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Report Highlights:

In marketing year (MY) 2021/22, corn and rice production is forecast to increase due to greater area planted and slightly improved yields. Since the Maduro regime's mid-2019 decision to allow the private sector to import, agricultural producers associations are pooling resources to purchase imported inputs. Venezuelan farmers had a greater incentive to plant more, given the prospect of being paid in U.S. dollars, instead of the devalued Venezuelan Bolivar. The rapid dollarization of the economy will possibly lead to a modest improvement of purchasing power in the forecast year, too. Despite increases in corn and rice production, FAS Caracas expects imports of corn and rice to increase compared to USDA's MY 2020/21 estimates, assuming the private sector maintains control of the import market. FAS Caracas forecasts a slower year for Venezuelan wheat imports, reflecting that domestic milling capacity is down.

Commodity: Wheat

Production:

Venezuela's wheat production is forecast to remain near zero. The country is dependent on imported wheat for domestic consumption. There are a few thousand hectares of experimental wheat grown in the country, but industry sources indicate that the domestic wheat production has a very marginal impact on the market.

Consumption:

In MY 2021/22, wheat consumption is forecast to remain unchanged from the previous year at 950,000 MT, assuming a steady supply of either imported wheat products or locally produced wheat products with imported wheat. The relaxed control on imports of food products has allowed the private sector to take control over much of the import market. As a result, imports of Turkish pasta and flour, which represents about 85 percent of total supply according to industry, are prevalent throughout supermarkets in Venezuela. In the last few years, the private sector's import of wheat has contributed to wheat consumption being an important part of Venezuelans' diet.

However, the regime is expected to exclude imported pasta from tariff exemptions, possibly beginning in the second half of 2021. Assuming the regime will not continue allowing the private sector to freely import pasta, especially from Turkey, national pasta will become more widely available and price-competitive, due to the upward price adjustment for imported pasta if government tariffs are imposed. The domestic pasta industry is currently struggling, operating at 25-30 percent capacity, given difficult conditions accessing bank loans to import wheat, coupled with competitive prices of imported pasta, mainly from Turkey. Months of inventory of national pasta piled up, due to lack of sales as consumers preferred cheaper imported pasta given the low purchasing power of most Venezuelans.

The regime has no funds to import pasta directly or indirectly through allied companies; therefore, it must buy nationally produced pasta to include it in the CLAP program (Local Committees for Supply and Production), a food assistance program run by the regime. Pasta is normally included in the monthly CLAP boxes.

Turkish pasta has a significant price advantage compared to nationally produced pasta (about 20-25 percent cheaper). The chart below shows prices for pasta as of March 2021 at the official exchange rate of the Central Bank of Venezuela of 1.8 million Bolivars per USD.

TABLE 1: PRICE OF PASTA (NATIONAL AND TURKISH) IN USD (\$)

PASTA	Price per Kilogram	
	MIN	MAX
National	1.30	1.90
Turkish	1.04	1.12

Source: Venezuelan Milling Industry

According to industry, the current per capita consumption of pasta increased to approximately 25 kilograms per month from 23 kilograms per month reported last calendar year CY 2020. In MY 2020/21, Post adjusted consumption numbers upward to 950,000, up 50,000 MT from previous USDA

official estimates. Consumption increased given more availability of cheaper imports of Turkish pasta and flour.

FIGURE 1: VENEZUELAN WHEAT IMPORTS



Source: Trade Data Monitor and FAS forecast. * New Post

Trade:

In MY 2021/22, post forecasts that Venezuela will import 950,000 MT of wheat and wheat products on a wheat grain equivalent basis, a 5 percent decrease of 50,000 MT from USDA official estimate of 1.0 million MT in MY 2020/21. The decreased imports forecast is driven by diminishing domestic milling capacity. If tariffs on imported wheat products are implemented by the regime, imports of durum wheat are expected to increase driven by demand from the Venezuelan pasta processing sector. Durum wheat imports may offset declines in wheat product imports once the tariff is implemented. Otherwise, wheat product imports are expected to remain at similar levels than previous year.

In MY 2020/21, Post estimates imports to increase to 1.1 million MT as private sector imports of price-competitive Turkish pasta and flour continue. Turkish pasta imports represent nearly 90 percent of Venezuelan total pasta imports. According to industry, wheat imports are currently made up of 60 percent in bread, cookie, mixed wheat, and 40 percent in durum wheat and pasta.

Figure 2 demonstrates how exports to Venezuela have shifted to processed pasta imports. Wheat grain increased in calendar year 2020 especially HRW wheat and milled wheat flour.

FIGURE 2: EXPORTS TO VENEZUELA IN CY (WHEAT GRAIN, DURUM FLOUR, PASTA)

