



Embassy of India
Caracas, Venezuela



MARKET SURVEY

The Agriculture Industry in the Bolivarian Republic of Venezuela



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Country Profile

Introduction

The Bolivarian Republic of Venezuela is a sovereign and independent form of political organization, constituted under a republican and democratic model, characterized by principles of justice and equality and a stable union of states in which the different constitutional powers are distributed between a central government and the individual states that comprise it.

The established form of government is the federation, in which the relationship between the member states is organized under the principles of unity, autonomy, hierarchy and participation. This form of government is exercised through the administration of public finances and the execution of each of the legal instruments established for compliance with the law. This exercise of government is a product of the attributions established in the national constitution for each of the branches of public power.

The Public Power, according to the Constitution of the Bolivarian Republic of Venezuela, is distributed among the Municipal Power, the State Power and the National Power. The National Public Power is divided into Legislative, Executive, Judicial, Citizen and Electoral, while the State and Municipal Public Power is divided into Legislative, Executive and Citizen, the latter represented by the State or Municipal Comptroller's Office, as the case may be.

Geographical aspects.

Astronomical Geography

The territory of the Bolivarian Republic of Venezuela is astronomically located at 12° 11' 46" North latitude, 0° 38' 53" South latitude, 59° 47' 30" East longitude and 73° 23' 00" West longitude; the distance East - West is 1,493 Km and North - South is 1,271 Km. It covers a continental and insular surface of 916,445 Km² and a continental platform of 98,500 Km² with a coastline of 4006 Km to the north.

Physical Geography

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

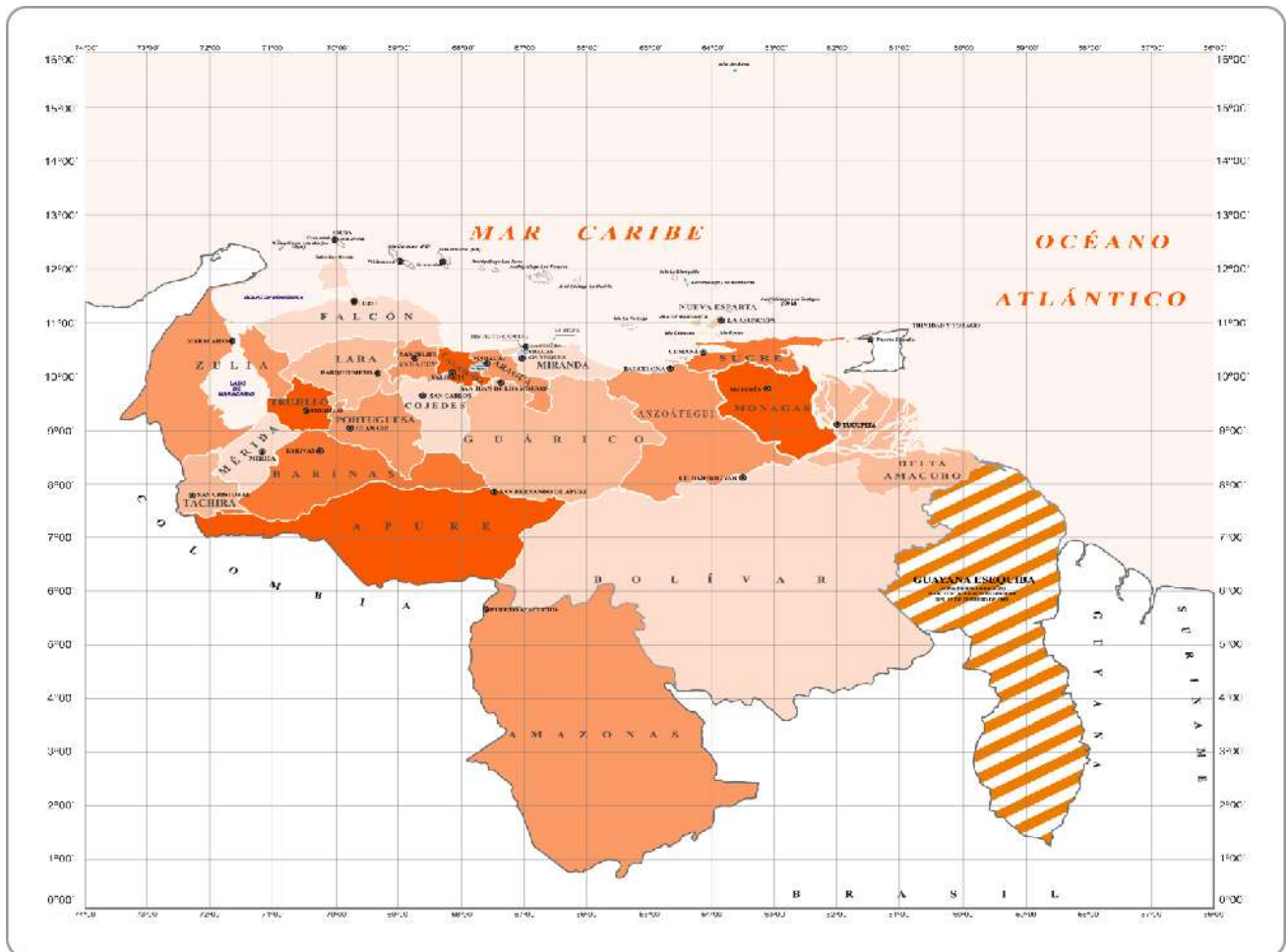
Political Geography

The Bolivarian Republic of Venezuela maintains a border in its northern part with the insular territories of the United States of America (Puerto Rico and U.S. Virgin Islands), the Kingdom of the Netherlands (Aruba, Curaçao and the Dutch Caribbean), the Dominican Republic, France (Guadeloupe and Martinique), and Trinidad and Tobago. Remaining to delimit part of the border with Colombia (430 km), the islands of St. Kitts and Nevis (80 km), the United Kingdom (Montserrat) (45 km), Dominica (80 km), St. Lucia (10 km), St. Vincent and the Grenadines (90 km) and Grenada (300 km).

