



# The Synthetic Textile Market in Venezuela

Market Survey



2016



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## Purpose of the Market Survey

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The purpose of this market survey is to provide support to every entity facing the challenge of establishing the learning of the Venezuelan textile market by exercising the understanding that allows them to reach sufficient knowledge of the Venezuelan textile market, in order to facilitate decision making processes with respect to future commercial operations.

## Scope of the Market Survey

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The following market survey will be developed within the limits set forth below:

- ◆ Glossary of terms.
  - ◆ Profile of the Bolivarian Republic of Venezuela.
  - ◆ Synthetic textile products in Venezuela.
  - ◆ The synthetic textile products market in Venezuela.
  - ◆ Investment in the synthetic textile products market in Venezuela.
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# Profile

of the Bolivarian Republic of Venezuela

BOLIVARIAN REPUBLIC OF VENEZUELA	
Official Name	Bolivarian Republic of Venezuela
Official language	Spanish
Population (2016)	30,851,343 inhabitants
Form of Government	Federal Presidential Republic
Head of State	President, Nicolás Maduro Moros
GDP Per cápita (2016)	US\$ 12,820
Foreign Direct Investment (FDI) (% of GDP) (2015)	1.6 (UN)
Gross Fixed Capital Formation (% GDP) (2015)	20.3
Public expenditure on education (% GDP) (2015)	6.9
Public expenditure on health (% GDP) (2015)	3.4
Currency	The official currency is the Bolívar (VEF), with a foreign exchange control system comprising two rates: DIPRO (type: protected rate) for products deemed “essential” by the central administration at a rate of 10 Bs/\$ and DICOM (type: complementary rate) for all transactions outside DIPRO parameters. The ‘floating’ rate is controlled by the BCV and starts at 206.92 Bs/\$1

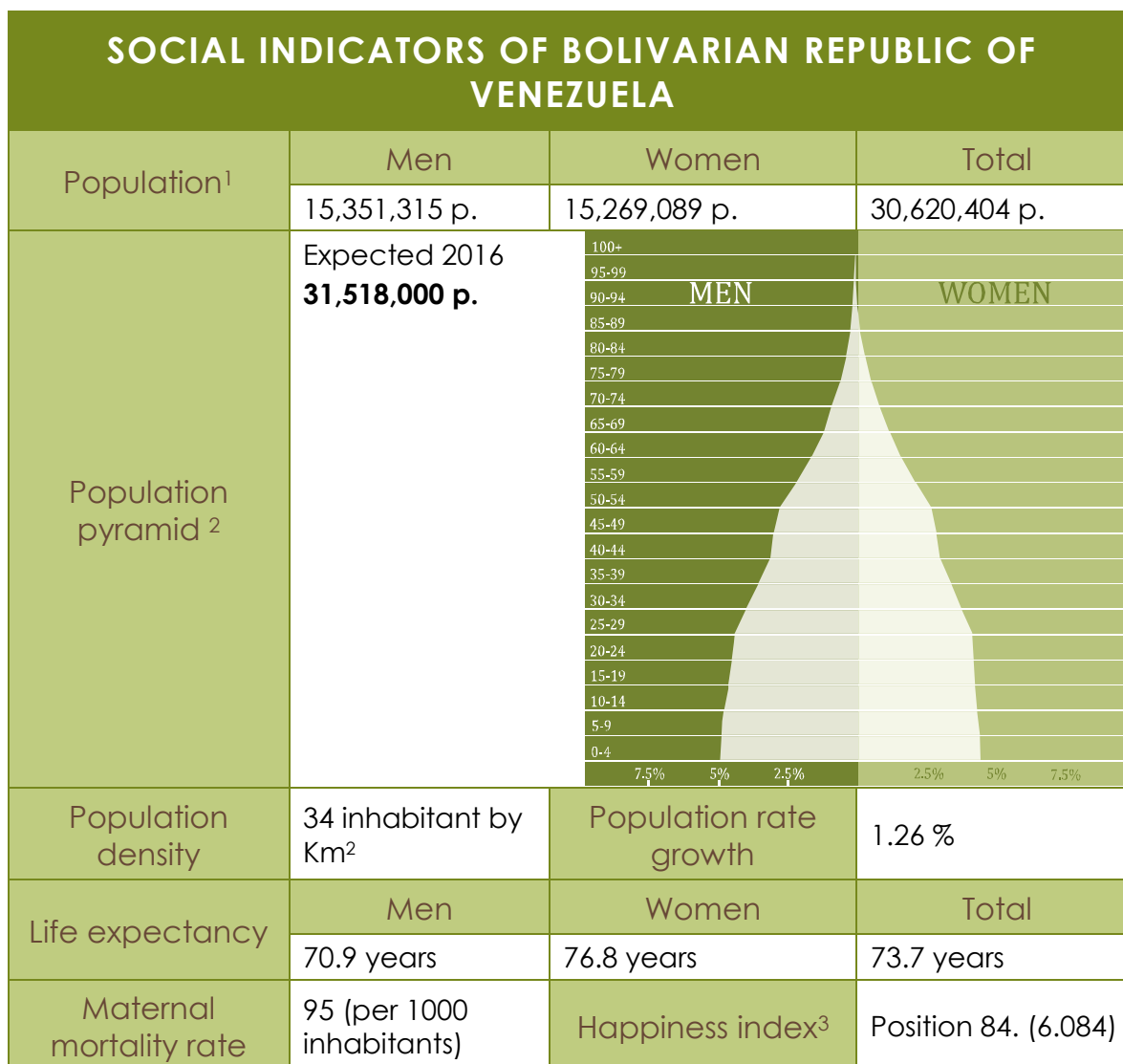
## Demography

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The Venezuelan population pyramid shows that the bulk of the Venezuelan population is between the ages of 10 and 24, which translates into a young population with aspirations to enter the labor market. Data also shows a



Mean Years of Schooling indicator of 8.9 years, which represents an educated population that is, in average, a few years short of finishing high school and that can become part of labor force for any growing industry or development. Also, the Venezuelan population has a life expectancy at birth of 74.2 years.



<sup>1</sup> Data for 2015.

<sup>2</sup> Estimated data for 2016. Source: <https://populationpyramid.net/es/venezuela/2015/>

<sup>3</sup> Data for 2015. Source: [http://worldhappiness.report/wp-content/uploads/sites/2/2016/03/HR-V1Ch2\\_web.pdf](http://worldhappiness.report/wp-content/uploads/sites/2/2016/03/HR-V1Ch2_web.pdf)

HDI iniquity adjusted level	0.612 de 1 (high)	Schooling years expected <sup>4</sup>	6.06 years
<b>Source:</b> United Nations Organization. Available at: <a href="http://data.un.org/Default.aspx">http://data.un.org/Default.aspx</a>			

## Geography

### Location

Venezuela is a country located at the northernmost point of South America, with coasts on the Caribbean Sea and the Atlantic Ocean. It has a land area of 916,445 km<sup>2</sup>. Its borders are: Brazil and Guyana to the East, Colombia and Brazil to the South, Colombia to the West, and the Caribbean Sea and the Atlantic Ocean to the North. Because of its location, Venezuela enjoys a tropical climate with two seasons a rainy one and drought one, with temperatures ranging between 28 ° C.

Venezuela has four well defined regions:

1. - **Central-coastal Region:** Where the capital city, Caracas, is located. It is a region consisting of coasts and is the seat of major cities that have international ports and industrial cities.
2. - **Andes Region:** Formed by Táchira, Mérida and Trujillo states; defined as the country's mountainous zone with agricultural settlements with banana, potatoes and coffee plantations.
3. - **Los Llanos Region (Plain region):** Consisting of plains and rivers and formed by Guárico, Apure, Barinas and Portuguesa states, it is the fertile land of the country for agricultural industry.
4. - **Guyanese massif:** In geological terms, it is the oldest part of the country, consists of large plateaus, and is the region with the largest mineral reserves.

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<sup>4</sup> Data for 2014.



### Attractiveness

There are regulations affecting business efficiency in the country, such as exchange control, which puts the country in the 182<sup>nd</sup> position of the world

ranking. In terms of labor freedom, Venezuela occupies position 181 in the world ranking and in the post 169 worldwide about freedom of business.

The Doing Business 2016 classification puts the Venezuelan economy at No. 186 among 189 economies, 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.

Venezuelan market is constituted by 30 million inhabitants. It has the fifth largest GDP in Latin America, and owns the largest proven reserves of crude oil in the world. Regarding gas reserves, Venezuela possesses the eighth worldwide. Nevertheless, there is need for renewal the national infrastructure (roads, rails, ports), industries and machinery.

### Happiness Index

In addition to the basic economic indices, it is important to know how the subjective well-being of a country's population is perceived and to evaluate mankind's ultimate goal: happiness. Because economic policies should enhance the usefulness of the population defined as the amount of pleasure, satisfaction or happiness of individuals; to carry out the survey, people's opinion is asked by a series of questions. In this survey, Venezuelan people perceived themselves as a people with high levels of happiness. Venezuela is ranked in the 44th place, above El Salvador, Ecuador and Japan, but below countries such as France, UK, Colombia, Germany, Chile, Uruguay, among others .



### Profitability

According to ECLAC, FDI decreased in 2014 by 80%, from 2,680 million dollars to 320 million dollars. In previous years, the opposite happened: because of capital repatriation difficulties—due mainly to exchange controls—foreign companies tried to reinvest in the country in the real estate sector. However, it is possible that because of the economic contraction in 2014, foreign companies decided to back their investment because of reduced profits.