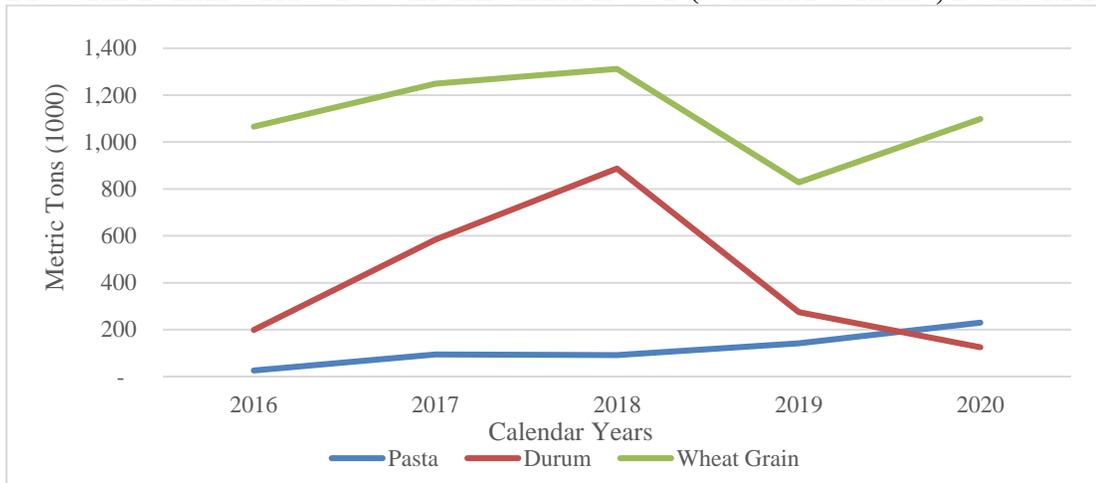
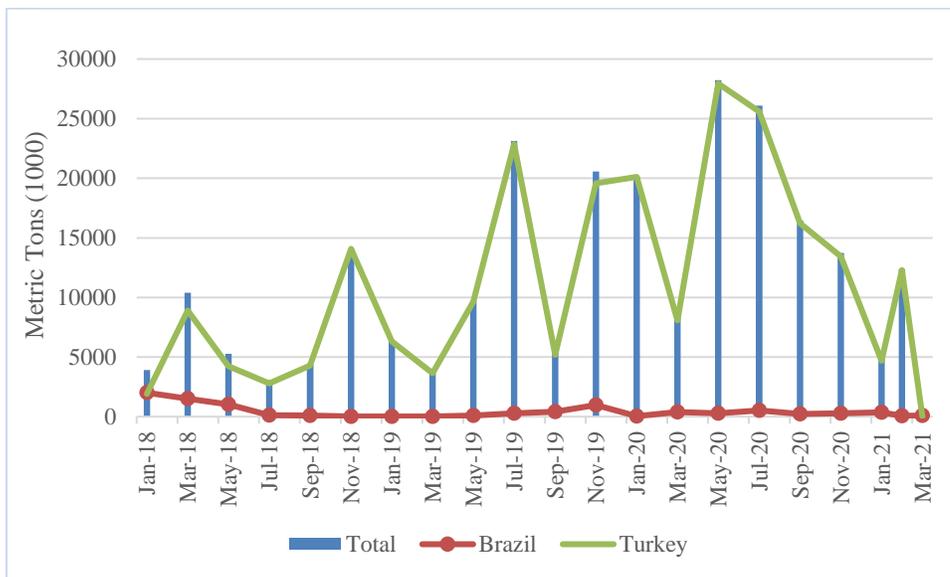


Figure 2 demonstrates how exports to Venezuela have shifted to processed pasta imports. Wheat grain increased in calendar year 2020, especially HRW wheat and milled wheat flour.

FIGURE 3: VENEZUELA PASTA IMPORTS BY MONTH



Source: Trade Data Monitor

Figure 3 demonstrates that Venezuelan imports of wheat pasta have increased significantly since mid-2019. Turkey is now the largest supplier of both flour and pasta to Venezuela. Iranian-branded flour and pasta is also available in Iranian supermarkets but in marginal quantities.

FIGURE 4: EXPORTS OF WHEAT GRAIN TO VENEZUELA BY COUNTRY

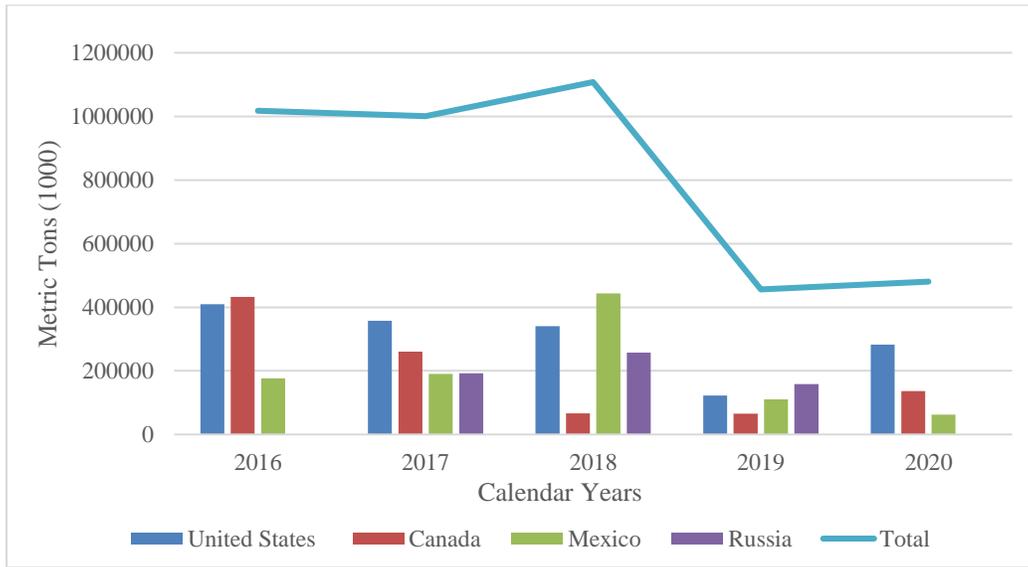


Figure 4 demonstrates that US was the first supplier of wheat grain for Venezuela in CY 2020. This trend is continuing this MY 2020/21.

