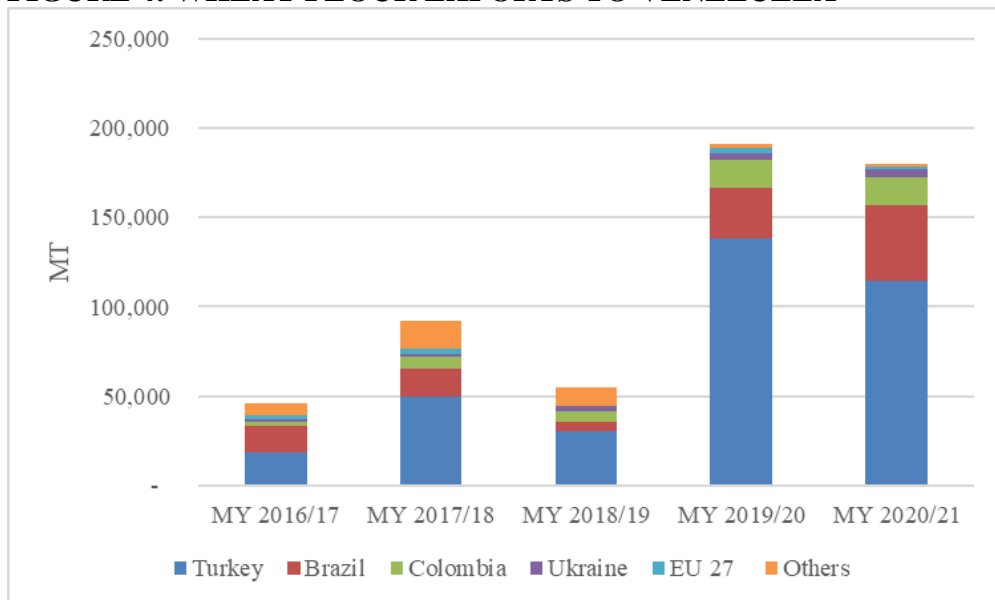
Since CY 2021, all Venezuelan hard wheat imports have been of U.S origin, all durum wheat from Mexico, and some soft wheat from Canada. In terms of imported wheat products, the total wheat flour imported was 171,522 MT in CY 2021, a decrease of 20 percent compared to CY 2020. Of the total imported, 65 percent was from Turkey, 26 percent from Brazil, and 9 percent from other countries. As shown in Figures 3 and 4, Venezuela’s pasta and wheat flour imports from Turkey declined in MY 2020/21.

**FIGURE 3: PASTA EXPORTS TO VENEZUELA**



Source: Trade Data Monitor

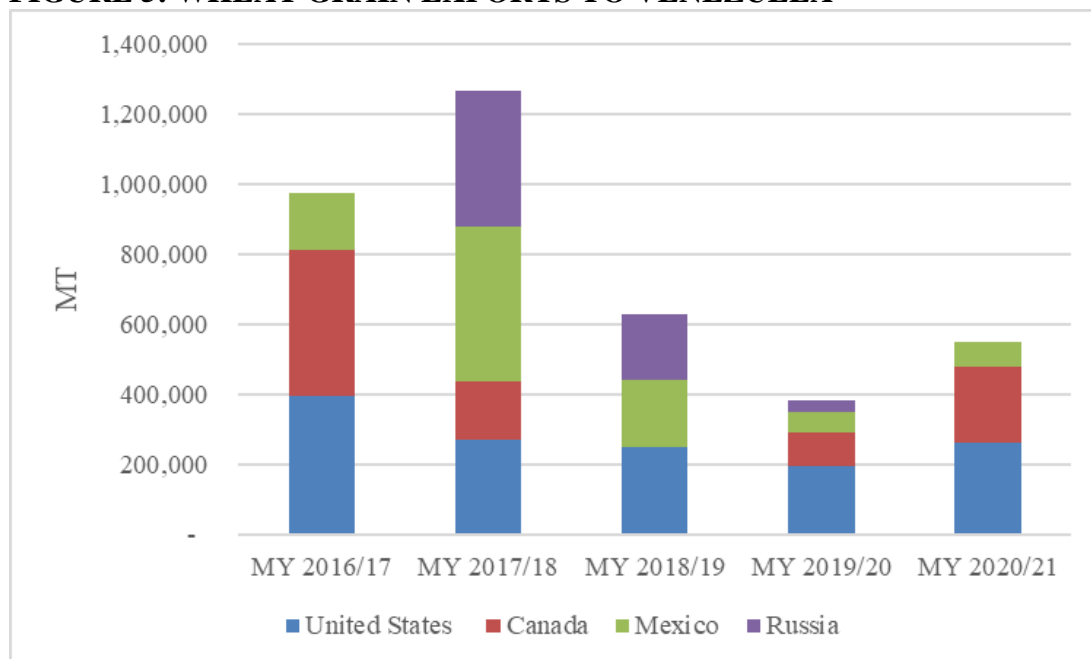
**FIGURE 4: WHEAT FLOUR EXPORTS TO VENEZUELA**



