

Required Report: Required - Public Distribution

Date: February 20,2020

Report Number: VE2019-0007

Report Name: Retail Foods

Country: Venezuela

Post: Caracas

Report Category: Retail Foods

Prepared By: [Click here to enter text.](#)

Approved By: Bret Tate

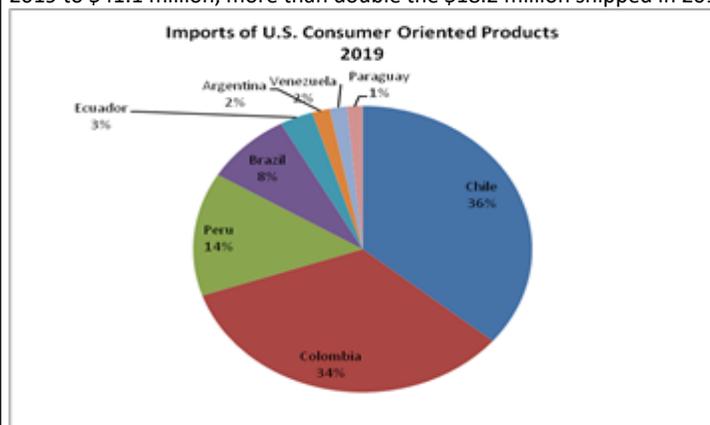
Report Highlights:

An ongoing, severe economic and political crisis in the country has led to hyperinflation and contributed to falling U.S. agricultural product exports. U.S. food and agriculture exports to Venezuela, from January to September 2019, were down 66.1 percent to \$103 million, as compared to the same period the previous year. Consumer-oriented product exports from the U.S., however, more than doubled from \$13.7 million during the first nine months of 2018 to \$28.3 million in the same time period in 2019, an increase of 106.4 percent. This remarkable increase seems to be driven by a new kind of retail outlet, known as the “Bodegon”. This type of stores offers imported food products to high-end consumers, frequently operating entirely in foreign currency.

Market Fact Sheet: Venezuela

Executive Summary: : Venezuela is currently the seventh largest destination for U.S. agricultural exports in South America, followed by Uruguay and Paraguay. In calendar year 2018, U.S. agricultural exports to Venezuela were valued at \$ 373.5 million, compared to \$1.56 billion in 2013. In 2019 U.S. agricultural exports to Venezuela reached only \$173.6 million. Trade in U.S. agricultural products to Venezuela has decreased due to a severe economic crisis, which has led to six-digit hyperinflation.

Imports of Consumer-Oriented Products: Venezuela’s total imports of consumer-oriented products has surprisingly increased 125.9 percent in 2019 to \$41.1 million, more than double the \$18.2 million shipped in 2018.



Food Processing Industry: Venezuela imports raw materials and ingredients for food processing, although these imports decreased significantly in 2019. The United States offers consistent and high-quality ingredients for the food processing industry.

Food Retail Industry: The Venezuelan retail food industry is divided into two different sub-sectors: private and public. For the private sector, major supermarkets include chain stores that offer a comparable standard to U.S. supermarket retailers. Most of the major domestic supermarket chains belong to the Venezuelan National Supermarket Association (Spanish acronym: ANSA), except for three new chains that have opened 11 new stores. Currently, there are about 5,884 supermarkets and 98,307 traditional shops (*bodegas*). Traditional stores dominate retail sales in the predominantly middle and low-income neighborhoods. A new kind of retailer, called a *Bodegon*, has also emerged in Venezuela. These shops are like a grocery store in terms of size, although many are increasing to supermarket size. *Bodegones* offer only items from abroad, especially consumer-oriented products imported from the United States and Europe. These products are offered in U.S. dollars but can be paid in Bolivars at the exchange rate of the day. In terms of the public sector, the Government of Venezuela imports foods through CUSPAL, which is a business unit dependent on the Ministry of Agriculture and Lands (MinPPAL). This unit manages all public food production and distribution networks.

