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## Venezuela

### Grain and Feed Update

## 2016

**Approved By:**

Office of Agricultural Affairs

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**Report Highlights:**

Post corn production forecast is 1 million MT, or 8% below the USDA projection in marketing year (MY) 2016/2017. Less production will boost corn imports, forecast up to 2.19 million MT, about 4% above the USDA projection. Rice planted area is forecast up 4% from the USDA area to 135,000 hectares, rebounding production to 516,000 MT, or about 350,000 MT of milled rice, 3% above the USDA forecast. Rice imports are forecast down 5% from the USDA projection to 380,000 MT with exports also forecast down to 70,000 MT, 12% less than USDA's volume. Rice consumption is forecast 1.5% above USDA's projection to 680,000 MT. The wheat consumption forecast is 1.52 million MT, up 1% from the USDA forecast. Wheat imports are also up 1% from the USDA projection to 1.52 million MT.

**Post:**  
Caracas

**Commodities:**  
Corn

Rice, Milled

Sorghum

Wheat

**Executive Summary:**

Venezuela's hydrocarbon based economy is experiencing triple digit inflation with some projections it will top 1000% by the end of 2016. Oil prices remain low creating severe limitations on foreign exchange cash flow. The Government of the Bolivarian Republic of Venezuela (GBRV) maintains strict control of foreign exchange. Government firms that trade and import products receive preferential access to foreign exchange and subsidized exchange rates, giving the GBRV a virtual monopoly over imports of essential agricultural inputs and raw materials for food and beverage manufacturing. As a result of significant scarcity in food and feed raw materials, and a reopening of the border with neighboring Colombia, the GBRV has tacitly approved cross-border imports. The GBRV can no longer maintain the robust Petrocaribe Agreement providing subsidized oil for commodities from Caribbean nations, which will likely impact rice trade from Guyana. Decades of underinvestment in the agricultural and livestock sectors, coupled with more recent foreign exchange limitations to importing seeds, fertilizer, pesticides and machinery, have crippled domestic production and productivity. As a result, Venezuela must import about 70% of agricultural product needs. Most feed and flour mills are producing well below capacity with frequent processing line disruptions due to the inability to maintain inventories of basic raw materials.

**Author Defined:**

**Commodities:**  
Corn

**Production:**

Corn is Venezuela's main crop by area with about 400,000 hectares harvested annually. About 55 percent of corn produced in Venezuela is white corn for human consumption and the remainder is yellow corn for both human consumption and for feed manufacturing.

A severe lack of seed technology and other inputs, in addition to old equipment in dire need of upgrades/repairs, will continue to negatively impact corn production, and productivity, in MY 2016/2017. The Post production forecast is 1 million MT, about 8% below the USDA projection. Production will be insufficient to fulfill total demand for feed and food placing critical importance on imports.

**Consumption:**

There are two markets for corn in Venezuela: the white corn market for food and the yellow corn market for primarily feed. Insufficient access to feed grains in Venezuela has forced hog and poultry

operations to adjust to limited feed supplies. Post sources indicate that the average slaughter weight for poultry has dropped dramatically in recent years, almost 50% lower, due to scarcity in feed materials. On a positive note, less poultry weight leads to lower per kilogram prices accommodating the reduced purchasing power of consumers subjected triple digit inflation. The Post feed consumption forecast remains at 1.7 million MT in MY 2016/2017 in line with the USDA official projection. There are also no changes to the non-feed consumption forecast, remaining at 1.6 million MT for MY 2016/2017.

**Trade:**

The GBRV monopoly on grain imports is less evident with corn, as opposed to rice and wheat. Post sources indicate that the private sector is able to procure some imports overseas. As there appears to be more flexibility in procurement for the private sector, corn imports for MY 2016/2017 are forecast up marginally to 2.19 million MT, about 4% above the USDA projection.

**Production, Supply and Demand Data Statistics:**

Corn Venezuela	2014/2015		2015/2016		2016/2017	
	Market Year Begin: Oct 2014		Market Year Begin: Oct 2015		Market Year Begin: Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b>	400	400	400	400	400	400
<b>Beginning Stocks</b>	350	350	433	433	283	383
<b>Production</b>	1,150	1,150	1,150	1,150	1,090	1,000
<b>MY Imports</b>	2,433	2,433	1,800	2,100	2,100	2,190
<b>TY Imports</b>	2,433	2,433	1,800	2,100	2,100	2,190
<b>TY Imp. from U.S.</b>	806	806	0	0	0	0
<b>Total Supply</b>	3,933	3,933	3,383	3,683	3,473	3,573
<b>MY Exports</b>	0	0	0	0	0	0
<b>TY Exports</b>	0	0	0	0	0	0
<b>Feed and Residual</b>	1,900	1,900	1,600	1,700	1,700	1,700
<b>FSI Consumption</b>	1,600	1,600	1,500	1,600	1,600	1,600
<b>Total Consumption</b>	3,500	3,500	3,100	3,300	3,300	3,300
<b>Ending Stocks</b>	433	433	283	383	173	273
<b>Total Distribution</b>	3,933	3,933	3,383	3,683	3,473	3,573

Area in Thousand Hectares, Quantity in Thousand Metric Tons

**Commodities:**

Rice, Milled

**Production:**

The end of the El Niño draught and return to more normal rainfall patterns encouraged planting for the 2016 winter harvest (October through December). Planted area is forecast up 4% from the

USDA official area to 135,000 hectares in MY 2016/2017. Rough/paddy rice production is forecast at 516,000 MT in MY 2016/2017, equivalent to about 350,000 MT of milled rice and 3% above the USDA official volume. The severe lack of inputs, such as seed, fertilizer, pesticides, and machinery parts, nevertheless, continue to hold back productivity gains. Recent developments towards more pricing flexibility have stimulated domestic milling, yet chronic shortages keep milling facilities from producing at capacity.