Likewise, it maintains a border in its southern part with the Federative Republic of Brazil of 2,199 km, to the east with the Cooperative Republic of Guyana of 743 km (subject to change by claim) and to the west with the Republic of Colombia of 2,219 km.

The territory is divided into 23 Federal Entities, a Capital District, 89 Federal Dependencies and 2 Federal Territories, formed by the territories of Amazonas and Delta Amacuro, which are a special political division. In turn, the 23 Federal Entities are organized into 335 Municipalities and 1136 parishes.

Figure 1 - Astronomical and geographic position of Venezuela



Source: Simón Bolívar Geographic Institute of Venezuela

Demographic aspects

Structural

The Bolivarian Republic of Venezuela has a population of 31,028,637 people, of which 15,554,863 are men and 15,473,774 are women. Venezuelan life expectancy is 74.1 years with a birth rate of 20.1 births per 1,000 inhabitants and a neonatal mortality rate of 8.9 per 1,000 live births.

Dynamics

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

Economic Aspects

Summary

According to the data submitted by the Venezuelan National Bank (or Banco Central de Venezuela - BCV), the Venezuelan economy shows deep trouble with regard to economic growth, with high rates (5%) in 2012, while a sharp drop occurred since 2014 and economy is contracting for the seventh year running.

Despite being an oil economy, the oil sector is contributing less to the national productive apparatus, representing only 11% of the Gross Domestic Product (GDP); a worrying situation because this is the only economic productive sector participating in international trade, and it contributes 98% of income in foreign currency. Consequently, the rest of the non-oil productive sectors, representing a non-tradable (89%) sector of the economy, is not working under criteria of efficiency and competitiveness. Additionally, the collapse of the oil market

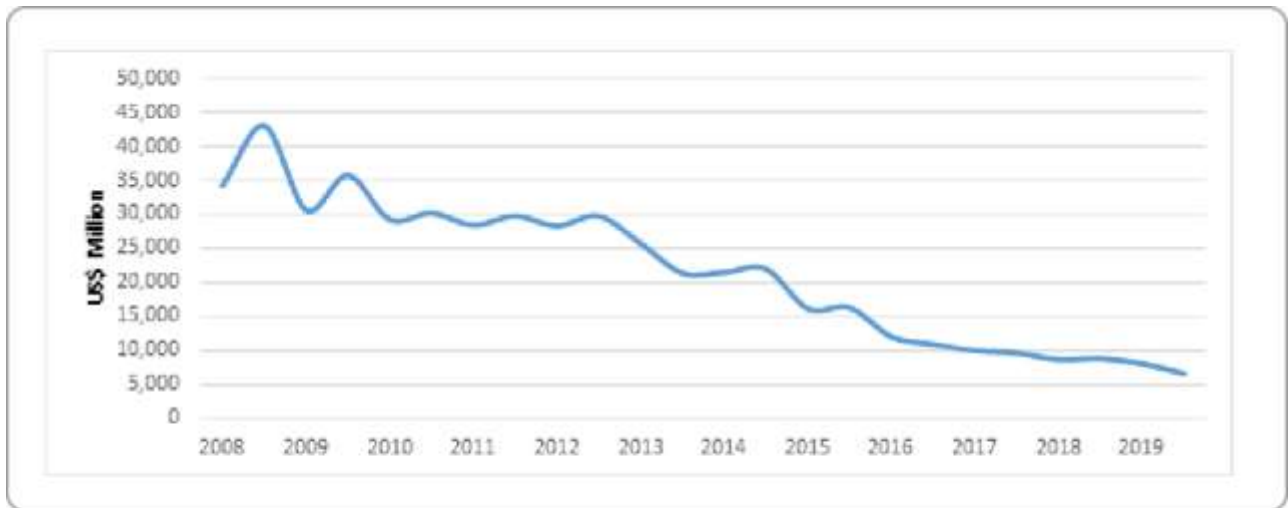
Figure 2 . 2008-2020 GDP Constant Prices



Source: Central Bank of Venezuela

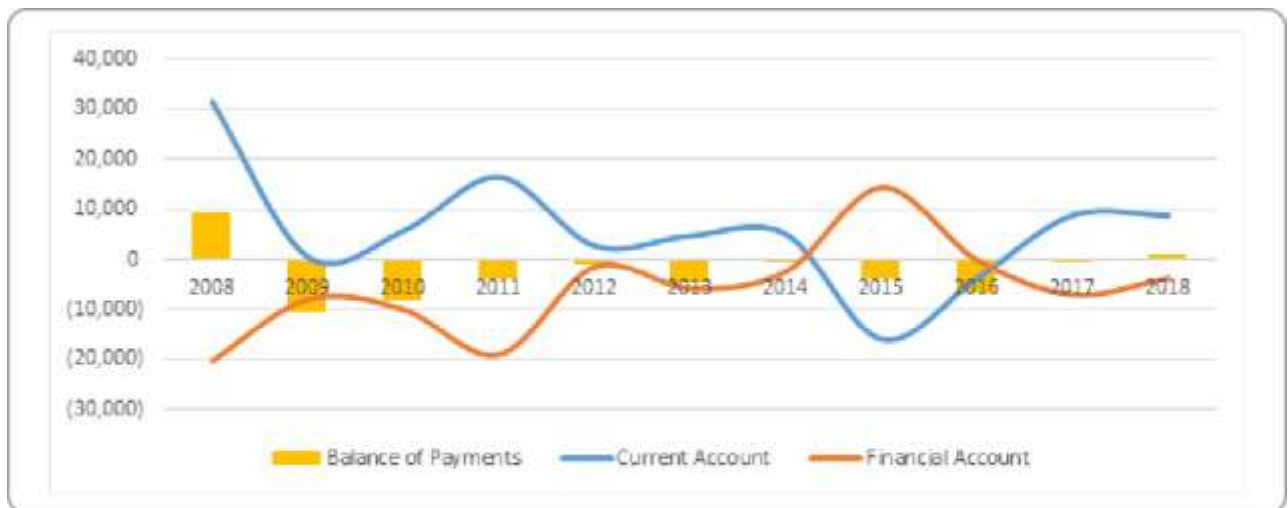
prices and the lack of investment has shortened the external revenues for all the Venezuelan economy. Additional U.S. sanctions have discouraged foreign investment in the oil sector.

