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Venezuela

Agricultural Situation

CADIVI and Food Imports

2008

Approved by:

Randall Hager
U.S. Embassy

Prepared by:

Mora Paiva

Report Highlights:

Venezuela's Foreign Exchange Administration (CADIVI) will soon relax certain procedures for obtaining foreign exchange for food imports. Among the changes, all imports less than or equal to \$50,000 will receive automatic authorization for dollars. The change will take effect on or about July 25, 2008.

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

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Background

Since early 2003, strict control policies have governed and limited foreign exchange transactions. 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 to apply for foreign currency transactions. When approved, the transactions are then liquidated through the Central Bank and finally through commercial banks. This system requires significant time and paperwork; CADIVI's long processes have resulted in delays of up to 180 days to release dollar payments. Currently, the exchange rate is set at Bs.F 2.15/US\$. A list of imported agricultural products that can be imported at the official foreign exchange rate can be reviewed on CADIVI's web page (given below).

Relaxation of CADIVI's procedures

On June, 2008, during a meeting between the government and the private sector, President Chavez announced the relaxation of CADIVI's procedures for specific imported products, including food. The plan as announced will change some of CADIVI's procedures in order to speed up the process.

Basic Guidelines

According to Official Gazette N°38,958, dated June 23, 2008, and through Decree N°6168, importers will receive automatic and immediate authorization for US dollars, if and only if the following conditions are met:

- The importing company is registered through CADIVI's RUSAD by June 11, 2008 (any "new importer" registered after these dates are not entitled to receive the benefit)
- Import value is equal or less than \$50,000
- Imported products are within the following list: capital goods, raw materials or intermediate products. A detailed list is being developed, as noted below.

Time Frame

While the announcement mentioned that the time frame would be less than 48 hours, the official gazette does not specify an exact limit to authorize the dollars. Some contacts commented that the process could be shorter, and estimate in total four to five working days to effectively receive the final authorization and dollars. The above will take effect on or about July 25, 2008, that is, 30 days after its publication in the Official Gazette.

List of Products

The Official Gazette mentions that the Ministries of Food (MINAL), Finance (MINFINAZAS) Agriculture and Lands (MAT), among others, must work together to prepare a concise list of products that would benefit from the relaxation of CADIVI's procedures. At this time, the list hasn't been finalized, but should be ready when the resolution takes effect this month.

Electronic Paperwork

All imports must be registered through CADIVI's user system (Registro de Usuarios del Sistema de Administración de Divisas, RUSAD.) In addition, basic information about the exporter, shipment, payment procedures, and specific requirements must be entered through CADIVI's web page, located at:

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