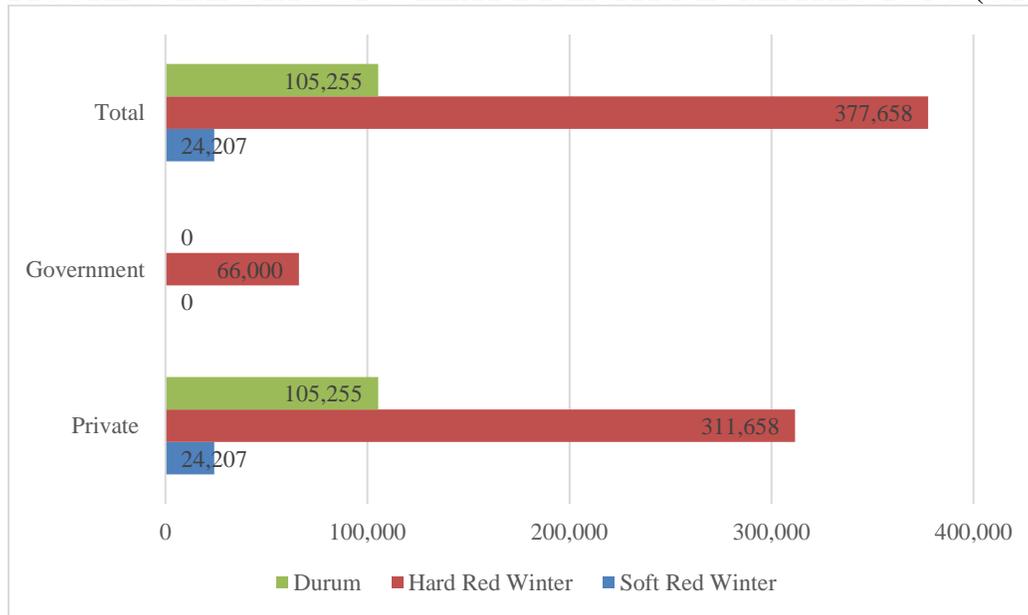
Policy:

Decree No. 4.412 of December 2020, which exempted imported processed and some non-processed foods from payment of tariffs, VAT, and custom fees, remains in force until April 30, 2021. According to private sources, the domestic wheat miller industry is seeking the regime’s removal of imported pasta and flours from the list of exempted products, which might allow production levels to return to a normal pace and provide much needed relief to the national pasta industry.

In CY 2019, the regime opened imports to the private sector. This policy shift represents an opportunity for U.S. wheat exporters to work directly with private sector Venezuelan millers.

In CY 2020, according to the Venezuelan maritime reports, the Maduro regime imported 66,000 MT of wheat, accounting for around 13 percent of total imports of wheat, while the private sector imported 87 percent of total imports.

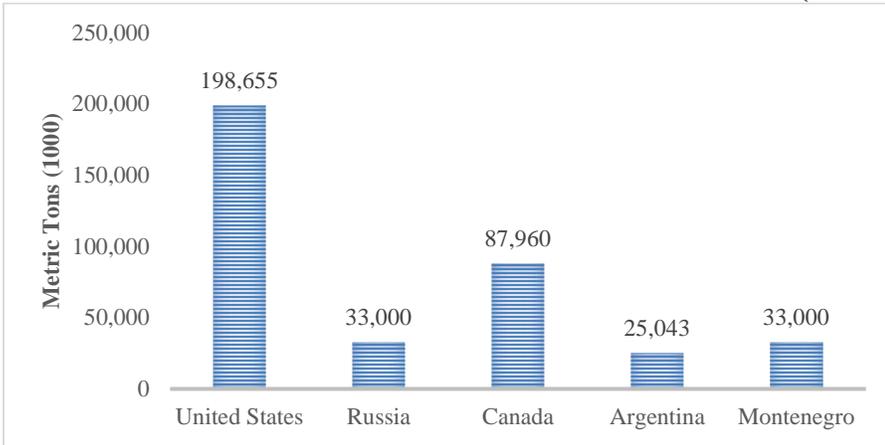
FIGURE 5: IMPORTS OF WHEAT BY ENTITY IN METRIC TONS (CY 2020)



Source: Venezuela Maritime Report: 2020

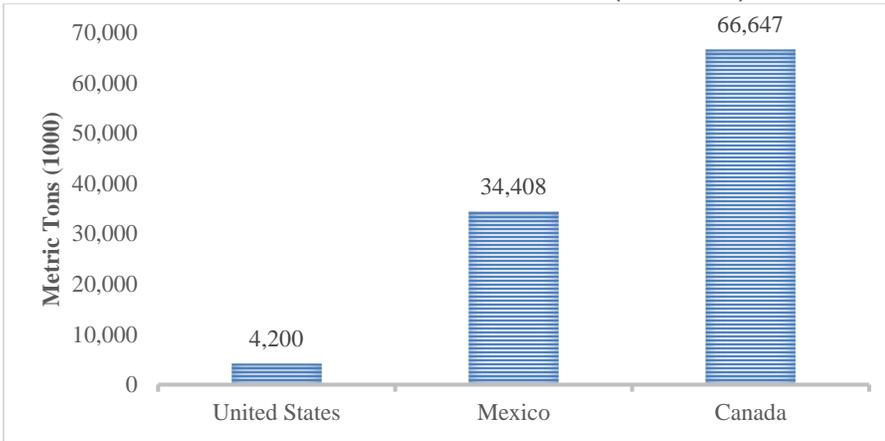
In CY 2020, according to the maritime report, Venezuela imported 24,207 MT of Soft Red Winter wheat, mainly from Canada (66.5 percent) and the United States (33.5 percent), 377,658 MT of Hard Red Winter wheat, and 105,255 MT of Durum wheat. The figures below illustrate the main wheat varieties imported into Venezuela by country of origin.

