



सत्यमेव जयते

Economic Diplomacy & States Division

Ministry of External Affairs

A SURVEY ABOUT COMMERCIAL ASPECTS OF THE IMPORTATION OF TEA AND THE COMMERCIAL INVESTMENT OPPORTUNITIES IN VENEZUELA.



EMBASSY OF INDIA, CARACAS | 2019



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THE BOLIVARIAN REPUBLIC OF VENEZUELA



The Bolivarian Republic of Venezuela is a sovereign and independent political organization, constituted under a republican and democratic model, characterized by principles of justice and equality; and is a stable union of states which exercise various constitutional powers together with central government.

The established form of government is a federation, and is exercised according to established Popular Powers in the national Constitution for each branch of the Public Popular Power; the relationship between the nation's states is ruled by principles of unity, autonomy, hierarchy and participation. This form of government is undertaken through the administration of public finances and the execution of all established legal instruments for compliance with the law.

Public Popular Power, according to the constitution of the Bolivarian Republic of Venezuela, is distributed among Municipal Popular Power, State Popular Power and National Popular Power. National Public Power is divided into Legislative, Executive, Judicial, Citizen and Electoral, while the State and Municipal Public Popular Powers are divided into Legislative, Executive and Citizen, the latter represented by the statutory or municipal comptroller.

Geographical characteristics

Location

The Bolivarian Republic of Venezuela is located at 12° 11' 46" North latitude, 0° 38' 53" South latitude, 59° 47' 30" East longitude and 73° 23' 00" West latitude. East-West width is 1,493 km and North-South depth is 1,271 km. Venezuela has a continental and insular surface of 916,445 km², and a continental platform of 98,500 km² with 4,006 km of northern coastline.

Physical geography

The territory enjoys a temperate climate, typical of a tropical region, although due to its characteristics the territory is divided into approximately 9 natural regions. These regions are differentiated by climates that vary from dry to rainy, depending on the location. In general terms, the average temperature of the territory is 28° C.

Political geography

On the Bolivarian Republic of Venezuela's northern borders are the island territories of the United States of America (Puerto Rico and the US Virgin Islands), the Kingdom of the Netherlands (Aruba, Curacao and the Dutch Caribbean), the Dominican Republic, France (Guadeloupe and Martinique), and Trinidad and Tobago. Delimitation of part of the border with Colombia (430 km), the islands of San Cristóbal and Nieves (80 km), the United Kingdom (Montserrat) (45 km), Dominica (80 km), Saint Lucia (10 km), Saint Vincent and the Grenadines (90 km) and Granada (300 km) is pending.

With respect to borders, Venezuela has 2,199 km with the Federative Republic of Brazil to the south, 743 km (subject to change by claim) with the Cooperative Republic of Guyana to the east, and 2,219 km with the Republic of Colombia to the west.

The territory is divided into 23 Federal Entities, organized into 335 Municipalities and 1136 parishes. Also there are the Capital District, 89 Federal Dependencies, and 2 Federal Territories (Amazonas and Delta Amacuro), these being special political divisions.

Demographic characteristics

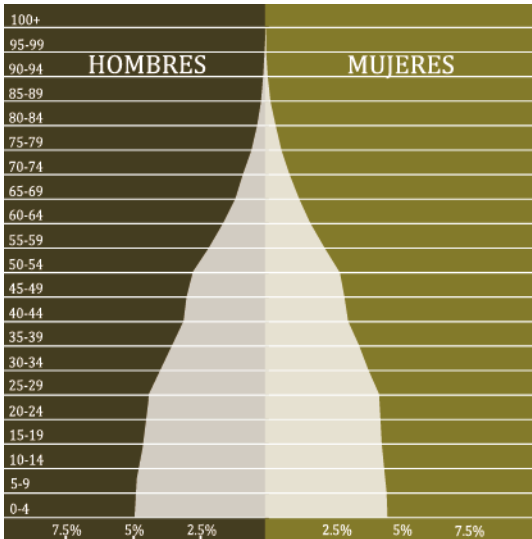
Structural

The Bolivarian Republic of Venezuela has a population of 31,828,110 people: 15,995,432 are men and 15,832,678 are women. The life expectancy of Venezuelans is 74.1 years with a birth rate of 20.1 births per 1000 inhabitants, and a mortality rate of 8.9 neonates per thousand live births.

Dynamics

The expectation of schooling is 14.2 years per capita, with an average schooling of 8.9 years and a public expenditure on education of 6.9% of GDP. The employment rate after 15 years of age is 60.2%, with a labor force participation rate of 51.1% for women and 79.2% for men.

BOLIVARIAN REPUBLIC OF VENEZUELA MAIN SOCIAL AND ECONOMIC INDICATORS

INDICATOR	VALUE	LAST RECORDED YEAR	VARIATION WITH RESPECT TO THE PREVIOUS YEAR
GOVERNMENT			
Government Budget (% GDP)	-20%	DEC/2017	-3%
UNEMPLOYMENT			
Employment rate	9.2%	DEC/2017	2%
Employed people	13.098.081	APR/2016	-29.563
Unemployed people	1.035.238	APR/2016	34.295
Minimum monthly salary	1.800Bs.S	SEP/2018	1750
Minimum integral salary	1.800Bs.S	SEP/2018	1750
Population (Total persons)	31.828.110	SEP/2018	410.000
Population pyramid	 <p style="text-align: center;">MEN WOMEN</p>		
Employment rate	90.8%	DEC/2017	-2%
TAXES			
Corporate tax rate	34%	DEC/2015	0%
Tax rate (Personal Income)	34%	DEC/2018	0%
Sales Tax rate	16%	SEP/2018	0%
Social Security rate	24.5%	DEC/2018	0%
Companies Social Security Rate	19%	DEC/2018	0%
Employees Social Security Rate	5.5%	DEC/2018	0%

CONSUMER			
Consumer confidence	57 points	MAR/2018	-3 points
Retail sales (Annual variation)	-2.22%	SEP/2013	-1,98%
Consumer expenses (Bs.F millions)	3000BsS.	JUL/2018	170
Private sector credit (Bs.F millions)	5.450.284 Bs.F	JAN/2018	No data available
BUSINESS			
Industrial Production	0,81%	SEP/2013	-2,91%
Competitiveness index	3.30 points	DEC/2018	-0.01 points
Competitiveness Ranking (position)	127	DEC/2018	+1
Ease to do business (position)	188	DEC/2017	+2
Variation of inventories (Bs.F millions)	1.477	SEP/2015	1.149
MONEY			
Interest rate	20.81%	JUN/2018	-1%
Banking Balance (Bs.F. millions)	228.355.071 BsF.	JAN/2018	-
Foreign Exchange Reserves (US\$ millions)	8.457	JUN/2018	-4.300
Central Bank Balance (Bs.F. millions)	272.718.576 BsF.	JAN/2018	-
PRICES			
Inflation rate (Monthly average)	125%	JUL/2018	-
Consumer price index (CPI)	2.146 points	DEC/2015	1.646 points
Inflation on food	315%	DEC/2015	240%
Transportation (CPI)	1.995 points	DEC/2015	1.395 points
Underlying inflation	60.3%	DEC/2013	40%
Underlying consumer price index	594.30 points	DEC/2013	274.3 points
Inflation rate	82.766%	DEC/2015	128%
ECONOMIC GROWTH			
GDP growth rate	-13.2 %%	DEC/2017	-
Annual GDP growth rate	-7.1%	SEP/2015	-1.7%

