



सत्यमेव जयते

Economic Diplomacy & States Division

Ministry of External Affairs

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



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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

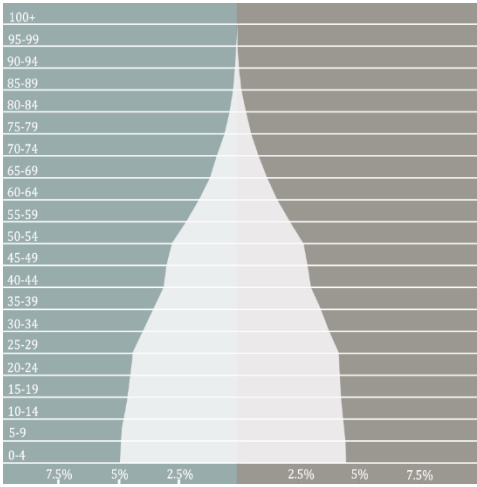
Structural

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>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%
CONSUMERS			

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 Bs.F	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 capita (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 renewing 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, coasting trade 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

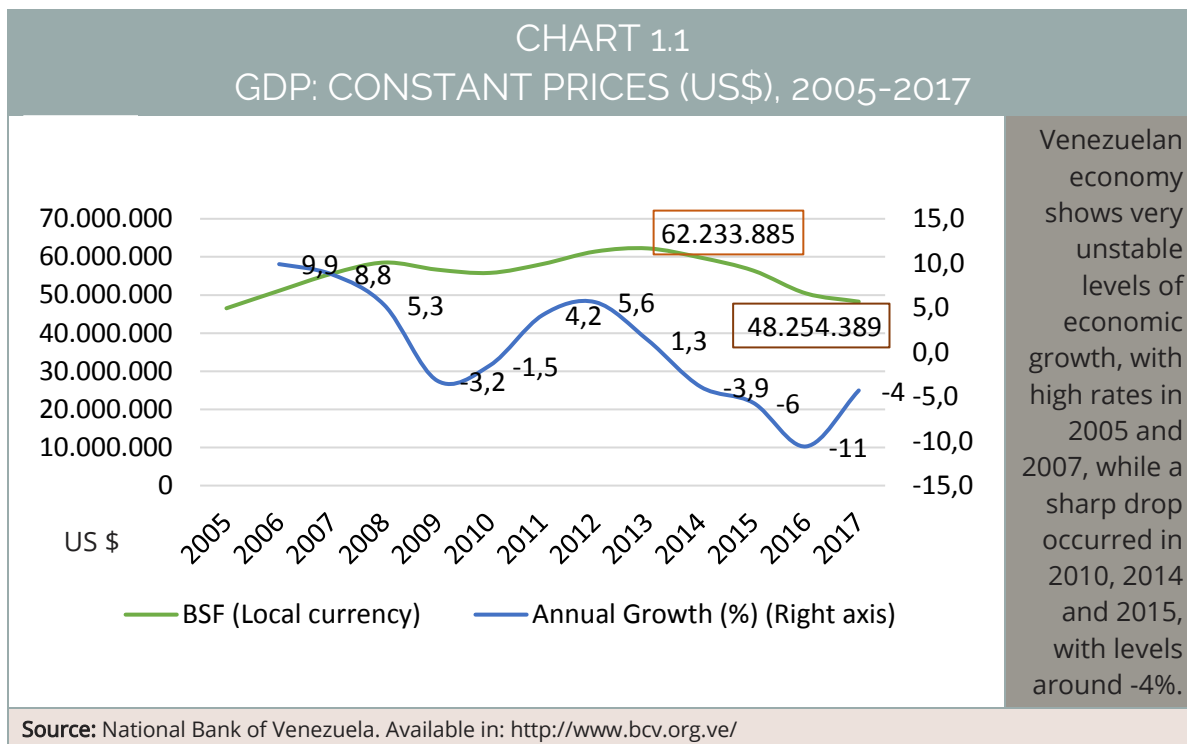
- ALADI (Latin American Integration Association): Made up of Argentina, Brazil, Bolivia, Colombia, Chile, Cuba, Ecuador, Uruguay, Mexico, Panama, Paraguay, Peru and Venezuela. Signed a Regional Tariff Preference Agreement, in order to decrease the proportion of ad-valorem duties stipulated by the tariff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