FIGURE 6: ORIGIN OF HARD RED WINTER WHEAT (CY 2020)



Source: Venezuela Maritime Report: 2020

FIGURE 7: ORIGIN OF DURUM WHEAT (CY 2020)



Source: Venezuela Maritime Report: 2020

Wheat: Production Supply and Demand Estimates

Wheat	2019/2020		2020/2021		2021/2022		
Market Begin Year	Jul 2019		Jul 2020		Jul 2021		
Venezuela	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
							(Units)
Area Harvested	0	0	0	0	0	0	(1000 HA)
Beginning Stocks	138	138	142	142	0	292	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	954	954	1000	1100	0	950	(1000 MT)
TY Imports	954	954	1000	1100	0	950	(1000 MT)
TY Imp. from U.S.	187	187	0	0	0	0	(1000 MT)
Total Supply	1092	1092	1142	1242	0	1242	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	(1000 MT)
Feed and Residual	0	0	0	0	0	0	(1000 MT)
FSI Consumption	950	950	900	950	0	950	(1000 MT)
Total Consumption	950	950	900	950	0	950	(1000 MT)
Ending Stocks	142	142	242	292	0	292	(1000 MT)
Total Distribution	1092	1092	1142	1242	0	1242	(1000 MT)
Yield	0	0	0	0	0	0	(MT/HA)
TS=TD	0	0	0	0	0	0	
Post Notes							

Commodity: Sorghum

Production:

In MY 2021/22, post forecasts a 20 percent decline in sorghum production to 12,000 MT, as farmers planted less due to fuel shortages, lack of adequate seeds, and commercialization issues. Producers informed post that even though sorghum needs fewer input requirements, they have not found the variety of seeds suited to the local conditions, and national seeds are low performing, affecting profitability.

Further, agribusiness is not buying sorghum, preferring yellow corn, and what little it does buy is paid at a meager price, approximately 60 percent less than what is paid for yellow corn. Yellow corn is currently traded between USD \$250 - USD \$270 per MT while sorghum is traded at USD \$160- USD \$170 per MT on the Venezuelan market. Therefore, producers have been switching to other crops, especially yellow corn due to sparse seeds and commercialization issues.

In addition, sorghum producers have limited access to financing, as private banking has substantially reduced its agricultural credit portfolio, and the regime does not provide any financial support.

Consumption:

In MY 2021/22, sorghum consumption is forecast down to 12,000 metric tons on low production and tight supplies. Sorghum was used for poultry and swine feed production in Venezuela. As these industries have declined so has the market for sorghum, mostly replaced with imported and national yellow corn in recent years. Remaining Venezuelan sorghum production is expected to be used as forage for cattle.

Trade:

Venezuela does not import or export sorghum. In the past, Venezuela imported sorghum seed for planting from the United States and Guatemala. Following the nationalization of *Agroisleña*, a large Venezuelan agribusiness firm, imports fell to zero. Reportedly, farmers have recently tried to import seeds from the United States as sorghum seeds from Mexico and Argentina have had limited success due to the climatic differences.

Sorghum: Production Supply and Demand Estimates

Sorghum	2019/2020		2020/2021		2021/2022		
Market Begin Year	Oct 2019		Oct 2020		Oct 2021		
Venezuela	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
							(Units)
Area Harvested	25	25	15	15	0	12	(1000 HA)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	25	25	15	15	0	12	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
TY Imports	0	0	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
Total Supply	25	25	15	15	0	12	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	(1000 MT)
Feed and Residual	25	25	15	15	0	12	(1000 MT)
FSI Consumption	0	0	0	0	0	0	(1000 MT)
Total Consumption	25	25	15	15	0	12	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
Total Distribution	25	25	15	15	0	12	(1000 MT)
Yield	1	1	1	1	0	1	(MT/HA)
TS=TD	0	0	0	0	0	0	
Post Notes							

Commodity: Rice

Production:

In MY 2021/22, post forecasts an 18 percent increase in area planted to 65,000 hectares, up from USDA's MY 2020/21 official estimate of 55,000 hectares, due to improved access to agricultural inputs. With the increased area and improved access to inputs, post forecasts increased milled production up 23 percent to 160,000 MT and higher yields from USDA's official MY 2020/21 estimate.

Recently, industry imported fertilizers from Russia and other inputs from Colombia and Brazil, without any government constraints. At the same time, there are new independent sellers of quality agricultural inputs that can meet the demand of the agricultural sector.