Source: Trade Data Monitor

**Figure 5** below illustrates increasing Venezuela’s wheat grain imports led by the United States in MY 2020/21.

**FIGURE 5: WHEAT GRAIN EXPORTS TO VENEZUELA**



Source: Trade Data Monitor

**Policy:**

Currently, all types of wheat grain and all wheat products (ex. pasta) are exempt from custom duties and VAT. This is a result of a policy still in place which took effect on August 6, 2021 published in [official gazette 6,636](#). Because there is no national production of wheat, imported wheat is always tariff exempt. However, a custom service tax remains at a fixed charge of 1 percent. A new decree is expected in April 2022 which will replace Decree 4552.

## Wheat: Production, Supply and Distribution

Wheat	2020/2021		2021/2022		2022/2023		
Market Begin Year	Jul 2020		Jul 2021		Jul 2022		
Venezuela	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
							(Units)
Area Harvested	0	0	0	0	0	0	(1000 HA)
Beginning Stocks	142	142	231	231	0	181	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	1139	1139	1100	1100	0	1210	(1000 MT)
TY Imports	1139	1139	1100	1100	0	1210	(1000 MT)
TY Imp. from U.S.	263	263	0	0	0	0	(1000 MT)
Total Supply	1281	1281	1331	1331	0	1391	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	(1000 MT)
Feed and Residual	0	0	0	0	0	0	(1000 MT)
FSI Consumption	1050	1050	1150	1150	0	1210	(1000 MT)
Total Consumption	1050	1050	1150	1150	0	1210	(1000 MT)
Ending Stocks	231	231	181	181	0	181	(1000 MT)
Total Distribution	1281	1281	1331	1331	0	1391	(1000 MT)
Yield	0	0	0	0	0	0	(MT/HA)
TS=TD	0	0	0	0	0	0	

### Commodity:

Sorghum

### Production:

In MY 2022/23 production is estimated to increase by 25 percent to 15,000 MT compared to the USDA official estimate for MY 2021/22. This increase is a result of a 25 percent growth in area planted. The price of imported and domestic corn has increased, which motivated producers to plant more sorghum to supply the animal feed sector. Although national sorghum harvests have improved, Sorghum is cheaper and requires fewer inputs for planting than other coarse grains.

The national seed “Maracay” and the Argentinian seed “AR Maloon,” along with seeds from Colombia, are still giving fair results in Venezuela. Sorghum in Venezuela has two planting cycles, the northern

summer planting in October with harvesting in February to March, and the winter cycle planting in July with harvesting in September. Due to rising prices of corn and other feed grains, local industry is currently buying all sorghum production at competitive prices. However, the tannins content in Venezuelan sorghum is associated with detrimental effects on consumption, protein digestibility, dry matter, and mineral fractions among others, especially in chickens. This is a negative factor for Venezuelan sorghum.

**Consumption:**

All sorghum is used as an energy source for direct animal consumption or to produce feed and fodder for animals. In MY 2022/23, 60 percent of the production will be destined to animal feed and the remaining 40 percent to forage sorghum for the supporting of livestock.

**Trade:**

Venezuela does not import or export sorghum.