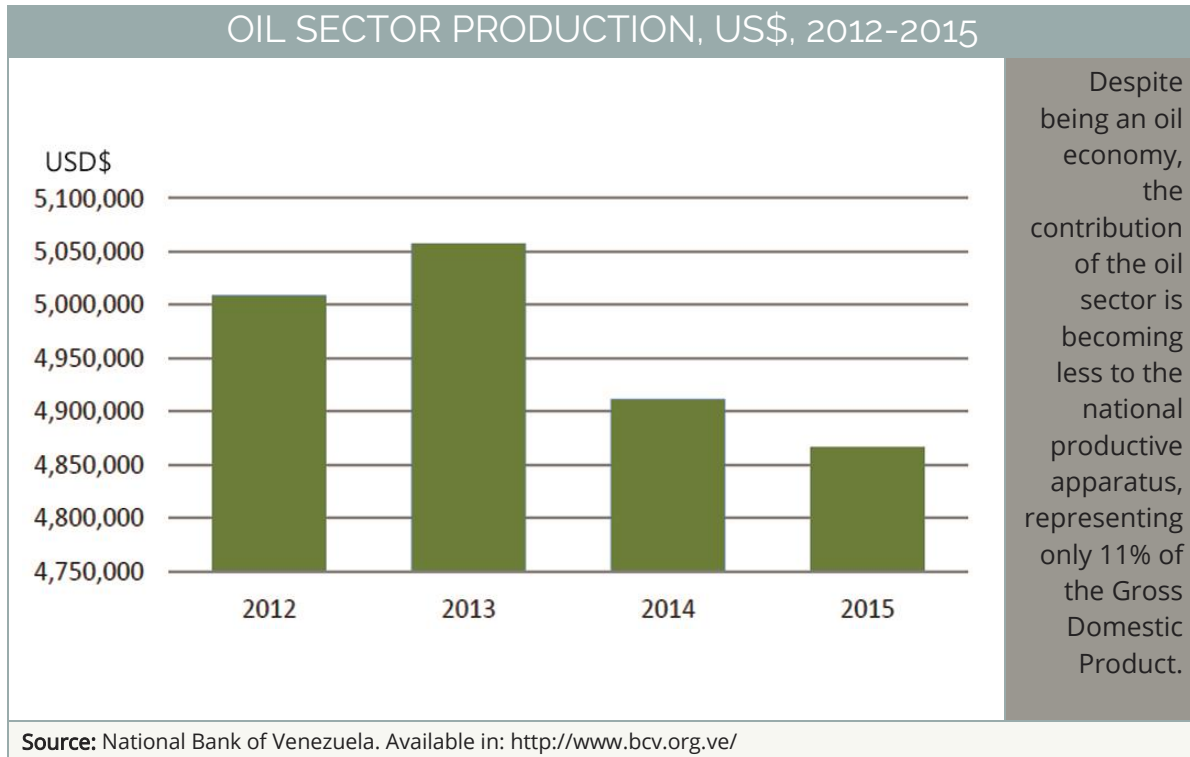
The Economic Situation in Venezuela

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).

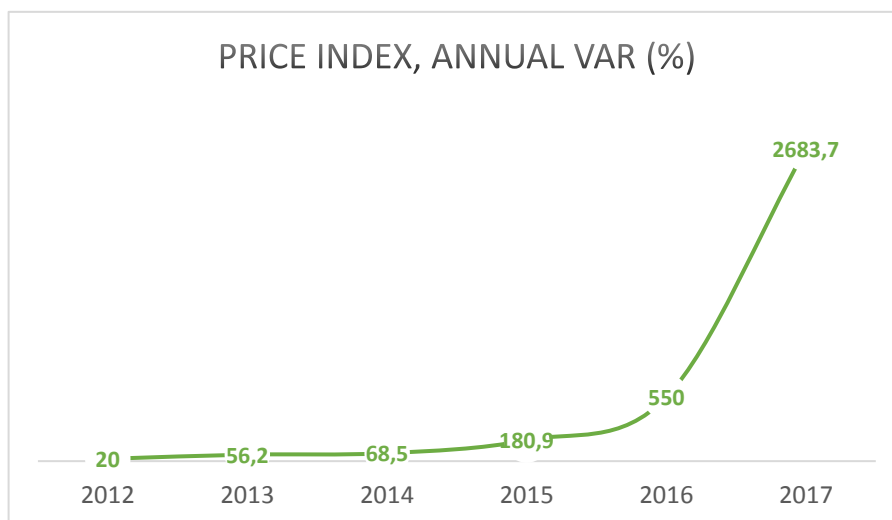
CHART 1.2



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

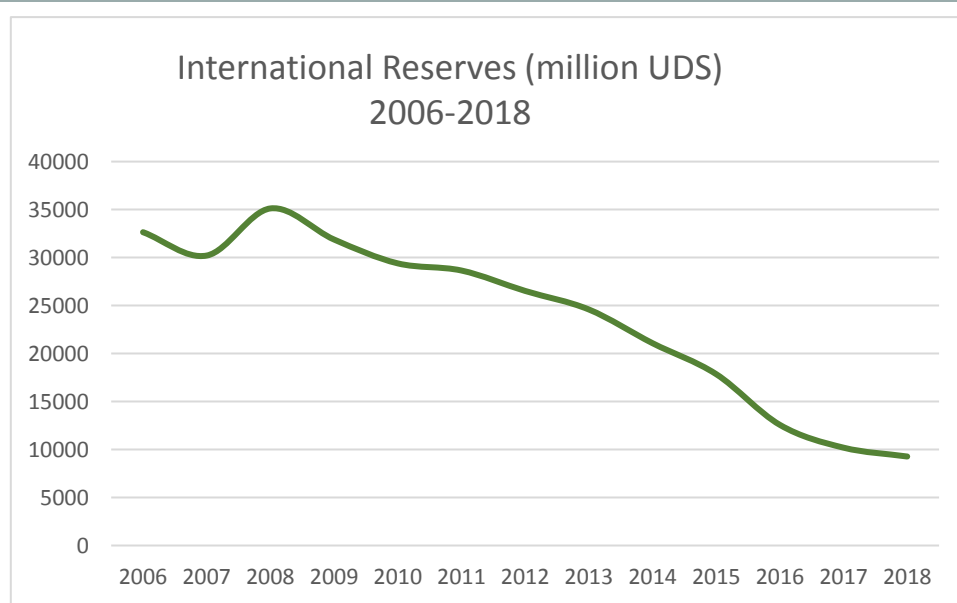


The variation of prices is changing exponentially: prices are six times higher in the period between 2012 and 2015.