GDP (US\$ billions)	365	DEC/2017	371
GDP per cápita (US\$)	10.888	DEC/2017	-1.166
COMMERCE			
Balance of trade (US\$ millions)	-782	SEP/2015	No data available
Exports (US\$ millions)	8.483	SEP/2015	-12.297
Imports (US\$ millions)	9.576	SEP/2015	961
Foreign direct investment (US\$ millions)	-558	SEP/2015	-788
Source: Tradingeconomics. International Monetary Fund World Bank			

VENEZUELAN MACROECONOMIC SITUATION

Attractiveness

The Venezuelan market constitutes 31 million inhabitants. Venezuela has the fifth largest GDP in Latin America, has the largest proven reserves of crude oil in the world and has the eighth rank in worldwide gas reserves. Nevertheless, there is need for renewal the national infrastructure (roads, rails, and ports), industries and machinery.

There are regulations in the country affecting business efficiency, such as exchange controls, which puts the country in the 182th position of world ranking in this category. In terms of the freedom of labor, Venezuela occupies the 181st position in the world ranking and the post-169th worldwide ranking with regard to freedom of business. The Doing Business 2016 classification indicates that the Venezuelan economy posted place number 186 among 189 economies when taking into account aspects such as: operational aspects regarding the opening of a business, dealing with construction permits, getting electricity, registering property, obtaining credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

This economic context has pushed the government to make changes in economic policies, in a search for foreign investments. The government has shown the intention of making the exchange system and the law of illicit exchange more flexible, as well as facilitating the investments of foreign companies in Venezuela.

Profitability

Due to the ongoing economic recession and the hyperinflationary spiral, profitability and profit studies are difficult to project and apply, given the difficulty of comparing annual variations in prices, interests and possibilities of return for each company.

Marketing Channels

In Venezuela there are six commercial ports whose Customs are authorized to import, export and transit, as well as to provide services of transshipment, cabotage and postal packages:

1. - Port of Puerto Cabello: This is Venezuela's main port, located in Carabobo state. It is the sixth largest port in Latin America and the Caribbean. In terms of

capacity, has a total regional foreland of 75%: to United States and Canada (20%), the Caribbean (17%), Colombia and Trinidad (15 %), South America East Coast (10%), Central America (8%) and South America West Coast (3%); the port's foreland to other ports in Venezuela is 15% and to the rest of the world 10%.

2. - Port of La Guaira: An artificial port located in Vargas state. It has a total of 26 docks, some of them are not operational, and its maximum water depth is of 9.7 m.

3. - Port of Guanta: Located in Anzoátegui state, has 6 docks and a maximum water depth of 10.5 m.

4. - Port of Maracaibo: Located in Zulia state, has 12 docks, 8 of them remain operational and have a maximum water depth of 10.97 m.

5. - Port of Sucre-Cumaná: Located in Sucre state, has two floating docks for general cargo and vehicles, its maximum depth water is of 10.4 m.

6. - Port of Guaranao: Located in Falcón state. Currently, this port is operating only for the import of refinery and industrial zone products.

Regional agreements and trade blocs

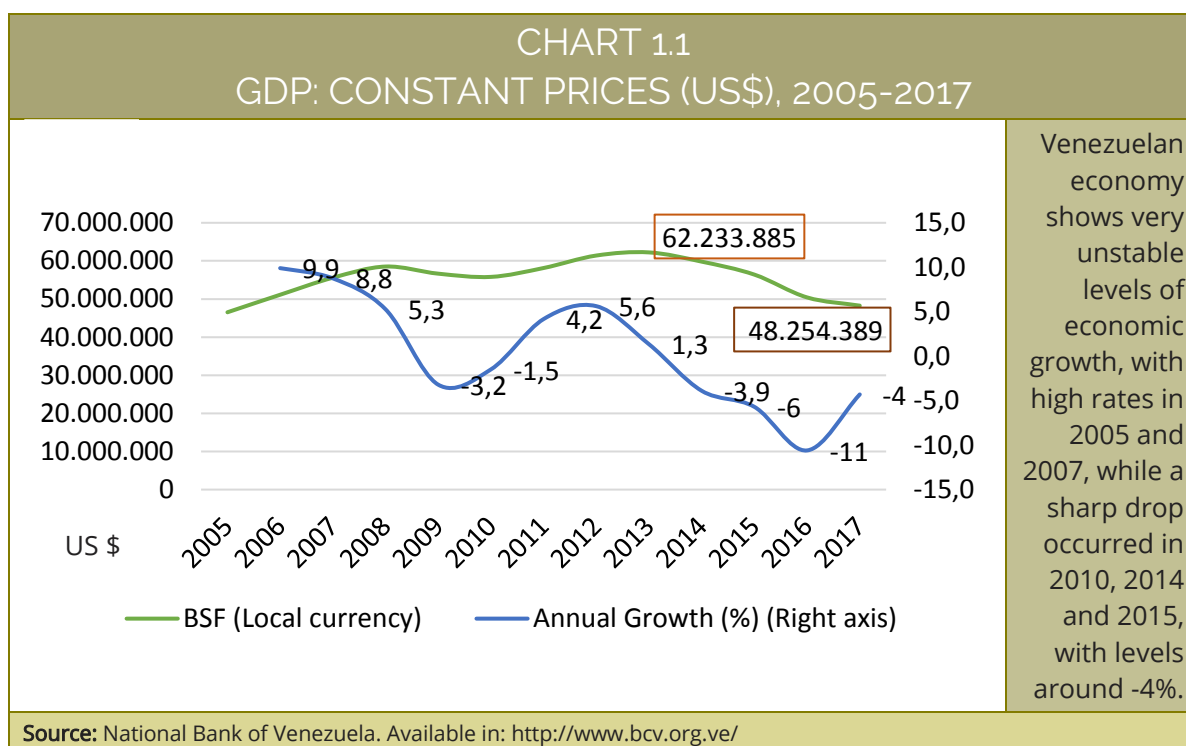
ALADI (Latin American Integration Association): Made up of Argentina, Brazil, Bolivia, Colombia, Chile, Cuba, Ecuador, Uruguay, Mexico, Panama, Paraguay, Peru and Venezuela. Signed a Regional Tariff Preference Agreement, in order to decrease the proportion of ad-valorem duties stipulated by the tariff schedule.

