

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Venezuela

Post: Caracas

Coffee price increases

Report Categories:

Coffee

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Report Highlights:

Venezuela's fixed price for coffee has been increased by 29 percent, but industry sources believe that this change will not significantly improve profitability. The adjustment announced by the Government does not include VAT, which will be increased in the coming days.

General Information:
Coffee price increases

The Government has decided to increase prices at the consumer level for different presentations of ground coffee and coffee beans by 29 percent after two years of frozen prices. The last adjustment was made in November 2008. A joint Resolution from the Ministries of Commerce, Agriculture and Lands, and Food was published at the Official Gazette No. 39,572 dated December 13, 2010.

A kilogram of coffee beans or ground coffee will go from Bs. 18.45 to Bs. 23.88, and these new prices will not include the Value Added Tax (VAT), as provided in the article No. 1 of the new resolution. The VAT is expected to also increase in the coming days as recently announced by the President.

Industry without profits

For more than a year the coffee processing industry has been working with no increase in net revenue due to different factors such as the increase of packaging prices, parts, and more recently, the 27 percent increase in green coffee prices (the industry's raw material) at the beginning of November. The industry was expecting at least an increase of 33 percent in consumer prices.

The expropriation of the main roasting companies, Café Fama de América and Café Madrid, allows coffee production to continue despite low profitability. The Government controls 75 percent of the ground coffee processing industry in the country.

Article No. 9 of this Resolution warns that processing, packing and/or importing companies, shall ensure that the sale of all presentations and conditions comply with these price controls.

Table 1. New Prices

Product	Presentation	New Price in Bs.	Old Price in Bs.
Coffee beans	1 Kg	23.88	18.45
Coffee beans	500 g	11.94	9.23
Ground coffee	1 Kg	23.88	18.45
Ground coffee	500 g	11.94	9.23
Ground coffee	250 g	5.97	4.61
Ground coffee	200 g	4.78	3.69
Ground coffee	100 g	2.39	1.85
Ground coffee	50 g	1.19	0.9