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

CHART 1.4

INTERNATIONAL RESERVES US\$, 2006-2018



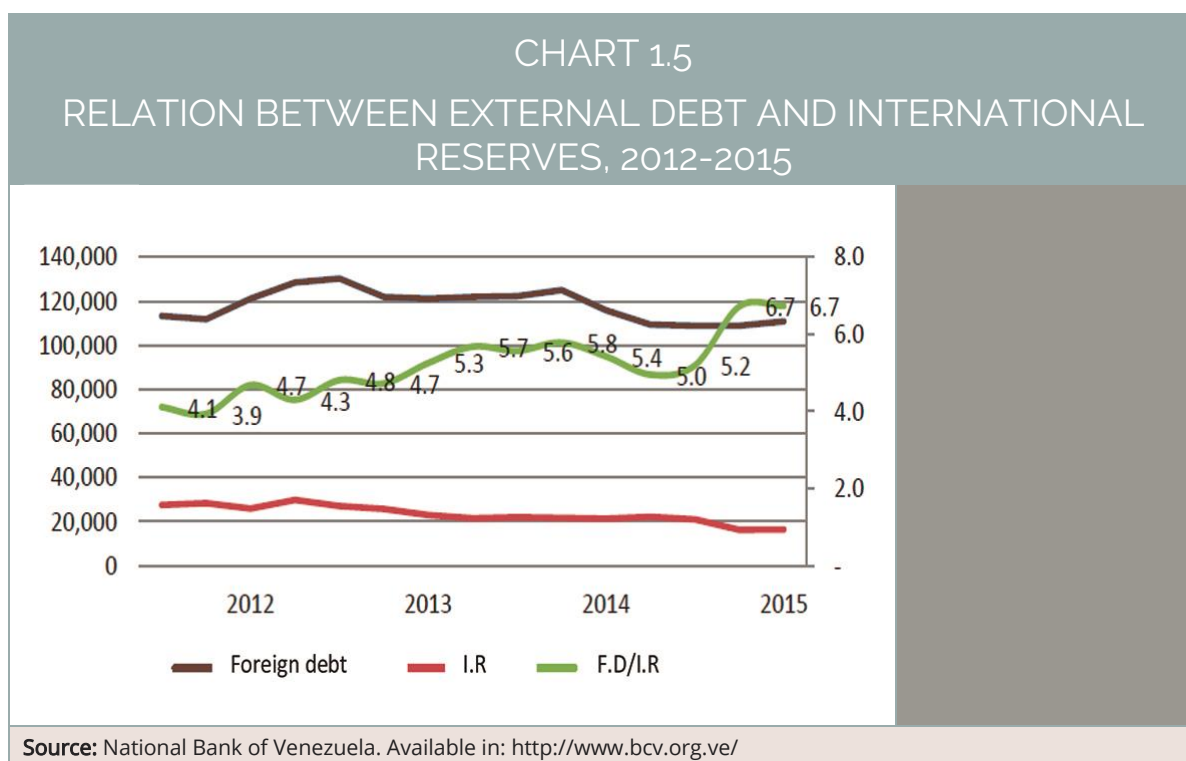
International reserves have fallen to less than half, reaching levels as low as those of 25 years ago

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.

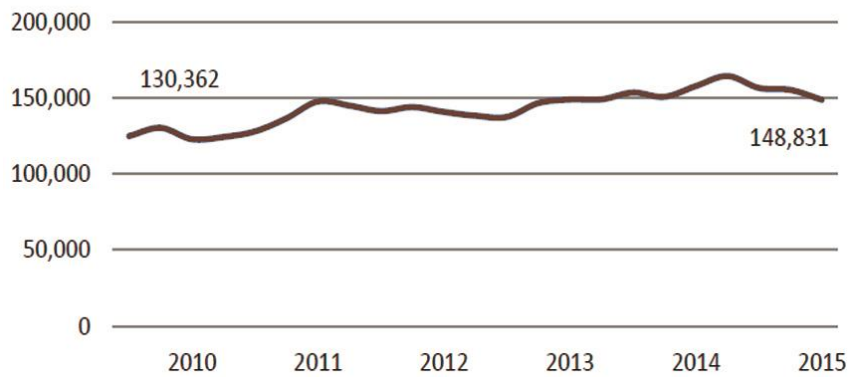


The behavior of the balance of payments has remained negative during the last six years, with the characteristic feature of maintaining positive trade balances, but with capital outflows exceeding this surplus. By 2015, for the first time in 20 years, the quarters have shown negative trade balances,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



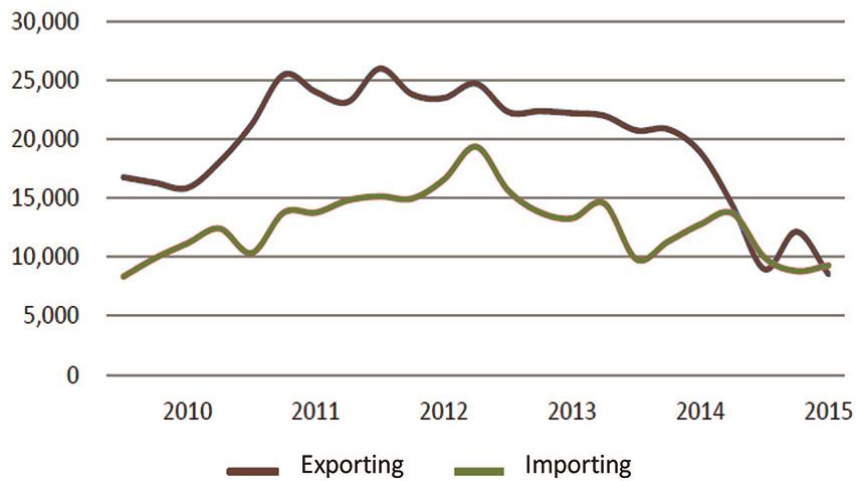
SURPLUS.