- MERCOSUR (Southern Common Market): Made up of Argentina, Brazil, Uruguay, Paraguay and Venezuela. The total elimination of taxes is agreed through the signing of three agreements: the "Treaty of Asuncion", the "Ouro Prieto Protocol" and the "Olivos Protocol for the settlement of MERCOSUR disputes".

- ALBA-TCP (Bolivarian Alliance for the Peoples of America- Treaty of the Peoples): made up of Venezuela, Cuba, Bolivia, Antigua and Barbuda, Dominica, Ecuador, Granada, Nicaragua, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Suriname, with Haiti, Iran and Syria as observers. This mechanism is based on the use of hedge funds to reduce socioeconomic differences among its member countries.

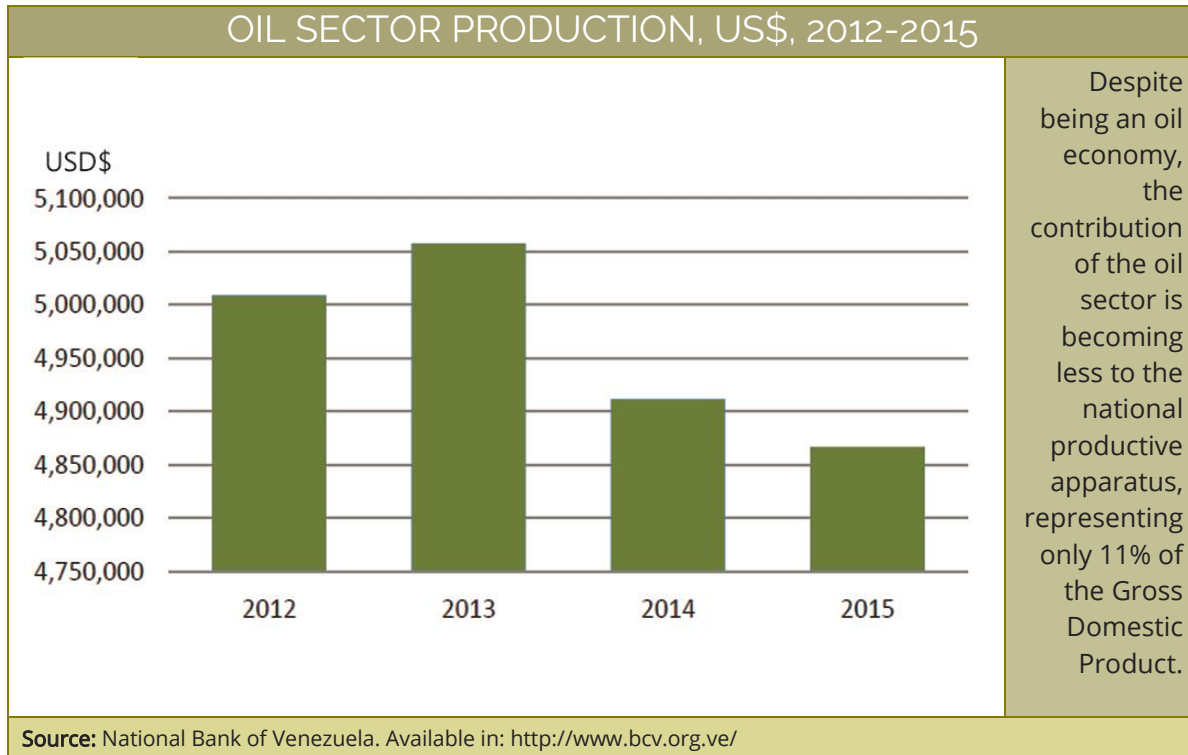
The Economic Situation in Venezuela

According to the data submitted by the National Bank of Venezuela (or Banco Central de Venezuela - BCV), the Venezuelan economy shows very unstable levels of economic growth, with high rates (8% and 10%) in 2005 and 2007, while a sharp drop occurred in 2010, 2014 and 2015, with levels around -4%. (Chart 1.1). By 2017, Venezuela had lived its fourth year of economic recession, and the IMF has estimated negative projections for 2018 and 2019.



Despite being an oil economy, the contribution of the oil sector in the country's economy is decreasing, representing only 11% of the Gross Domestic Product (GDP), which is a worrying situation because this is the only productive sector participating in international trade, and contributing with 98% of income in foreign currency. (Chart 1.2).

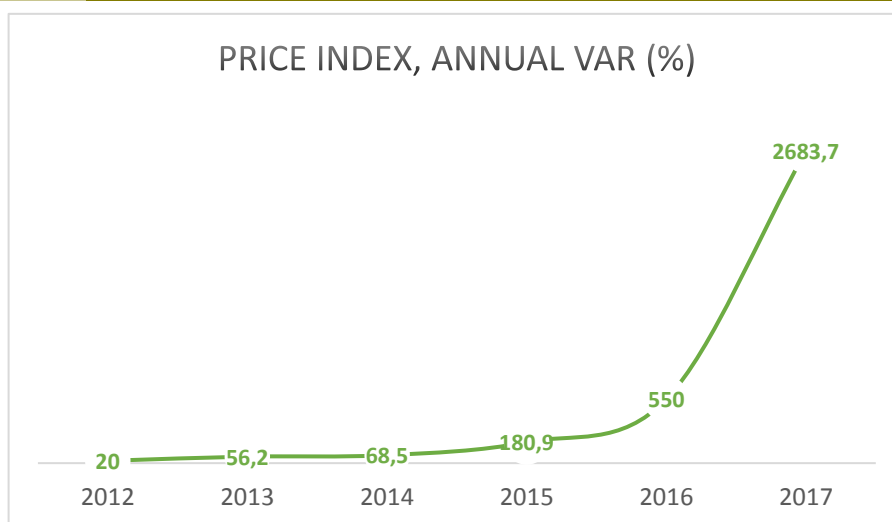
CHART 1.2



The variation of prices is changing exponentially: prices are six times higher in the period between 2012 and 2015. Inflation in 2015 was 200%. Since then, the national price system has entered in a growing curve that shows a hyperinflationary process with variations of more than 50% per month since October 2017. By 2018, inflation is estimated to be at 7 digits, (1,000,000%). In the same period, international reserves have fallen to less than half, reaching levels as low as those of 25 years ago, creating a strong pressure on their external balances. (Chart 1.4).