Quick Facts 2019

Imports of Consumer–Oriented Products (US million): \$41.1

Top U.S. Consumer Oriented Products in Venezuela:

- Prepared Food
- Meat products NESOI
- Dairy Products
- Poultry Meat & Prods. (ex. eggs)
- Snack Foods NESOI
- Dog & Cat Food
- Chocolate & Cocoa Products
- Tree Nuts
- Wine & Beer
- Fresh Vegetables

Processed Foods Sector

Venezuela exports to the world: approx. \$800 million*
 Venezuela imports from the world: approx. \$2.5 billion*
 Venezuelan exports to the U.S.: \$3.9 million (Jan to Sep)

*No official numbers available. Estimates from CAVIDEA (Venezuelan Food Chamber)

Top 5 Traditional Retailers

COMPANY	Number of Stores
Central Madeirense	57
Dia a Dia Practimercados	36
Makro	35
Unicasa	30
Excelsior Gamma	26

GDP/Population

2019 Population (millions): 28.6 (2020 estimate)
 Net Migration Rate (#/1000) -3.4 (estimate)
 2017 GDP (USD): 210.1 billion (estimate)
 2019 GDP per capita (USD): 2,548

Data and Information Sources: Global Agricultural Trade System, International Monetary Fund , VAU Bogota, Venezuelan Food Chamber, CIA Factbook

SECTION I: MARKET SUMMARY

U.S. agricultural product exports to Venezuela averaged \$1.4 billion per year from 2010-2014. In 2013, Venezuela was the second largest destination for U.S. agricultural product exports to Latin America with trade values reaching \$1.5 billion. The precipitous slide in U.S. agricultural product exports began in 2015 as low oil prices decreased government revenues, diminishing foreign exchange to import goods. This was the fourth straight year that U.S. agricultural exports fell below \$1 billion. In 2018, the value of U.S. agricultural product exports to Venezuela fell around 6.4 percent from 2017's \$399.3 million, which was the lowest value of trade in over a decade. This trend has continued during the current year. In 2019, the total value of U.S. agricultural product exports to Venezuela was \$173.6 million.

Despite the overall drop, Venezuela's total imports of consumer-oriented products increased 126 percent in 2019 to \$41.1 million, more than double the \$18.2 million imported in 2018. This increase corresponds to the emergence of *bodegones*, a new kind of retailer offering imported consumer-oriented products.

These food stores, similar to mini markets or grocery stores in size but with a wide variety of imported products, are expanding rapidly in number. They offer mostly imported consumer-oriented products and other products that consumers often cannot find in traditional supermarkets. These imported products are usually priced higher than the same product foreign countries. The number of *bodegones* in the country is unknown, as they are not affiliated to any food chamber or association. Some *bodegones* are virtual and only exist through online platforms. These stores offer their products mainly in U.S. dollars, but accept payment in Euros, or occasionally local currency at the U.S. dollar exchange rate of the day.

In terms of the public sector, until recently, the Government of Venezuela was the sole importer of food and agricultural products through the Food and Productive Services Corporation (Spanish acronym: CUSPAL), which is a business unit dependent on the Ministry of Agriculture and Lands (MinPPAL). This unit still manages all public food production and distribution networks. There are currently no public supermarket chains. The government-owned supermarket chain, Abastos Bicentenario, has now become Tiendas CLAP, a private supermarket.

The Venezuelan Government tries to satisfy food supply through a combination of public sector salary increases, food tickets, and direct subsidies (CLAP Boxes); however, these programs are unable to meet the country's demand.

Local food production is not keeping up with domestic demand, which forces Venezuela to remain dependent on continuous imports of foods and other essential goods. Even the products included in the subsidized food ration boxes are imported.

Table 1: Advantages and Challenges for U.S. Exporters

Advantages	Challenges
<ul style="list-style-type: none">• The private sector can now freely import food products from their preferred origin and seller.• Venezuelan consumers consider U.S. products to be high quality.• Consumers are well aware of U.S. brands and products.• A growing number of <i>bodegones</i> (independent mini markets or grocery stores) are selling imported products only.• Local retailers see U.S. suppliers as a reliable source in terms of volume, standards and quality.• U.S. culture is a heavy influence through the media, and Venezuelans are open to ready-to-cook, and ready-to-eat imported food products.• United States' franchises remain popular. Despite the economic crisis, traditional U.S. franchises are surviving in Venezuela.• Venezuelan economy is increasingly dollarized, and the U.S. dollar is freely circulating in the country.	<ul style="list-style-type: none">• Sanctions imposed on the Venezuelan government limit imports and access to hard currency and international credit.• Imported products are expensive for most consumers, who are very price-sensitive.• Some countries, especially middle eastern countries, have trade agreements with Venezuela giving them preferential duties for some products, or receiving payments in petroleum.• It may be difficult to obtain import permits and food registration numbers for some products.• Food sales increasingly fall as the low purchasing power of the Venezuelan population persists, despite a recent increase in the minimum wage.• Hyperinflation• Private consumption declined 53 percent in five years (2013 to 2018) and could further drop.