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/>



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



Initial aspects

Fundamental aspects related to the Venezuelan textile market will now be analyzed, taking into account some statistical data that reflect the exchange dynamics of the particular item amongst the main importers in the textile sector. This analysis will allow the Indian investor, as a producer and exporter, to focus on markets that could be more attractive, in terms of investment or commercial 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 textile material and its derivatives are brought within 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, is used a level of 4-digit disaggregation, in order to include a number of data that allows to compare, deduce and evaluate the different aspects related to the object of analysis.

The elements that form the textile material called Khadi, allow to establish its location in the Customs Tariff corresponds to the following codification:

52	Cotton	
52	08	Woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing ≤ 200 g/m ²
52	09	Woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing > 200 g/m ²
52	10	Woven fabrics of cotton, containing predominantly, but $< 85\%$ cotton by weight, mixed principally or solely with man-made fibers and weighing ≤ 200 g/m ²
52	11	Woven fabrics of cotton, containing predominantly, but $< 85\%$ cotton by weight, mixed principally or solely with man-made fibers and weighing > 200 g/m ²
52	12	Woven fabrics of cotton, containing predominantly, but $< 85\%$ cotton by weight, other than those mixed principally or solely with man-made fibers
Source: International Trade Centre		

Historical aspects of the Venezuelan textile market

The Venezuelan textile industry began its activity during the second decade of the 20th century, about which there are testimonies with regard to the installation of certain industrial equipment. From 1920, and together with the rapid expansion of the oil industry, the Venezuelan textile industry experienced its first growth boom. By 1948, however, the State put the stress on the agro-food industry development, and

the textile industry was not part of the development priorities for the time, this being evident in the decrease of the protection granted in previous years to the sector, as well as, the decrease of the capital invested in the sector.

After 1960, the textile industry experienced a process of industrialization through import substitution, therefore part of the nation's budget was devoted to the granting of loans for the installation of industrial factories - especially in the textile sector. These loans, enjoyed a protection endorsement that materialized in protectionist decrees against textile imports.

Then, with the oil boom during the mid-1970s, the textile industry experienced a sudden growth, motivated by the increasing demand for durable consumer products. This increase again saw benefits from credit for facilities expansion and modernization. The process lasted for some years, which delayed the start-up of the companies' technological and logistics updates. So, the textile industry and the contraband trade took advantage of this situation. From this, it is possible to establish that a strong stagnation of the industry led to the bankruptcy of many companies in the years 1979 and 1980.

Since 1983, as a result of the devaluation of the Venezuelan Bolívar (Bs) versus the United States dollar (US \$) on February 18th, 1983, the textile industry experienced a gradual growth which was based on the subsidy of commodities through the application of a preferential exchange rate. This growth experienced its maximum effect in the domination of the domestic market, and in its export capacity for the first time in its history.

In recent years, Venezuelan textile production has significantly decreased, due to the decrease in foreign currency flow used for timely import debts payment. In the first half of the year 2014, the textile industry had a debt of 18 million dollars, of which only 20% had been paid. In 2015, the representatives of the sector expressed that there was a lack of raw material for production and that during the year dollars had not been allocated - the sector therefore financed its activities with dollars allocated the previous year (2014) through the calls by the extinct Foreign Currency Administration System (SICAD).

Currently, the textile sector states that the industry works with 25% of installed capacity which is the equivalent to a production of less than 10% of the production capacity of the available machines and personnel.

Tariff relation on Khadi between Venezuela and India

The tariff and non-tariff measures applied by Venezuela to import the textile material called khadi from the Republic of India.

QUANTITATIVE DATA CONCERNING THE RATES IMPOSED BY VENEZUELA TO THE REPUBLIC OF INDIA FOR THE IMPORTATION OF ITEM 5208 5209 5210 5211 5212 AND ITS SUBRETS		
Tariff Code	World Average Tariff	Tariff Stablshed by Venezuela
5208	11.11%	26%
5209	11.17%	26%
5210	11.09%	26%
5211	11.13%	26%
5212		
Source: World Trade Organisation		
Note: Figures established under the principle of Most Favored Nation (MFN)		

Legal and administrative aspects applied by the Bolivarian Republic of Venezuela to imports of textiles 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 dictate measures to plan, rationalize and regulate the economy and promote the integral development of the country."

MAIN LEGAL PROVISIONS THAT REGULATE TEXTILE ACTIVITY 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).		

In Venezuela, the entities responsible for the representation of the textile industry are the Venezuelan Federation of Commerce and Production Chambers (FEDECAMARAS, by its initials in Spanish), which is a non-profit civil association integrated by private economic entities of businessmen, natural persons or legal entities that jointly or separately, represent economic activities and interests. Within this federation is the Venezuelan Confederation of Industrialists (CONINDUSTRIA, by its initials in Spanish), which has as an active member inside the Venezuelan Chamber of the Garment Industry (CAVEDIV, by its initials in Spanish), which shares the representation of the sector with the Venezuelan Textile Association (or ATV).