CHART 1.3

PRICE INDEX, 2012-2017

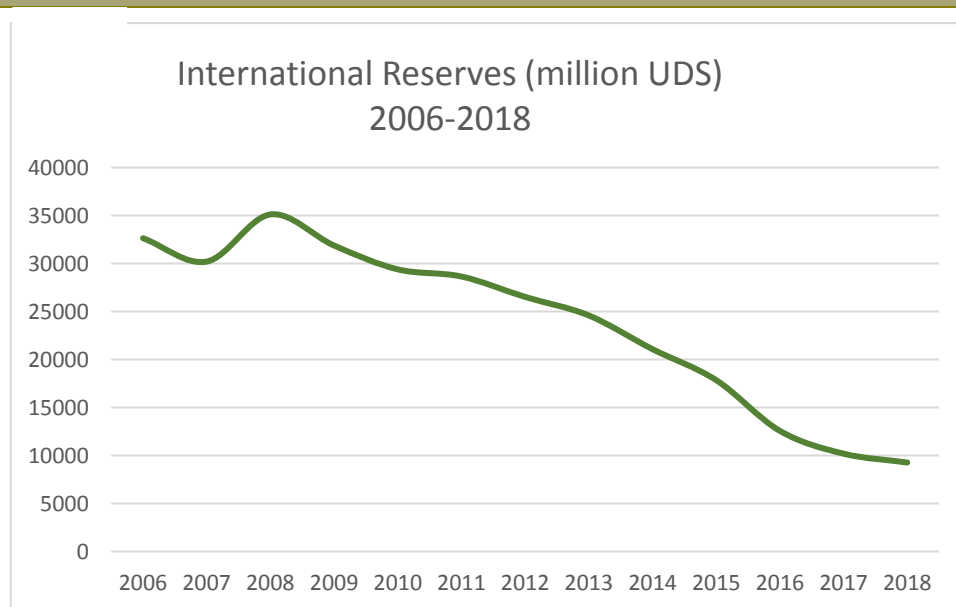


The variation of prices is changing exponentially: prices are six times higher in the period between 2012 and 2015.

Source: National Bank of Venezuela. Available in: <http://www.bcv.org.ve/> National Assembly

CHART 1.4

INTERNATIONAL RESERVES US\$, 2006-2018



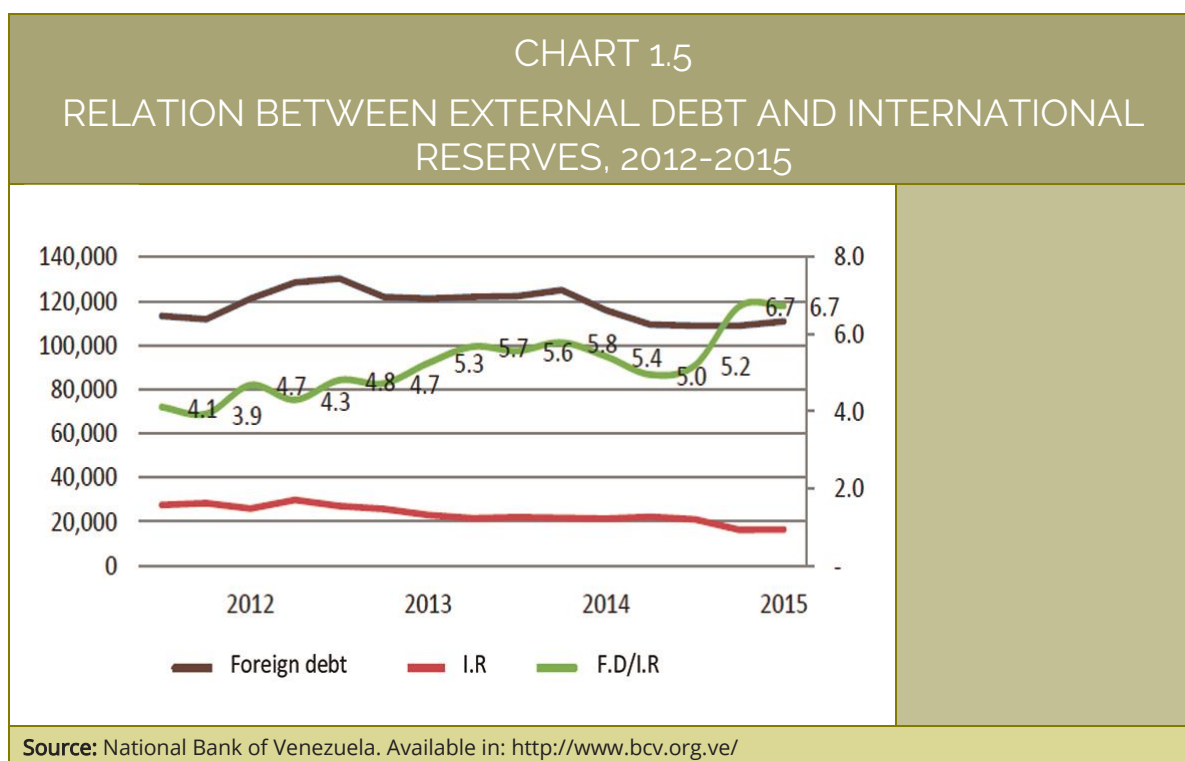
International reserves have fallen to less than half, reaching levels as low as those of 25 years ago

Source: National Bank of Venezuela. Available in: <http://www.bcv.org.ve/>

The growth of external debt adds to the drop in international reserves, makes that the current coverage be less than 10%. That means the amount of the international

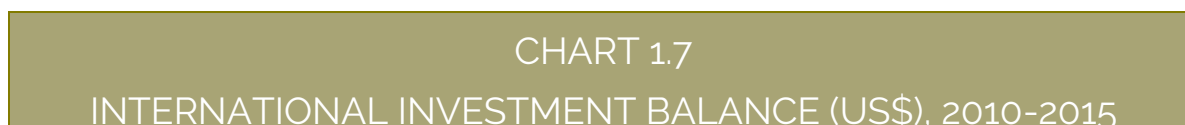
reserves only pays 10% of the total external debt. By the beginning of 2016, the country already had a trade deficit of 24 billion dollars. (Chart 1.5)

Venezuelan external debt is divided in two sectors: the government owes 83%, and the private sector owes the remaining 17%. At the same time, this is related to 25% of short term debts (less than a year) and 75% of long term debts. Public and private commercial credits represent 19% of the external debt, while most are concentrated in bonds and other forms of loans.

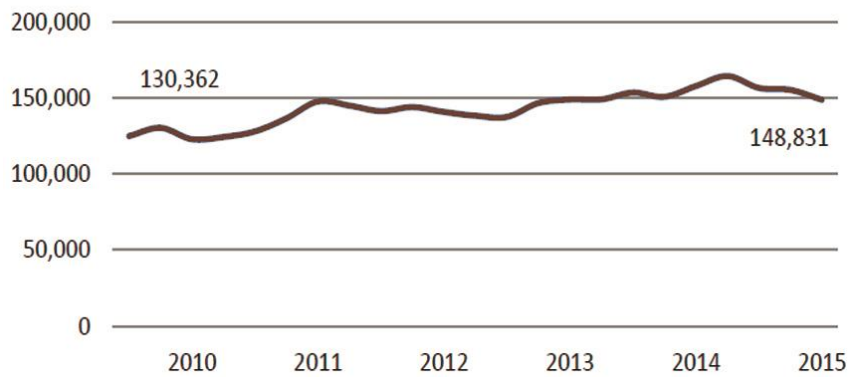


The behavior of the balance of payments has remained negative during the last six years, with the characteristic feature of maintaining positive trade balances, but with capital outflows exceeding this surplus. By 2015, for the first time in 20 years, the quarters have shown negative trade balances, mainly due to the fall in oil prices.