### 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**: It 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%); to other ports in Venezuela, this port foreland 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 depth of water is of 9,7 m.
3. - **Port of Guanta**: Located in Anzoátegui state, has 6 docks, and a maximum depth of water of 10,5 m.

4. - **Port of Maracaibo**: Located in Zulia state, has 12 docks, 8 of them remain operational and have a maximum depth of water 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 of water is of 10, 4 m.
6. - **Port of Guaranao**: Located in Falcón state. Currently, this port is operating only for refinery and industrial zone products import.

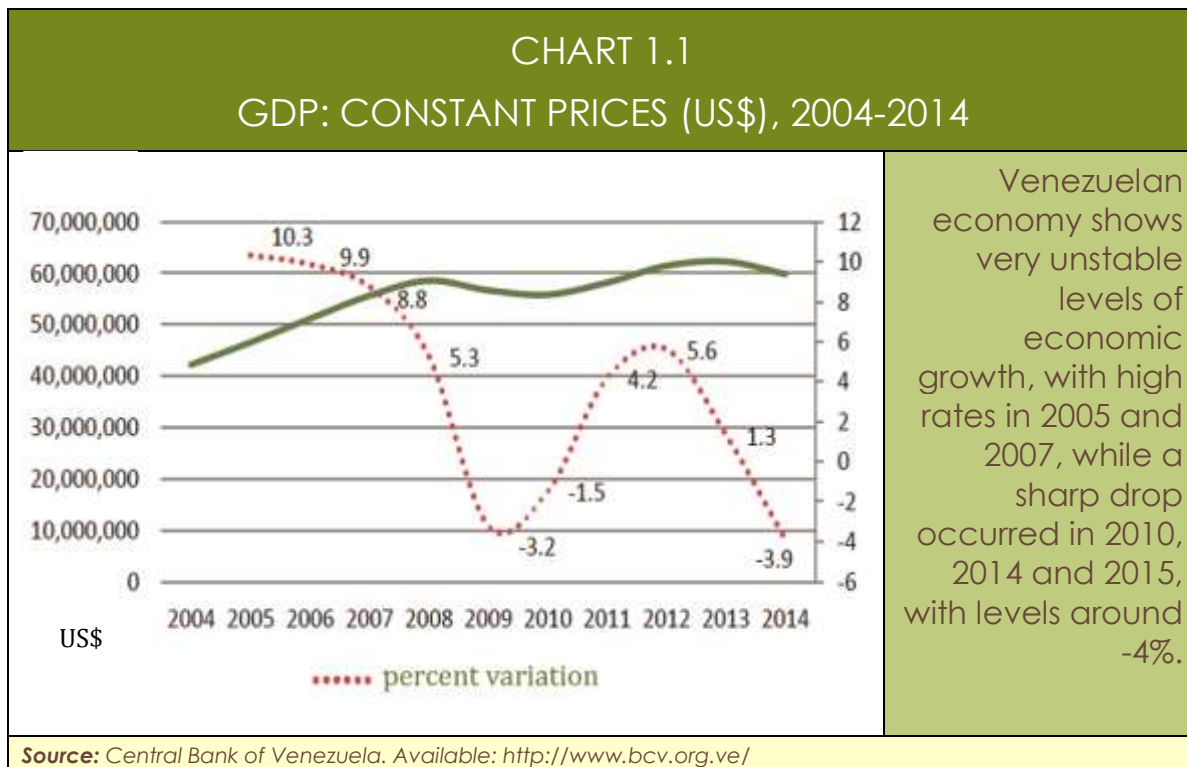
### **Regional agreements and trade blocs**

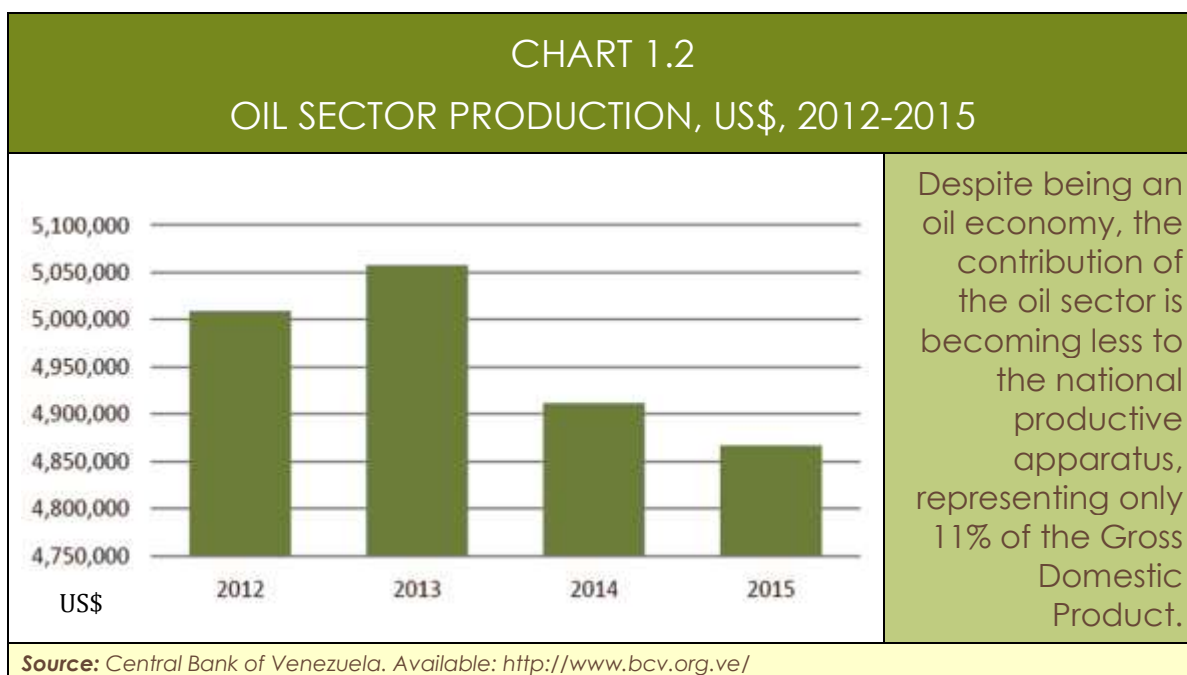
- **ALADI (Latin American Integration Association)**: Signed by Argentina, Brazil, Bolivia, Colombia, Chile, Cuba, Ecuador, Uruguay, Mexico, Panama, Paraguay, Peru and Venezuela, in which Venezuela signed a Regional Tariff Preference agreement, which decreases the proportion of ad-valorem duties stipulated to the tariff schedule.
- **MERCOSUR (Southern Common Market)**: Signed by Argentina, Brazil, Uruguay, Paraguay and Venezuela, where the total elimination of taxes is agreed through the signing of three agreements: "Treaty of Asuncion", "Protocol of Ouro Prieto" and "Olivos Protocol for the settlement of MERCOSUR disputes".
- **ALBA-TCP (Bolivarian Alliance for the Peoples of America- Treaty of the Peoples)**: Signed by Venezuela, Cuba, Bolivia, Antigua and Barbuda, Dominica, Ecuador, Granada, Nicaragua, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Suriname and as observers: Haiti, Iran and Syria. It is based on the use of hedge funds to reduce socioeconomic differences among its member countries.

## Economic situation in Venezuela

According to the data submitted by the Venezuelan National Bank (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).

Despite being an oil-centered 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, representing 98% of the country's income in terms of foreign currency. (Chart 1.2).



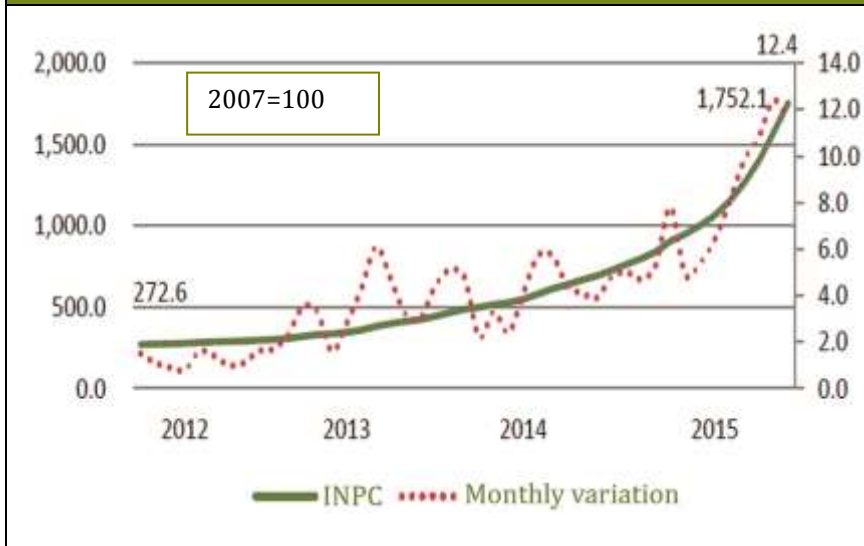


The variation of prices is changing exponentially: prices grew by a factor of six between 2012 and 2015 (Chart 1.3). The inflation rate in 2015 was of 200%. In 2016, inflation rate was around 800%. A month-on-month variation of 10% will represent an annual inflation rate of 313%.

In the same period, international reserves have fallen to less than a half, reaching levels as low as those of 12 years ago. This creates a strong pressure on their external balances. (Chart 1.4).



