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Venezuela

Fresh Deciduous Fruit

U.S. Fresh Stone Fruit Sales Continue to Climb 1999

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Report Highlights:

U.S. fresh fruit exports to Venezuela were back up to more than US\$ 15 million in 1998 thanks primary to strong demand for deciduous fruit. Stone fruit also played a key role in improving U.S. exports to Venezuela accounting for US\$ 1.4 million.

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Executive Summary

U.S. fresh fruit exports to Venezuela were back up to more than US\$ 15 million in 1998 thanks primarily to strong demand for deciduous fruit. Stone fruit also played a key role in improving U.S. exports to Venezuela, accounting for US\$ 1.4 million.

Nonetheless consumption of stone fruit in Venezuela has been erratic. Slack consumption of stone fruits and many other foods in Venezuela can be attributed to shifts in economic, agricultural, and trade policies which have diminished supplies and driven up prices. It is difficult to predict the degree to which the current recession will take on consumption of stone fruit in 1999 since it is considered a luxury item. If Venezuela does devalue its currency during 1999, stone fruit imports will most likely fall.

The primary competitor for the United States is Chile. Chile's stone fruits enter Venezuelan market without incurring the 15 percent duty that U.S. fruit is assessed.

Production

Production of stone fruit in Venezuela is very small. Venezuela does not produce fresh nectarines, plums nor cherries. Venezuela produces a creole peach variety called "durazno" which is a small peach about the size of an apricot. Domestic production and exports have increased in the last four years. Unfortunately, exact production figures are not available but trade data show exports reached 2,400 metric tons in 1998. Official statistics do not differentiate the creole peach from the larger imported varieties, commonly called "melocotones", thus it is impossible to determine consumption levels of the two different varieties.

Consumption

Consumption of stone fruit in Venezuela has been erratic. Slack consumption of stone fruits and many other foods in Venezuela can be attributed to shifts in economic, agricultural, and trade policies which have diminished supplies and driven up prices.

Venezuela has an abundant supply of tropical fruits that are consumed locally either as a fresh product or processed to make juices, preserves, and confectionary products. Local fruits are considered part of the standard Venezuelan diet. A large amount of fresh fruit is used in the average household, cafeterias, and restaurants to prepare juices that substitute for sodas and other beverages. Venezuelans do not, in general, reprocess imported fruits, which are purchased infrequently, eaten fresh and are considered luxury items. Prices of local fruits, however, are not as cheap as in the late 80's and in some cases even higher than those of imported stone fruits and other temperate climate fruits.

Consumption of imported stone fruits is a small fraction of total consumption and it shows a small growth if compared with imports. Apples, pears, and grapes account for close to two kgs per capita annually of all fruit consumed. Other deciduous tree fruits, such as plums, peaches, nectarines, and cherries are more expensive and are consumed infrequently by only high income groups.

Marketing Situation

Venezuela does not have a railroad system for food distribution. Locally produced fruits are generally trucked in unrefrigerated vehicles from countryside farms and orchards to wholesale markets in major urban centers. In the last few years, a few of the larger supermarket chains and hypermarkets have begun to contract for supplies of fruits and other produce directly with growers and to transport them to their private distribution centers.

The lack of continuity in refrigeration throughout the Venezuelan fruit marketing system and inefficient merchandising by street vendors and in many stores and supermarkets contribute to major product losses in the distribution channels (around 30 percent of losses). Bruised and partially deteriorated fruit is usually discarded instead of being reprocessed.

In the last three years, hypermarkets and a few of the larger supermarket chains have attempted to import directly in order to bypass the control that the traditional fruit importers have on the market. Importing directly from the United States has been cumbersome for supermarket chains and hypermarkets. Some U.S. exporters have been reluctant to offer financing and require considerable guarantees to complete transactions because in the past some U.S. suppliers had difficulty collecting payment from Venezuelan fruit importers. U.S. share could increase with more direct marketing between suppliers and the larger buyers of the Venezuelan retail sector.

In Venezuela, there is one organization that represents stone fruit cooperators and other U.S. fruits -- USAFRUITS. USAFRUITS has worked over the last few years to educate the wholesaler and supermarket retailer on how to handle fresh fruit supplies. Also, in-store promotions and continuous marketing efforts within the local press, specialized magazines and others is part of their efforts.

Nowadays, fresh fruit handling and conservation at supermarket stores is much better than before. Refrigerated space is an issue that many store owners are starting to take into account when investment time comes up. Most of the education that has lead to this improvement can be attributed to the staff at USAFRUITS.