**Sorghum: Production, Supply and Distribution**

Sorghum	2020/2021			2021/2022		2022/2023		
Market Begin Year	Oct 2020			Oct 2021		Oct 2022		
Venezuela	SDA Official	Old Post	New Post	USDA Official	New Post	USDA Official	New Post	
								(Units)
Area Harvested	10	10	0	12	12	0	15	15 (1000 HA)
Beginning Stocks	0	0	0	0	0	0	0	0 (1000 MT)
Production	10	10	0	12	12	0	15	15 (1000 MT)
MY Imports	0	0	0	0	0	0	0	0 (1000 MT)
TY Imports	0	0	0	0	0	0	0	0 (1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0 (1000 MT)
<b>Total Supply</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>12</b>	<b>12</b>	<b>0</b>	<b>15</b>	<b>15 (1000 MT)</b>
MY Exports	0	0	0	0	0	0	0	0 (1000 MT)
TY Exports	0	0	0	0	0	0	0	0 (1000 MT)
Feed and Residual	10	10	10	12	12	0	15	15 (1000 MT)
FSI Consumption	0	0	0	0	0	0	0	0 (1000 MT)
<b>Total Consumption</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>12</b>	<b>12</b>	<b>0</b>	<b>15</b>	<b>15 (1000 MT)</b>
Ending Stocks	0	0	0	0	0	0	0	0 (1000 MT)
<b>Total Distribution</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>12</b>	<b>12</b>	<b>0</b>	<b>15</b>	<b>15 (1000 MT)</b>
Yield	1	1	0	1	1	0	1	1 (MT/HA)
<b>TS=TD</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Post Notes								

**Commodity:**

Rice

**Production**

In MY 2022/23 production is forecasted to raise to 197,000 MT, 30 percent higher than USDA's official estimate for MY 2021/22. The area planted is forecast to increase by 8 percent to 65,000 hectares. Gains in production are also a result of higher yields due to the introduction of more productive and resistance rice varieties in some production areas, primarily in the Calabozo region.





For more than 20 years, rice millers have been providing discounted loans in Venezuela to rice producers. However, as a recent development, one of the largest rice millers will finance producers to enlarge new areas of proven remarkably high productivity in the state of Guárico (Llanos-Central) in the Calabozo region. Approximately 15,000 hectares of rice will be cultivated in Calabozo with better inputs and technology in MY 2022/23, contributing to an increase in production.

In MY 2021/22 revised production estimates are up 7 percent to 163,000 MT due to favorable climate conditions for rice cultivation given more water availability as a result of La Niña weather phenomena. This slightly augmented production in MY 2021/22 is also due to the utilization of higher quality agrochemicals. Due to a significant price increase and a potential shortage of fertilizers, rice producers have reserved a good quantity of fertilizers and other inputs from the past planting cycle. In general, performance improved due to increased access to all necessary inputs and fertilizer imported by the private sector.

In MY 2021/22, rice producers did not have incentives to enlarge area planted as domestic rice prices were not high enough to be profitable for smaller growers. For instance, the price for a kilogram of green paddy was USD \$0.32, while the expected price for the growers should be USD \$0.40 per kilogram. The lack of bank credits and the insufficient and timely supply of gasoline also limited the expansion in area planted.

### **Consumption**

In MY 2022/23, consumption is forecast at 750,000 MT, a 4 percent increase compared to USDA's official estimates for the previous year. Venezuela's economy showed signs of recovery in 2021, after many years of economic contraction and hyperinflation.

The economic growing trend is expected to continue in MY2022/23, led by the private sector who is expected to invest more which will have a positive impact on the recovery of the Venezuelans purchasing power. On the other side, a surge in remittances is also expected, which represents one of the largest sources of income for Venezuelans.

In MY 2021/22, Post estimates consumption will increase to 730,000 MT with respect to the USDA estimate of 720,000 MT. Rice remains cheaper than pasta. Therefore, consumers with a lower purchasing power can better afford rice, especially when pasta prices will increase given the increase of commodity prices in the global market. Rice prices are also expected to increase but at a slower pace.

The rice market is larger than the pasta market. Rice has a lower average price per kilogram and yields more than pasta whose price is always higher on average per kilogram

TABLE 2: RICE VERSUS PASTA PRICES (MARCH 2022)

Packages of 1 Kilogram	High (USD)	Low (USD)
Pasta	2.09	1.18
Rice	1.32	0.87

Source: FAS Caracas market research

Lately, there is plenty of broken rice coming into Venezuela from India. According to industry contacts, millers are mixing broken rice with unbroken rice to increase supply for human consumption. Therefore, a relevant quantity of rice is found in the market with 20 percent broken grain content. Broken rice "alone" is currently being used for the preparation of pet food (dogs).