A fall in imports has remained in place over the last six years, due to the same trend of the economic recession that the country is experiencing.



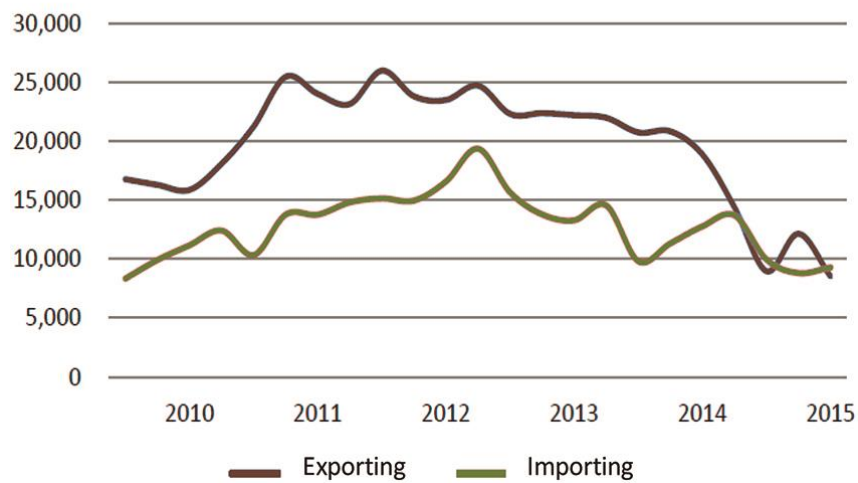
SURPLUS.



Source: National Bank of Venezuela. Available in: <http://www.bcv.org.ve/>

CHART 1.8

TRADE BALANCE, 2010-2015



By 2015, for the first time in 20 years, the quarters have shown a negative trade balance, mainly due to the fall in oil prices.

Source: National Bank of Venezuela. Available in: <http://www.bcv.org.ve/>

The background of the entire page is a repeating pattern of stylized tea leaves. The leaves are drawn with fine, light green lines, showing the veins and serrated edges. They are scattered across the page, with some appearing as single leaves and others as small clusters. The pattern is consistent across both the top and bottom sections of the page.

COMMERCIAL ASPECTS OF THE IMPORTATION OF TEA TO THE BOLIVARIAN REPUBLIC OF VENEZUELA

Initial aspects

We are going to analyze fundamental aspects related to the Venezuelan tea market. To analyze the market, we will take into account some statistical data that could reflect the exchange dynamics of this agricultural item among the main tea importers. This analysis allows India, as a producer and exporter, to focus on markets that may be more attractive in terms of investment or competition.

To develop this study, the Customs Tariff was taken as an analysis indicator, because it establishes, by a detailed classification of each item and product with the possibility of commercialization, the fees that must be paid when the herbal substance and its derivatives are brought into the territory of a country.

The Customs Tariff assigns a code for each item, which is represented by consecutive numbers, being the result of a descending disaggregation of a base number. For this chapter, a level of 4-digit disaggregation is used, in order to include a number of data that allows one to compare, deduce and evaluate the different aspects related to the object of the analysis.

The elements that form the herbal substance called Tea allow one to establish its location in the Customs Tariff, thus corresponding to the following codification:

09	Coffee, tea, mate and spices		
09	02	Tea, whether or not flavoured	
09	02	10	Green tea in immediate packings of ≤ 3 kg
09	02	20	Green tea in immediate packings of > 3 kg
09	02	30	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings of ≤ 3 kg
09	02	40	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings of > 3 kg

Source: International Trade Centre

The statistical data that has been extracted and processed may present a certain error level equivalent to 5%, more or less, which corresponds to omissions or inaccuracies of the official data provided by each reporting State, or they are the result of calculations and/or estimates made by specialized international organizations.

Likewise, the data provided by international organizations that annually record the statistical behavior of the item, correspond to the immediately previous year (2017), because the processing of each data requires a minimum of 6 months to be

reflected by those bodies. If it is not possible to obtain the data corresponding to the year 2017, the last year registered by the data provider body will be displayed.

QUANTITATIVE DATA CONCERNING THE RATES IMPOSED BY VENEZUELA ON THE REPUBLIC OF INDIA FOR THE CONCEPT OF IMPORTATION OF ITEMS 090210 | 090220 | 090230 | 090240 AND ITS SUBITEMS.

Tariff Code	World Average Tariff	Tariff Stablished by Venezuela
090210	16.9%	10%
090220	15.8%	10%
090230	14.4%	10%
090240	13.5%	10%

Source: World Trade Organisation |

Note: Figures established under the principle of Most Favored Nation (MFN)

In the case of non-tariff measures applied by the Bolivarian Republic of Venezuela to imports of Tea from the Republic of India the following tariff measures are applied to the Republic of India for the specific case of tariff items 0902 and its subheadings.

DEFINITION AND TABLE OF NON-TARIFF MEASURES ESTABLISHED BY THE BOLIVARIAN REPUBLIC OF VENEZUELA FOR IMPORTS IDENTIFIED WITH TARIFF 0902 AND ITS SUBITEMS FROM THE REPUBLIC OF INDIA

DEFINITION ACCORDING TO THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT | 2012

A	SANITARY AND PHYTOSANITARY MEASURES
	<p>These are measures applied to protect people and animals lives from the risks resulting from the presence of additives, contaminants, toxins or pathogenic organisms in food products; protect people's lives from diseases spread by plants or animals; protect animals life or preserve plants from pests, diseases and pathogenic organisms; prevent or limit other damages in a country resulting from the entry, establishment or spread of pests; and protect biodiversity. They include measures to protect the health of fish and wildlife, as well as of forests and wild flora.</p> <p>One should take into account that measures to protect the environment (other than</p>

	those described above), consumer interests or animal welfare are not SPM. The measures classified from A1 to A6 are technical regulations; those classified in A8 are their corresponding conformity assessment procedures.	
	A1	PROHIBITIONS/RESTRICTIONS ON IMPORTATION FOR SANITARY AND PHYTOSANITARY REASONS
		Prohibitions and/or restrictions on the importation of final products are classified in this chapter. Restrictions on residue tolerance levels or on the use of certain substances contained in final products are included in the category A2
	A14	REQUIREMENT FOR A SPECIAL AUTHORIZATION FOR SANITARY AND PHYTOSANITARY REASONS
		Importers must obtain authorization, permission or approval from the relevant public body of the country of destination for sanitary or phytosanitary reasons. It is possible that, in order to obtain it, the importer must comply with other related regulations and conformity assessments.
	A15	IMPORTERS REQUIREMENTS FOR REGISTRATION
		Importers must be registered before they can import certain products. Importers may have to meet certain requirements, submit documentation and pay registration fees.
	A2	LIMITS OF TOLERANCE OF RESIDUES AND RESTRICTED USE OF SUBSTANCES
	A21	LIMITS OF TOLERANCE OF RESIDUES OR POLLUTION BY CERTAIN SUBSTANCES (NOT MICROBIOLOGICAL)
		These measures establish maximum residue limits (MRLs) or tolerance limits in food and feed substances, such as fertilizers, pesticides, certain chemicals and metals, which are used in production but are not ingredients. They also establish the maximum levels authorized for non-microbiological contaminants. Measures on microbiological contaminants are included in category A4.
	A8	EVALUATION OF CONFORMITY RELATED TO SANITARY AND PHYTOSANITARY MEASURES
		Obligation to verify that a certain sanitary or phytosanitary condition has been met. Different types of inspection and approval procedures can be used, including sampling procedures, testing and inspection, evaluation, verification and guarantee of compliance, accreditation and approval, etc.
	A81	PRODUCTS REQUIREMENT FOR REGISTRATION
		Requirement to register products in the importing country.
	A83	CERTIFICATION REQUIREMENT
		Certification of compliance with a precise standard. It is demanded by the importing country, although it can be issued by the exporting country or the importing country.