Figure 4. Venezuela | International Reserves (US\$ Million) 2008-2019



Source: Central Bank of Venezuela

Figure 3 Balance of Payments (US\$ Million)



Source: Central Bank of Venezuela

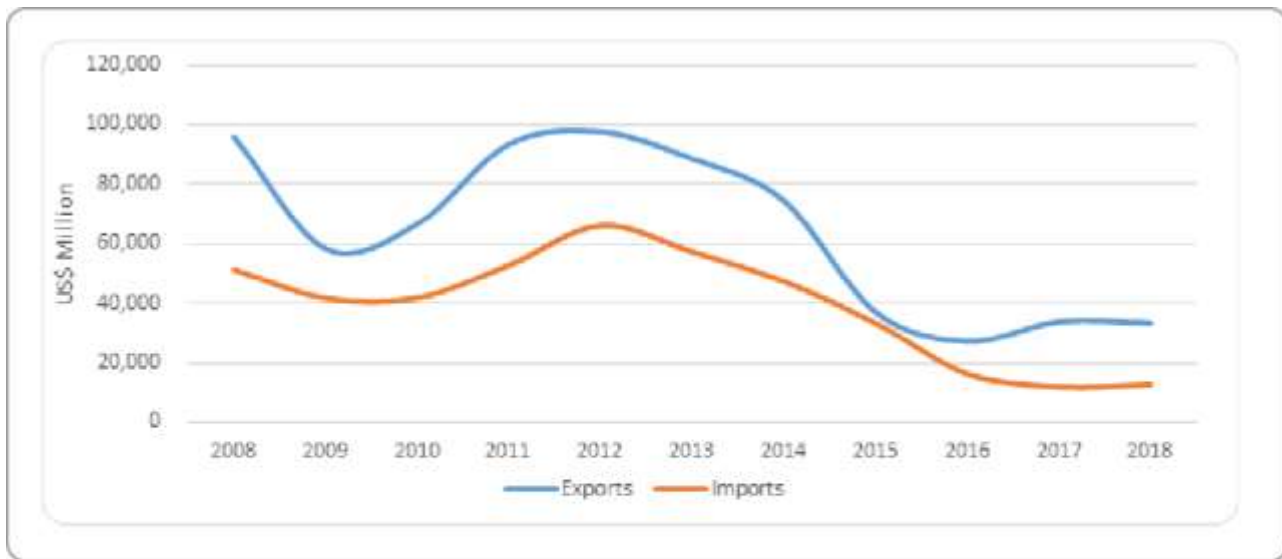
The variation of prices is expected to remain at higher levels since the beginning of the hyperinflation period, changing exponentially. Nevertheless, the speed of price changes has relented and the inflation rate will be 5,000%, due to the partial dollarization of the economy which has encouraged economic activity and reduced scarcity levels.

In the period 2008-2018, international reserves fell to less than a quarter, reaching lower levels similar to those experienced 40 years ago. This creates a strong pressure on external balances.

The growth of the foreign debt and the drop in international reserves, make the current coverage be less than 5%, meaning that the amount of the international reserves only pays 5% of the total foreign debt. By 2017, the country has declared default over most debt bonds.

The balance of payments remained negative during the period 2008-2018, with the characteristic feature of maintaining surplus trade balances, but capital outflows exceeded this surplus. By 2015, for the first time in 20 years, the third and the fourth quarters are shown with negative trade balances, mainly due to the fall in oil prices.

Figure 5 Trade Balance (US\$ Million)



Source: Central Bank of Venezuela

Table 1 Indicators | Labour

Labour			
Unemployment Rate	6.4	percent	Dec/2018
Employed Persons	15.011.108		Dec/2018
Unemployed Persons	1.018.421		Dec/2018
Population	32.98	Million	Dec/2021

Table 2 Indicators | GDP

GDP			
GDP Annual Growth Rate	-1.5	percent	Dec/2021
GDP	112	USD Billion	Dec/2021

Table 3 Indicators | Prices

Prices			
Inflation Rate	156	percent	Oct/22
Inflation Rate MoM	6.2	percent	Oct/22
Consumer Price Index CPI	5.654.207	million points	Oct/22
Food Inflation	158	percent	Oct/22
CPI Transportation	6.389.439.307	thousand points	Oct/22

Table 4 Indicators | Health

Health			
Coronavirus Vaccination Rate	134	doses per 100 people	Dec/22
Coronavirus Vaccination Total	37.860.994	doses	Dec/22
Coronavirus Cases	551.666	Persons	Feb/23
Coronavirus Deaths	5741	Persons	Jul/22

Table 5 Indicators | Money

Money			
Interest Rate	57.97	percent	Dec/22
Money Supply M0	13.93	VES Million	Dec/22
Money Supply M1	18.752	VES Million	Dec/22
Money Supply M2	18.806	VES Million	Dec/22
Money Supply M3	18.806	VES Million	Dec/22
Banks Balance Sheet	93.339.224	VES Thousand	Nov/22
Foreign Exchange Reserves	9.880	USD Million	Jan/23
Deposit Interest Rate	36	percent	Feb/23
Central Bank Balance Sheet	686.240.818	VES Thousand	Dec/22

Table 6 Indicators | Trade

Trade			
Balance of Trade	5.680	USD Million	Mar/19
Current Account	2.533	USD Million	Mar/19
Current Account to GDP	-2.1	percent of GDP	Dec/21
Exports	8627	USD Million	Mar/19
Imports	2947	USD Million	Mar/19
External Debt	0	USD Million	Dec/22
Gold Reserves	161	Tonnes	Dec/22
Crude Oil Production	669	BBL/D/1K	Dec/22
Foreign Direct Investment	105	USD Million	Mar/19
Terrorism Index	4.01	Points	Dec/21

Table 5 Indicators | Trade

Government			
Government Debt to GDP	241	percent of GDP	Dec/21
Government Budget	-4.5	percent of GDP	Dec/21
Credit Rating	11		Feb/23
Military Expenditure	0.4	USD Million	Dec/19
Corporate Tax Rate	34	percent	Dec/22
Personal Income Tax Rate	34	percent	Dec/22
Sales Tax Rate	16	percent	Dec/22
Social Security Rate	23	percent	Dec/22
Social Security Rate for Companies	17	percent	Dec/22
Social Security Rate for Employees	6	percent	Dec/22