As a result, crops remain less vulnerable to blight and other diseases. Additionally, the fact that industry is paying farmers in U.S. dollars, instead of the devalued Venezuelan Bolivar, provides a greater incentive for farmers to plant more. The principal dam for irrigation located in Majaguas, Portuguesa State Central part of the country, was repaired in CY 2020, as a public-private joint investment, allowing for improved water availability for rice irrigation.

In MY 2020/21, post estimates milled rice production remained unchanged at 130,000 metric tons.

Contacts in the field provided the following pictures from a farm in the Portuguesa state, the main rice producing state that accounts for at least half of Venezuela's productive lands. Other rice producing states are Guárico, Cojedes, and Barinas.

PICTURE 1: SIX DAYS OF PLANTING IN PORTUGUESA STATE, NOV 26, 2020.



Source: Contacts in the farms of Portuguesa State

PICTURE 2: REPAIRED DAM IMPROVES OVERFLOW FOR RICE IRRIGATION (2020)



Source: Contacts in the farms of Portuguesa State

Consumption:

An increase in consumption of 8 percent to 710,000 MT is forecasted for MY 2021/22, 8 percent above USDA official, driven by the relative low price of rice, compared to pasta which used to be the favorite

carbohydrate for Venezuelans before the economic crisis. As of March 2021, the price of 1 kg of rice is comparable to half a kilogram of pasta.

TABLE 2: PRICE COMPARISON OF PASTA AND RICE IN USD (\$)

PASTA	PRICE/ 1 Kg	
	MIN. PRICE	MAX. PRICE
NATIONAL	1.30	1.90
TURKISH	1.04	1.12
RICE		
NATIONAL	0.93	1.42

Source: Venezuelan Industry

The rapid dollarization of the economy, will modestly improve purchasing power in the forecast year as more people will have access to dollars instead of devalued Bolivars.

In MY 2021/22, post forecasts an increase in the per capita consumption to 24-25 kilograms, in line with the estimated overall consumption based on a population of 28 million inhabitants.

In MY 2020/21, post revised consumption to 650,000 MT, reflecting continued emigration and low per capita consumption of 20-23 kilograms.

Trade:

In MY 2021/22, post forecasts Venezuelan imports to 575,000 MT of rice, 75,000 MT above USDA’s official estimate for MY 2020/21. Assuming a continued liberalization of trade, the private sector’s imports of rice will remain stable.

Post revised upward MY 2019/20 imports to 590,000 MT, a 23 percent increase based on additional volumes of rice by water from Guyana. Post also increased MY 2020/21 imports to 575,000 MT, reflecting updated unofficial import figures from Colombia and Guyana.

In the first months of 2021, all imports of Paddy have been from the United States according to Venezuelan maritime reports.

Policy:

Decree No. 4.412 of December 2020, which exempts imported processed foods from payment of tariffs, VAT, and customs fees, remains in force until April 30, 2021. However, since January 2021, rice milled non parboiled was removed from the exemption list and is paying a tariff of 12 percent, VAT of 16 percent, and one percent custom charge *ad valorem*. Paddy rice has usually been exempted from tariffs and other taxes, and it remains duty-free in 2021.

Prices:

In MY 2021/22, the price paid to producers will increase to USD 32 cents per Kilogram from USD 25 cents paid for the 2020 winter harvest. Industry is currently paying on time and financing producers, who use part of their harvest as repayment.

Rice: Production Supply and Demand Estimates

Rice, Milled	2019/2020		2020/2021		2021/2022		
Market Begin Year	Apr 2019		Apr 2020		Apr 2021		
Venezuela	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
							(Units)
Area Harvested	60	60	55	55	0	65	(1000 HA)
Beginning Stocks	82	82	101	142	0	197	(1000 MT)
Milled Production	140	140	130	130	0	160	(1000 MT)
Rough Production	206	206	192	192	0	236	(1000 MT)
Milling Rate (.9999)	6786	6786	6786	6786	0	6786	(1000 MT)
MY Imports	549	590	500	575	0	575	(1000 MT)
TY Imports	525	531	480	600	0	650	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
Total Supply	771	812	731	847	0	932	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	(1000 MT)
Consumption and Resid	670	670	660	650	0	710	(1000 MT)
Ending Stocks	101	142	71	197	0	222	(1000 MT)
Total Distribution	771	812	731	847	0	932	(1000 MT)
Yield (Rough)	3.4333	3.4333	3.4909	3.4909	0	3.6308	(MT/HA)
TS=TD	0	0	0	0	0	0	
Post Notes							

Corn

Production:

A one percent increase in production is projected for MY 2021/22 based on increases in area planted and increases in yields. Corn producers continue investing in and expanding area planted, due to the dollarization of the economy, improved access to credit from private financing from the local milling industry as a new development in the Venezuelan market. Post forecasts slightly improved yields due to a better access to agricultural inputs primarily from Colombia and Brazil, and fertilizers from Russia, instead of relying on the regime.

Producers make planting decisions based on market conditions. An increase in the price of white corn (USD \$315 per MT) with respect to yellow corn (USD \$280 per MT) occurred in late CY 2020 and caused more farmers to plant white corn; approximately 70 percent of the cultivated land corresponds to white corn and 30 percent to yellow corn.

According to industry contacts, some private companies receive subsidized inputs from the regime, and in turn, produce corn meal (made from both yellow and white corn) for the CLAP program. Each CLAP box contains about two kilograms of corn meal per month. Approximately 2.4 million Venezuelan families receive CLAP boxes.