Below, there is an information table on this representation:

ENTITIES RESPONSIBLE FOR THE REPRESENTATION OF THE TEXTILE INDUSTRY IN VENEZUELA

Entity	Address	Contact
Federación Venezolana de Cámaras de Comercio y Producción (FEDECAMARAS).	Edif. FEDECAMARAS, Urb. El Bosque, Av. El Empalme con Av. El Carmen. Chacao, Edo. Miranda	www.fedecamaras.org.ve (+58) (0212) 731.17.11 (+58) (0212) 731.17.13
Cámara Venezolana de la Industria del Vestido (CAVEDIV)	Av. Ppal. de Los Cortijos de Lourdes, 4ta. Transversal. Sucre, Edo. Miranda	cavediv@cantv.net (+58) (0212) 239.35.33 (+58) (0212) 239.22.27
Asociación Textil Venezolana (ATV)	Canónigos a San Román, Edif. GTM, Piso 5. Municipio Libertador. Distrito Capital.	(+58) (0212) 561.18.02 (+58) (0212) 561.20.09
Source: Confederación Venezolana de Industriales CONINDUSTRIA. http://www.conindustria.org/acerca-de/directorio-de-afiliados/miembros-activos/ Embajada de la República Bolivariana de Venezuela en los Estados Unidos de América. http://www.embavenez-us.org/_spanish/?pagina=Negocios/Industria_comercio.php&titulo=Negocios		

Regarding the administrative aspects for this tariff item, the authority does not require the presentation of special legal clauses, only those established by the National Integrated Service of Customs and Tax Administration (SENIAT, by its initials in Spanish) for the import process.

Distribution channel for khadi textile material from the Republic of India.

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

The commercial dynamic establishes the seaway as the most suitable for the transportation of the Khadi textile material, since it allows the transfer of a large quantity of product and its cost is relatively lower than the rest of the existing means of transportation of cargo. Below, there is a table, showing companies that provide maritime transport service from the main ports of the Republic of India to the two main ports of Venezuela and the relative cost of the service.

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>

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-feet container
Chennai	Port of Chennai	\$3,117.03
Kolkata (Calcutta)	Port of Kolkata	\$3,032.07
Pipavav	Port of Pipavav	\$3,228.14
Visakhapatnam	Port of Visakhapatnam	\$3,088.71
Cochin (Kochi)	Port of Cochin	\$3,577.24
Haldia	Port of Haldia	\$3,145.35
Mundra	Port of Mundra	\$3,140.86
Tuticorin	Port of Tuticorin	\$3,286.32

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-feet container
Chennai	Port of Chennai	\$3,176.67
Kolkata (Calcutta)	Port of Kolkata	\$3,090.02
Pipavav	Port of Pipavav	\$3,289.98
Visakhapatnam	Port of Visakhapatnam	\$3,147.79
Cochin (Kochi)	Port of Cochin	\$3,646.02
Haldia	Port of Haldia	\$3,205.55
Mundra	Port of Mundra	\$3,200.97
Tuticorin	Port of Tuticorin	\$3,349.32
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		

Manufacturers and distributors of the textile branch in Venezuela

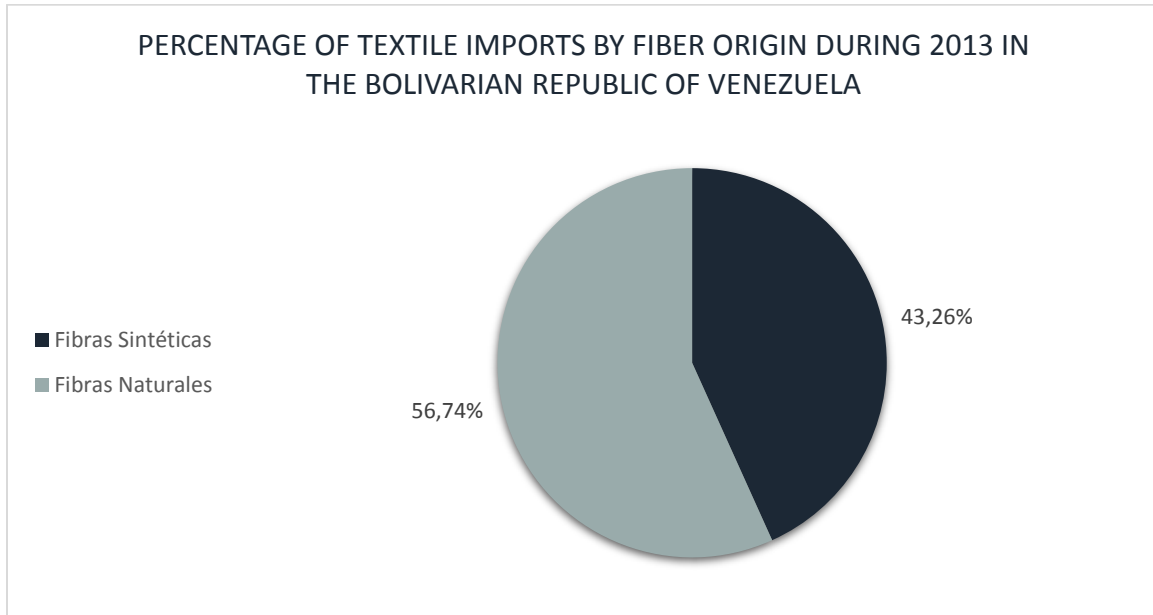
SOME MANUFACTURERS AND DISTRIBUTORS OF THE TEXTILE BRANCH IN VENEZUELA		
FABRIC MANUFACTURERS		
COMPANY	ADDRESS	CONTACT
Cooperativa Textil	C.C. San Martín, Frente a Epa, San Martín, Caracas	(0212)461.1973 (0416)608.8315
Product:	No information available	
Grupo Telares Maracay	Av. Urdaneta, Esquina Pelota, con Esquina Abanico, Edif. Don Raúl, Mezz., Altagracia, Caracas	(0212)561.1152/3511
Product:	Jean, Ready-Made Bed Sheets, Disposable Medical Fabrics, Packaging and Manufacturing of diapers, Textile Production.	
Hilanderías Venezolanas CA	Ca.García González Da Silva, Edf.Hilanderias Venezolanas, La Yaguara, Caracas	(0212)471.0144/0952
Product:	No information available	
Industrias Daaltex CA	Esquina Marrón, con Esquina Cují, Edif.	(0212)561.2505 (0212)561.7133 (0212)561.7133 (0414)230.0050