Table 6 Indicators | Business

Business			
Industrial Production	-20.6	percent	Jan/19
Corruption Index	14	Points	Dec/22
Corruption Rank	177		Dec/22
Crude Oil Rigs	0		Jan/23

Table 7 Indicators | Consumer

Consumer			
Retail Sales MoM	-29.6	percent	Jan/19
Retail Sales YoY	-53.5	percent	Jan/19
Consumer Spending	3.819	VEF Million	Mar/19
Private Sector Credit	80.079	VES Thousand	Dec/22
Gasoline Prices	0.02	USD/Liter	Jan/23

Table 8 Indicators | Forecast -Markets

Forecast					
Markets	Actual	Q1/23	Q2/23	Q3/23	Q4/23
Currency	24.14	25	25.89	26.82	27.77
Stock Market (points)	26.440,01	25.005	23.542	22.166	20.867
Government Bond 10Y (%)	10.43	10.43	10.43	10.43	10.43

Table 9 Indicators | Forecast - Overview

Forecast					
Overview	Actual	Q1/23	Q2/23	Q3/23	Q4/23
GDP Annual Growth Rate (%)	-1.50				1.5
Inflation Rate (%)	155.80	70	50	40	40
Inflation Rate MoM (%)	6.20	1.5	2.1		3
Interest Rate (%)	57.97	60	60	60	60
Government Budget (% of GDP)	-4.50				-5
Corporate Tax Rate (%)	34.00				34
Personal Income Tax Rate (%)	34.00				34
Government Debt to GDP (% of GDP)	241.00				260

Source: Trading economics / <https://tradingeconomics.com/venezuela/indicators>

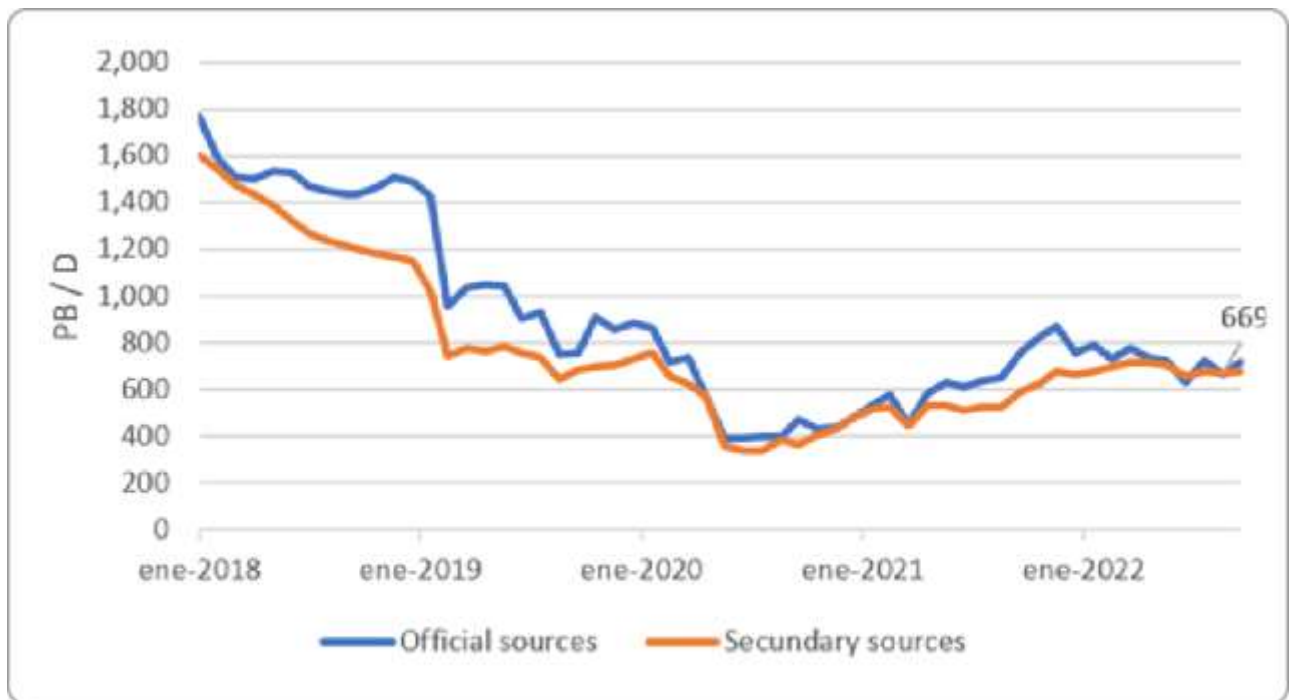
General Characteristics

Economic Crisis

The oil sector represents 95% of the nation's income, and as a consequence of its excessive dependence on oil exports, Venezuela in 2014, began to experience a slump in its economic activity due to the fall in oil prices. This is how it enters into a Balance of Payments deficit, hindering the importation of goods and services to meet the needs of the population.

By the date (2020) oil production was reduced to less than 400 thousand barrels per day, considerably decreasing the income of foreign currency and royalties from oil income.