Post revised Venezuelan corn production in MY 2020/21 to 500,000 MT, 28 percent above USDA estimates, based on increased area harvested. Producers in Bolivar State planted in late September and October. Bolivar State is in the South of Venezuela, and despite being the largest state of the country, it is not among the highest producers of corn, but has an exceptional high yielding area for corn growing

called “la Paragua”, where the late planting took place. Additionally, post learned there was re-planting in June and July 2020 due to a failed first crop planting in Portuguesa and Barinas States, located in Central and South Western Venezuela, respectively. Some producers in Bolivar State are not affiliated with the agricultural association that provides statistical information to post, so this information is only being captured now.

Consumption:

Feed and residual consumption is forecast to decrease 11 percent to 710,000 MT in MY 2021/22 compared to new post estimates for the previous year, as industry expects a decrease of at least 10 percent in chicken production and 25 percent in egg production for MY 2021/22. Food, seed and industrial consumption (FSI) remains unchanged compared to USDA estimates at 1.0 million MT for MY 2021/22.

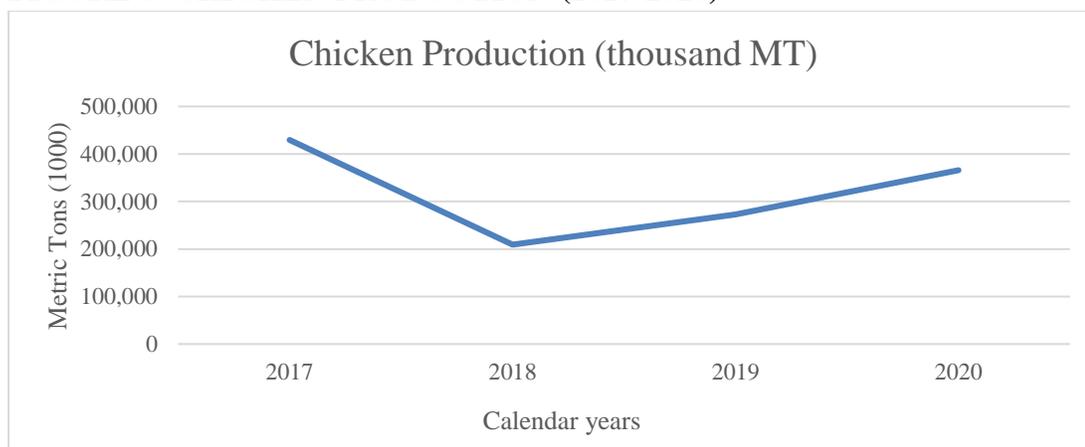
Post modified feed and residual consumption estimates in MY 2020/21 to 800,000 MT, representing significant growth that was driven by the feed industry and an overproduction of eggs. Despite factors such as lack of fuel and COVID-19 challenges, which have deepened the economic crisis in Venezuela, poultry and egg production increased in CY 2020. Eggs, a more accessible protein than beef and chicken, saw higher consumption as Venezuelans struggled with low purchasing power and hyperinflation.

According to FENAVI (the Venezuelan Aviculture Federation), between CY 2019 and CY 2020, egg production increased from 5.9 million egg boxes (1 box equals 360 eggs) to 9.6 million egg boxes, a 63 percent increase due to a higher demand of the product.

In the case of eggs, a perishable product, high consumer prices resulted in significant egg inventories, and the sale price for a box of 12 cartons fell from USD \$40 to USD \$25. This price reduction greatly affected egg producer income.

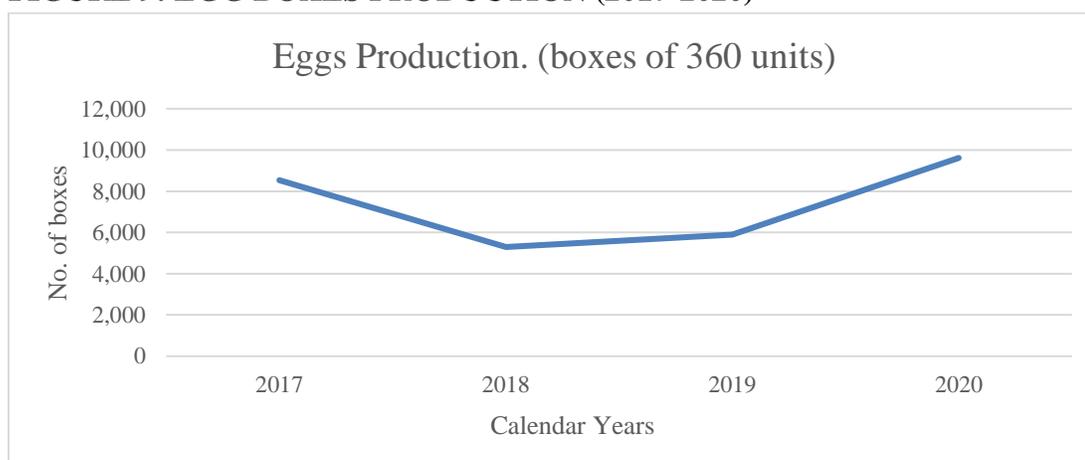
The figures below demonstrate the significant growth of chicken and eggs production in CY 2020.

