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## **Venezuela**

### **Grain and Feed Update**

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**Report Highlights:**

Post expects wheat, and rice imports to be tight due to availability of foreign exchange. Corn imports are expected to fall due to a contraction in the poultry industry due to rising production costs and controlled prices at the farm level.

**Post:**  
Caracas

**Commodities:**  
Wheat  
  
Corn  
  
Rice, Milled

**Executive Summary:**

Venezuela's economy has entered a recession and is suffering from food shortages, soaring inflation and rising consumer discontent. Import controls, food price controls, inflation and the overvalued bolivar are causing shortages of essential goods. Shortages are nothing new in Venezuela, but have become much worse over the past three months.

Domestic agriculture production has dropped and will likely to continue to fall as a consequence of government mismanagement, shortages of agricultural inputs and price controls that have hampered production for the past 16 years. Government promises of increased investment in agricultural infrastructure have not materialized, and producers are becoming more and more frustrated.

Post expects wheat, and rice imports to be tight due to availability of foreign exchange. Corn imports are expected to fall due to a contraction in the poultry industry due to rising production costs and controlled prices at the farm level. Consumer demand continues to rise with growing population, and growing food shortages will lead to irregular purchasing patterns and even longer long lines at supermarkets, especial in the interior of the country. Most experts forecast the Venezuelan economy will decline between 3 and 7 percent, due to low oil prices leading to lower foreign exchange reserves.

## **Author Defined:**

### **WHEAT**

Based on GTA export data, wheat imports during MY 2013/14 reached a record level 1.87 million tons. Post continues to estimate wheat imports for 2014/2015 at 1.80 million tons, relatively unchanged, but slightly down to reflect uncertainties in dollar availability. World oil prices have reached their lowest levels in several years severely reducing Venezuela's foreign exchange reserves. Historically, the government has made food a priority item for import and dedicated the needed foreign exchange to import enough wheat and other grains to keep mills operating.

Post continues to estimate an increase in wheat consumption to approximately 1.8 million tons in MY 2014/15 due to population growth, concerns of growing shortages, and relatively lower price compared to other food alternatives. Consumers have become accustomed to buying whatever food products are available, such as pasta, an important food staple, even if they do not need them for immediate consumption. Wheat millers report that current wheat inventories are good through March 2015. However, bureaucratic hurdles related to imports, such as delays in receiving import permits and foreign exchange, have become more severe and could impact the flow of future shipments. Ending stocks for MY 2014/15 are estimated to fall to about 457,000 tons, the equivalent of three-month's domestic use.

### **CORN**

Even several months after the MY 2013/2014 corn harvest, there remains disparity on its size among the different government, food and feed producers, and farmers. The government continues to hold and control the flow of information in light of growing food shortages and mismanaged distribution procedures. After discussions with various poultry producers, feed millers and farmer groups, Post estimates MY 2013/14 corn production slightly higher than the previous estimate as the result of a rise in yields due to favorable weather late in the growing season. The harvest was divided virtually in half; 50 percent yellow corn and 50 percent white corn. Post forecasts the MY 2014/15 corn production will fall around 7 percent to 1.3 million tons as the government is expected to fall short on its promise to provide the necessary inputs in time for the April-May planting season. Producers and the government would normally have agreed on the volume of seeds needed and made arrangements to import them before the end of the year. According to farmer and poultry producer groups, however, that did not happen. The lack of viable corn seed is the most critical variable at this time impacting farmer planting intentions. If the government could find the necessary foreign exchange, there may still be time to salvage the planting season. The continued lack of fertilizer, agrochemicals and spare parts for machinery will certainly impact yields.

Overall yellow corn consumption is expected to decline in MY 2014/15 as the poultry sector contracts, according to the Federation of Poultry Producers (FENAVI). FENAVI and other poultry producer groups estimate the balance feed sector will need approximately \$3.2 billion to maintain current levels of production, while the poultry industry will need another \$500 million to import other needed imports like micro nutrients; vaccines; machinery and equipment; and other inputs. This means that the government will have to dedicate around \$3.7 billion to the feed and poultry industries, which is nearly half the \$8 billion the government promised in 2015 for the entire agriculture and livestock sector. Yellow corn imports are expected to fall between 3 and 7 percent due to the reduced demand for feed.

Post forecasts MY 2014/2015 corn imports at 2.3 million tons. Priority will be given to white corn, which should reach approximately 500,000 tons. The United States will remain the primary supplier due to lower prices, greater availability and timing of transportation.

## RICE

There are no significant updates for rice production, supply and demand numbers at this time.

## PSD TABLES

Wheat Venezuela	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	270	270	332	332	533	457
Production	0	0	0	0	0	0
MY Imports	1,617	1,617	1,951	1,875	1,800	1,800
TY Imports	1,617	1,617	1,951	1,875	1,800	1,800
TY Imp. from U.S.	560	560	686	686	0	0
Total Supply	1,887	1,887	2,283	2,207	2,333	2,257
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	0	0	0	0	0	0
FSI Consumption	1,555	1,555	1,750	1,750	1,800	1,800
Total Consumption	1,555	1,555	1,750	1,750	1,800	1,800
Ending Stocks	332	332	533	457	533	457
Total Distribution	1,887	1,887	2,283	2,207	2,333	2,257

1000 HA, 1000 MT, MT/HA

Corn Venezuela	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	417	417	443	443	420	440
Beginning Stocks	360	360	156	106	342	166
Production	1,300	1,300	1,360	1,360	1,300	1,300
MY Imports	2,146	2,146	2,626	2,400	2,600	2,500
TY Imports	2,146	2,146	2,626	2,400	2,600	2,500
TY Imp. from U.S.	1,080	1,092	1,061	0	0	0
Total Supply	3,806	3,806	4,142	3,866	4,242	3,966
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	2,100	2,150	2,200	2,150	2,300	2,200
FSI Consumption	1,550	1,550	1,600	1,550	1,650	1,600
Total Consumption	3,650	3,700	3,800	3,700	3,950	3,800
Ending Stocks	156	106	342	166	292	166
Total Distribution	3,806	3,806	4,142	3,866	4,242	3,966

1000 HA, 1000 MT, MT/HA

Rice, Milled Venezuela	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Apr 2012		Market Year Begin: Apr 2013		Market Year Begin: Apr 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	140	140	140	140	140	140