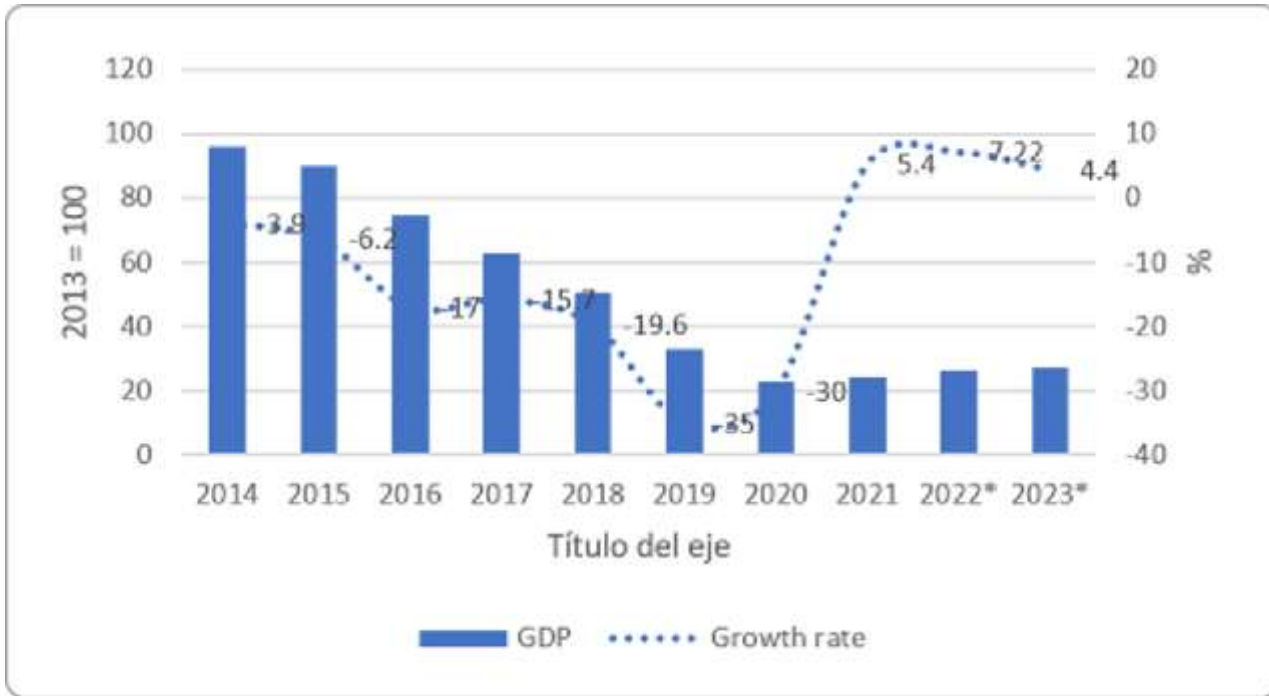
Figure 6 Oil Production in Venezuela 2018-2022



Source: OPEC.

To date, oil production has seen a slight improvement. After falling from 1.8 million PB/D in 2018 to 0.4 million PB/D, production has maintained an average of 0.7 PB/D. This fact is reflected in the country's economic growth. However, there is still a long time to go before recovering the levels of GDP.

Figure 7 GDP - Venezuela.



Source: ; International Monetary Found.

Changes in the Regulatory Framework

By the end of 2020, the Venezuelan government takes a set of measures aimed at reactivating the country's economy through different mechanisms. Faced with problems of inflation, falling production and shortage of products, it dictates measures in three particular sectors, the monetary system, the investment system and the import system, all measures aimed at promoting better conditions in the economic environment, both for domestic production and for foreign investors.

In order to stimulate foreign investment and generate investment opportunities, the National Executive has had to relax regulations in the national productive sector, giving way to stimulate foreign investment in the oil, mining, gas and electricity sectors, among others. Formerly public companies are privatized in order to achieve a socioeconomic boost and recover tax revenues.

Monetary flexibility

Venezuela has been characterized for having restrictions on the exchange of foreign currencies in the national territory, being its official currency the Bolivar Sovereign (BES). However, since the hyperinflation period, the use of the US dollar as an exchange currency became more and

more frequent. The government, after the economic emergency decree, allows the exchange of foreign currency as an "escape valve" against the so-called "economic war". Thus, it changes its economic line and facilitates the exchange of foreign currency in the local market and frees the exchange rate of the dollar. The economy has experienced an increasing dollarization in commercial transactions, due to the loss of value of the official currency (the sovereign bolivar).

By 2021 Nicolás Maduro announces the opening of foreign currency accounts in local banks to facilitate the payment of goods and services; although this does not indicate a total opening of a dollarization process. Dollar accounts represent on average 49.3% of total deposits in all local banks by the end of 2020.

By 2022, hyperinflation in Venezuela has ended, but the country remains with high levels of inflation (above 100%). The deceleration of inflation and the pace of bolivar depreciation in the first ten months of 2022 required an active and intense foreign exchange intervention by the BCV. Between January and October 2022, the BCV sold a net US\$2.8 billion, three times the amount sold in the whole year 2021.

Decree of Exoneration in Customs Matters

In Official Gazette No. 6,608, Decree No. 4,412 it is established the exoneration of import taxes, value added tax and the rate for determining the customs regime for the goods and sectors indicated in Chapter III of the Decree.

The validity for some sectors

- Telecommunications until 31-03-2021
- Quota until 30-04-2021
- COVID until 30-04-2021
- Automotive sector until 30-04-2021
- BK and BIT until 12/31/2021
- Full duty until 04-30-20-2021

Capital furniture, IT, telecommunications and tangible goods made by organs and entities of the national public administration to prevent the spread of Covid19 are exempted; likewise, electrical and electronic material is exempted for 90 days, and a tariff contingency regime is established for qualified goods indicated in Appendix IV of the decree.

Based on the modifications to the national regulatory framework, Venezuela is trying to position itself as an economically viable alternative through the aforementioned legal tools, where investment opportunities such as the following can be evaluated.

Special Economic Zones Law

In the year 2022, the national government has created the Special Economic Zones Law in order to attract Foreign Direct Investment. These economic zones comprise a more flexible regulatory framework in order to facilitate production in certain areas.

The first five such zones are Paraguaná, in the state of Falcón; Puerto Cabello-Morón, in Carabobo; the state of La Guaira; Margarita, in Nueva Esparta, and the island of La Tortuga, which will begin to enjoy tax and customs incentives.

Due to the geographical characteristics of these five areas, the industries that will benefit are associated with the tourism sector (Margarita and La Tortuga) and the international trade sector (Paraguaná, Puerto Cabello and La Guaira). Investments related to the tourism services sector will have opportunities in these areas.



Industry Framework

Characteristics of agriculture in Venezuela

Agriculture takes place in a physical-natural environment which, due to its characteristics, limits intensive activities in a large part of the country. - 3.3% of the country's surface area (3 million hectares) is devoted to vegetable crops. The Central-Western Region (55%), followed in importance by the Andes and the North-Eastern Region.