Competitor Activities

Chile is a leading exporter of nectarines, peaches, plums, and grapes and ranks number one as Venezuela's supplier of stone fruit. Chile increased presence in the Venezuela's marketplace has been affected in part through free trade agreements and economic complementation accords with this country.

In the area of export promotion, Chile provides information secured by their trade office that acts as lightning rods in attracting and identifying business opportunities for Chilean entrepreneurs. Trade missions formed by Venezuelan importers, supermarket chains and delicatessen shops are frequently invited to Chile. At no cost to Venezuelans. U.S. cooperators are encouraged to do the same.

Trade

Cherries, plums and apricots are commonly imported. Trade data presented in this report covers marketing years from June to May. The majority of stone fruit imports is done during the last quarter of each year. Imports of plums, apricots, and peaches increased in 1997/98 over 1996/97. Imports of cherries decreased during the same period of time.

Plum imports increased from 939 metric tons in 1996/97 to 2,206 metric tons in 1997/98. Apricot imports increased from 3 metric tons to 21 metric tons. Peach imports increased from 535 metric tons in 1996/97 to 874 metric tons in 1997/98. Cherry imports decreased from 84 metric tons in 1996/97 to 49 metric tons in 1997/98.

According to Venezuelan official data, in 1998 (from January through May) Venezuela imported 12 mt of cherries, 1,326 mt of plums, 20 mt of apricots and 462 mt of peaches mostly from Chile. Despite the appearance of a robust import market, in reality, the Venezuelan market is stagnant. Most of stone fruit imports enter in the fourth quarter of the calendar year to meet the demand of the holiday season (Christmas and New Year's eve). The rest of the time, imports of these fruits are very slow.

Applied Tariff Levels

The current Ad-valorem tariff for nectarines, peaches and plums are as follows:

Venezuelan Fruit Tariffs				
Code	Description	Ad Valorem	Andean Pact	Notes
808.	nectarines	15%	Free	5,6
0808.	peaches	15%	Free	5,6
806.	plums	15%	Free	5,6

Notes:

5: Requires phytosanitary certificate from country of origin

6: Requires phytosanitary permit from Ministry of Agriculture.

All fruits coming from Chile are assessed a preferential tariff of zero percent under the Free Trade Agreement between Venezuela and Chile. Importers of U.S. fruit must pay the 15 percent tariff.

Barriers to Trade: Factors Affecting US Trade

The Government of Venezuela (GOV) has not announced whether it will devalue the bolivar in 1999. If this occurs, it will increase the price of imported fruit and it is anticipated that demand will drop significantly.

Forecast for Stone Fruit Imports

Venezuela will be a good market for U.S. stone fruits in the long term, especially plums and peaches. However, sales in this market will continue to be hampered as long as the economy remains in recession.

Importers are looking at alternative sources of stone fruit which will allow them to avoid expensive transportation and refrigeration difficulties. For example, Venezuela has agreements with other ALADI countries and within the Andean Community countries, also with Chile which allow imports to enter with zero duties at most of the cases.

Stone imports from the United States will likely continue, albeit at significantly reduced levels due to the recession.

Trade Tables

Venezuela's Stone Fruit Imports
(kilograms)

Commodity	Country of Origin	Jan-May 1998	Jun-May 1997/98	Jun-May 1996/97	Jun-May 1995/96
CHERRIES	Chile	11,572	11,572	30,915	6,612
	USA	84	37,349	53,079	46,215
PLUMS	Chile	1,317,169	1,328,049	553,899	287,842
	China-Taiwan	6,182	6,182	8,960	0
	Italy	0	198	0	0
	USA	2,498	871,884	375,881	526,892
APRICOTS	Chile	10,176	10,176	2,398	16,357
	Syria	10,000	10,000	0	0
	USA	0	1,074	730	0
PEACHES	Chile	462,475	462,475	278,689	143,572
	Italy	0	1,800	1,921	0
	USA	0	410,087	254,510	222,210

Source: OCEI-(Oficina Central de Estadística e Informatica)

Note: The majority of stone fruit imports occurs during the last quarter of the year.

Trade Contacts

An updated list of trade contacts is provided. Major fruit importers are located in the Caracas area.

USAFRUITs (provides marketing assistance to the U.S. fruit industry in Venezuela and several other countries in central & South America)

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Mercabar, Zona Industrial 3, local 3 A-7
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