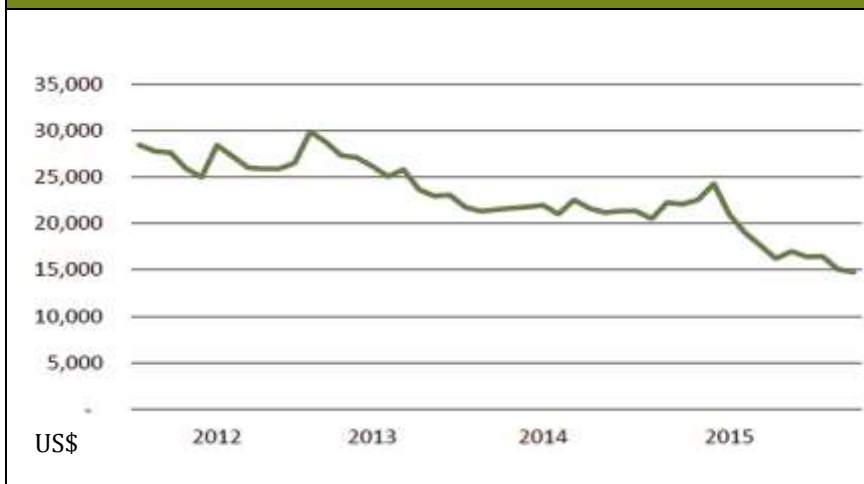
CHART 1.3  
PRICE INDEX, 2012-2015



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

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

CHART 1.4  
INTERNATIONAL RESERVES US\$, 2012-2015



International reserves have fallen to less than half, reaching levels as low as those of 12 years ago

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

The growth of external debt adds to the drop in international reserves, up to a point where the current coverage is less than 10%. This means that the amount of 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% of the total amount, 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 is concentrated in bonds and other forms of loans.

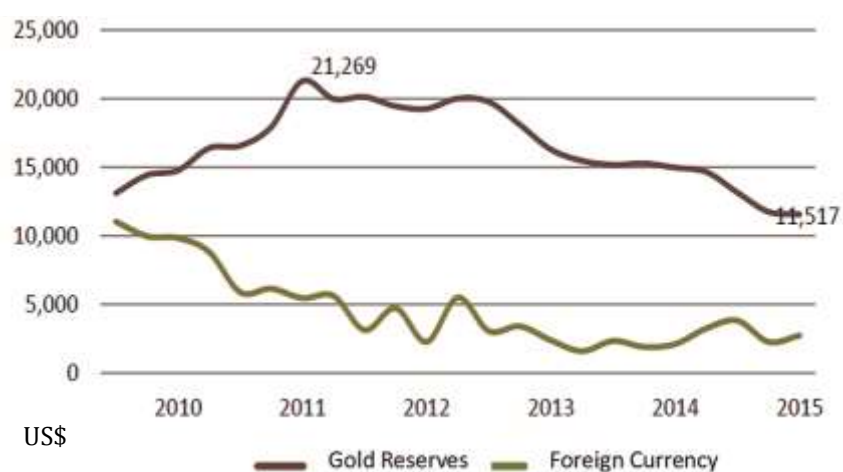
As to the position of the reserve assets, Venezuela has decided to concentrate 70% in monetary gold, and this assets has had the same behavior as of international reserves. It has fallen almost by half: from twenty-one billion in 2011 to eleven and a half billion in 2015. Although public operations regarding monetary gold have not been made. The fall is evident in the Venezuelan.

CHART 1.5  
RELATION BETWEEN EXTERNAL DEBT AND INTERNATIONAL  
RESERVES, 2012-2015



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

CHART 1.6  
RESERVE ASSETS (GOLD AND FOREIGN CURRENCY), 2010-2015



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

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

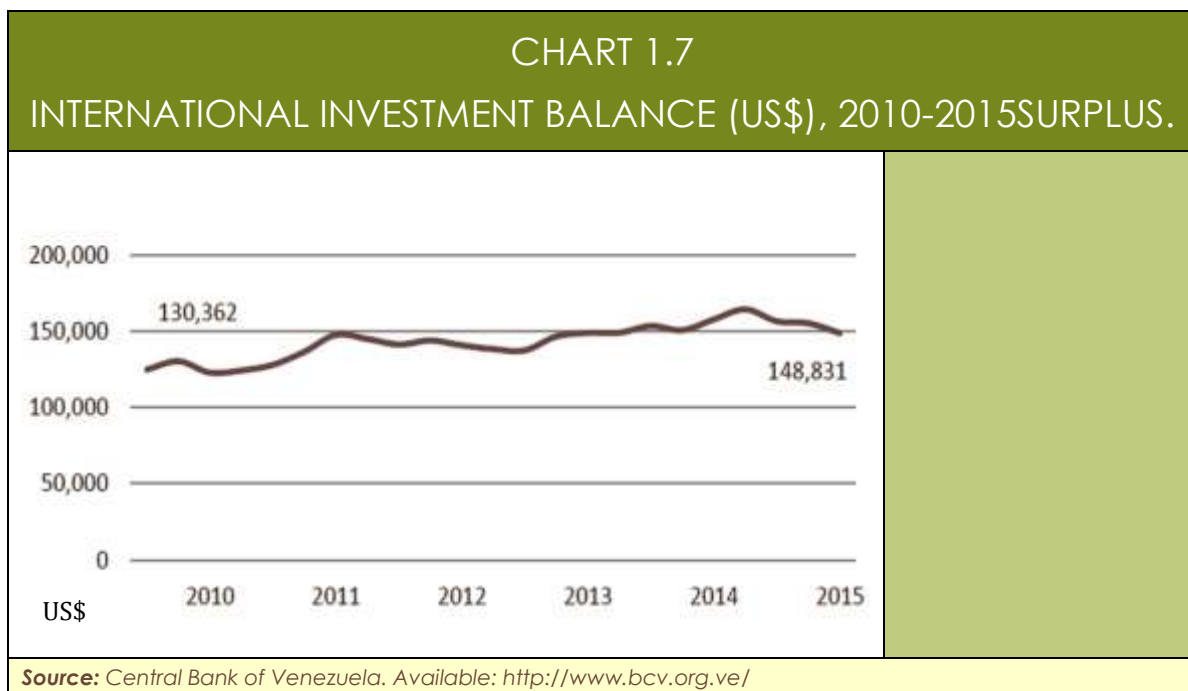
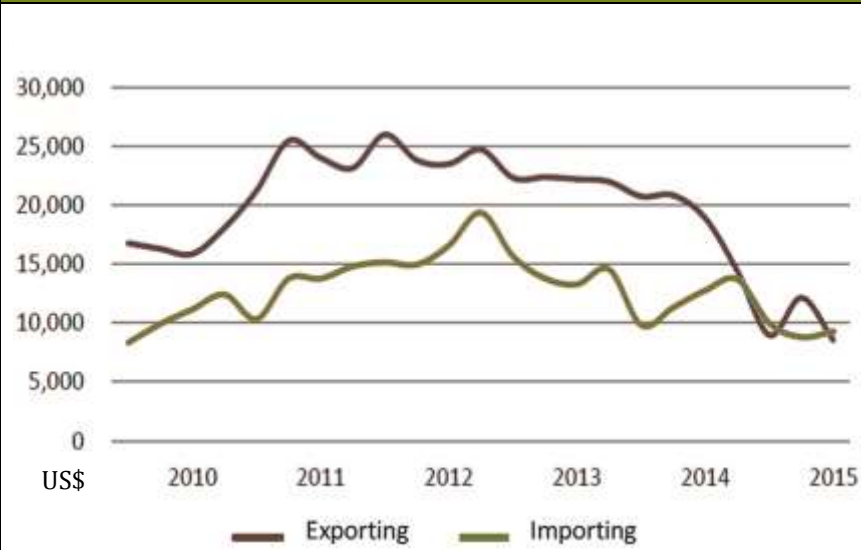




CHART 1.8  
TRADE BALANCE, 2010-2015



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

**Source:** Central Bank of Venezuela. Available: <http://www.bcv.org.ve/>

A close-up photograph of denim fabric, showing the characteristic twill weave and some creasing. The image is split horizontally by a semi-transparent white band containing text. The top and bottom portions show the dark blue denim with visible stitching and texture.

# The Synthetic

textil product in Venezuela

## Characterization of the Venezuelan Synthetic Textile Product

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### Historical review of the Venezuelan synthetic textile product

The Venezuelan textile industry began its activity in the second decade of the twentieth century; testimonies evidence the installation of certain industrial equipment in the country. Starting in the 1920s, and with the rapid expansion of the oil industry, the Venezuelan textile industry experienced its first growth boom, which had its effect on the partial supply of the population for dress purposes.

At the end of the presidential period of Juan Vicente Gómez, the first non-oil industrial investments in Venezuela were destined, among others, to the textile sector. Most industrial companies were owned by cronies of the dictator, who had highly mercantilist criteria and whose purpose was to supply the needs of the internal market, using production methods based on simple techniques, which had the effect of increasing the import tariff.

In subsequent periods, specifically 1948, the state focused on the development of the agri-food industry, which is why the textile industry was not part of the development priorities for the time. This is evidenced in the protections granted in previous years to the sector and in the decrease of the capital invested in the activity.

