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Venezuela

Exporter Guide

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Report Highlights:

Venezuela is a significant importer of agricultural products, totaling \$4.2 billion in 2007 according to Bolivarian Republic of Venezuela (BRV) data. U.S. agricultural and food exports to Venezuela over the last five calendar years (2003-2007) have averaged US\$ 442 million, with 2007 jumping to US\$ 619 million. The main products currently imported from the United States, by value, are wheat, corn, consumer-oriented, animal fats and vegetable oils. Demand for consumer-oriented products from the United States has been growing rapidly; these exports to Venezuela in 2007 were US\$97 million compared to US\$35 million in 2003.

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[VE]

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I. MARKET OVERVIEW

Venezuela remains a significant importer of agricultural products, with total imports reaching \$4.2 billion in 2007 according to BRV data. U.S. agricultural and food exports over the last five calendar years (2003-2007) have averaged US\$ 442 million, with 2007 trade jumping to US\$ 619 million.

U.S. suppliers are seen by local importers, distributors and food processors as a reliable source, in terms of volume, standards, prestige, and quality. Additionally, many local ingredients/products are unavailable or insufficient. The main products imported currently from the United States, by value, are corn, wheat, animal fats and vegetable oils.

Demand for consumer-oriented products from the United States has been growing rapidly; total exports of this category to Venezuela in 2007 were US\$97 million compared to US\$35 million in 2003.

Consumer demand for high value products continues to increase as a result of Venezuela's rising petroleum revenue, which has resulted in a significant growth in disposable incomes. Food and beverages consumption is increasing, basically because there is more purchasing power especially in the D and E strata, the lowest economic classes.

Among the consumer-oriented products that have experienced a strong growing are: snack foods, breakfast cereals, pancake mixes, dairy products, fresh fruits, processed fruits and vegetables, food ingredients, fruits and vegetables juices, confectionary, and tree nuts.

There is also strong competition from Argentina, Brazil and Chile. The main reason for this is importers are taking advantage of ALADI (Latin America Integration Association) regulations to bring products without foreign exchange restrictions. Additionally, Argentina and Chile have been very aggressively selling products (especially fresh fruits) to Venezuela and they benefit from duty-free preferential access.

Demand for food and beverages is driven by a population of 28 million that is growing two percent annually. With two-thirds of the population under the age of 30, Venezuela is a youth-oriented food market. This is an excellent opportunity for U.S. market share to increase in the future.

II. EXPORTER BUSINESS TIPS

Import Procedures

The BRV implemented the United Nations Custom Computerized System (SIDUNEA) in the majority of Venezuelan ports of entry. With this system, clearing customs takes approximately five to eight working days. By law, only nationals and private custom agencies with Venezuelan local staff are entitled to conduct customs procedures. A custom agent assesses customs, port charges, and taxes as well as fills out paperwork. Generally, the custom agent's fee is one percent of the CIF value, plus any other charges accrued during offloading.

All imported goods presented at ports of entry must be officially declared to SENIAT (the National Integrated Tax Administration Service) authorities within five days of arrival. Fines may be levied and applied to any shipment when the customs entry is made after this time period. When an importer either delays or refuses to claim a product arriving in Venezuelan

ports, SENIAT will impound the goods not claimed, and, if steep fines and storage fees are not promptly paid, sell the goods at auction. All shipments must be made on a direct consignment basis. Customs regulations stipulate that the consignee is the owner of the shipment and is responsible for all customs payments.

Import Duties

The import duties are calculated using the WTO Harmonized Scheduled Tariff classification system on the CIF value of the products (using the commercial invoice as basis). Import duties are assessed, due and payable at time of arrival. Import duties and fees are assessed in local currency; despite the currency listed on the commercial invoice. The IVA rate of nine percent is calculated on the CIF value.

Customs Fees

SENIAT charges a total of one percent of the CIF value for processing of shipments and for the use of the port of entry. In some cases an additional stamp fee is added to offset the cost of processing these imports. Both the SENIAT's Customs and Port Fee, and Customs Stamp Fee are calculated on CIF value.

Import Licenses for Basic Agricultural Products

Under its World Trade Organization (WTO) commitments, Venezuela is entitled to administer tariff rate quotas for up to 62 HS code headings. The tariff rate quotas are administered through an import license regime. MINAL is responsible for issuing import licenses, but approval is subject to the concurrence of the "Interministerial Commission." The Interministerial Commission consists of the following ministries: MINFINANZAS, MILCO, MAT, MINAL, and MINSALUD.