		A84	INSPECTION REQUIREMENT
			Product inspection requirement in the importing country. It can be done by both a public entity and a private entity. It is similar to the test requirement, but this one does not include laboratory tests.
G	FINANCIAL MEASURES		
	Measures to regulate access to foreign exchange for import operations and its cost and establish payment conditions. These measures can increase imports costs as tariff measures do.		
	G3	RULES ON OFFICIAL ALLOCATION CURRENCIES	
		G39	RULES ON OFFICIAL ALLOCATION CURRENCIES, n.e.s.
NON-TARIFF MEASURES ESTABLISHED BY THE BOLIVARIAN REPUBLIC OF VENEZUELA			
Tariff Application		UNCTAD Code	WTO Code
0902 (Applies to the entire subheading)		A14 Animals, products and sub-products. // Vegetal origin products. A15 Animal origin products and agricultural supplies. // Vegetable origin products and agricultural supplies. A83 Medicines, products used for the preparation of pharmaceutical products, natural products for medicinal use. Vegetable origin products and agricultural supplies. Plant origin products and waste A84 Vegetable origin products and waste.	SPS
		G39 Currency administration regime. Document available in the following link.	TBT
090230 / 090240	A21 Food products. A81 Beverages, alcoholic drinks and vinegar.	SPS	
Source: International Trade Centre. United Nations Conference on Trade and Development.			
Note: NST Not specific territory.			

Legal and administrative aspects applied by the Bolivarian Republic of Venezuela to imports of tea coming from the Republic of India

Any economic activity, including the import and export of legal goods, is covered by the Constitution of the Bolivarian Republic of Venezuela in its Article 112, which establishes that:

"All persons may freely engage in the economic activity of their preference, without further limitations than those provided in this Constitution and those established by law, for reasons of human development, safety, health, environmental protection or other social interest. The State shall promote private initiative, guaranteeing the creation and fair distribution of wealth, as well as the production of goods and services that meet population needs of freedom of work, business, commerce, industry, without prejudice to its power to to dictate measures to plan, rationalize and regulate the economy and promote the integral development of the country."

MAIN LEGAL PROVISIONS THAT REGULATE ACTIVITY RELATED TO TEA IN THE BOLIVARIAN REPUBLIC OF VENEZUELA		
Legal Instrument	Publication Date	Official Gazette
Constitution of the Bolivarian Republic of Venezuela. (Article 112) <u>See</u>	December 30 th , 1999	Nº 30.860
Commerce Code <u>See</u>	December 21 st , 1955	Extraordinary Gazette Nº 475
Source: Índice de leyes y decretos vigentes. Ediciones Juan Garay. Available in: www.indiley.com (July 2016).		

For this tariff item, the authority does not require the presentation of special legal clauses, only those established for the import process by the National Integrated Service of Customs and Tax Administration (SENIAT, by its initials in Spanish) that are in the section called non-tariff measures established by the Bolivarian Republic of Venezuela.

Distribution channel for tea coming from the Republic of India.

COMPANIES THAT PROVIDE MARITIME TRANSPORTATION SERVICE FROM THE MAIN MARITIME PORTS IN THE REPUBLIC OF INDIA

APL			
SERVICE AREA	PORT OF CALL:		CONTACT
GLOBAL	India		www.apl.com
	Chennai	Port of Chennai	
	Cochin (Kochi)	Port of Cochin	
	Haldia	Port of Haldia	
	Jawaharlal Nehru	Nhava Sheva	
	Kolkata (Calcutta)	Port of Kolkata	
	Mundra	Port of Mundra	
	Pipavav	Port of Pipavav	
	Tuticorin	Port of Tuticorin	
	Visakhapatnam	Port of Visakhapatnam	
	Venezuela		
	La Guaira	Port of La Guaira	
	Puerto Cabello	Port of Puerto Cabello	

CSAV			
SERVICE AREA	PORT OF CALL:		CONTACT
Global	India		www.csav.com
	Jawaharlal Nehru	Nhava Sheva	
	Venezuela		
	La Guaira	Port of La Guaira	
	Puerto Cabello	Port of Puerto Cabello	

Evergreen Marine Corp.			
SERVICE AREA	PORT OF CALL:		CONTACT
Global	India		www.evergreen-marine.com
	Jawaharlal Nehru	Nhava Sheva	
	Venezuela		

	La Guaira	Port of La Guaira	
	Puerto Cabello	Port of Puerto Cabello	

Hapag-Lloyd			
SERVICE AREA	PORT OF CALL:		CONTACT
GLOBAL	India		www.hapag-lloyd.com
	Jawaharlal Nehru	Nhava Sheva	
	Mundra	Port of Mundra	
	Pipavav	Port of Pipavav	
	Venezuela		
	Guanta	Port of Guanta	
	Puerto Cabello	Port of Puerto Cabello	

Libra			
SERVICE AREA	PORT OF CALL:		CONTACT
Global	India		www.libra.com.br
	Jawaharlal Nehru	Nhava Sheva	
	Mundra	Port of Mundra	
	Venezuela		
	La Guaira	Port of La Guaira	
	Puerto Cabello	Port of Puerto Cabello	

Maersk Line			
SERVICE AREA	PORT OF CALL:		CONTACT
Global	India		www.maerskline.com
	Chennai	Port of Chennai	
	Jawaharlal Nehru	Nhava Sheva	
	Pipavav	Port of Pipavav	
	Venezuela		
	Puerto Cabello	Port of Puerto Cabello	

MOL			
SERVICE AREA	PORT OF CALL:		CONTACT
Global	India		www.molpower.com
	Chennai	Port of Chennai	
	Jawaharlal Nehru	Nhava Sheva	
	Kolkata (Calcutta)	Port of Kolkata	
	Pipavav	Port of Pipavav	
	Visakhapatnam	Port of Visakhapatnam	
	Venezuela		
	Cumana	Port Sucre	
	La Guaira	Port of La Guaira	
	Puerto Cabello	Port of Puerto Cabello	

Source: <http://www.worldportsource.com>

The distribution channel is the way through which the product is distributed to the consumer. This route can be direct or can include a set of intermediaries that make possible the connection between the producer and the consumer.