	Broadway, Mezz. 2, Local Central, El Centro, Caracas	
Product:	Knitted fabric	
Jeantex SA	Av. Urdaneta, Esquina Pelota a Abanico, Edif. Don Raul, PB, Altagracia, Caracas	(0212)561.3511/2885/2722/2720
Product:	Denim fabrics, threads and jeans.	
Telares de Palo Grande CA	Av. Principal de Ruiz Pineda, Zona Industrial, Edif. Telares de Palo Grande, PB, Caracas	(0212)403.3566/3625
Product:	Towels, Bedding Sets, Duvets, Blankets, Cotton Bath Towel.	
Telares Los Andes SA	Gl.Telares Los Andes, Av. G.G. Silva, La Yaguara, La Yaguara, Caracas	(0212)471.0523
Product:	No information available	
Textilera Algodonal CA	Av. Ppal. de El Algodonal, Ed. Textilera, El Algodonal, Caracas	(0212)472.2175 (0212)472.8239 (0414)326.3864
Product:	No information available	
Textilera Gran Colombia CA	Transv. 2da y 3ra, Calle E, Edif. Textilera Gran Colombia, Los Cortijos de Lourdes, Caracas	(0212)235.2805
Product:	No information available	
Veratex CA	Av. Principal de La Yaguara, Edif. Tejidos de Punto Fogel, Caracas	(0212)471.3219 (0212)471.2459 (0212)472.3471
Product:	No information available	
Textilera Sanson C.A.	Puerta de Caracas. Edificio "SANSON" La Pastora, Caracas,	0212 – 860.08.80
Product:	Jersey, Rib, Piqué, Interlock and Fantasies.	
Tejidos de Punto Pisano CA	Distrito Capital, Caracas, Av. Tamanaco, a, Cl. Tinajas, Edificio	0212-2577719 / 0212-2563581 / 0212- 2573744

	Pisano, Piso 1, Apto. 1, Urbanización El Llanito	
Product:	Weaving, dyeing, finished and industrial textile packaging.	
Comercializadora Licratex C.A.	Táchira, San Cristóbal, Cl. CENTRO CARRERA 6 CON CALLES 14, Casa 14-52, Nivel PISO 3, Apto. 1	0276-3435248 / 0276-7716802 www.lymtex.com
Product:	Knitting, Jerseys, piquè, rib, interlock	
Textilana SA	Av. República Dominicana, con Calle Mara, Edif. Indelca, Nivel PB, Boleíta Sur, Caracas	(0212)234.5531
Product:	Woolen fabrics, wool-polyester, wool-viscose, 100 polyesters	
Lymtex, C.A.	Distrito Capital, Caracas, Cl. Empedrado, Edificio Marly, Piso Mezz, Urbanización San Martín	0212-4515958 / 0212-4511007
Product:	Jersey, Interlock, double-sided fabrics and fancy fabrics	
FABRIC IMPORTERS		
Distribuidora Novatel CA	Esquina Pelota, con Esquina Abanico, Edif. Don Joaquín, PB, Parque Central, Caracas	(0212)564.8818 (0212)564.2313 (0212)562.5404
Product:	No information available	
Telas Smik, C.A.	Lara, Cabudare, Av. 3 entre calles 1 y 2, Casa S/N, Número 40, Apto. S/N	0251-2629499 / 0424-5387294 telasmik@gmail.com telassmik.com
Product:	Fabrics for blanket and lingerie.	
Source: Infoguia. http://paginasamarillas.infoguia.net/PagAm/PagAm.asp?key=textileras-fabrica-de-telas-textileras-caracas&cat=962&ciud=41		

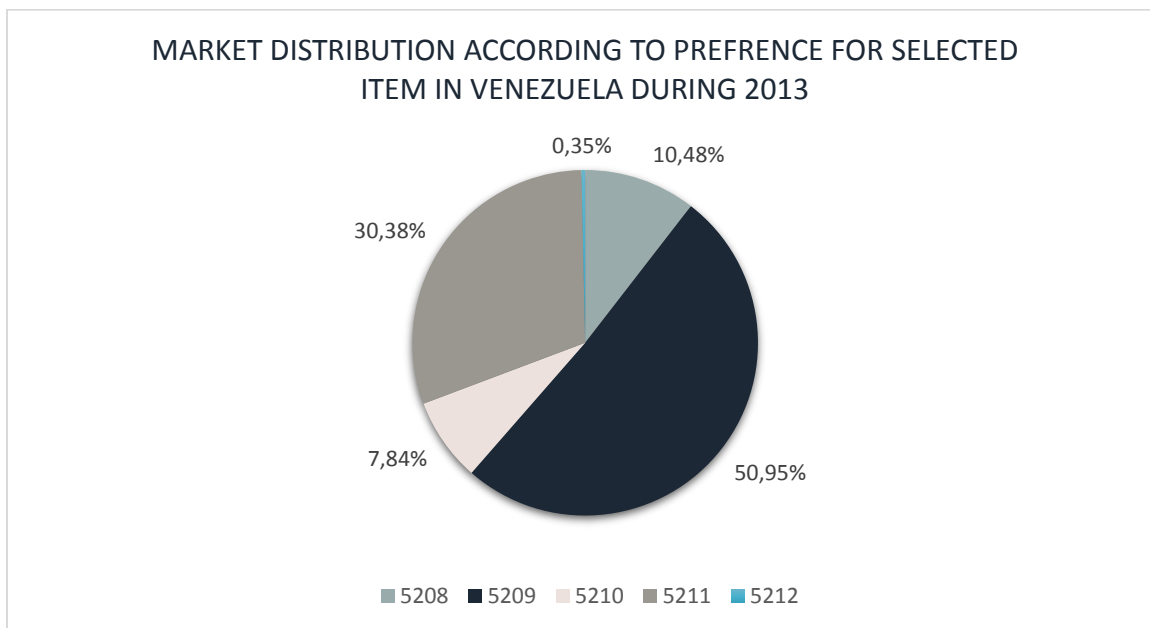
General aspects of the Venezuelan consumer in the textile market