Most recently, on March 24, 2008 (Official Gazette No. 38,894) the validity of import licenses for a certain group of food products considered essential, was extended from the original four month period to six and one year periods. The products that will benefit from an extended import license are milk and cream, cheese, sorghum, soybean oil, palm oil, and coconut oil. Import licenses are valid for six months to a year, for certain products. The basic guidelines are:

- Import licenses are valid for four, six or twelve month periods, and can only be renewed if, on expiry, they have not been used for reasons outside the importer's control.
- When applying for a license, local importers are required to submit a monthly list of imports actually realized, indicating volume and value, together with the invoice of the most recent import, also indicating the volume and value of the merchandise in question.
- The importer must indicate the amount of the allocated quota that remains unused.
- Local importers are required to obtain the "certificate of non-domestically produced food product" and the "certificate of insufficient domestically produced food product" from MILCO, in order to obtain import licenses.

U.S. exporters must consider the long time frames between the process of obtaining an import license by a local importer, and the final shipment of the product. It is worth noting that the process of obtaining an import license is involved and takes a considerable amount of time and resources from the local importer. Most recently, a special office to process import licenses as well as a "certificate of non domestically produced food product" was

opened. This office is called "taquilla unica," essentially a "one-stop shopping" office to complete paperwork in a timelier manner.

Table 1. List of products that are subject to import licenses

Yellow corn	Sorghum
Soya beans	Palm nuts and kernels
Soya bean oil	Other oils
Palm oil	Sunflowerseed oil
Coconut oil	Other vegetable fats and oils
Soya bean cake	Animal and vegetable fats
Degras, yellow grease	Milk and cream, not concentrated
Milk in powder, not exceeding 1.5% fat	Whole milk 26%
Cheese	

Source: Official Government Gazettes, various issues and FAS/Caracas

For those products where the licensing system has not yet been implemented (45 products) such as beef, pork and poultry, the BRV restricts the issuance of SPS permits to block imports.

Product Registration

Another requirement for the importation of animals and animal products or by-products is that the producer, exporter or importer also registers with the Servicio Autónomo de Sanidad Agropecuaria, SASA (equivalent to the USDA's Animal and Plant Health Inspection Service). The validity of the registration is indefinite, but it can be cancelled due to non-compliance with dispositions stated by pre-established laws and regulations.

Exchange Rate Policy

Since early 2003, strict control policies govern and limit transactions with foreign exchange. Currency trading is illegal and all import transactions must be approved by the government's foreign exchange administration commission (CADIVI). Importers must register with CADIVI for formal applications for foreign currency transactions. When approved, the transactions are then liquidated through the Central Bank and finally through commercial banks. A complete list of imported agricultural products that can be imported at the official foreign exchange rate can be found at:

<http://www.cadivi.gob.ve>.

The list should be checked periodically as products are added or removed by CADIVI without previous notice. Currently, the exchange rate is set at 2.15 Bolivars per US Dollar.

Food Price Controls

Since January 2003, the BRV imposed a price control policy on basic food and processed food products. The ministries of MAT, MINAL, MILCO and MINFINANZAS are responsible for recommending changes to the controlled-price list. Changes to the list of food products under price controls include: a) adding or removing products from the list, and b) increasing or lowering prices of certain food products. It is important for exporters to check the list of products under price controls and their current prices, as it changes.

Products under price controls are: Rice, oatmeal, corn flour, pasta and bread, beef, chicken and poultry products, sardines and tuna, corn oil, sunflower oil, blended oil, powdered milk, pasteurized milk, milk infant formulas, soy milk, white cheese, margarine, peas, lentils and black beans, refined sugar and brown sugar, tomato sauce, bologna sausage, salt.

[\(For detailed information, please refer to GAIN report VE8047\)](#)

III. MARKET SECTOR STRUCTURE AND TRENDS

Food Service (HRI sector)

Restaurant food sales, especially franchises, have been increasing in the last year. Venezuela is a good market for franchising investments as demonstrated by the amount and variety of new brands penetrating the Venezuelan market. Profranquicia is a private company chamber that has been working to accomplish franchisers' goals, lead by a proactive team of young executives with 332 members. This franchising chamber, founded in 1998, reports that there are 332 franchises currently operating in the country with a total of over 6,755 outlets/stores. Profanquicia reports that 32 percent of all franchises are food related. About 20 percent of the franchises are of U.S. origin.

Most HRIs in Venezuela buy their food products at the lowest available price and prefer fresh foods to canned, precooked, or frozen. The HRI establishments buy products at many different points in the distribution chain, reflecting each product's particular nature. Fresh foods are bought at wholesalers, and nonperishable products at hypermarkets whenever possible. As regard to refrigerated or frozen foods, the HRIs prefer to deal directly with the manufacturer, given most distribution centers' limited cold storage capacity. Imported liquors are purchased from specialized distributors/importers.

