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Venezuela

Grain and Feed

Venezuelan Rice vs. U.S. Wheat

1999

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Report Highlights:

The current Administration has declared rice as one of the leading crops of Venezuela or "Producto Bandera". The Government is openly protecting the rice producers and launching a campaign for increasing rice consumption vs. wheat consumption. Venezuelans are traditionally wheat oriented consumers. Venezuela is the second pasta consumer of the world -after Italy-.

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

Venezuelan President Hugo Chavez openly announced on a radio program, on August 15, that he wants to launch a rice consumption campaign. He pointed out that the Venezuelan rice is the only cereal crop that performs well in the tropics. Furthermore, the President claims that rice has the same nutritive value as wheat. He appealed to the population to eat more rice, focusing on typical Venezuelan recipes made with rice. Chavez also noted that Venezuela is under-utilizing lands appropriate for rice cultivation calculating that there are five million suitable hectares and only 150 thousands are sown to rice.

Venezuela now has high rice inventories, over 100,000 mt from the last crop. These stocks were accumulated because of a derailed export agreement with Colombia. The government has been studying different strategies for selling the rice. Among the alternatives for the surplus rice, the Agricultural Minister said that they are considering the possibilities of a government subsidy, or exporting it to Cuba, Colombia or even the United States.

At the same time unofficial sources report, that the government is thinking about increasing wheat import tariffs to dampen demand for the 100 percent imported grain. Agricultural Ministry officials are quoted saying that the level of wheat consumption -45kg per capita per year- in Venezuela is absurd. Meanwhile the consumption of rice, the country's leading crop, is only 12 kg per capita.

Rice producers made proposals to the Ministry of Agriculture to resolve the current rice predicament. Among others, they have asked for a government subsidy to cover their production costs; the negotiation of the rice sales to foreign markets; and asking for an increase in wheat import tariffs. They also said that the wheat import market access commitment should drop from 1,200,000mt to 800,000mt. Local rice producers also pushed for government procurement to give priority to rice over wheat.

Minister of Agriculture Juan Montilla announced that the government is going to establish a National Diet Council (Consejo Nacional de la Alimentación) whose main purpose is to educate the population about nutrition based on products characteristic of a tropical country. The Minister pointed out that the government is going to start a campaign in favor of rice and other home grown products. The government's goal is to raise rice consumption to 60 kg per capita, per year; that means an annual increase of almost 40 Kg per capita --or a five fold increase-- in relation to the actual figures.

Anticipating government policies, some of the Venezuelan leading industries, POLAR and MONACA, launched a new product twist on an old by adding rice flour to the traditional 100 percent pre-cooked white corn. White corn flour is the main ingredient in the traditional Venezuelan diet.

In the 6 months since the beginning of the Chavez administration, both agricultural ministers have threatened wheat imports. Local Wheat Importers Association, ASOTRIGO, and the local millers, pasta and bread manufacturers are nervously preparing to contest any attempt to limit imports.