FIGURE 8: CHICKEN PRODUCTION (2017-2020)



Sources: FENAVI, 2020

FIGURE 9: EGG BOXES PRODUCTION (2017-2020)



Sources: FENAVI, 2020

TABLE 3: RAW MATERIAL REQUIREMENTS FOR POULTRY INDUSTRY

	2017	2018	2019	2020	2021 Projection
Chicken Production MT	429,541	209,181	272,787	365,585	329,027
Egg Boxes Production. 360 units	8,536,195	5,295,077	5,888,760	9,613,794	7,210,346
Yellow Corn MT	850,746	445,535	553,111	935,093	783,901
Soybean Meal MT	425,373	213,857	265,493	438,682	367,125
Total Feed Production MT	1,701,491	891,070	1,106,222	1,827,838	1,529,688

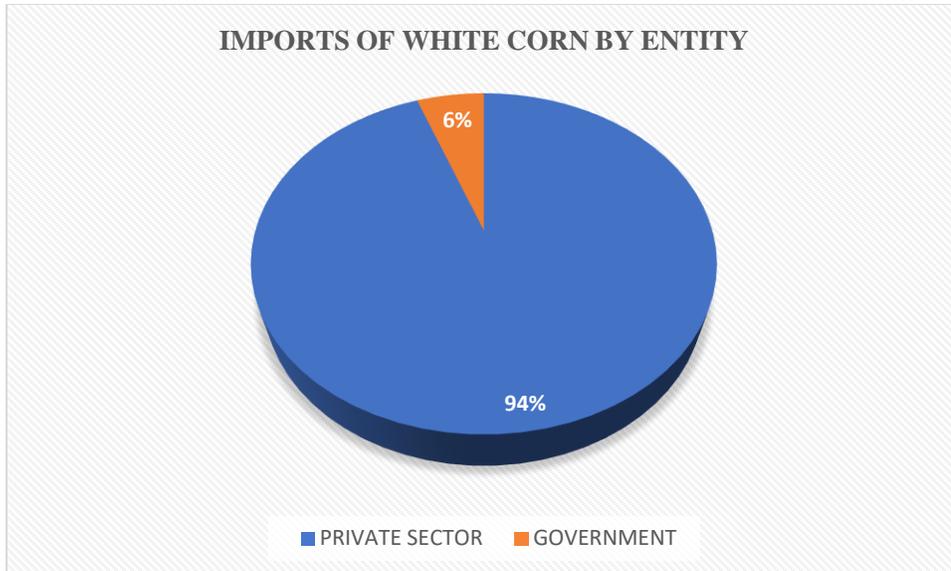
Sources: FENAVI 2017 – 2019. FAS ESTIMATIONS 2020-2021

Table 3 demonstrates the expected decrease in chicken and egg production that will drive a more than 10 percent decrease in feed and residual consumption in MY 2021/22.

Trade:

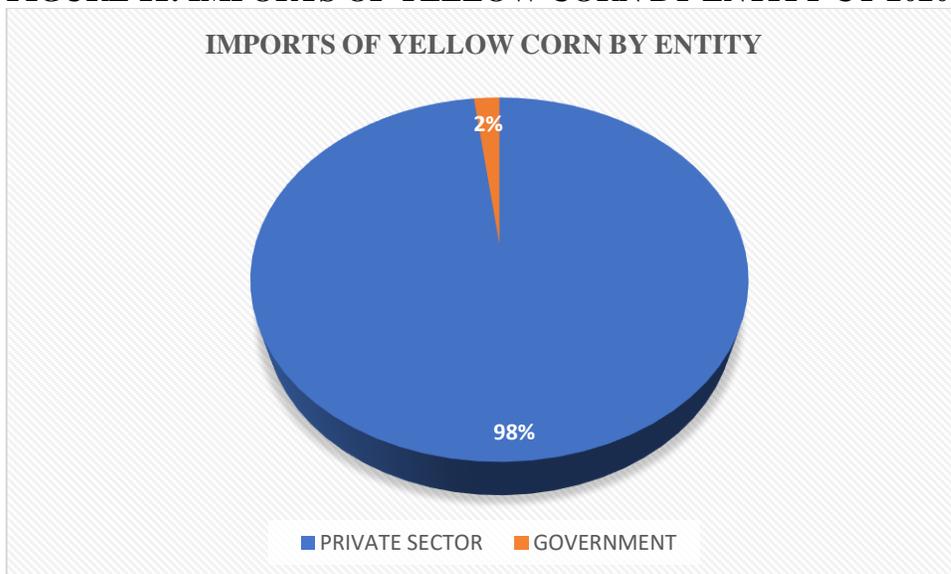
In MY 2021/22, post forecasts imports to remain unchanged at 1.2 million MT compared to the previous year new post estimates. CY 2020 was a good year for imports of yellow corn based on increasing egg and chicken production. However, in CY 2021 given the overproduction of eggs from the previous year and lower price, egg production is expected to decrease, along with chicken production. According to industry contacts, steady FSI consumption will help to maintain import levels.