- Livestock activities occupy 28.4% of the country's surface area (26 million hectares).
- Modalities of exploitation:
 - In which the rainy season is taken advantage of.
 - Rainfed agriculture
 - Irrigated agriculture that uses stored water.

According to the FAO report 2021, the Bolivarian Republic of Venezuela has about 21 million ha of agricultural land, of which 3.3 of cropland, such as corn, soybeans and beans, among others.

Crop

The main food product, maize, is grown from October/November (sowing) to April/May (harvest), with a second season in some areas between May/June and October/November. Rice, potatoes and sorghum are also cultivated in the main season. These crops are farmed in very diverse farming systems from the Amazon to the coast. In the Amazon, the main farming system and livelihoods are based on forest resources. Subsistence agriculture is practiced with occasional commercial plantations and extensive cattle ranching, especially in marginal areas. In the centre of the country the dominant system is mainly wooded savanna with more intensive (and commercially more important) crops. In the mixed altitude system, in the northeast, cash crops are farmed in the most favourable areas (valleys with more infrastructure) and subsistence agriculture (maize and pigs) in altitude. The coastal zone has large plantations, typically export-oriented, and mixed subsistence agriculture (FAO, 2020b).

Atypical constraints for production were observed by households and key informants. Although these results are not statistically significant, two out of three surveyed households reported:

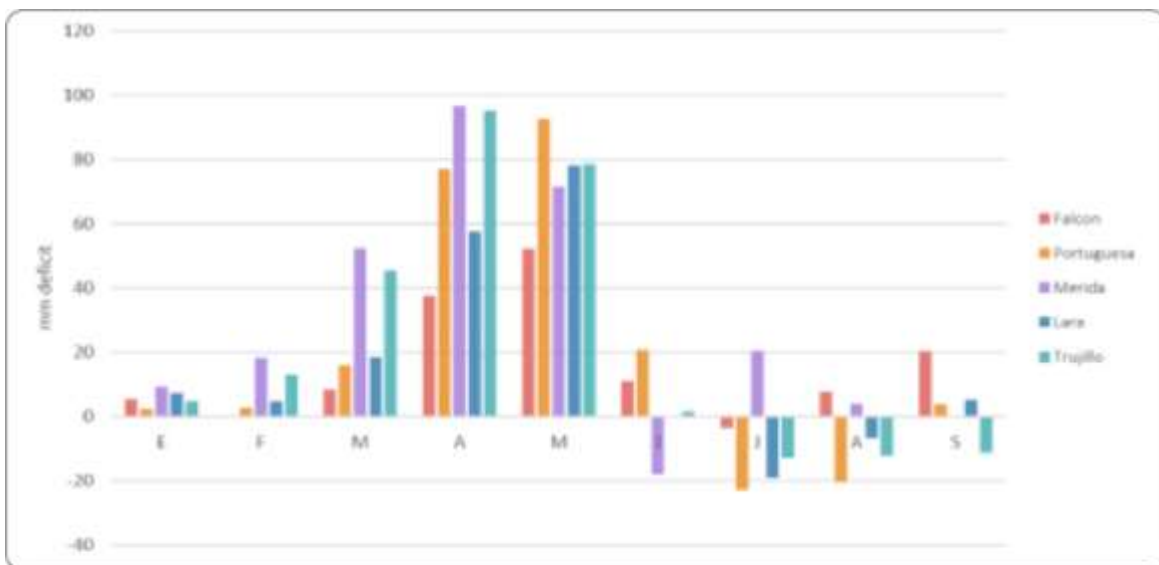
- greater difficulties, mainly drought, crop pests or diseases;
- difficulties in accessing fertilizers and pesticides; and
- less frequently, difficulties related to access to seed and the lack of perspective on the possibility of selling the products.

Difficulties in the supply of inputs and seeds (especially in Portuguesa) are the main problem evidenced during the key informants' interviews, although the presence of the fall armyworm (*Spodoptera Frugiperda*) has also been an important limitation.

At national level, the 2020 cereal harvest, rice and maize, is almost complete but the production outlook is unfavourable due to the considerable reduction of farmed area and low expected yields (FAO, 2020c). Shortages of agricultural inputs and fuel significantly affected yields, but these factors have been common problems in recent years, and the additional impact of the COVID-19 outbreak and its containment on households' production are difficult to determine.

In March, when these measures were introduced, the main agricultural season had typically started, and crops should have been in vegetative stage. Additionally, to the constraints highlighted above, the reduction in rainfall in the period from February to April in the key producing area of the centre-west also negatively impacted crop production (FAO, 2020c). Figure 2 shows the rainfall deficits, for each of the states selected for this study, comparing the 2020 precipitation estimates with the average for the period 2000–2018. Rainfall deficits in March, April and May 2020 were particularly high in Mérida, Portuguesa and Trujillo.

Figure 8 Rainfall deficit (mm) (average 2000-2018 vs 2020).



Source: ALC Consulting Group.

Livestock

Animal production is of utmost importance, since it provides for an important source of protein. The most common animal species are cattle and swine. Cattle and swine producing areas are located near the highest consumption and population's density areas.

Sheep and goat farming is not very relevant, but it represents an important source of protein in the less rainy areas of the Lara and Falcón states (dry region) and upper parts of the Andes. Poultry farming has acquired great development in the country. Its production is concentrated in the states of Aragua and Zulia. These conclusions are consistent with the responses of households, from a geographical point of view, with a higher prevalence of small herds, between 5 and 15 heads.

From the households' survey, no atypical problem attributable to COVID-19 is evident, although the supply of veterinary products (especially in Guárico and Trujillo) was indicated by key informants as the main problem in the production process.

In particular, the main difficulties faced by the commercial sector are the high price of petrol (90% in the previous month and 73% in the high price of petrol (90%), fuel shortages (79% last month and shortage of fuel (79%), the high price of transport (74% last month and 53% the price of transport (74%), and the fact that suppliers have stopped producing due to COVID-19 (26%). The sector's main problem lies in the severe restrictions on the transport of products, especially in Guárico, Mérida, Monagas and Portuguesa.

The biggest restrictions include the cost of transport that is higher than usual, restricted access to the market (movement restrictions or market closure), lower-than-usual demand and that the traders do not visit the zones to buy production.