### Trade:

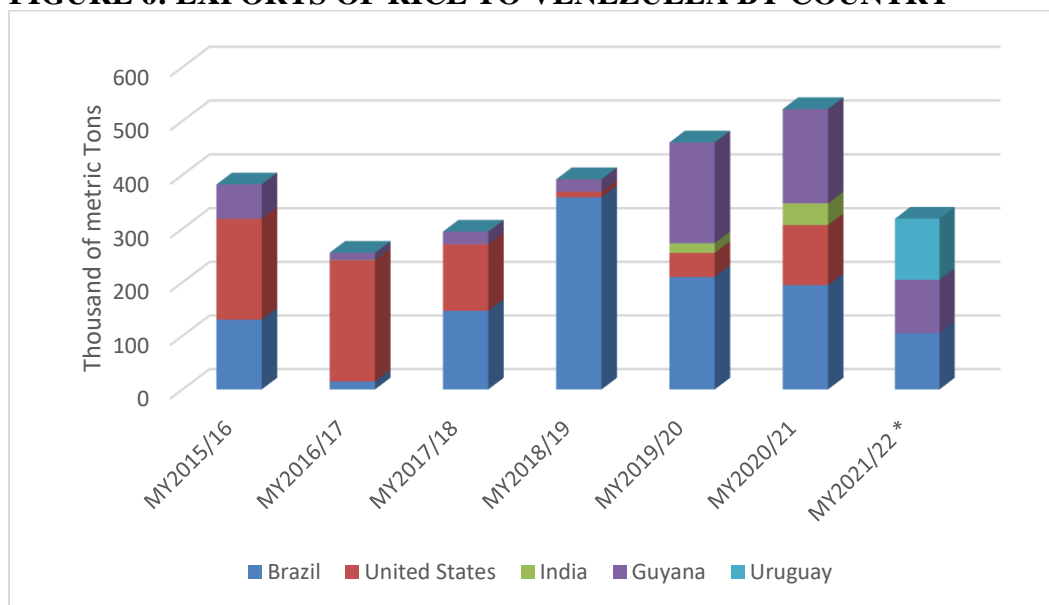
Imports in MY 2022/23 are forecast to decline 9 percent to 550,000 MT compared to USDA's official estimate for the previous year, due to increasing national production. Industry will buy 100 percent of the national harvest before turning to imports to meet demand.

In MY 2021/22, import figures are unchanged from USDA's official estimates. Post forecasts the rice trade flow into Venezuela from Colombia will reach 60,000 MT due to higher Colombian rice inventories and a cheaper price. This Colombian rice is primarily consumed in the border states, less seen in the cities.

Rice from Guyana has also increased its presence and can be found in the CLAP boxes, which are subsidized food monthly boxes that since February 2022 include 3 kg of rice (from Guyana), 1 kg of pasta (down from 4 kg of pasta), 1 kg of sugar, and 2 kg of corn meal.

The United States has been the only origin for paddy rice during January to July 2021. Recently imports from Brazil and Uruguay are predominating the market and it is a price driven decision.

**FIGURE 6: EXPORTS OF RICE TO VENEZUELA BY COUNTRY**



Source: TDM, data Guyana from “The Guyana Trade Board”, FAS MY 2021/22 (Jan-March)

**Policy**

Paddy rice continues to be exempted from Custom duties and VAT. Milled rice will not be subject to custom duties or VAT if the importer meets certain requirements demanded by the public administration to obtain the exemption, which will be at the discretion of the Minister of Economy to grant the exemption or not.

**TABLE 3: TARIFF AND VAT FOR PADDY AND MILLED RICE**

Description	HS Code	Ad Valorem (%)		VAT (%)		Custom service (%)
		Previous Policy	Current Policy	Previous Policy	Current Policy	
Paddy rice	1006.10	0	15	0	16	1
Milled rice	1006.00	0	20	0	16	1

Importers must meet certain requirements to obtain an import certificate. Nonetheless, imports are not expected to decrease as a result of this policy, though this is an extra administrative burden to facilitate imports. Currently, all rice imports are by the private sector.