FIGURE 10: IMPORTS OF WHITE CORN BY ENTITY CY 2020



Source: Venezuelan Maritime Report 2020

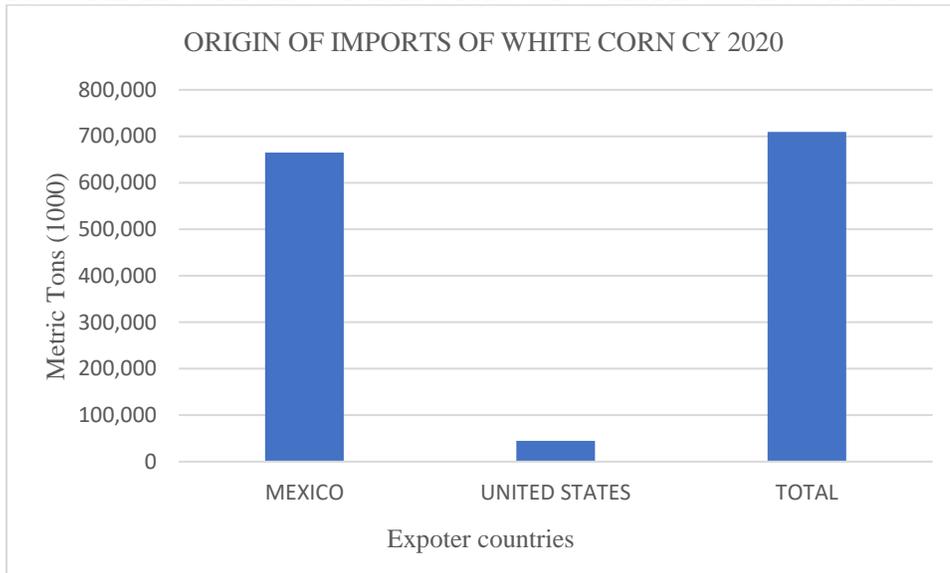
FIGURE 11: IMPORTS OF YELLOW CORN BY ENTITY CY 2020



Source: Venezuelan Maritime Report 2020

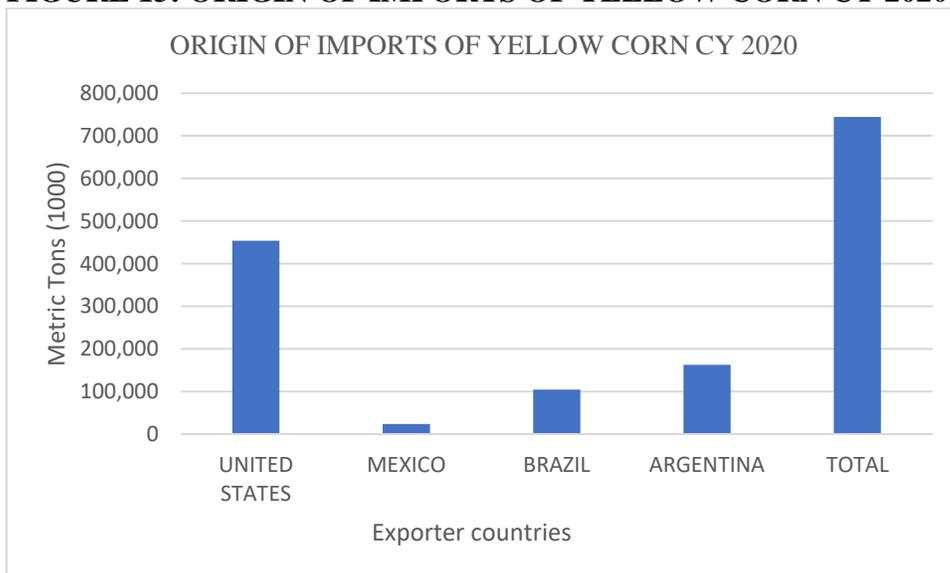
Figures 10 and 11 demonstrate the Maduro regime’s mid-2019 decision to allow the private sector to import due to lack of government capacity to import directly. This trend persists in the current year. The graphs below showcase the main origins of yellow and white corn imports into Venezuela in CY 2020.

FIGURE 12: ORIGIN OF IMPORTS OF WHITE CORN CY 2020



Source: Venezuelan Maritime Report 2020

FIGURE 13: ORIGIN OF IMPORTS OF YELLOW CORN CY 2020



Source: Venezuelan Maritime Report 2020

Policy:

No new policy has been established since last year. The current seed law expressly prohibits the production, use, and marketing of genetically modified organisms (GMOs). The law establishes the creation of a National Seed Center and prohibits GMO-linked research, which will require express authorization from the National Seed Center.

Corn: Production Supply and Demand Estimates

Corn	2019/2020		2020/2021		2021/2022		
Market Begin Year	Oct 2019		Oct 2020		Oct 2021		
Venezuela	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
							(Units)
Area Harvested	150	150	130	158	0	158	(1000 HA)
Beginning Stocks	50	50	158	158	0	58	(1000 MT)
Production	450	450	390	500	0	505	(1000 MT)
MY Imports	1308	1308	1000	1200	0	1200	(1000 MT)
TY Imports	1308	1308	1000	1200	0	1200	(1000 MT)
TY Imp. from U.S.	469	469	0	0	0	0	(1000 MT)
Total Supply	1808	1808	1548	1858	0	1763	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	(1000 MT)
Feed and Residual	550	550	400	800	0	710	(1000 MT)
FSI Consumption	1100	1100	1000	900	0	1000	(1000 MT)
Total Consumption	1650	1650	1400	1800	0	1710	(1000 MT)
Ending Stocks	158	158	148	58	0	53	(1000 MT)
Total Distribution	1808	1808	1548	1858	0	1763	(1000 MT)
Yield	3	3	3	3.1646	0	3.2	(MT/HA)
TS=TD	0	0	0	0	0	0	
Post Notes							

Attachments:

No Attachments