- 71 percent of the merchants surveyed claimed to have restricted hours of operation;
- 68 percent reported lower daily sales, 61 percent a reduction in overall demand; and
- 57 percent an increase in prices from suppliers.

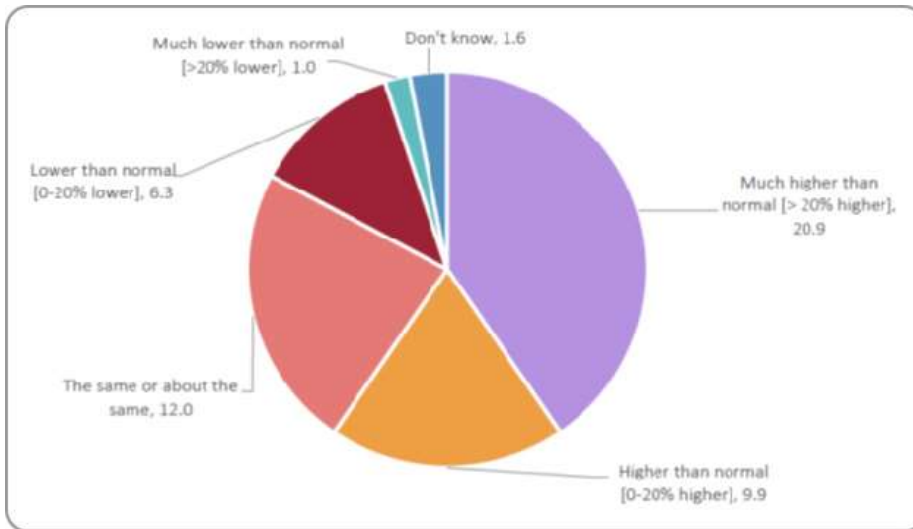


Figure 9 Sale price of agricultural products compared to before COVID-19.

Source: ALC Consulting Group.

This information, together with the erosion of purchasing power (the minimum monthly wage only covers for 5 percent of the basic food basket [Global Report on Food Crisis, 2020]), suggests a reduction in demand, even considering the inflationary trend: more than 30 percent of the households interviewed affirmed that the sale price of the products is higher than the past year.

“The sector's main problem lies in the severe restrictions on the transport of products, especially in Guárico, Mérida, Monagas and Portuguesa.”

Venezuela's institutional structure

- Ministerio del Poder Popular para Agricultura y Tierras Av. Urdaneta entre Esq. Platanal a Candilito, a media cuadra de la Plaza La Candelaria, Caracas, Distrito Capital www.mat.gob.ve
- Banco Agrícola de Venezuela (BAV) Av. Francisco de Miranda, Torre Cavendes, Urb. Los Palos Grandes, Edo. Bolivariano de Miranda www.bav.com.ve
- Compañía Anónima Empresa Regional Sistema Hidráulico Planicie de Maracaibo (PLANIMARA) Calle 3, entre Av. 18 y 19, sector Sierra Maestra, Edif. Planimara, Maracaibo, Edo. Zulia www.planimara.gob.ve
- Corporación Venezolana de Alimentos (CVAL) Av. Libertador entre calles 38 y 39, frente al Domo Bolivariano, Edif. CVAL, Barquisimeto, Edo. Lara www.cval.gob.ve
- Empresa Socialista Pedro Camejo, S.A. Av. Intercomunal Barquisimeto-Cabudare, sector Carabani, next to the Ministry of Environment, Barquisimeto, Edo. Lara www.cvapedrocamejo.gob.ve
- Fondo para el Desarrollo Agrario Socialista (FONDAS) Av. Fuerzas Armadas, Esq. de Salvador de León a Socarrás, La Hoyada, Caracas, Distrito Capital www.fondas.gob.ve
- Fundación de Capacitación e Innovación para Apoyar la Revolución Agraria (CIARA) Av. México, Esq. La Guía, Torre Bellas Artes, Caracas, Distrito Capital www.ciara.gob.ve
- Gran Misión AgroVenezuela Av. Francisco Solano, Torre Banvenez, piso 7, oficina 7C, Caracas, Distrito Capital www.agropatria.com.ve
- Instituto Nacional de Desarrollo Rural (INDER) De Cruz a Ferrequín, Torre Oficentro, La Candelaria, Caracas, Distrito Capital www.inder.gob.ve
- Instituto Nacional de Salud Agrícola Integral (INSAI) Av. Principal Las Delicias, Edif. INIA, Maracay, Edo Aragua www.insai.gob.ve
- Instituto Nacional Tierras (INTI) Calle San Carlos, Quinta La Barranca, Urb. Vista Alegre, Caracas, Distrito Capital www.inti.gob.ve
- Instituto Social de la Pesca y Acuicultura (INSOPESCA) Av. Lecuna, Torre Este de Parque Central, pisos 12,13 y 14, Conjunto Residencial Parque Central, Caracas, Distrito Capital www.insopesca.gob.ve

Symbol	Title	as of a	Total budget
TCP/VEN/3801	Supporting the rehabilitation of the national maize seed system for Food and Nutrition Security (FNS) in the post-COVID-19 context	2020 - 2023	480,000\$
UTF/VEN/013/VEN	Standardization and training for the implementation of the Superior Procurement System	2015 - 2022	201,243\$
GCP/VEN/020/GFF	Integrated management of multiple-use landscapes for sustainable development in the Venezuelan Andes (FSP)	2022 - 2027	5,329,452\$
GCP/VEN/023P/GFF	Conservation and Sustainable Use of Biological Diversity in the Caroni River Basin (PPG)	2022 - 2024	200,000\$
GCP/VEN/022/EC	Innovative and Remunerative PA in the Service of Healthier School Feeding	2022 - 2023	1,159,299\$
GCP/VEN/019/EC	FNS Promotion for Cereal and Legume Seed Value Chain Development	2021 - 2024	2,293,578\$
GCP/VEN/011/GFF	Gestión y conservación sostenible de las tierras forestales con un enfoque ecosocial (FSP)	2016 - 2023	8,249,356\$
UNJP/VEN/024/UNJ	Development of resilient local food systems through a school-based feeding social protection program approach	2022 - 2022	120,000\$

Table 10
Projects funded
by FAO in
Venezuela.