**Rice: Production, Supply and Distribution**

Rice, Milled	2020/2021		2021/2022		2022/2023		
Market Begin Year	Apr 2020		Apr 2021		Apr 2022		
Venezuela	USDA Official	New Post	USDA Official	New Post	USDA Official	new Post	
							(Units)
Area Harvested	60	60	60	60	0	65	(1000 HA)
Beginning Stocks	145	145	174	174	0	207	(1000 MT)
Milled Production	149	149	152	163	0	197	(1000 MT)
Rough Production	220	220	224	240	0	290	(1000 MT)
Milling Rate (.9999)	6786	6786	6786	6786	0	6786	(1000 MT)
MY Imports	580	580	600	600	0	550	(1000 MT)
TY Imports	600	600	590	590	0	550	(1000 MT)
TY Imp. from U.S.	173	173	0	0	0	0	(1000 MT)
Total Supply	874	874	926	937	0	954	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	(1000 MT)
Consumption and Residual	700	700	720	730	0	750	(1000 MT)
Ending Stocks	174	174	206	207	0	204	(1000 MT)
Total Distribution	874	874	926	937	0	954	(1000 MT)
Yield (Rough)	3,6667	3,6667	3,7333	4	0	4	(MT/HA)
TS=TD	0	0	0	0	0	0	
Post Notes							

**Commodity:**

Corn

**Production:**

In MY 2022/23, post forecasts a 10 percent increase in Venezuelan corn production to 891,000 MT. Area planted is expected to increase by 10 percent to 220,000 hectares, with no yield changes.

Producers are making planting decisions based on market conditions. An increase in the price of white corn occurred in late CY 2021 and caused more farmers to plant white corn. Approximately 60 percent of the cultivated land corresponds to white corn and the remaining 40 percent to yellow corn.

There is optimism about the next harvest starting in September 2022 as the prices paid to producers are remarkably high, following international price trends. Corn prices paid to producers has been USD \$383 and \$335 per MT of white and yellow corn, respectively.

Venezuelan corn production has only one harvest per year. Domestic harvest occurs between September and December. Imports predominantly take place from January through April, however, industry imports as needed. The industry buys corn a monthly basis depending on production needs.

Some producers from other crops have recently switched to corn because it is higher paid and easier to plant. Corn does not require irrigation, needs less fuel, also has a better profit margin. As for the fertilizer, it yielded more since the planting intentions were even greater, so producers had a little in

stock. Fertilizer has been received in Venezuela from Colombia, Brazil, Guyana, Uruguay, and India, other than Russia. Colombia is the least important supplier because fertilizer remains only in the border states.

In MY 2022/23, total corn production 891,000 MT, with white corn accounting for 60 percent at 534,000 MT, and yellow corn for the remaining 40 percent at 356,000 MT.

In MY 2021/22 production estimates for corn are 810,000 MT in line with USDA's official estimate. A particularly good year for corn, producers continue investing in and expanding area planted due to improved access to credit from private financing from the local industry.

### **Consumption:**

In MY 2022/23 Post forecasts a 6 percent increase in feed consumption to 1.058 thousand million MT and a 10 percent on Food Seed and Industrial (FSI) use to 1.1 million MT. In MY 2022/23, consumption maintains the economic growth trend that began in MY 2021/22. The recovery of the purchasing power of the consumers led to a surge of consumption in different sectors. For example, in MY 2021/22 chicken, aquaculture and swine production increased boosted by higher demand.

In MY 2021/22, FENAVI, the Venezuelan poultry producer association, expects chicken production to grow between 5 to 10 percent favored by a slight improvement in purchasing power, lower inflation, and a stabilization in egg production. The largest and most competitive poultry companies are making new investments in facilities and machinery. In MY 2021/22 consumption is expected to increase 5 percent on feed as well as FSI compared to USDA's official estimate.

