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## Venezuela

### Grain & Feed Update

### 2004

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**Report Highlights:**

Post is reducing the Venezuelan white corn crop forecast this month since heavy rains at planting time preventing a significant area from being sown. The main producing state of Portuguesa was most heavily affected, and sources estimate that less than half of the normal area may have been planted. The reduction in white corn for human consumption has caused the major corn flour producers to start looking for sources of white corn outside Venezuela. The decline availability of corn flour will put added pressure on wheat and rice consumption.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Caracas [VE1]  
[VE]

## Highlights

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## GRAIN & FEED UPDATE

Post is reducing the Venezuelan white corn crop forecast this month since heavy rains at planting time preventing a significant area from being sown. The main producing state of Portuguesa was most heavily affected, and sources estimate that less than half of the normal corn area may have been planted. Yields in Portuguesa are the highest in Venezuela, so this area reduction will likely have a proportionately larger impact on total production.

Planting in the second largest corn producing state, Guarico, has generally gone well, and farmers are optimistic that timely rains during this growing season will help boost the yield about the 2.8 ton per hectare historical average.

Post is reducing planted area by 70,000 hectares to a total of 350,000 hectares, and it could go significantly lower. Crop estimation techniques are rudimentary in Venezuela, although FAS, in collaboration with the U.S. Grains Council, recently sent a team of seven Venezuelans to a remote sensing and crop statistics course in Washington, DC. We will be working with these contacts in the future to gain better technical estimates of planted area and yields for the major crops.

Post is also forecasting a slightly lower yield for this year's corn crop due to the large reduction in Portuguesa, with overall crop size forecast not to exceed 1 million tons. If weather conditions are appropriate in the fall, it is possible to plant another corn crop in Portuguesa on land that was left fallow this season. This is not a common occurrence, but with anticipated higher prices this fall and short supply it is a possibility.

The reduction in white corn for human consumption has caused the major corn flour producers to start looking for sources of white corn outside of Venezuela. The major companies, Polar and Monaca, have enquired about availability in the United States as well as other countries.

Post estimates that yellow corn imports will remain steady for the 2004/2005 due to the decline of the domestic pork and poultry industries. For these industries the short white corn crop mainly means that the feed sector will not be pressured to purchase the surplus production, but should gain better access to import licenses for yellow corn. However, with the government importing poultry from Brazil through its state trading entity CASA, it makes it difficult for the domestic poultry sector to grow. The local poultry industry is negotiating with CASA to distribute its product, but terms have not been finalized.

The decline in availability of corn flour will put added pressure on wheat and rice consumption. At this time post is not revising its rice production or consumption estimates, in part because total rice availability in Venezuela is extremely difficult to calculate. A large amount of rice has been smuggled across the border with Colombia, possible twice as much

as usual this year. Due to this situation, in July the government of Colombia placed a safeguard for one year on rice imports coming from Venezuela and Peru in order to protect their producer prices. Colombia will allow imports of up to 18,881 tons from Peru and Venezuela without any duties, as is the norm within the Andean Community. Additional imports will be assessed a 30 percent duty and will need the approval of the Colombian Agricultural and Commerce ministries. The restriction will not affect the rice imports coming from Bolivia and Ecuador.

## PSD Table

Country Commodity	Venezuela		(1000 HA)(1000 MT)				UOM
	2003	Revised	2004	Estimate	2005	Forecast	
Market Year Begin	USDA Official [	Estimate [D]	DA Official [	Estimate [D]	DA Official [	Estimate [New]	MM/YYYY
	10/2002		10/2003		10/2004		
Area Harvested	400	400	410	410	420	350	(1000 HA)
Beginning Stocks	118	118	103	103	53	53	(1000 MT)
Production	1150	1150	1200	1200	1250	1000	(1000 MT)
TOTAL Mkt. Yr. Imports	615	615	600	600	650	650	(1000 MT)
Oct-Sep Imports	615	615	600	600	650	650	(1000 MT)
Oct-Sep Import U.S.	605	605	590	590	640	640	(1000 MT)
TOTAL SUPPLY	1883	1883	1903	1903	1953	1703	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	650	650	650	650	700	600	(1000 MT)
TOTAL Dom. Consumpti	1780	1780	1850	1850	1880	1650	(1000 MT)
Ending Stocks	103	103	53	53	73	53	(1000 MT)
TOTAL DISTRIBUTION	1883	1883	1903	1903	1953	1703	(1000 MT)