SECTION II: CHECK LIST FOR MARKET ENTRY

U.S. exporters normally ship their products to distributors that import, stock, and deliver to the retail distribution centers or individual stores. The Venezuelan private sector can now freely import food products from their preferred origin and seller. In the case of *bodegones*, these stores import and bring their products from the United States through courier companies or consolidators in a “door to door” fashion.

Previously, only the government-owned Cuspal was permitted to import food and agricultural products. These restrictions have recently been lifted.

Further information on import procedures, duties, and custom fees are available in the Venezuelan Food and Agricultural Importer Regulations (FAIRS) Report, available at <https://gain.fas.usda.gov>. Additional information is available from the FAS Office of Agricultural Affairs in Bogota, Colombia.

Entry Strategy

- U.S. exporters can approach Venezuelan buyers through a large importer, wholesaler/distributor, or through a specialized/independent importer. Regardless of the strategy, most U.S. exporters need a local partner to update them on product registration procedures, business practices, and consumer trends and developments.
- Wholesalers/distributors and importers play an important role for Venezuela’s supermarket retailers. Although some supermarkets have tried to import through consolidators, the bulk of supplies come from local agents or importers. Large supermarket retailers are more likely to import directly from U.S. suppliers.
- In the case of *bodegones*, who normally offer consumer-oriented products, the store owner or a

representative usually travels abroad to purchase large amounts of products. The products are then shipped from the United States, or from their preferred origin, through courier companies. Some also manage their food product orders through foreign retailers' web pages and receive them in country through similar shipping arrangements.

- Working with local importers remains necessary when selling U.S. food exports to Venezuela's traditional convenience stores or traditional retail outlets, because of their understanding of the local market.

Major Retailers in Venezuela

The Venezuelan supermarket sector has slightly increased in number, with the opening of three new supermarket chains outside of Caracas.

Table 2: Primary Venezuelan Food Retailers *

Type	Retailer	Outlets	Website
Supermarket and hypermarket	Central Madeirense	57	http://www.centralmadeirense.com.ve
Supermarket and hypermarket	Excelsior Gamma	26	http://www.excelsiorgamma.com
Supermarket and hypermarket	Plan Suarez	8	http://www.plansuarez.com.ve
Supermarket and hypermarket	Rattan Margarita	7	http://www.rattanmargarita.com
Hypermarket	Makro	35	https://www.makro.com.ve
Hypermarket	El Nuevo Mercado	1	n/a
Hypermarket	Euromercado	1	n/a
Hypermarket	San Diego	19	n/a
Hypermarket	Garzon	5	n/a
Hypermarket	Jumbo Maracay	1	n/a
Hypermarket	Telemundo	1	n/a
Hypermarket	Kromi Market	1	n/a
Hypermarket	La Franco Italiana	1	n/a
Hypermarket	Lhau	2	n/a
Hypermarket	Merkapark	1	n/a
Hypermarket	Santo Tome	1	n/a

Hypermarket	De Candido	16	https://www.decandido.com
Hypermarket	Hyper Mercado Modelo	1	n/a
Hypermarket	Hipermercado Yuan Lin	1	n/a
Supermarket	RIO Supermarket NEW	3	n/a
Supermarket	Supermercados Unimarket NEW	4	n/a
Supermarket	Bio Mercados NEW	4	https://www.biomercados.com.ve
Supermarket	Dia A Dia Practimercados	36	https://www.diadia.com.ve
Supermarket	Tiendas Clap	n/a	No data available – previously gov't owned.
Supermarket	Plaza's	17	https://www.elplazas.com
Supermarket	Supremo	8	n/a
Supermarket	Luvebras	6	https://www.luvebras.com.ve
Supermarket	El Patio	2	https://www.elpatio.com.ve
Supermarket	Automercado Cosmos Frontera	5	n/a
Supermarket	Super Enne 2000 72, C.A.	4	n/a
Supermarket	Luz	4	n/a
Supermarket	San Tome	3	n/a
Supermarket	Mercatradona	2	n/a
Supermarket	Sigo	7	https://www.sigo.com.ve
Supermarket	Supermercado Francis li	3	n/a
Supermarket	Licarch	2	n/a
Supermarket	Los Campitos	2	n/a
Supermarket	Rey David	4	https://www.kingdaviddelicatesses.com
Supermarket	El Diamante	2	n/a
Supermarket	La Paz	2	n/a
Supermarket	Super Lider	7	n/a
Supermarket	Comercial Reyes, C.A.	12	n/a