In the post-1960 period, under the government of Rómulo Betancourt, the textile industry underwent the Import Substitution Industrialization model. For this reason, part of the nation's budget was directed towards granting loans for the installation of industrial factories—especially those dedicated to the production of this item. These loans enjoyed a protection guarantee materialized in decrees of protection against imports of the textile industry.

In the oil boom period of the mid-1970's, the textile industry sector experienced a sudden growth, spurred by the increase in the demand of durable consumption products. This increase benefited, once again, from credits for the expansion and modernization of facilities. This process was prolonged for several years, delaying the start-up of the technological and logistical update of the companies, a fact that was exploited by the textile industry of the Far East and the smuggling trade.

The aforementioned facts translated into a strong stagnation of the industry which, in turn, led to the breakdown of many companies in 1979 and 1980.

From 1983 on, and as a result of the devaluation of February 18, 1983, the textile industry experienced a gradual growth, based, among other reasons, on the subsidy of raw materials at preferential exchange rates. This gradual growth saw its greatest effect on the domestic market and its export capacity for the first time in its history.

In recent years, the Venezuelan textile product has experienced an important decrease in production levels. This was caused, among other reasons, by the decrease of the inflow of foreign currency for the timely payment of debts contracted for import. For this reason, the textile industry was USD18 million<sup>5</sup> in debt by the first semester of 2014. Out of this amount, only 20% had been paid. In 2015, the representatives of the sector expressed the lack of raw material for production and the non-existent assignation of dollars during the year; for this reason, the sector financed its activities with dollars assigned the previous year (2014) through the summons of the Foreign Currency Administration Complementary System (*Sistema Complementario de Administración de Divisas, SICAD*).

During this year, representatives of the textile industry expressed that the industry works at 25% of installed capacity, which amounts to a production level below 10% of the production capacity of the available machinery and personnel.

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<sup>5</sup>According to data supplied by Mariela Osorio, director of the *Cámara Venezolana de la Industria del Vestido* (Venezuelan Dress Industry Chamber), see: <http://www.eluniversal.com/economia/140819/industria-del-vestido-afectada-por-falta-de-divisas>



## Legal and tax aspects

Any economic activity, included the import and export of legal goods is protected by the Constitution of the Bolivarian Republic of Venezuela in its 112<sup>th</sup> article, which established that:

*“All persons may devote themselves freely to the economic activity of their choice, subject only to the limitations provided for in this Constitution and those established by law for reasons of human development, security, health, environmental protection or other reasons in the 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 the needs of the populace, freedom of work, enterprise, commerce, industry, without prejudice to the power of the State to promulgate measures to plan, rationalize and regulate the economy and promote the overall development of the country.”*

### MAIN LEGAL DISPOSITIONS REGULATING THE TEXTILE ACTIVITY IN THE BOLIVARIAN REPUBLIC OF VENEZUELA

Legal Instrument	Publication Date	Official Gazette
Constitution of the Bolivarian Republic of Venezuela(Article 112) See	30 December 1999.	Nº 30.860
Code of Commerce See	21 December 1955	Gazette Nº 475 Extraordinary

*Source:*Index of laws and decrees in force. Ediciones Juan Garay. Available at: [www.indiley.com](http://www.indiley.com) (julio 2016).

On the other hand, the entities in charge of representing the textile industry in Venezuela are the Venezuelan Federation of Chambers of Commerce and Production (*Federación Venezolana de Cámaras de Comercio y Producción, FEDECAMARAS*), which is a non-profit Civil Association composed by private economic unions integrated by entrepreneurs, natural and legal persons which, either jointly or separately, exercise the representation of economic activities and interests.

This federation comprises the Venezuelan Confederation of Industrials (*Confederación Venezolana de Industriales CONINDUSTRIA*), which was founded on 14 February 1970 in Barquisimeto, Lara, as an initiative of a group of 29 industrials worried by the country and the future of the Venezuelan industry.

Within CONINDUSTRIA, the Venezuelan Dress Industry Chamber (*Cámara Venezolana de la Industria del Vestido CAVEDIV*) is an active member. CADEVIV shares the representation of the sector along the Venezuelan Textile Association (*Asociación Textil Venezolana, ATV*).

The following is a table showing the information of the aforementioned representation:

ENTITIES IN CHARGE OF REPRESENTING THE TEXTILE INDUSTRY IN VENEZUELA		
Entity	Address	Contact
Venezuelan Federation of Chambers of Commerce and Production ( <i>Federación Venezolana de Cámaras de Comercio y Producción, FEDECAMARAS</i> )	Edif. FEDECAMARAS, Urb. El Bosque, Av. El Empalme with Av. El Carmen. Chacao, Edo. Miranda	www.fedecamaras.org.ve (+58) (0212) 731.17.11 (+58) (0212) 731.17.13
the Venezuelan Dress Industry Chamber ( <i>Cámara Venezolana de la Industria del Vestido CAVEDIV</i> )	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
Venezuelan Textile Association ( <i>Asociación Textil Venezolana, ATV</i> )	Canónigos a San Román, Edif. GTM, 5 <sup>th</sup> Floor. Libertador Municipality. Distrito Capital.	(+58) (0212) 561.18.02 (+58) (0212) 561.20.09
<b>Source:</b> Venezuelan Confederation of Industrials ( <i>Confederación Venezolana de Industriales CONINDUSTRIA</i> ). <a href="http://www.conindustria.org/acerca-de/directorio-de-afiliados/miembros-activos/">http://www.conindustria.org/acerca-de/directorio-de-afiliados/miembros-activos/</a> Embassy of the Bolivarian Republic of Venezuela before the United States of America. <a href="http://www.embavenez-">http://www.embavenez-</a>		

[us.org/\\_spanish/?pagina=Negocios/Industria\\_comercio.php&titulo=Negocios](http://us.org/_spanish/?pagina=Negocios/Industria_comercio.php&titulo=Negocios)

### Tariffs related to the Venezuelan synthetic textile activity

The synthetic textile product is established in the tariff code under the heading 54.07, related to “Woven fabrics of synthetic filament yarn, including woven fabrics made from the goods of heading 54.04” and heading 54.08, which references “Woven fabrics of artificial filament yarn, including those made from the materials of heading 54.05”.

The following table describes each heading related to the import of synthetic textiles and their respective tariff:

DETAILED LIST OF THE ELEMENTS WHICH IDENTIFY FABRICS WITH SYNTHETIC FIBERS IN THE VENEZUELAN TARIFF SYSTEM							
Item 54.07, related to woven fabrics of synthetic filament yarn, including woven fabrics made from the goods of heading 54.04 <sup>6</sup> .							
Tariff Code	Description of the merchandise	Ad Valorem Tax				Legal Regime	Physical Unit
		2013	2014	2015	2016		
5407.10.1 Without rubber thread:							
5407.10.11 Aramids:							
5407.10.11.10	For the manufacture of tires	20	20	2	2	-	m <sup>2</sup>
5407.10.11.90	Others	20	20	2	2	-	m <sup>2</sup>
5407.10.19 Others:							
5407.10.19.10	5407.10.19.10	20	20	20	26	-	m <sup>2</sup>
5407.10.19.90	Others	20	20	20	26	-	m <sup>2</sup>
5407.10.2 With rubber thread:							
5407.10.21 Aramids:							
5407.10.21.10	For the	20	20	2	2	-	m <sup>2</sup>

<sup>6</sup>Synthetic monofilament of 67 decitex or more and of which no cross-sectional dimension exceeds 1 mm; Strip and the like (for example, artificial straw) of synthetic textile materials of an apparent width not exceeding 5 mm.

	manufacture of tires						
5407.10.21.90	Others	20	20	2	2	-	m <sup>2</sup>
5407.10.29 Others:							
5407.10.29.10	For the manufacture of tires	20	20	20	26	-	m <sup>2</sup>
5407.10.29.90	Others	20	20	20	26	-	m <sup>2</sup>
5407.20.00	Woven fabrics with strips or similar forms	20	20	20	26	-	m <sup>2</sup>
5407.30.00	Products cited in Note 9 <sup>7</sup> of Section XI	5	5	5	26	-	m <sup>2</sup>
5407.4 Other fabrics with a content of nylon filaments or other polyamides greater than or equal to 85% (by weight):							
5407.41.00	Crude or bleached	20	20	20	26	-	m <sup>2</sup>
5407.42.00	Dyed	20	20	20	26	-	m <sup>2</sup>
5407.43.00	With yarns of different colors	20	20	20	26	-	m <sup>2</sup>
5407.44.00	Printed	20	20	20	26	-	m <sup>2</sup>
5407.5. Other woven fabrics with a content of texturized polyester filaments exceeding 85% (by weight):							
5407.51.00		20	20	20	26	-	m <sup>2</sup>
5407.52. Dyed:							
5407.52.10	Without rubber thread	20	20	20	26	-	m <sup>2</sup>
5407.52.20	With rubber thread	20	20	20	26	-	m <sup>2</sup>
5407.53.00	With yarns of different colors	20	20	20	26	-	m <sup>2</sup>
5407.54.00	Printed	20	20	20	26	-	m <sup>2</sup>
5407.6 Other fabrics with a content of polyester filaments of 85% or more (by							

<sup>7</sup>Products made up of layers of parallelised textile yarns superimposed at right or acute angles shall be assimilated to the fabrics of Chapters 50 to 55. These layers are fixed to each other at the crossing points of their yarns by means of an adhesive or by heat-sealing.