**Consumption:**

Rice is a traditional food and an important carbohydrate food staple, albeit an inferior substitute for bread and pasta to Venezuelan consumers. Widespread scarcity of wheat flour and derived products, nevertheless, has pushed desperate consumers towards all available substitutes, supporting a boost in rice consumption to 680,000 MT in MY 2016/2017, up 1.5% from the USDA forecast.

**Trade:**

About 90% of rice imports are rough/paddy. Severe limitations on foreign exchange continue to cripple rice imports. The GBRV is the sole rough/paddy rice importer and decides on the allocations of incoming shipments to the public and private sector mills. Primary rough/paddy rice trading partners include the United States, Uruguay and Guyana. The recently opened border with Colombia has resulted in milled rice trade flows into Venezuela. The border state governments and individuals have been given tacit GBRV approval to import scarce commodities from Colombia.

The Petrocaribe agreement providing subsidized oil to Caribbean nations stimulated about 50,000 MT of Guyana rough/paddy rice trade annually. Low oil prices in 2016, however, have forced Venezuela to scale back the agreement. As a result, Post sources indicate that there may not be any Guyana rice imports in MY 2016/2017. Imports from other origins will not likely make up for the shortfall. Imports therefore are forecast to fall 5% from the USDA official projection to 380,000 MT in MY 2016/2017. As a result of tight domestic supplies, exports are also forecast down to 70,000 MT for MY 2016/2017, 12% less than USDA's forecast.

**Production, Supply and Demand Data Statistics:**

Rice, Milled Venezuela	2014/2015		2015/2016		2016/2017	
	Market Year Begin: Apr 2014		Market Year Begin: Apr 2015		Market Year Begin: Apr 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	140	140	130	130	130	135
Beginning Stocks	107	107	97	97	57	67
Milled Production	360	360	340	340	340	350
Rough Production	531	531	501	501	501	516
Milling Rate (.9999)	6,786	6,786	6,786	6,786	6,786	6,786
MY Imports	500	500	400	400	400	380
TY Imports	500	500	400	400	400	380
TY Imp. from U.S.	148	0	0	0	0	0
Total Supply	967	967	837	837	797	797
MY Exports	180	180	120	90	80	70
TY Exports	180	180	120	90	80	70
Consumption and Residual	690	690	660	680	670	680
Ending Stocks	97	97	57	67	47	47
Total Distribution	967	967	837	837	797	797

Area in Thousand Hectares, Quantity in Thousand Metric Tons

**Commodities:**

Sorghum

**Production:**

There are no changes or revisions.

**Consumption:**

There are no changes or revisions.

**Production, Supply and Demand Data Statistics:**

Sorghum Venezuela	2014/2015		2015/2016		2016/2017	
	Market Year Begin: Oct 2014		Market Year Begin: Oct 2015		Market Year Begin: Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	90	90	90	90	90	90
Beginning Stocks	17	17	12	12	12	12
Production	110	110	90	90	90	90
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	127	127	102	102	102	102
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	110	110	85	85	85	90
FSI Consumption	5	5	5	5	5	5
Total Consumption	115	115	90	90	90	95
Ending Stocks	12	12	12	12	12	7
Total Distribution	127	127	102	102	102	102

Area in Thousand Hectares, Quantity in Thousand Metric Tons

### Commodities:

Wheat

### Production:

Production of wheat in Venezuela is negligible with imports satisfying all wheat supplies.

### Consumption:

Post forecast for wheat consumption in MY 2016/2017 is revised upward to 1.52 million MT, up 1% from the USDA forecast. Bread and pasta are the preferred carbohydrates of the Venezuelan diet over other grains, such as rice.

### Trade:

Post forecasts wheat imports at 1.52 million MT in MY 2016/2017, about 1% above the USDA projection. The Venezuela-Colombia border recently reopened for commercial trade since its closure in August 2015. The GBRV has tacitly approved the border state governments and individuals to import scarce commodities. Given wheat flour shortages in Venezuela, cross-border trade with foreign origin wheat imported by Colombia is likely.

### Production, Supply and Demand Data Statistics:

Wheat Venezuela	2014/2015		2015/2016		2016/2017	
	Market Year Begin: Jul 2014		Market Year Begin: Jul 2015		Market Year Begin: Jul 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b>	0	0	0	0	0	0
<b>Beginning Stocks</b>	412	412	202	127	77	77
<b>Production</b>	0	0	0	0	0	0
<b>MY Imports</b>	1540	1540	1375	1600	1500	1520
<b>TY Imports</b>	1540	1540	1375	1600	1500	1520
<b>TY Imp. from U.S.</b>	401	401	307	0	0	0
<b>Total Supply</b>	1952	1952	1577	1727	1577	1597
<b>MY Exports</b>	0	0	0	0	0	0
<b>TY Exports</b>	0	0	0	0	0	0
<b>Feed and Residual</b>	0	0	0	0	0	0
<b>FSI Consumption</b>	1750	1825	1500	1650	1500	1520
<b>Total Consumption</b>	1750	1825	1500	1650	1500	1520
<b>Ending Stocks</b>	202	127	77	77	77	77
<b>Total Distribution</b>	1952	1952	1577	1727	1577	1597

Area in Thousand Hectares, Quantity in Thousand Metric Tons