As a first step, the transfer of the product to another territory implies the use of appropriate means of transportation for this purpose. Commercial practice establishes the maritime route as the suitable one for the transfer of tea, because it allows the transportation of a large quantity of product and its relative cost is less than other means for the transport of cargo.

Next, we show a set of companies that provide service of maritime transportation from the main ports in the Republic of India to the two main ports in Venezuela and the relative cost of the service.

APPROXIMATED COST BY 20 FEET CONTAINER, FOR MARITIME TRANSPORTATION FROM THE MAIN PORTS IN INDIA TO THE PORT OF LA GUAIRA IN VENEZUELA.

State - Location	Port	Approximate cost for each 20-foot container
Chennai	Port of Chennai	\$3,129. ⁸⁴
Kolkata (Calcutta)	Port of Kolkata	\$3,044. ⁸⁸
Pipavav	Port of Pipavav	\$3,240. ⁹⁵
Visakhapatnam	Port of Visakhapatnam	\$3,101. ⁵²
Cochin (Kochi)	Port of Cochin	\$3,590. ⁰⁵
Haldia	Port of Haldia	\$3,158. ¹⁶
Mundra	Port of Mundra	\$3,153. ⁶⁷
Tuticorin	Port of Tuticorin	\$3,299. ¹³

Note: The reflected value is net. Includes insurance | The final value will depend on the conditions of the contract with the transport company and the counterparty. | Calculated using an average price of US\$ 5,000.

Source: <http://www.worldfreightrates.com>

COST APPROXIMATED BY CONTAINER 20 FEET, FOR MARITIME TRANSPORTATION FROM THE MAIN PORTS IN INDIA TO THE PORT OF PUERTO CABELLO

State - Location	Port	Approximate cost for each 20-foot container
Chennai	Port of Chennai	\$3,189. ⁴⁸
Kolkata (Calcutta)	Port of Kolkata	\$3,102. ⁸³
Pipavav	Port of Pipavav	\$3,302. ⁷⁹
Visakhapatnam	Port of Visakhapatnam	\$3,160. ⁶⁰
Cochin (Kochi)	Port of Cochin	\$3,658. ⁸³
Haldia	Port of Haldia	\$3,218. ³⁶
Mundra	Port of Mundra	\$3,213. ⁷⁸
Tuticorin	Port of Tuticorin	\$3,362. ¹³

Note: The reflected value is net. Includes insurance | The final value will depend on the conditions of the contract with the transport company and the counterparty. | Calculated using an average price of US\$ 5,000

Source: <http://www.worldfreightrates.com>

General aspects of the tea market in Venezuela

In general terms Venezuelan consumers prefer coffee as their main beverage rather than yerba mate or tea. Tea is perceived in its original state as a product of exclusive or preferential consumption within the upper social strata, mainly motivated by its nominal value and the exclusivity of places where it can be consumed as an infusion.

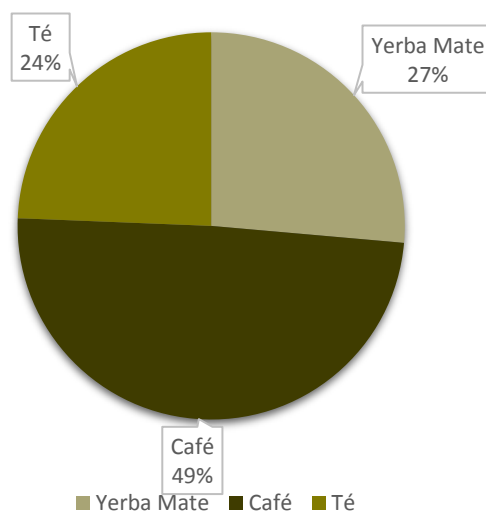
Related to strategies of massification of tea, this beverage has been more successful in the form of bottled and flavored refreshing drinks, which is usually one of the most demanded by the Venezuelan market, although in a lesser quantity than other drinks such as soft drinks.

Currently, in the Venezuelan market there are approximately five consolidated brands of tea in the form of cold drinks. Lipton Tea, a McCormick brand, whose representation in Venezuela corresponds to the company Alfonzo Rivas & CIA, is the most widely accepted in the market but having experienced a progressive consumption decrease during recent years.

A third aspect is related to the preference of the Venezuelan market for tea in the form of a concentrate and for some specific purpose. In this regard, some products, such as the reducing concentrate from the Herbalife Company, tend to have more acceptance in the cost-quantity-purpose triad.

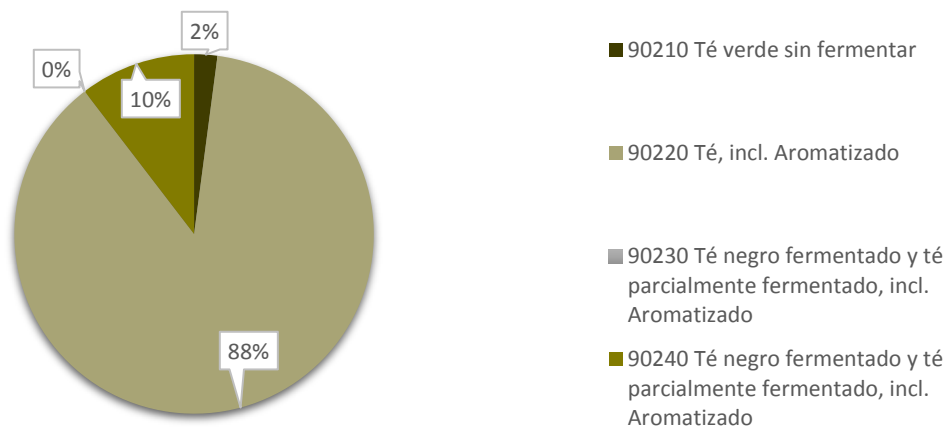
Below are the preferences distributions in the Venezuelan market based on the import data provided by the specialized agencies:

PREFERENCES DISTRIBUTIONS, BY PRODUCT PROCEDENCE IN BOLIVARIAN REPUBLIC OF VENEZUELA - YEAR 2013



Fuente: International Trade Centre.

PERCENTAGE DISTRIBUTION OF THE IMPORTS OF THE HERBAL PRODUCT DENOMINATED TEA ACCORDING TO THE CUSTOMS TARIFF IN THE BOLIVARIAN REPUBLIC OF VENEZUELA - YEAR 2017



Fuente: International Trade Centre.

According to the data provided by international specialized entities, it can be established that most of the imports made by Venezuela with respect to the tariff items selected for this study come from China and Argentina. Specifically, regarding the quantitative data, the total imports made during the last recorded period (2013), yield a total of 129 tons of tea under the 090210 tariffs | 090220 | 090230 | 090240. This represents a volume of USD 123.065.000

Of the above, 30.23% of imports were made from China, 43.41% from Argentina, and 26.36% from the rest of the world. From a regional context, the import of the established items represents a total of 0.03% of the total imports made by Latin America plus the Dominican Republic.