weight):							
5407.61.00	With a content of non-textured polyester filaments greater than or equal to 85% by weight	20	20	20	26	-	m <sup>2</sup>
5407.69.00	Others	20	20	20	26	-	m <sup>2</sup>
5407.7. Other fabrics with a content of synthetic filaments greater than or equal to 85% (by weight):							
5407.71.00. Crudes or bleached:							
5407.71.00.10	Plaid layers for tires made of polyvinyl alcohol yarn	5	5	5	26	-	m <sup>2</sup>
5407.71.00.90	Others	20	20	20	26	-	m <sup>2</sup>
5407.72.00	Dyed	20	20	20	26	-	m <sup>2</sup>
5407.73.00	With yarns of different colors	20	20	20	26	-	m <sup>2</sup>
5407.74.00	Printed	20	20	20	26	-	m <sup>2</sup>
5407.8 Other fabrics with a content of synthetic filaments of less than 85% (by weight), mixed principally or exclusively with cotton:							
5407.81.00	Crude or bleached	20	20	20	26	-	m <sup>2</sup>
5407.82.00	Dyed	20	20	20	26	-	m <sup>2</sup>
5407.83.00	With yarns of different colors	20	20	20	26	-	m <sup>2</sup>
5407.84.00	Printed	20	20	20	26	-	m <sup>2</sup>
5407.9. Others:							
5407.91.00	Crude or bleached	20	20	20	26	-	m <sup>2</sup>
5407.92.00	Dyed	20	20	20	26	-	m <sup>2</sup>
5407.93.00	With yarns of different colors	20	20	20	26	-	m <sup>2</sup>
5407.94.00	Printed	20	20	20	26	-	m <sup>2</sup>

Heading 54.08 related to a woven fabrics of artificial filament yarn, including those made from the materials of heading 54.05<sup>8</sup>.

5408.10.00	Fabrics made from high tenacity rayon viscose yarn	20	20	20	26	-	m <sup>2</sup>
5408.2. Other woven fabrics with a content of artificial filaments or strip or the like greater than or equal to 85% (by weight):							
5408.21.00	Crude or bleached	20	20	20	26	-	m <sup>2</sup>
5408.22.00	Dyed	20	20	20	26	-	m <sup>2</sup>
5408.23.00	With yarns of different colors	20	20	20	26	-	m <sup>2</sup>
5408.24.00	Printed	20	20	20	26	-	m <sup>2</sup>
5408.3 Others:							
5408.31.00	Crude or bleached	20	20	20	26	-	m <sup>2</sup>
5408.32.00	Dyed	20	20	20	26	-	m <sup>2</sup>
5408.33.00	With yarns of different colors	20	20	20	26	-	m <sup>2</sup>
5408.34.00	Printed	20	20	20	26	-	m <sup>2</sup>

Source: SENIAT. "ARANCEL DE ADUANAS DE VENEZUELA". Available at:

[http://www.seniat.gob.ve/portal/page/portal/MANEJADOR\\_CONTENIDO\\_SENIAT/04ADUANAS/4.7CLASIFICACION\\_ARAN/ARANCELES/ADUANAS\\_ARANCEL\\_01\\_Arancel\\_3679.pdf](http://www.seniat.gob.ve/portal/page/portal/MANEJADOR_CONTENIDO_SENIAT/04ADUANAS/4.7CLASIFICACION_ARAN/ARANCELES/ADUANAS_ARANCEL_01_Arancel_3679.pdf)

## Tariff restrictions to import

As an element of trade restriction, the Bolivarian Republic of Venezuela grants tariff preferences in headings 54.07 and 54.08, only to the Republic of Colombia, through the commercial Partial Scope Agreement, No. 28, signed on November 28, 2011 by the Presidents of Colombia, and Venezuela. The annexes to this agreement were signed on April 15, 2012.

<sup>8</sup>Artificial monofilament of 67 decitex or more and of which no cross-sectional dimension exceeds 1 mm; Strip and the like of artificial textile material, of an apparent width not exceeding 5 mm.



The aspects of this agreement are detailed in the following section:

PREFERENCIAS ARANCELARIAS OTROGADAS POR LA REPÚBLICA BOLIVARIANA DE VENEZUELA A LOS MIEMBROS DE LA ASOCIACIÓN LATINOAMERICANA DE INTEGRACIÓN (ALADI)						
NALADISA <sup>9</sup> 2012		Agreement	Beneficiary	Preference		Observations
Item	Description			Percentage	Residual	
57011000	Of wool or fine animal hair	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57011000
57019000	Of other textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57019000
57023100	Of wool or fine animal hair	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57023100
57023200	Of man-made or artificial textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57023200
57023900	Of other textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57023900
57024100	Of wool or fine animal hair	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57024100
57024200	Of man-made or artificial textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57024200

<sup>9</sup>Tariff nomenclature applied between the ALADI countries for the purposes of identifying the products to be exchanged, arising from the adaptation of the Harmonized Commodity Description and Coding System (HS) to the commercial and productive needs and realities of the members of that commercial block. The tariff coding of the products in the NALADISA is given to 8 numerical digits, based on the HS.

57025010	Of wool or fine animal hair	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57025100
57025090	Of other textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57025900
57029100	Of wool or fine animal hair	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57029100
57029200	Of man-made or artificial textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57029200
57029900	Of other textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57029900
57032000	Of nylon or other polyamides	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57032000
57033000	Of other synthetic textile materials or of artificial textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57033000
57039000	Of other textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57039000
57049000	Others	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57049000
57050000	Other carpets and floor coverings, of textile material, including made-up:	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 57050000
58012200	Velvet and weft pile, cut, striped (striped corduroy)	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58012200
58012300	Other velvets and plush fabrics	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58012300

58012700	Velvet and warp plush	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58012500
58013100	Velvet and uncut plush per weave	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58013100
58013300	Other velvet and plush fabrics	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58013300
58013600	Chenille fabrics	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58013600
58019000	Of other textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58019000
58021900	Others	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58021900
58030090	Of other textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58039000
58041000	Tulle, tulle-bobinot and woven fabrics knotted	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58041000
58042110	Of synthetic fibers	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58042100
58042910	Of cotton	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58042900
58050010	Wool or fine animal hair	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58050000
58061000	Ribbons of velvet, plush, chenille or towel-like fabrics with loops	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58061000
5806200	Other tapes with a content of	AAP.C N°	Colombia	100		Venezuelan Tariff:

0	elastomeric yarn or rubber thread of 5% or more by weight	28				58062000
58063100	Of cotton	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58063100
58063200	Of synthetic or artificial fibers	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58063200
58063930	Of silk	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58063900
58064000	Ribbons without weft, of yarn or parallelized fibers and agglutinated	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58064000
58071000	Fabrics	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58071000
58079000	Others	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58079000
58081000	Braids in piece	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58081000
58089000	Others	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58089000
58090010	Of metal threads	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58090000
58109100	Of cotton	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58109100
58109200	Of synthetic or artificial fibers	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58109200

58109900	Of other textile materials	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58109900
58110000	Quilted textile products in the piece, made up of one or more layers of textile materials combined with a backing and supported by stitching or other fastening, except for the embroidery of heading No.58.10.	AAP.C N° 28	Colombia	100		Venezuelan Tariff: 58110000

Source: Sistema de Información de Comercio Exterior SICOEX. Available: <http://consultawebv2.aladi.org/sicoexV2/jsf/home.seam>

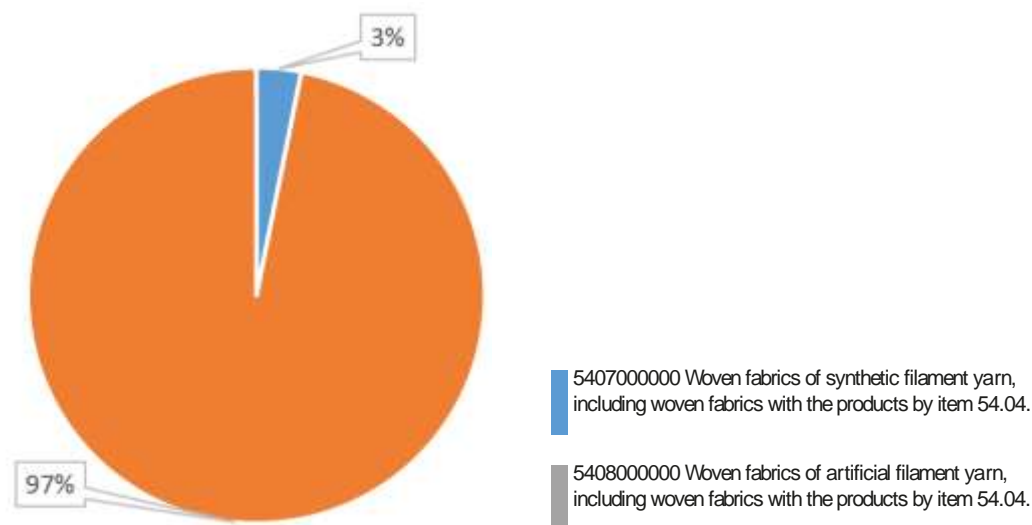
### Administrative transactions

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 Customs and Tax Administration (*Servicio Nacional Integrado de Administración Aduanera y Tributaria, SENIAT*).