Supermarket	Super Lider Cagua C.A.	7	<u>n/a</u>
Supermarket	Supermercado Caracas	4	<u>n/a</u>
Supermarket	Alimentos Fm, C.A.	3	<u>n/a</u>
Supermarket	Merca Facilautomercado	3	<u>n/a</u>
Supermarket	Nasa Nacional De Alimentos	3	<u>n/a</u>
Supermarket	Super Mart C.A.	3	<u>n/a</u>
Supermarket	Supermercado Baratta	2	<u>n/a</u>
Supermarket	Automercado Klasse	2	<u>n/a</u>
Supermarket	Mi Negocio Supermercados	2	<u>n/a</u>
Supermarket	Supermercado Popular Valencia	1	<u>n/a</u>
Supermarket	Automercados Super Rey	1	<u>n/a</u>
Supermarket	Supermercados Sta Maria Cachamay	1	<u>n/a</u>
Supermarket	Supermercado Morichal	1	<u>n/a</u>
Supermarket	Automercado Morelli	1	<u>n/a</u>
Supermarket	Supermercado Gomez C.A.	1	<u>n/a</u>
Supermarket	Supermercado Sta Maria	1	<u>n/a</u>
Supermarket	Gran Mercado Florestan	1	<u>n/a</u>
Supermarket	Supermercado El Competente li	1	<u>n/a</u>
Supermarket	Supermercado Premium	1	<u>n/a</u>
Supermarket	Automercados Sta Paula	1	<u>n/a</u>
Supermarket	Automercados Sta Rosa De Lima	1	<u>n/a</u>
Supermarket	X-Tra Automercados	1	<u>n/a</u>
Supermarket	Supermercado 3 De Septiembre	1	<u>n/a</u>

Supermarket	Junior Viveres C.A.	1	<u>n/a</u>
Supermarket	Automercados El Barquero	1	<u>n/a</u>

Source: ANSA 2019 and author's research

*The table above does not include Bodegones

SECTION III: COMPETITION

Local producers used to be the main suppliers of consumer-oriented products. Venezuela, until recently, had a relatively strong food processing industry. Leading Venezuelan brands had good distribution networks, were well positioned in the market, and enjoyed high brand awareness with consumers. Some of these companies include Empresas Polar (rice, corn flour, beverages, beer, pasta, mayonnaise, vegetable oils, ice cream among others), Alfonzo Rivas & CIA (cereals, condiments, and canned foods), Pastas Capri, Pastas Sindoni, Monaca and Mocasa. There are other companies distributing sauces, dairy products, confectionery, snacks, processed fruits and grains. There are also several multinational producers and importers in Venezuela, including Kraft-Heinz, Frito Lay-Pepsico, Nestlé, Bimbo, and Cargill. Competition among importers depends on product category. Currently, Venezuela mainly imports processed-food products from other countries, such as Mexico, Turkey and China. The United States is gaining significant market share of consumer-oriented products in the current year.

Table 3: Top 10 Venezuelan Imports of Consumer Oriented Products from the United States

Product Category	2018 (million dollars)	2019 (million dollars)	2018 – 2019 % of Change
Consumer Oriented Agricultural Total	18.2	41.1	125.9
Prepared Foods	10.2	20.1	97.4
Dairy Products	1.7	3.0	79.8
Meat Products NESOI	0.8	4.8	487.3
Tree Nuts	0.1	0.1	80.8
Poultry Meat & Prods. (ex. Eggs)	1.5	2.2	51.6
Wine & Beer	0.1	0.5	300.1
Snack Products (NESOI)	0.3	1.5	381.0
Breakfast Cereals	0.1	0.7	359.1
Fresh Vegetables	0.4	2.3	457.1
Dog & Cat Food	0.1	0.8	464.0

Source: BICO

As shown in Table 3 above, Venezuela's total imports of consumer-oriented products increased 125.9 percent in 2019, reaching \$ 41.1 million, more than double the \$18.2 million in 2018.

SECTION IV: BEST PRODUCT PROSPECTS

U.S. Agricultural Product Market Potential

The short-term outlook appears bleak in most sectors. However, there may be opportunities for investors in certain niche sectors. U.S. companies benefit from established commercial ties between the two countries including strong consumer preference for U.S. products, preference for U.S. technologies, and the long tradition of U.S. trade with Venezuela. Almost fifty percent of consumer products and intermediate goods consumed in Venezuela are imported. The United States enjoys geographic proximity to Venezuela, and much shorter shipping times (three to five days) compared to other suppliers.