The figures and graphs corresponding to imported quantities and volumes are shown below:

LIST OF THE THREE MAIN COUNTRIES THAT SUPPLY THE PRODUCT CORRESPONDING TO THE TARIFF 090210 090220 090230 090240						
TARIFF	2013					
	PARTNER STATE	QUANTITY		VALUES		
		Tons	Contributed Percentage with respect to the total	Units	TOTAL	Contributed Percentage with respect to the total
90210	China	16	94,12%	\$5.688	\$91.008	86,67%
	Argentina	1	5,88%	\$14.000	\$14.000	13,33%
	Rest of the world	0	0,00%	\$6.353	\$0	0,00%
	TOTAL	17	100,00%		\$105.008	100,00%
90220	China	16	64,00%	\$2.313	\$37.008	49,71%
	Argentina	0	0,00%	\$0	\$0	0,00%
	Rest of the world	9	36,00%	\$4.160	\$37.440	50,29%
	TOTAL	25	100,00%		\$74.448	100,00%
90230	China	7	87,50%	\$4.857	\$33.999	79,07%
	Argentina	1	12,50%	\$9.000	\$9.000	20,93%
	Rest of the world	0	0,00%	\$6.286	\$0	0,00%
	TOTAL	8	100,00%		\$42.999	100,00%

90240	China	0	0,00%	\$4.289	\$0	0,00%
	Argentina	54	68,35%	\$2.782	\$150.228	55,68%
	Rest of the world	25	31,65%	\$4.783	\$119.575	44,32%
	TOTAL	79	100,00%		\$269.803	100,00%
ALL SUBHEADINGS	TOTAL	129			\$123.065	
TOTAL SUPPLIERS	China	39	30,23%	\$3.429	\$32.403	
	Argentina	56	43,41%	\$5.156	\$34.646	
	Rest of the world	34	26,36%	\$4.316	\$31.403	
	TOTAL	129	100,00%		\$98.452	

Fuente: International Trade Centre.

Companies that sell pre-packaged tea in the Bolivarian Republic of Venezuela:

- **McCormick:** The McCormick brand since 1889 markets a large amount of food for the Venezuelan market, including pre-packaged condiments and tea through supermarkets. This brand is the one that most trades in Venezuela.
- **Lipton:** Is the icon of tea in Venezuela, and has the experience of more than a century in the mixture of tea.
- **Olympia:** The Iberia Industries brand guarantees the natural flavor and quality of Tea preserved in hermetic envelopes and ready to be prepared in hot water. They have a limited variety of black, green and mint green tea.

Companies that sell Tea by weight in the Bolivarian Republic of Venezuela:

- **Casa Té:** Started its operations in 2011 to obtain a variety of tea blends with dehydrated gourmet fruits and flowers, seeking to offer consumers high quality products.
- **Camelia Casa Té:** founded in 2006 to promote the consumption of black and green tea. It sells tea at higher prices than its competitors in the market with an artisan image.
- **Espicias Market:** It is a gourmet-style store. It offers a wide variety of flavors and aromas. The store also sells accessories for tea preparation.
- **Maniceria San Jorge:** The store sells a large variety of tea and has a national delivery service.

- **Caracas Tea Company:** It is one of the most complete stores in the tea area, offers a wide variety of teas, accessories and specialist courses in the world of tea.



COMMERCIAL OPPORTUNITIES AND INVESTMENT IN VENEZUELA



Historically, Venezuela has been a market focused on the consumption of coffee and chocolate, due to the climate that has been ideal for planting coffee and cocoa. In consequence, the consumer has preferred coffee and chocolate consumption and producers have become expert in their processing.

However, the current situation has caused that these two products have experienced less and less levels of consumption. In relation to coffee, price regulations and the fall in the production of many companies have made it increasingly difficult to get it onto the market. As for chocolate, high production costs make the product more expensive and thus creating a niche for other types of substitute beverages.

The market for hot drinks has begun to diversify, and tea and herbal infusions have been the great beneficiaries. The insertion of tea and herbal infusions into the national market has been promoted both by the tendency to eat healthily and by their particular qualities that can treat specific health conditions, so they are products that have begun to position themselves.

An important aspect to note about tea is that this species of plant does not grow in Venezuela, as coffee and cocoa do. This is what has led to an increase in imports of tea from countries such as China, Japan, India, Kenya, Malawi, Korea, among others. Once companies have the raw material they produce mixtures to satisfy Venezuelan tastes, specifically cold tea drinks.

According to several tea specialists working in Venezuela, the palate of the Venezuelan consumer has adapted quickly to different mixtures of herbal drinks which has led to the tea culture being positioned in the national market.

As the culture of tea could be considered still novel, tea consumption has led to the development of tea houses, (Camelia Tea House, Caracas Tea Company, Tea Time, among others) that are spaces for its consumption, as well as being for teaching the importance of tea consumption and its production.

In this sense, tea is considered to be a market niche for the following areas:

- Export to the Venezuelan market of Assam Black Tea and Darjeeling Tea as hot drinks.
- Gastronomic promotion of Masala Chai and Cardamomo Chai through Venezuelan Tea Houses. This will allow the opening of the product to the Venezuelan consumer and evaluate its commercial feasibility.
- Promotion for the creation of gourmet tea sites. The gourmet tea sites are places for tasting and consumption of special teas and are named in this way for their quality.

- The association and distribution, through the Venezuelan supermarket chains, of the most important tea brands in India could be considered. The Venezuelan tea market is a niche owing to its lack of specialization and variety offered by the market, and this represents a niche for the promotion and insertion of Indian tea.

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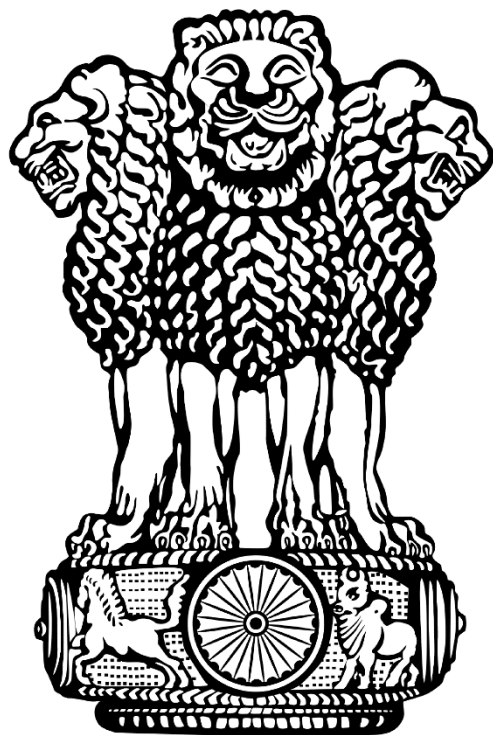
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