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GAIN Report

Global Agricultural Information Network

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Venezuela

Poultry and Products Annual

Annual Report

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Report Highlights:

The Venezuelan government plays an active role as a poultry supplier and importer through its state-owned food distribution network. Government poultry imports come mainly from Brazil. Controlled consumer prices continue to be a major problem for domestic producers by compromising their profit margins.

Executive Summary:

The poultry sector is facing a major problem with controlled prices since they compromise profit margins. However, low consumer prices for poultry have helped to strengthen demand for chicken. The government continues to play an active role as a poultry supplier and importer through its state-owned food distribution networks, Mercal and PDVAL. Poultry products offered through the government's distribution network are even lower than controlled prices in commercial outlets.

Commodities:

Select

Production:

Venezuela produces and consumes only small amounts of duck and turkey. Therefore, the majority of the poultry referred to in this report is chicken.

According to figures from the Venezuelan Poultry Federation, FENAVI, the average monthly production of chicken in 2011 is about 80,000 metric tons. About 60 percent of chicken production is concentrated in the Central region (Aragua and Carabobo States), 20 percent in the Western (mostly in Zulia State) region, 18 percent in the Eastern region, and two percent in the South of the country.

Similarly, the estimated average production of eggs for human consumption for 2011 is 1,180,000 boxes of 360 units. Similar to poultry production, egg production is relatively concentrated regionally. Some 85 percent of egg production is concentrated in the Central region, 10 percent in the Western and five percent in the Eastern region.

Domestic Levels of Production of the Poultry Chain January –March 2011
Feed for Poultry 261,000 MT / per month
Active population of breeding hens 10,629,000 adult birds
Active population of laying hens 14,241,000 adult birds
Production of broiler chicks 40,954,000 units
Production of laying chicks 1,476,000 units
Production of chicks for reproduction

1,064,000 units
Monthly production of eggs for consumption 339,620,400 units
Monthly production of chicken meat 82,766,000 kilos

Production Policy

The poultry sector is strong, organized, vertically integrated, and well-managed. Those attributes are key to sustained production growth in spite of a price control policy which does not allow producers to raise prices along their costs of production and competition from increased government imports of Brazilian poultry.

The Venezuelan poultry sector keeps moving toward modernization of operations and equipment, and a large number of local businesses attend leading poultry events such as the Atlanta Poultry Show to buy new technology. According to the Poultry Federation, 80 percent of domestic farms continue with conventional methods for raising chicken and only 20 percent have controlled environments such as bio-climatic warehouses that increase breeding and growth rates. Producers think that a 50 percent increase in the number of this type of facilities would bring an increase of at least 30 percent in the production of chicken meat.

Currently, the poultry sector as a whole represents 30 percent of total agricultural GDP and over 48 percent of the animal production. Poultry production is the most important component of Venezuela's agricultural production by value, with 24 percent of the total.

The government continues to play an active role as a poultry supplier and importer through its state-owned food distribution networks Mercal and PDVAL.

Feed availability

The Venezuelan poultry sector works very closely with animal feed processors through vertical integration within the industry. According to the Venezuelan Feed Chamber, 77 percent of the domestic production of animal feed goes to the poultry sector, 17 percent to the pork sector, five percent to bovine, and one percent to others.

Due to insufficient domestic production of grains and other inputs, this sector relies on imports of these raw materials for their operations. The average volume of these products imported per year is about:

Imported product	Average volume/annual
Yellow Corn	1,000,000 MT
Soybeans	1,000,000 MT

Yellow grease	200,000 MT
Fertile Eggs	36,000,000 units

Consumption:

According to the Venezuelan Poultry Federation, Fenavi, per capita consumption of meat in the country as a whole is about 73.5 kg. About 53 percent of this amount is provided by the chicken sector, beef provides 33 percent, and pork provides 14 percent.

The poultry industry contributes with about 61 percent of the protein of animal origin consumed by the Venezuelans. The consumption of chicken meat is around 112 grams of protein per day, more than double of its immediate follower, beef.

To expand their markets, Venezuelan poultry broiler producers want to increase the supply of chicken meat to the government network, which is responsible for the supply of a large percentage of food in this country. According to Fenavi the private sector supplies about seven to eight thousand tons of chicken per month to the government networks and has plans for expanding the volume available to about 25,000 tons per month which would enable a 12 percent increase in chicken production in 2011, but to achieve its goal needs government cooperation.

Shortages of beef registered through 2009 and 2010 will continue to strengthen demand for poultry. About 80 to 90 per cent of the poultry produced in Venezuela is purchased fresh by households. The rest goes to the processing sector for hams, sausages, frozen nuggets, and others.

Annual per capita consumption of poultry products

YEAR	CHICKEN	EGGS
	Kg/per capita/year	Units/per capita/year
1993	16.77	107.29
1994	17.00	90.84
1995	18.78	109.06
1996	19.99	120.64
1997	20.21	108.65
1998	20.75	102.84
1999	21.17	95.50
2000	24.20	98.50
2001	27.10	111.04
2002	30.32	130.98
2003	23.46	116.13
2004	29.00	112.00
2005	30.00	130.00
2006	31.00	135.00
2007	33.50	140.00
2008	38.50	153.00

2009	40.10	161.00
2010	41.00	164.00

Source: FENAVI

Trade:

Despite a strong domestic poultry sector capable of meeting domestic demand, whole poultry has been imported from Brazil in the last six years according to the trade. However there are no official statistics regarding the exact level of imports. Sales of chicken to the Government entity "Corporacion CASA" have been dominated by Brazilian companies, though in the first semester of 2010, Brazilian chicken exports to Venezuela decreased 14.4 percent according to their Foreign Trade Ministry. Government poultry imports from Brazil, or other origins, are subject to neither tariff nor custom charges.

Colombia was the main supplier of poultry genetics to Venezuela but after the suspension of commercial relations in 2010, Brazil became the first supplier of baby chicks and fertile eggs for the poultry industry. Argentina is also a supplier of genetics. Colombia has recently resumed its role as exporter of fertile eggs.

Policy:

Prices

As per previous reports, poultry retail prices as other basic basket food products have been under controlled price since 2003. The Bolivarian government has not reviewed the chicken price since March 2010 and the poultry industry continues to lobby the government authorities to have the poultry and poultry products prices reviewed since they claim they are losing money and these prices do not cover the production costs. Poultry products offered through the government's distribution networks, Mercal and PDVAL, are cheaper than current controlled prices. The industry has been working on technical tables with the different Ministries providing them the cost structures of the sector.

Poultry Controlled Poultry Prices (Bs per Kilo)

	Whole Chicken	Breast	Breast, boneless	Leg quarters	Leg quarters, boneless
Feb 2003	1.8	2.7	4.15	2.0	3.5
Feb 2004	2.3	3.3	not controlled	not controlled	not controlled
Nov 2004	3.13	4.49	4.49	3.33	3.33
Feb 2007	4.45	7.0	7.0	7.0	7.0
Apr 2008	8.39	12.91	19.88	10.14	17.75
March 2010	11.31	17.41	26.80	13.67	23.93

Source: Official Gazettes

Note: 1 USD=Bs 4.30

Marketing:

The Government has tried to cover the gap in supplies created through past reduced imports from Colombia with imports from Brazil and Argentina. Import of poultry, poultry products, eggs, or genetics will be done directly by the Government, with preference given to South American suppliers.