The following products categories represent the major export opportunities and some emerging opportunities for U.S. food products to Venezuela.

Table 4: Opportunities for U.S. Exports

Bulk Commodities	Intermediate Products	Consumer-Oriented
Wheat	Soybean meal	Prepared Food
Corn	Feeds & Fodders NESOI	Meat products NESOI
Rice	Planting Seeds	Dairy Products
Cotton	Sugars and sweeteners	Poultry Meat & Prods. (ex. eggs)
	Soybean oil	Snack Foods NESOI
	Vegetable Oils (ex. soybean)	Dog & Cat Food
		Chocolate & Cocoa Products
		Tree Nuts
		Wine & Beer
		Fresh Vegetables

On August 14, 2018, the Government of Venezuela temporarily eliminated import tariffs for food products, agricultural products and raw materials. While the initial tariff removal was temporary, it is unknown when it will be revoked. The decree with the specifications and the products involved was published in the official gazette number 6393, available online: www.conapri.org/wp-content/uploads/2018/08/Gaceta-Oficial-Extraordinaria-6393.pdf

Top consumer-oriented products imported from the world

- Rice
- Pasta
- Food preparations for infants
- Alcoholic and Nonalcoholic Beverages
- Milk and cream in powder, concentrated, not sweetened and sweetened
- Soybean meal
- Pulses or beans
- Corn Flour
- Sauces
- Breakfast Cereals
- Processed Vegetables
- Refined Sugar
- Canned Tuna

Top consumer-oriented products currently imported from the United States

- Prepared Food
- Meat products NESOI
- Dairy Products
- Poultry Meat & Prods. (ex. eggs)
- Snack Foods NESOI
- Dog & Cat Food
- Chocolate & Cocoa Products
- Tree Nuts
- Fresh Vegetables
- Wine & Beer

SECTION V: POST CONTACT AND FURTHER INFORMATION

RELATED REPORTS

Additional reporting is available at: <http://gain.fas.usda.gov>

POST CONTACT INFORMATION

U.S. Department of Agriculture

Office of Agricultural Affairs/ American Embassy
Calle F con Calle Suapure, Colinas de Valle Arriba
Caracas, 1070, Venezuela

Tel: +58 (212) 907-8333/ 907-8529

Fax: +58 (212) 907-8542

-Temporarily closed-

For more information, please contact the Office of Agricultural Affairs in Bogota, Colombia at agbogota@fas.usda.gov

U.S. Department of Agriculture and VAU (Venezuelan Affairs Unit)

Office of Agricultural Affairs/ American Embassy

Cl. 24 Bis #48-50, barrio, Bogotá, Colombia

Bogotá, Colombia

Tel: +57 (1) 275-2000

Venezuelan-American Chamber of Industry & Commerce (Spanish acronym: VENAMCHAM)

2da.Av. de Campo Alegre, Torre Credival, Piso 10, Oficina A,

Caracas 1060, Venezuela

Tel: +58 (212) 263-0833/267-20-76/64-81

Fax: +58 (212) 263-20-60

<http://www.venamcham.org.ve>

National Association of Supermarkets (Spanish acronym: ANSA)

Av. Principal de los Ruices

Centro Empresarial Los Ruices, Piso 1, Ofic. 116

Caracas 1071, Venezuela

Tel: +58 (212) 234-4490 / 235-7558

Fax: +58 (212) 238-0308

<http://www.ansa.com.ve>

Venezuelan Food Industry Chamber (Spanish acronym: CAVIDEA)

Av. Principal de Los Ruices

Centro Empresarial Piso 5, Of. 510 Los Ruices

Caracas, Venezuela

Tel: +58 (212) 239-9818/0918

Fax: +58 (212) 238-3268

<http://www.cavidea.org.ve>

Venezuelan Chamber of Franchises (in Spanish: Profranquicia)

3ra. Transversal de Altamira con Avdas. Luis Roche y Juan Bosco,

Oficentro Neur, Ofc. 4

Caracas, Venezuela

Tel: +58 (212) 266-8494/261-8613

Fax: +58 (212) 261-9620

www.profranquicias.com

Ministerio del Poder Popular para la Alimentación - MINPPAL

Av. Andrés Bello - Edificio "Las Fundaciones"

Municipio Libertador, Caracas

Tel: +58 (212) 577-0257 / 395-7474

Fax: +58 (212) 578-2647

<http://www.minppal.gob.ve>

oirp@minal.gob.ve

Attachments:

No Attachments