### Distribution of the synthetic fabrics import in Venezuela

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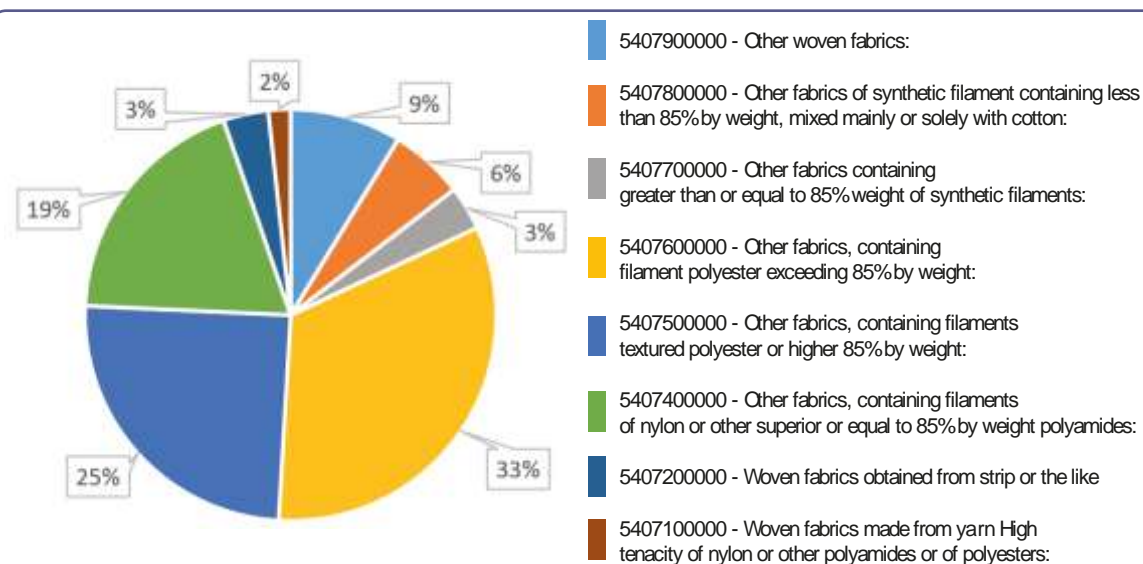
## DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 5407 AND 5408 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA



Source: Instituto Nacional de Estadística (INE)

Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)

## DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 5407 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA

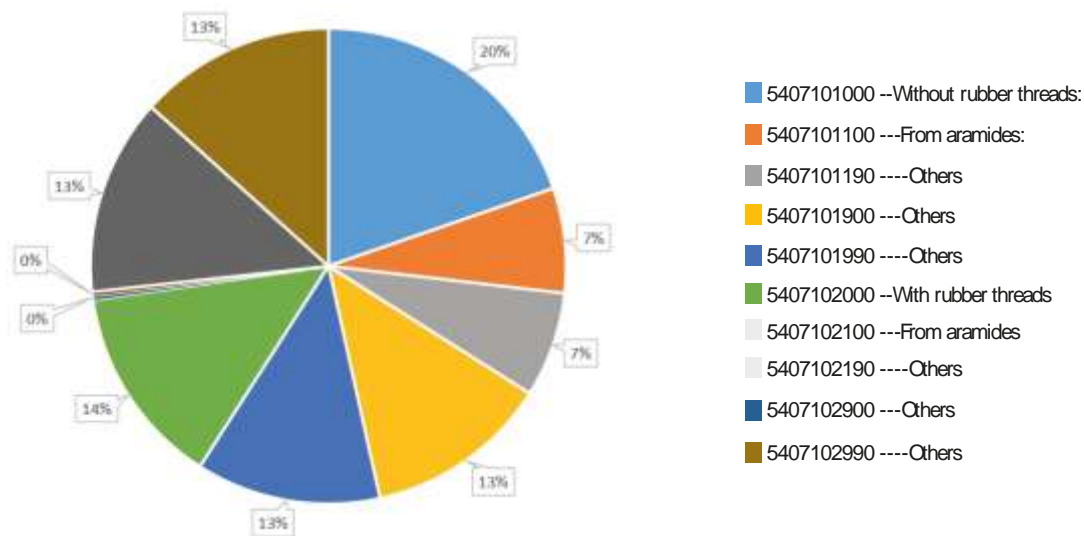


Source: Instituto Nacional de Estadística (INE)

Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)



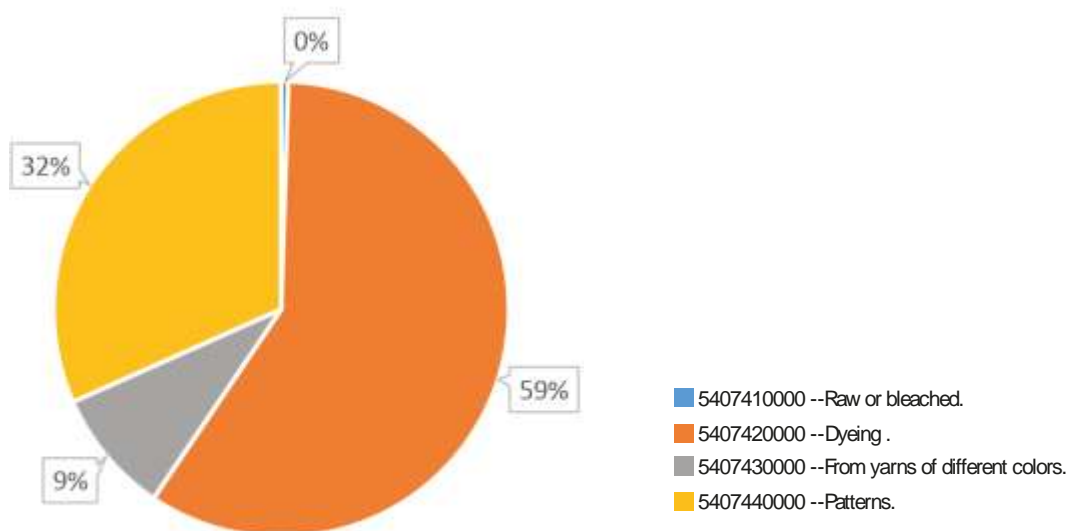
### DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 54071 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA



**Source:** Instituto Nacional de Estadística (INE)

Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)

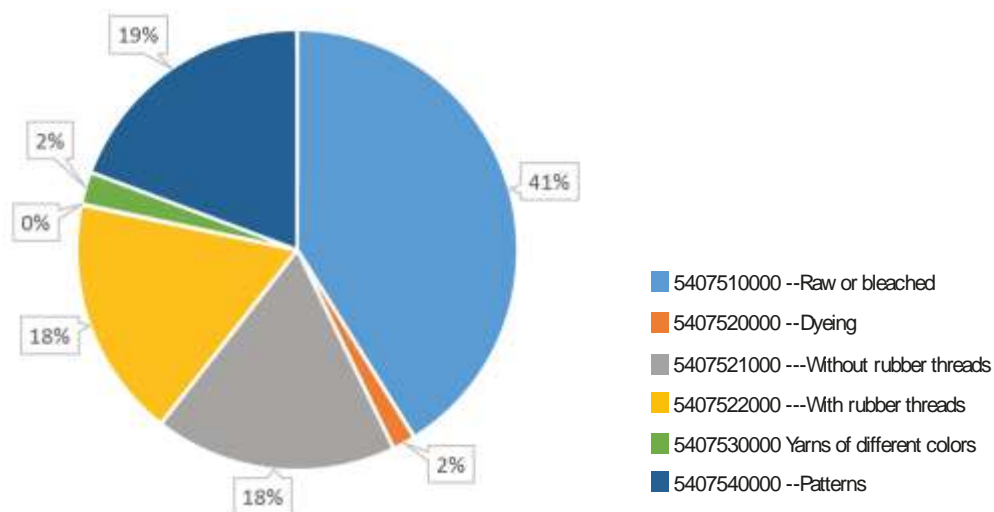
### DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 540740 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA



**Source:** Instituto Nacional de Estadística (INE)

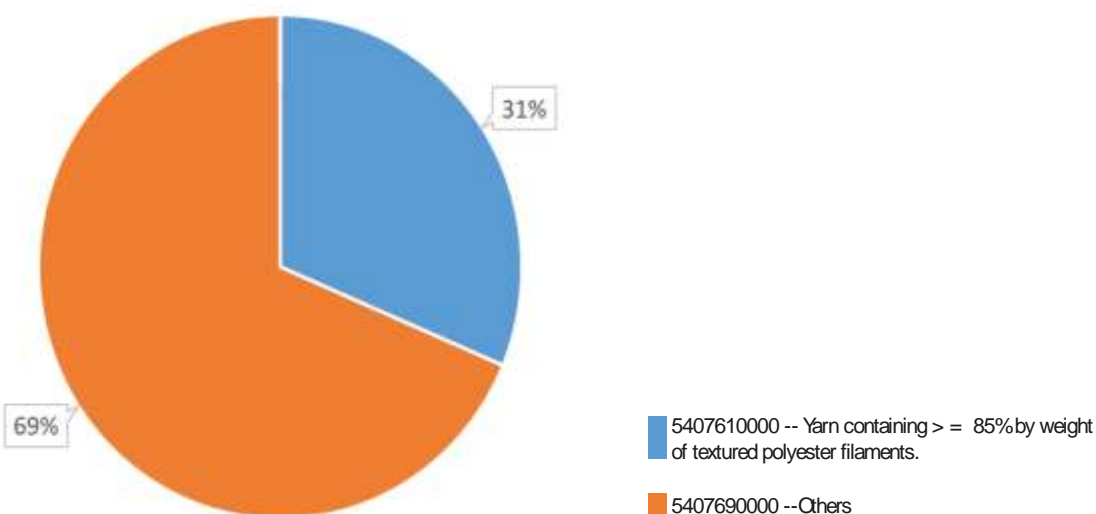
Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)

### DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 54075 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA



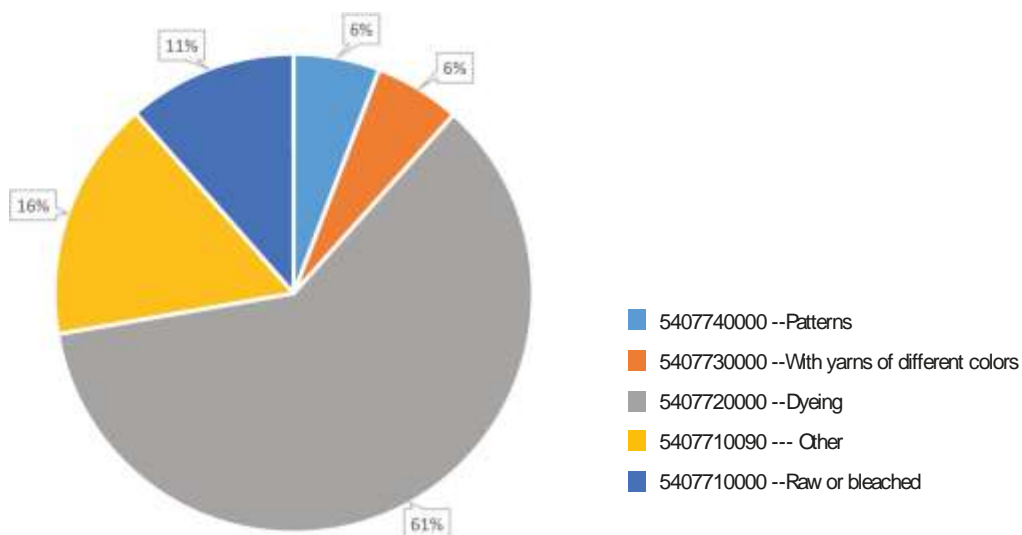
*Source: Instituto Nacional de Estadística (INE)*  
 Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)

### DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 54076 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA



*Source: Instituto Nacional de Estadística (INE)*  
 Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)

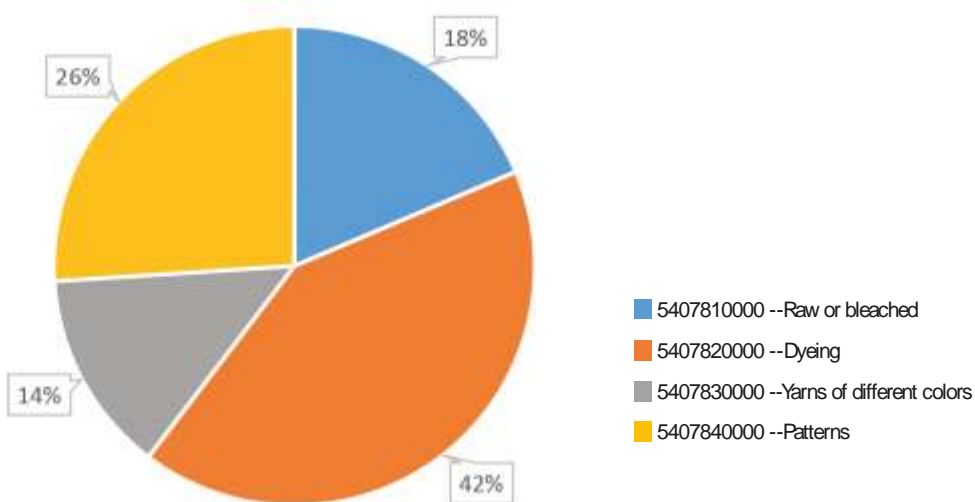
### DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 54077 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA



**Source:** Instituto Nacional de Estadística (INE)

Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)

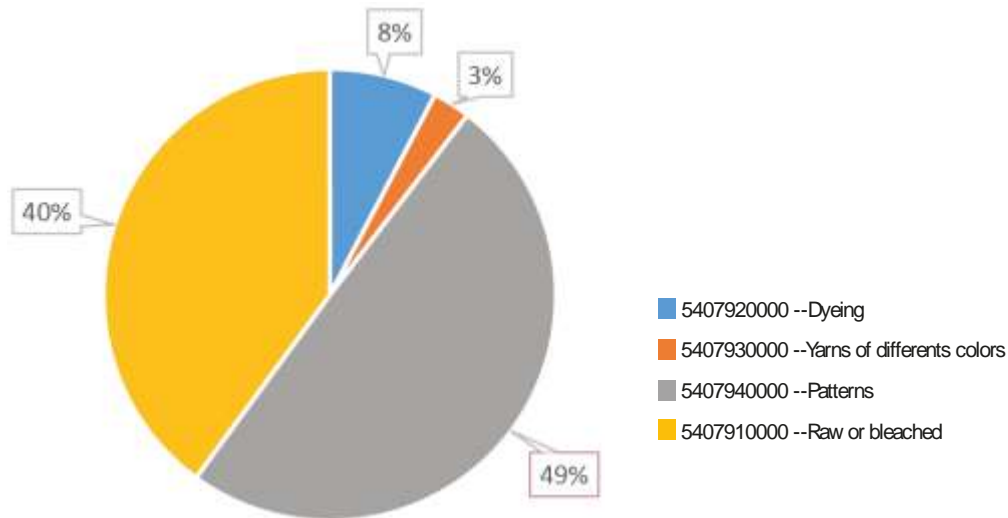
### DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 54078 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA



**Source:** Instituto Nacional de Estadística (INE)

Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)

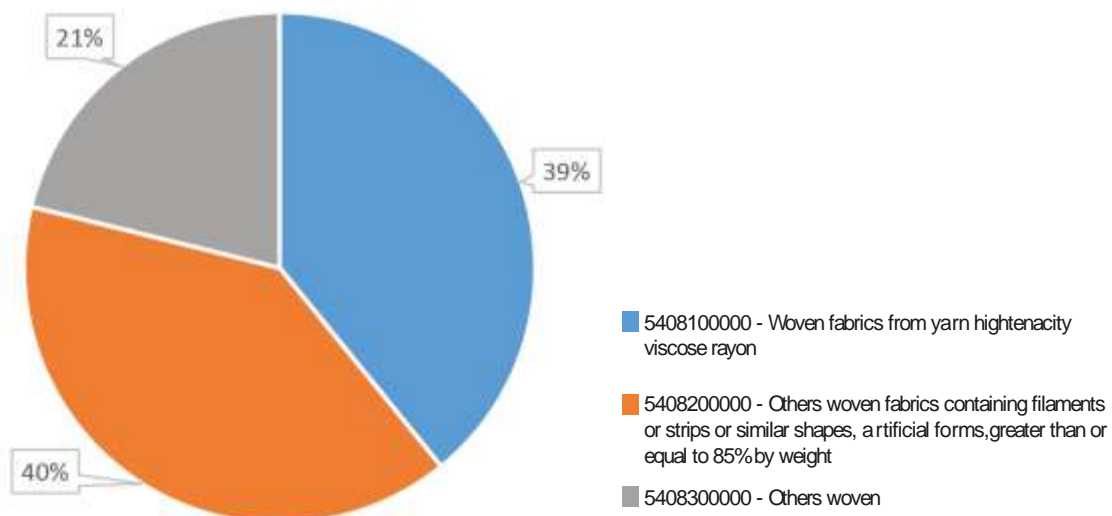
### DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 54079 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA



Source: Instituto Nacional de Estadística (INE)

Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)

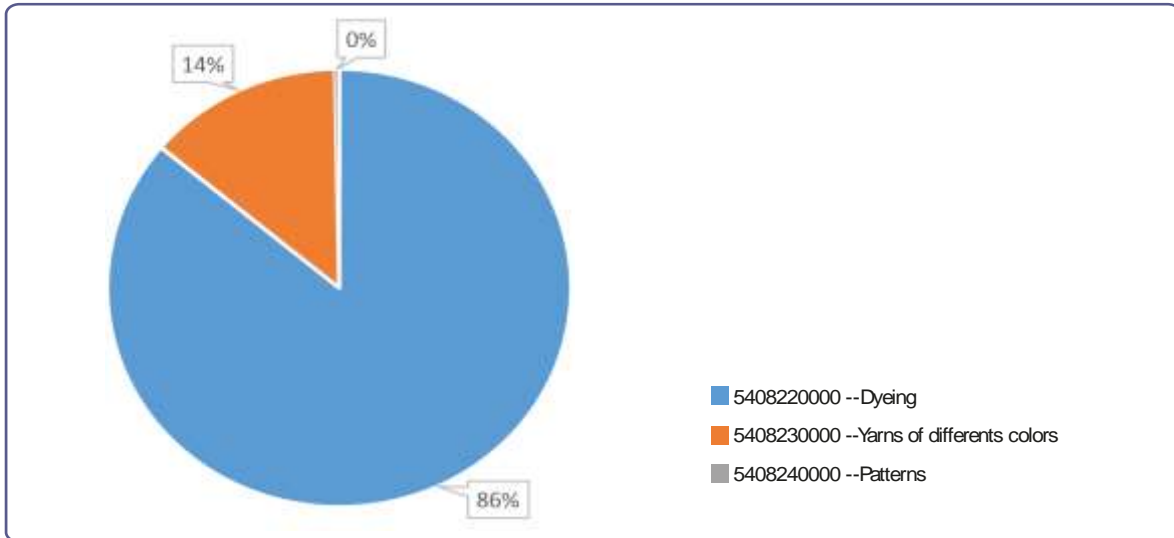
### DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 5408 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA