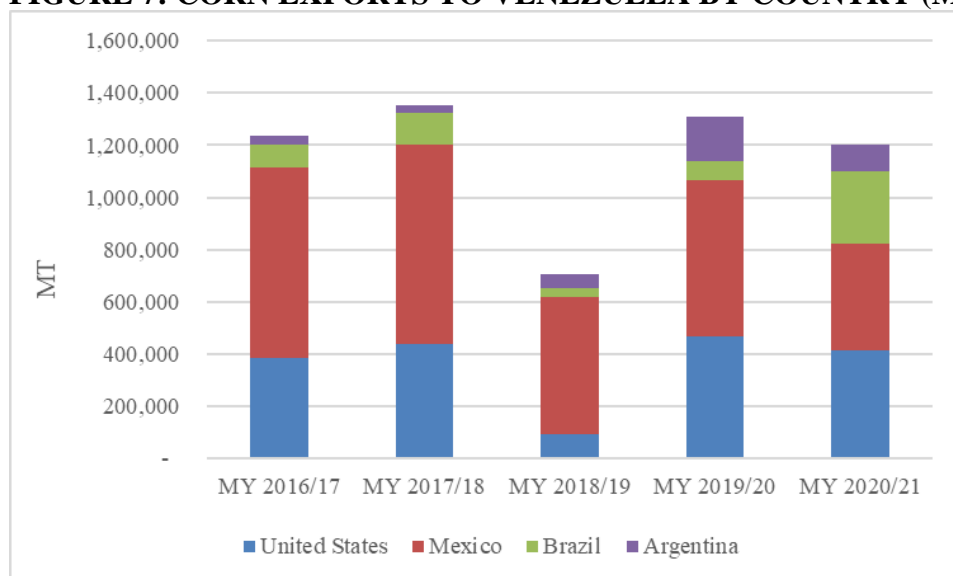
### **Trade:**

In MY 2022/23, Post forecasts imports to reach 1.25 million MT, a 4 percent increase compared to USDA's official estimate for MY 2021/22. This increase is motivated by the economic recovery and improved demand for white and yellow corn. However, imports are forecast to slightly decrease from the new post estimate for MY 2021/22 driven by rising international prices.

Post forecasts an increase in imports for MY 2021/22 of 8 percent above USDA's official estimates. Despite the increase in local production, there is not enough to supply domestic consumption of corn. For example, the white corn processing industry requires 76,388 MT per month of white corn to produce 55,000 MT of precooked corn flour for arepas, the most important staple food for Venezuelans. These 76,388 MT of raw material in twelve months adds up to 916,666 MT/year. Just for the FSI industry, 1 million MT of white corn are needed per year.

The United States is the main origin of yellow corn, and the main origin of white corn is Mexico. However, Brazil and Argentina are also suppliers of both corns to Venezuela especially in as it is shown in figure 7 below.

**FIGURE 7: CORN EXPORTS TO VENEZUELA BY COUNTRY (MY)**



Source: Trade Data Monitor

**Policy:**

Currently importers must pay custom duties and VAT for white and yellow corn and purchase and consume all the national harvest first, then import the deficit if any, to supply domestic demand. White and yellow corn will pay custom duties and VAT under condition. The condition is that the importer must meet certain requirements demanded by the public administration to obtain the exemption of custom duties, which will be at the discretion of the Minister of Economy to grant the exemption or not.

**TABLE 4: TARIFF AND VAT FOR WHITE AND YELLOW CORN**

Description	HS Code	Ad Valorem (%)		VAT (%)		Custom service (%)
		Previous Policy	Current Policy	Previous Policy	Current Policy	
Yellow corn	1005.90.10	0	15	0	16	1
White corn	1005.90.10	0	15	0	16	1
Corn flour	1102.20.00	0	20	0	16	1

### Corn: Production, Supply and Distribution

Corn	2020/2021		2021/2022		2022/2023		
Market Begin Year	Oct 2020		Oct 2021		Oct 2022		
Venezuela	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
							(Units)
Area Harvested	160	160	200	200	0	220	(1000 HA)
Beginning Stocks	158	158	67	77	0	77	(1000 MT)
Production	555	555	810	810	0	891	(1000 MT)
MY Imports	1204	1204	1200	1290	0	1250	(1000 MT)
TY Imports	1204	1204	1200	1290	0	1250	(1000 MT)
TY Imp. from U.S.	413	413	0	0	0	0	(1000 MT)
<b>Total Supply</b>	<b>1917</b>	<b>1917</b>	<b>2077</b>	<b>2177</b>	<b>0</b>	<b>2218</b>	<b>(1000 MT)</b>
MY Exports	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	(1000 MT)
Feed and Residual	850	850	1000	1050	0	1058	(1000 MT)
FSI Consumption	1000	1000	1000	1050	0	1100	(1000 MT)
<b>Total Consumption</b>	<b>1850</b>	<b>1850</b>	<b>2000</b>	<b>2100</b>	<b>0</b>	<b>2158</b>	<b>(1000 MT)</b>
Ending Stocks	67	67	77	77	0	60	(1000 MT)
<b>Total Distribution</b>	<b>1917</b>	<b>1917</b>	<b>2077</b>	<b>2177</b>	<b>0</b>	<b>2218</b>	<b>(1000 MT)</b>
Yield	3,4688	3,4688	4,05	4,05	0	4,05	(MT/HA)
TS=TD	0	0	0	0	0	0	
Post Notes							

### Attachments:

No Attachments