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Venezuela

Poultry and Products

Poultry Consumption Stagnating 2002

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Report Highlights:

The Venezuelan poultry industry has been faced with nine months of restrictions on feed ingredients, high prices for inputs, and low demand for the finished product. Wholesale poultry prices crept up a bit in March, but came down again as supplies were not moving. The industry is holding large stocks of frozen product since consumers don't have purchasing power. Without some kind of relief, many of the smaller producers in the sector may go out of business.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Caracas [VE1], VE

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Restrictions on feed imports drove up production costs for the poultry and pork sectors starting in the fall, (see VE2020) but meat prices in the market showed little variation due to the high levels of stocks in cold storage that were keeping a lid on price increases. Since February 2002, inflation is almost twice last years levels, and the bolivar has devalued over 70 percent relative to the dollar, but meat prices have remained constant or have declined. Apparently consumers are tightening their belts and reducing meat consumption as one mechanism to deal with the crisis. Even poultry, the most inexpensive meat at half the price of beef or pork, has seen weak demand. According to sources, the real decline in consumption began in May, and there are now over 30,000 tons of meat, mainly poultry, worth around \$45 million currently in cold storage.

Caught between high feed costs, soaring interest rates, and low demand for their finished product, producers are finally starting to cut back on production. Chick placements are down as operations are not replacing as many birds or are taking longer to clean and restock houses. In the pork sector, some sows are also now being slaughtered in order to reduce future placements.

Producers are looking for assistance from the government, but so far the federal government has not announced any national programs to subsidize chicken or meat consumption. In fact, government subsidy programs that used to exist, such as subsidized milk in the school lunch program, are no longer operating. There has been much discussion about continuing a "todo a mil" program, which consists of different meat cuts at the low price of Bs. 1,000/kg, but this program also depends on imported meat (mostly from Colombia) as domestic production is too expensive to be used even by a government program. By the end of May, import permits for Colombian meat were halted alleging that the meat was going to upper level supermarkets, rather than poor neighborhoods.

In the poultry sector, the state government of Aragua, a major poultry producing state, is apparently considering purchasing chicken and poultry at higher prices from the producers and reselling at a discount to consumers in an effort to assist both poultry sector and the poor. However, no details on the exact prices or funds available for this program are available.

While prices for chicken have remained fairly constant in bolivar terms, the devaluation has now made Venezuelan product very competitive. Whole birds were recently listed at Bs.1,220/kg (average) in the supermarkets, which now translates to 43 cents/lb at a Bs.1300 to the dollar exchange rate.

The following price table for ground beef, whole chickens, and pork meat is taken from data collected by the Venezuelan Central Bank to compile costs for the "Cesta Basica" or food basket. Official data is only available through May, but FAS/Caracas has added indicative prices for June from our own supermarket survey.

Food Basket Prices for Selected Commodities
(in Bolivars)

	Ground Beef (Kg)	Whole birds (Kg)	Pork Meat (Kg)
Sep 01	4,088.34	1,364.33	3,669.21
Oct 01	4,074.78	1,340.38	3,724.38
Nov 01	4,054.01	1,362.62	3,736.36
Dec 01	4,032.78	1,358.78	3,744.33
Jan 02	4,042.81	1,375.51	3,755.18
Feb 02	4,030.28	1,391.12	3,800.15
Mar 02	4,057.50	1,526.13	3,883.46
Apr 02	4,090.51	1,547.90	3,976.10
May 02	4,127.77	1,500.10	4,028.21
Jun 02*	3,700.00	1,220.00	n.a.

* Note: June data from Unicasa, Plaza's, Excelsior Gama and Central Madeirense ads
Source: INE (National Statistics Institute)