Source: Instituto Nacional de Estadística (INE)

Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)

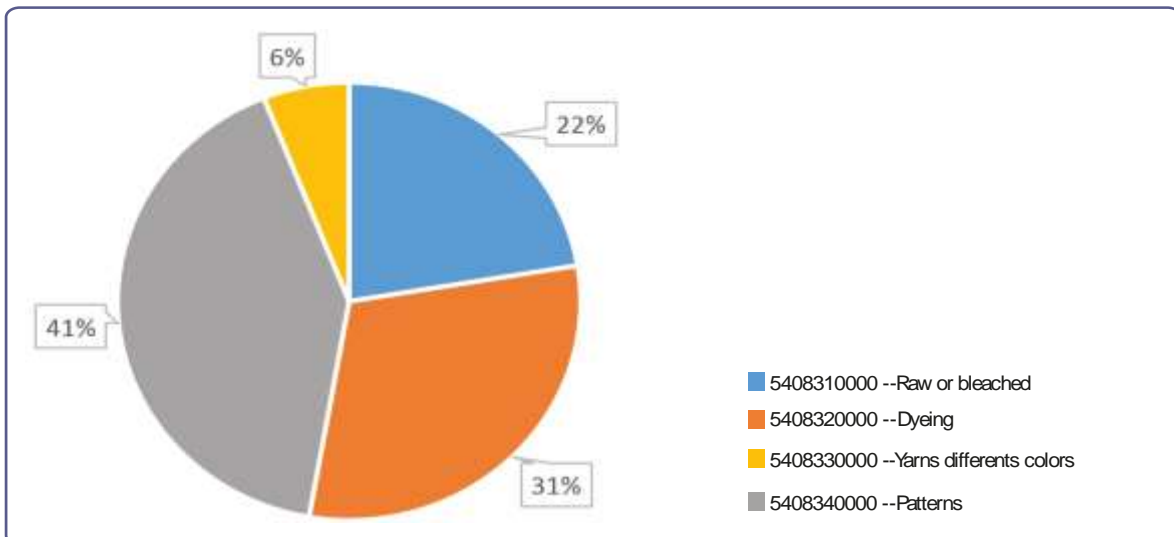
### DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 54082 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA



Source: Instituto Nacional de Estadística (INE)

Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)

### DISTRIBUTION OF TEXTILE IMPORTS BY ITEM 54083 DURING THE YEAR 2014 IN THE BOLIVARIAN REPUBLIC OF VENEZUELA



Source: Instituto Nacional de Estadística (INE)

Available in: [http://www.ine.gov.ve/index.php?option=com\\_content&id=339&Itemid=33](http://www.ine.gov.ve/index.php?option=com_content&id=339&Itemid=33)







# The Market

of the synthetic textil product in Venezuela



## The supply of synthetic fabrics in Venezuela

The national fabric market, from the productive point of view, has a small supply of synthetic fabrics, since most of its production specializes in fibers of natural origin. From this perspective, the Venezuelan textile industry in the field of synthetic fabrics only offers textile sheets of fabrics made of polyester fibers and some types of polyolefin fibers—mainly engaged in the production of carpets, upholstery and quilts—on the market.

## The demand of synthetic fabrics in Venezuela

Most of the demand is met by imports of textile sheets of fabrics made from high tenacity nylon yarns, polyamide or polyester varieties, and to a lesser extent woven fabrics of rubber yarns and aramids.

SOME PRODUCERS AND DISTRIBUTORS OF THE TEXTILE AREA IN VENEZUELA		
FABRICS PRODUCERS		
COMPANY	ADDRESS	CONTACT
Cooperativa Textil	San Martín Mall, In front of EPA, San Martín, Caracas	(0212)461.1973 (0416)608.8315
Product:	No Information	
Grupo Telares Maracay	Av. Urdaneta, Esquina Pelota, con Esquina Abanico, Edif. Don Raúl, Mezz., Altagracia, Caracas	(0212)561.1152/3511
Product:	Jeans, Bedsheets, Disposable Medical Fabrics, Diaper Manufacturing and Packing.	
Hilanderías Venezolanas CA	Ca.García González Da Silva, Hilanderías Venezolanas Building, La Yaguara, Caracas	(0212)471.0144/0952



Product:	No information	
Industrias Daaltex CA	Esquina Marrón, con Esquina Cují, Edif. Broadway, Mezz. 2, Local Central, El Centro, Caracas	(0212)561.2505 (0212)561.7133 (0212)561.7133 (0414)230.0050
Product:	Knitwear	
Jeantex SA	Av. Urdaneta, Esquina Pelota a Abanico, Edif. Don Raul, PB, Altigracia, 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, Bedsheets, Duvets, Blankets, Bath Towels.	
Telares Los Andes SA	Gl.Telares Los Andes, Av. G.G. Silva, La Yaguara, La Yaguara, Caracas	(0212)471.0523
Product:	No information	
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	
Textilera Gran Colombia CA	Transv. 2da y 3ra, Calle E, Textilera Gran Colombia Building, Los Cortijos de Lourdes, Caracas	(0212)235.2805
Product:	No information	
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	
Textilera Sanson C.A.	Puerta de Caracas. "SANSON" Building La Pastora, Caracas,	0212 – 860.08.80
Product:	Jersey, Rib, Pique, Interlock and Fantasies.	
Tejidos de Punto Pisano CA	Distrito Capital, Caracas, Av. Tamanaco, a, Cl. Tinajas, Pisano Building, 1 <sup>st</sup> Floor, Apt. 1, El Llanito Urbanization	0212-2577719 / 0212-2563581 / 0212-2573744
Product:	Tejeduría, Teñidos, Acabados y empaquetado industrial Textil.	
Comercializadora Licratex C.A.	Táchira, San Cristóbal, Cl. CENTRO CARRERA 6 CON CALLES 14, House 14-52, 3 <sup>rd</sup> Floor, Apt. 1	0276-3435248 / 0276-7716802 www.lymtex.com
Product:	Knitwear, Jerseys, piquet, reeb, interlock	
Textilana SA	Av. República Dominicana, with Mara Street, Indelca Building, Ground Floor, Boleíta Sur, Caracas	(0212)234.5531
Product:	Wool fabrics, wool-polyester, wool-viscose, 100% polyester.	
Lymtex, C.A.	Distrito Capital, Caracas, Cl. Empedrado, Marly Building, Mezzanine, San Martín Urbanization	0212-4515958 / 0212-4511007
Product:	Jersey, Interlock, double-sided fabrics and fancy fabrics.	
FABRIC IMPORTERS		
Distribuidora Novatel CA	Esquina Pelota, with Esquina Abanico,	(0212)564.8818 (0212)564.2313 (0212)562.5404

	Don Joaquín Building, Ground Floor, Parque Central, Caracas	
Product:	No information	
Telas Smik, C.A.	Lara, Cabudare, Av. 3 between streets 1 and 2, Unnamed House, Number 40, Unnamed Apt.	0251-2629499 / 0424-5387294 telasmik@gmail.com telassmik.com
Product:	Fabrics for sheets and linens.	

Source: Infoguia. <http://paginasamarillas.infoguia.net/PagAm/PagAm.asp?key=textileras-fabrica-de-telas-textileras-caracas&cat=962&ciud=41>





# The Investment

in the synthetic textil product in Venezuela



## Investment in the manufacturing of synthetic textile sheets in Venezuela

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### Main strengths of the Venezuelan textile manufacturing market

Some aspects that give strength to the textile market in Venezuela are:

- Financing by private banks
- It has consumers loyal to the product.
- The market is segmented by level of income.
- The sector has skilled labor force.

### Main weaknesses of the Venezuelan textile manufacturing market

Some aspects that weaken the Venezuelan textile market are:

- There is a greater number of State controls and regulations in the economy.
- There is a high level of bureaucracy regarding administrative procedures.
- Import levels exceed those of production.
- There are limitations at the distribution level.
- There is little advertising of the product.
- It does not represent a product of first necessity.
- Low competitive orientation.
- Minimal integration into the textile-clothing chain.
- Low receptivity to perceive corrective signals from the environment.

## Main threats in the Venezuelan textile manufacturing market

Some aspects that threaten the Venezuelan textile market are:

- The sector is vulnerable to changes in the State's trade policy.
- Decrease in consumer purchasing power.
- The fall in foreign currency income to the State accounts, makes an increase of taxes in this sector—as compensation mechanism—possible.
- The industry does not have a constant flow of foreign currency to meet its maintenance and expansion needs.
- The imported product provides the consumer with higher quality.
- Prices of imported products are more competitive.
- The supply of the imported product is greater than the national supply.

## Main opportunities in the Venezuelan textile manufacturing market

Some of the opportunities the Venezuelan market provides are:

- Market growth through the increase in the offer of brands and varieties.
- Meeting the needs of new market segments.
- Increase in qualified employment.
- Exploitation and expansion of the distribution network.
- Implementation of new production techniques and technologies.
- There is no competition in the production of certain fibers such as acrylic fiber, chlorofibre, bicomponent fiber, polyacrylonitrile derivatives, microfiber, and nanofiber.