Food Retail sector

Most of the supermarkets in Venezuela are owned by descendants of Portuguese immigrants who came to Venezuela in the 1950's. The sector was characterized by many disparate, small groups of outlets called "bodegas" or "abastos" that did not have sophisticated import mechanisms and customer service in place. However, the supermarket sector has changed significantly in the last 20 years, and today most of the supermarkets have modern stores to offer quick and good service to customers.

One of the reasons for this change is that the new generation of supermarket owners have attended trade shows like the Food Marketing Institute Show (FMI), where they have learned the latest trends in the sector including technology. And, of course, some have been educated in the U.S. and/or have visited frequently.

Most of the major supermarket and hypermarket chains in Venezuela belong to the National Supermarket Association (ANSA). On the other hand, the Government of Venezuela is increasing expenditures on social food programs and price controlled foods are sold in government-owned MERCAL stores, thereby becoming a competitor for supermarkets.

MERCAL or "Mercado de Alimentos C.A.", created in April 2003, markets food products at very low prices, usually even lower than the controlled-priced products sold by supermarkets. The program is focused on a basic basket of products which includes: dry milk, precooked corn flour, black beans, rice, vegetable oil, sardines, pasta, sugar, bologna, margarine, deviled ham, eggs, mayonnaise and sauces. MERCAL's food distribution web has expanded to approximately 14,000 points of sales that includes mostly small stores and 37

supermarkets. More recently, it added the concept of 4,052 “home-cooking-houses” where lunches will be provided to around 150 people each; products will be sourced out of MERCAL’s stores. Food purchases are carried out directly by a government entity called CASA or “Corporacion de Abastecimiento y Servicios Agricolas”, which was originally created in August 1989. CASA is in charge of purchasing domestic and imported food and agricultural products. Domestic purchases are made through several local suppliers including private companies. Imported goods come from different countries including Argentina, Bolivia, Brazil, Colombia, and China, among others.

Direct Marketing

Marketing, through TV commercials, newspaper inserts, house visits or street vendors, is common. Mail orders are not an option because of the unreliability of the postal system. Supermarkets and hypermarkets like MAKRO, EXITO, EXCELSIOR GAMA and CENTRAL MADEIRENSE have been successful by placing their catalogs in newspapers as weekend-issue inserts. Almost all businesses now use e-mail and some of them fax in their day-to-day business. E-commerce is in the early stages and could be a promising area for growth with major supermarkets now allowing consumers to order on-line or by e-mail for home delivery.

IV. BEST PRODUCT PROSPECTS

Table 2. Best Prospects Listing

Top 10 Venezuelan Agricultural Product Imports from the United States (Millions of U.S. Dollars)			
Product Description	2006	2007	%Change 2006/07
Wheat	168.25	227.89	35.44
Corn	12.05	92.93	671.20
Rice	0.51	2.01	294.11
Fats, Bovine, Sheep	10.09	12.16	20.51
Soybean Meal	6.47	15.54	140.18
Vegetable Oils (Excluding Soybean Oil)	9.59	12.33	28.57
Breakfast Cereals	0.67	1.96	192.53
Processed Fruit & Vegetables	10.62	12.49	17.60
Snack Foods (Excluding nuts)	13.68	15.08	10.23
Tree Nuts	6.79	7.60	11.92

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

V. KEY CONTACTS AND FURTHER INFORMATION**Ministerio de Agricultura y Tierras (equivalent to the Department of Agriculture)**

Av. Este 6 entre Esquina Colón y Dr. Díaz,
Antigua Sede del BTV. Piso 2, (Frente Cartografía Simón Bolívar)
Caracas, Venezuela
Tel: (58-212) 509-0445/0121/0111
Fax: (58-212) 574-2432
www.mat.gov.ve

Ministerio de La Salud y Desarrollo Social (MSDS) División Higiene de Alimentos (equivalent to the FDA)

Edificio Sur, Piso 3, Ofic. 313
Centro Simón Bolívar, Caracas
Tel: (58-212) 483-1533/484-3066
Fax: (58-212) 483-1533
www.msds.gov.ve

Servicio Autónomo de Sanidad Agropecuaria SASA (equivalent to the Animal and Plant Health Inspection Service)

Av. Este 6 entre Esquina Colón y Dr. Díaz, Antigua Sede del BTV, PB,
(Frente a Cartografía Simón Bolívar) Caracas, Venezuela
Tel: (58-212) 509-0595/ 509-0186
Fax: (58-212) 571-4117
email: SASADGS@hotmail.com
www.SASA.gov.ve

Ministerio de Alimentación (MINAL) and Corporación de Abastecimiento y Servicios Agrícolas (CASA)

Av. Fuerzas Armadas
Esquina de Socarrás
Antiguo Edif. Seguros Orinoco
Piso 3
Tel: (58-212) 564-1883
Fax: (58-212) 564-8303