The data with regard to this indicates that, in general terms, 56.74% of Venezuelans consume natural fibers and 43.26% synthetic fibers. Cotton has a 99% preference over other fibers such as jute or flax, whose market value is higher.



Source: ITC. International Trade Centre.

Likewise, the data regarding the selected tariff items establish that the Venezuelan consumer has a preference of 50.95% for fabrics with a percentage of cotton higher than 85% and a weight greater than 200 mg per square meter. A second group of consumers, consisting of 30.38%, would be willing to acquire fabrics with a lower percentage of cotton but mixed with specific synthetic fibers.



Source: ITC. International Trade Centre.

Aspects of the Venezuelan textile market and international trade

According to the data provided by specialized international 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, India and Colombia. Quantitative data indicates that the total of imports made during the last recorded period (2013), show a total of 10,542 tons of textile under custom tariffs 5208, 5209, 5210, 5211 and 5212. This represents a volume of 71,682 .289 US million dollars; 29.85% of imports were made from China, 29.43% from India, 10.94% from Colombia and 29.78% from the rest of the world. In a regional context, the import of the established items represents a total of 0.89% of the total imports made by Latin America + Dominican Republic and 0.08% of the world total.

The figures and graphs corresponding to imported quantities and volumes are shown in the next page.

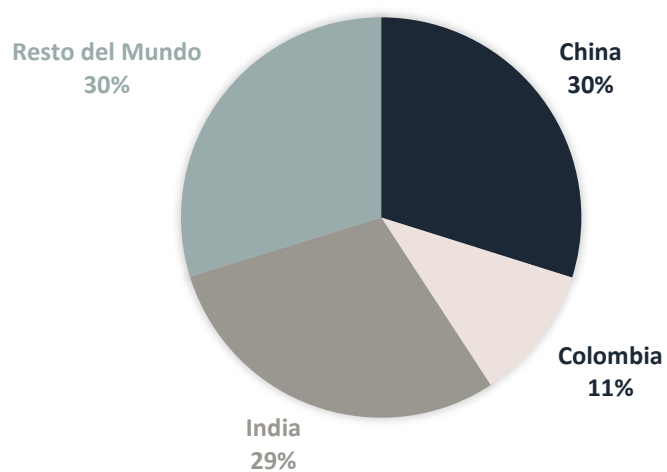
LIST OF THE THREE MAIN PROVIDING COUNTRIES OF THE MATTER THAT
CORRESPONDS TO CUSTOM TARIFF 5208 | 5209 | 5210 | 5211 | 5212 IN VENEZUELA

PERIOD 2013						
TARIFF	PARTNER STATE	QUANTITY		VALUES		
		Tons	Percentage Contributed with respect to the total	Unitaries	TOTAL	Percentage Contributed with respect to the total
5208	China	436	39,46%	\$12.614	\$5.499.704	38,42%
	Colombia	68	6,15%	\$13.971	\$950.028	6,64%
	India	180	16,29%	\$11.472	\$2.064.960	14,43%
	Rest of the World	421	38,10%	\$13.777	\$5.800.117	40,52%
	TOTAL	1.105	100,00%		\$14.314.809	100,00%
5209	China	1.628	30,31%	\$7.676	\$12.496.528	37,81%
	Colombia	802	14,93%	\$7.287	\$5.844.174	17,68%
	India	1.478	27,52%	\$3.266	\$4.827.148	14,61%
	Rest of the World	1.463	27,24%	\$6.753	\$9.879.639	29,90%
	TOTAL	5.371	100,00%		\$33.047.489	100,00%
5210	China	148	17,92%	\$7.723	\$1.143.004	15,04%
	Colombia	48	5,81%	\$13.375	\$642.000	8,45%
	India	29	3,51%	\$13.000	\$377.000	4,96%
	Rest of the World	601	72,76%	\$9.050	\$5.439.050	71,56%
	TOTAL	826	100,00%		\$7.601.054	100,00%
5211	China	899	28,07%	\$8.404	\$7.555.196	45,37%
	Colombia	235	7,34%	\$7.940	\$1.865.900	11,20%
	India	1.416	44,21%	\$2.470	\$3.497.520	21,00%
	Rest of the World	653	20,39%	\$5.718	\$3.733.854	22,42%
	TOTAL	3.203	100,00%		\$16.652.470	100,00%
5212	China	36	97,30%	\$1.778	\$64.008	96,30%
	Colombia	0	0,00%	\$0	\$0	0,00%
	India	0	0,00%	\$0	\$0	0,00%
	Rest of the World	1	2,70%	\$2.459	\$2.459	3,70%
	TOTAL	37	100,00%		\$66.467	100,00%
ALL CUSTOM TARIFFS	TOTAL	10.542		\$7.437	\$71.682.289	

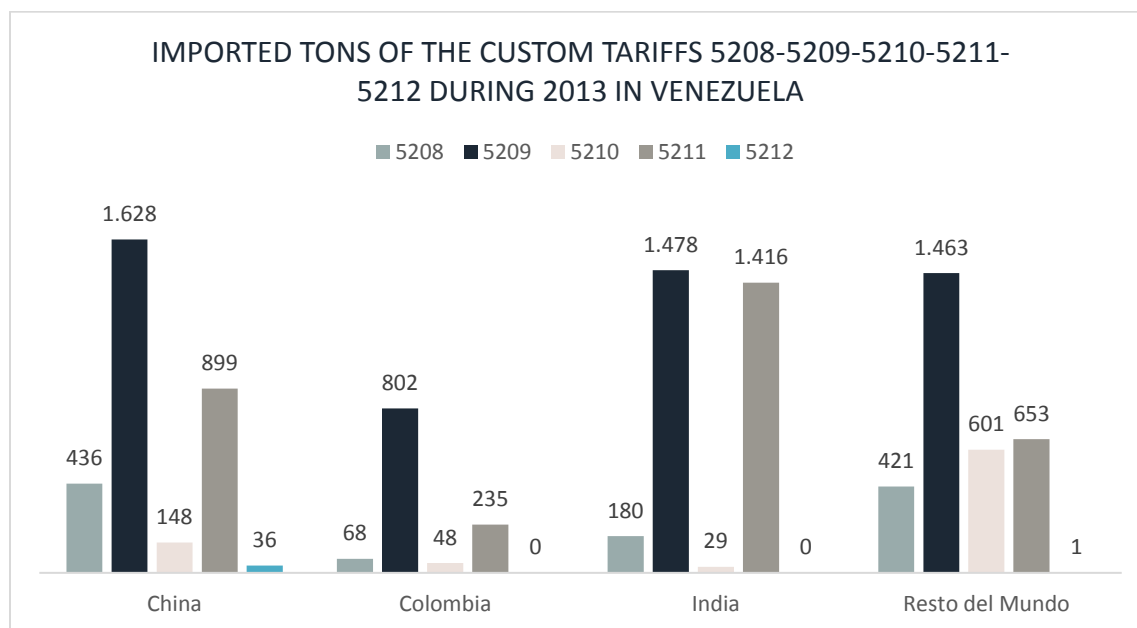
ALL SUPPLIERS	China	3.147	29,85%	\$7.639	\$5.351.688	
	Colombia	1.153	10,94%	\$8.515	\$1.860.420	
	India	3.103	29,43%	\$6.042	\$2.153.326	
	Rest of the World	3.139	29,78%	\$7.551	\$4.971.024	
	TOTAL	10.542	100,00%		\$14.336.458	

Source: International Trade Centre.

**PERCENTAGE DISTRIBUTION OF IMPORTS OF CUSTOM TARIFFS
5208-5209-5210-5211-5212 DURING 2013 IN VENEZUELA**



Source: International Trade Centre.



Source: International Trade Centre.



KHADI COMMERCIAL OPPORTUNITIES AND INVESTMENT IN VENEZUELA

Khadi being a cloth with a higher percentage of cotton in its constitution, and taking into account the favorable preference of the Venezuelan consumer for cotton over other natural fibers such as jute or linen, an important market segment for the insertion of Khadi is presented in the Venezuelan market.

Khadi is a very versatile fabric as a supply for the development of final products, for both: household and clothing. However, in Venezuela, the Polyester (Synthetic Filaments) is preferred by local fashion clothing designers to design and elaborate their garments, so this is considered a segment of the market that is directed to the massive use of discontinuous artificial synthetic fibers.

However, cotton fabrics have been of great impact directly applied in the home and in interior design work for the beautification of social spaces. Everything related to the bedding in the form of blankets, sheets, pillowcases and blankets (of great growth throughout history). Also, and always in interior decoration, tablecloths, curtains, carpeting and upholstery that occupy a prominent place, have resulted in a significant impact for the products of the textile industry in general.

In this sense, for a commercial insertion of Khadi in the Venezuelan market, the segment of the home and beautification of social spaces should be attended, taking into account the few suppliers available for this niche and the great demand in the national market.

In consequence, there is an ideal space for investment of the Khadi fabric in the following areas:

- Export of final products for the home (covers beds, tablecloths, bedspreads, blankets, cushions, etc.) and beautification of social spaces (rugs, carpets, curtains, etc.) taking advantage of the use of bright colors and original prints.
- Export of ready-made pieces (dresses, scarves, shirts) to stimulate the taste of the Venezuelan consumer.
- Developing partnerships with small and medium-sized Venezuelan entrepreneurs for the production of products made with Khadi fabric.

An important aspect to be highlighted is that a secondary market that has not been developed yet in Venezuela as those of products coming from mixed fabrics (woven of cotton with synthetic), knitted fabrics and impregnated fabrics, but represents an opportunity for India to venture into the domestic market as a supplier of these products.

Another scenario, for Indian investment in the textile sector is the modernization or restructuring of textile production plants and machinery, allowing a greater

production of finished products and its sale can be directed for domestic consumption as export.

Final Considerations

In Venezuela, the textile sector is not fully developed, so there is an opportunity for growth for investors. It is a sector that requires low annual investment and has a high performance both in the generation of jobs and in finished products. However, it is important to highlight that the national textile sector is highly dependent on imports, so in a situation where the delivery of foreign currency depends on the Venezuelan government, the sector runs - and will run - certain risks whilst the existing exchange controls are maintained.

There is an opportunity to venture into the sector because even though there is a diversity of companies, and there is no leading company, the levels of competition and participation in the market are broad, allowing for more open competition and the development of new companies with higher technological levels which could represent an increase in the national production of fabrics and finished products.

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Economic Diplomacy & States Division

Ministry of External Affairs