Exchange Control Administration Commission

Comisión de Administración de Divisas (CADIVI)
Av. Leonardo Da Vinci, Edificio PDVSA, Piso 3
Los Chaguaramos, Caracas
Tel: (58-212) 606-3939
www.cadivi.gob.ve

Fondonorma (COVENIN -Venezuelan Standards Agency)

Director de Seguimineto y Control
Servicio Autónomo
Dirección de Normalización y Certificación de Calidad
Avenida Andrés Bello,
Edificio Torre Fondo Común, piso 11
Caracas, Venezuela
Tel: 58-212-575-4111
Fax: 58-212-574-1312/576-3701

Instituto Nacional de Estadísticas (INE)

(National Statistics Office)

Avenida Boyacá, Edificio Fundación La Salle
Maripérez

Caracas, Venezuela

Tel: 58-212-781-1380

Telefax: 58-212-781-5412 782-1156

www.ine.gov.ve

Bolsa de Productos e Insumos Agropecuarios de Venezuela, BOLPRIAVEN

Parque Cristal, Ala Este, Piso 4, Of. 412

Los Palos Grandes, Caracas.

Tel. 58-212-564.7446 - 564.9556

Fax 58-212-564.6894

www.bolpriaven.com

Camara Venezolano-Americana de Comercio e Industria (VENAMCHAM)

(Venezuelan-American Chamber of Commerce)

2da. Av. de Campo Alegre, Torre Credival, Piso 10, Ofic.A, Caracas 1060, Venezuela

Apartado Postal 5181 (Caracas 1010-A)

Tel.: 58-212-263-0833/267-20-76/64-81

Fax: 58-212-263-20-60

www.venamcham.org/

Federacion Venezolana de Camaras y Asociaciones de Comercio y Produccion (FEDECAMARAS)

(Venezuelan Federation of Chambers and Associations)

Edf. Fedecamaras, PH 1 y 2, Av. El Empalme, Urb. El Bosque, Caracas 1050, Venezuela

Apartado de Correos 2568 (Caracas 1010-A)

Tel.: 58-212-731-17-11/17-13/18-45/19-32/19-67

Fax: 58-212-730-2097 – 731-1907

www.fedecamaras.org.ve/

Confederacion Nacional de Asociaciones de Productores Agropecuarios (FEDEAGRO) (National Confederation of Agricultural Producers)

Edf. Casa de Italia, P.B., Av. La Industria, San Bernardino, Caracas, Venezuela

Tel.: 58-212-571-40-35/573-44-01

Fax: 58-212-573-44-23

www.fedeagro.org/

Asociacion de Supermercados y Autoservicios (ANSA) Supermarkets

Ave. Principal de los Ruices

Centro Empresarial Los Ruices

Piso 1, Ofic. 116

Caracas 1071, Venezuela

Tel: 58-212-234-4490/235-7558

Fax: 58-212-238-0308

www.ansa.org.ve

Camara Venezolana de la Industria de Alimentos (CAVIDEA) Food

Av. Principal de Los Ruices
Centro Empresarial
Piso 5, Of. 510
Los Ruices
Caracas, Venezuela
Tel: 58-212-239-9818/0918
Fax: 58-212-238-3268
<http://www.cavidea.org.ve/>

Camara Venezolana de Franquicias (PROFRANQUICIA) Franchising

3ra. Transversal de Altamira con Avdas. Luis Roche y Juan Bosco,
Oficentro Neur, Ofc. 4
Caracas, Venezuela
Tlf. 58-212-266-8494/261-8613
Fax 58-212-261-9620
www.profranquicias.com

Mercado de Alimentos MERCAL C.A.

www.mercal.gov.ve/

Foreign Agricultural Service**USDA/FAS****American Embassy**

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Colinas de Valle Arriba
Caracas 1061, Venezuela
Phones: (58-212) 907-8333
Fax: (58-212) 975-8542
E-mail: Agcaracas@usda.gov
websites: www.fas.usda.gov
<http://caracas.usembassy.gov/usda> (Caracas)

Table A. KEY TRADE AND DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries (2007)	\$4.2 billion
U.S. Market Share	16 percent
Total Population (Millions)	28
Number of Major Metropolitan Areas	6
Size of the Middle Class	20 percent
Total Gross Domestic Product (2007)	\$228 million
Unemployment Rate	7.6 percent
Exchange Rate	US\$1= 2.15 Bolivares

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics, World Bank, Local Newspapers, Venezuelan Official data.

Other Relevant Reports

[VE8056 Exports Certificate FAIRS](#)

[VE8057 Imports Procedures Relaxed](#)

[VE8068 New Law of Access to Goods](#)