Source: Food and Agricultural Organization.

Area of investment interest in Venezuela

Development of the Coffee Value Chain in Venezuela

Venezuela ranks 22nd in the list of coffee producing countries with a production of 33,000 tons, equivalent to 0.5% of the world production of Arabica coffee. In Venezuela there are 500,000 hectares of coffee that can be exploited, of which 207,000 are planted and 198,000 are in production. The main states with the largest coffee plantations in Venezuela are Lara, Portuguesa, Monagas, Táchira, Trujillo, Sucre and Mérida, which account for more than 86 % of the area planted.

Average yields per hectare in the different coffee-growing states in Venezuela. It can be observed that they vary according to their agrological zones, with yields ranging from 184 kg (4 QQ) to 506 kg (11 QQ) kilograms per hectare.

Without taking into account the profit margin, the cost structure is distributed in percentage terms as follows: purchase of raw materials (57 %), administrative costs (18 %), coffee shrinkage (13 %), packaging (8.8 %), labor (3 %) and machinery depreciation (0.2 %); this being a special investment niche given its profitability, quality and the State's drive to prop up the product on the international market.

Strengthening the Cocoa Value Chain

The agro-ecological conditions in Venezuela are favourable for the development of the crop in all its entities, with production concentrated mainly in the states of Sucre, Miranda and Mérida.

According to data from the VII Agricultural Census 2007-2008, there are 15,731 production units in Venezuela, operated by 16,505 producers, with an average yield of 0.41 MT/ha.

The primary cocoa sector in Venezuela has grown over the past 10 years. In 2008, production corresponded to 21,506.45 MT harvested from a total of 56,706 hectares, while in 2017 production was 26,776 MT corresponding to the harvested area of 74,736 hectares. It is worth noting that, although there was an increase in production of 20% in the period observed, there was also a decrease in yield from 380 kg/ha in 2008 to 360 kg/ha in 2017.

In Venezuela, cocoa is mainly cultivated by smallholders. On average, 95 % of each production unit cultivates areas of 3 hectares, with average yields between 350 kg/ha and 410 kg/ha.

In Venezuela, there are different cocoa-growing areas, most of which are in the coastal parts of the country. The main cocoa-growing areas in Venezuela are in Sucre State, which accounts for 36 % of the cultivated area, Miranda State, which accounts for 26 % of the cultivated area, and in Mérida State, which accounts for 8 % of the area cultivated with cocoa.

Cocoa production in Venezuela has the particularity that genetic variation is very different between regions and even in neighboring localities. In general terms, Venezuela is internationally recognized for having very high-quality cocoa and is one of the 15 countries recognized for producing and exporting fine flavor cocoa.

In Venezuela there are around 60 varieties of cocoa, for example, in the south of the lake alone, more than thirty (30) varieties of Fine Aroma Criollo Cocoa have been registered, where one of the most sought after is Porcelain, being the only country in the world that produces Porcelain Cocoa, which together with Guasare Cocoa is highly valued by international markets for its high quality, which allows to obtain at least 150 \$/Tm additional to the price of the bag.

Today there are more than 10 industries dedicated to the processing of cocoa beans, with an installed capacity of 56,262 MT/year, and an operating capacity of 40,302 MT/year. There is an inoperative capacity of 28.37%, which is due, among other factors, to the low cocoa production in the country, which results in a deficit of raw material, which is the main limitation that the national processing industry has to face.

Nestlé-Savoy and KKO Real are the companies with the largest annual operating capacity of 13,920 tonnes, which together account for 34.54% of cocoa bean processing in the country, with KKO Real being considered the company with the largest infrastructure in Venezuela.

The 75th percentile (P75) of the data collected indicates that:

- The accumulated cost of the product (cocoa beans) for the links corresponding to Primary Production (PP) and Post-harvest Handling (MPC) is 2,406 USD/kg, which represents 21 % of the accumulated cost of the final product.
- The accumulated cost in the transformation link (TA) is 10,733 USD/kg, which represents 91% of the cost of the final product.
- In the transformation link (TA), the cost elements Machinery and Equipment represent a cost of 2,875 USD/kg, that is, 25% of the total cost of the product and 35% of the cost structure of the link.
- Operations and Maintenance cost 1,856 USD/kg, which represents 16% of the total cost of the product and 22% of the Agro-industrial transformation (TA) link.

- Materials and inputs represent a cost of 0.385, that is, 3% of the total cost of the product and 5% of the link corresponding to agro-industrial transformation (TA).
- The profit margin for the transformation link (TA) is 2.451 USD/kg (21% of the total cost of the product), with a participation of 29% of the cost structure of the TA.

In Venezuela, agricultural and agro-industrial financing is governed by the Agricultural Credit Portfolio, which covers those items considered strategic with financing at low interest rates. This credit portfolio requires a minimum amount of credits and financial resources that, by law, the Universal Banking entities and those in the process of transformation, both public and private, must allocate monthly, on a mandatory basis, for the agricultural sector.

In this sense, as cocoa in Venezuela is the main agricultural export item, it has comparative advantages with respect to the others, as it can serve as an entry tool in international markets to generate the necessary foreign currency and generate another secure source of foreign currency for the country, in addition to those generated by hydrocarbons.

Development of the Soy Value Chain

The financial attractiveness of the soybean sector for investors is based, among others, on:

a) Unsatisfied domestic demand; b) Potential for the development of product diversity; c) Its price is formed in international markets, (Agricultural Commodities Exchange); d) Strategic due to its impact on the reduction of imports and food sovereignty; e) It forms part of the State's Agri-food Policy; f) It has universal, public and private bank financing, at a preferential fixed rate of 13% per annum, established by the BCV (Decree No. 6. 240, G.O. Extraordinary No. 5.891, 2008); g) Being a crop with greater tolerance to extreme drought and rainfall, relative to other crops; h) Low incidence of losses due to theft, as is the case with other crops (e.g. maize).

Soybean producers are characterized by being medium to large, depending on the hectares they have available for sowing, which require a high level of technification of the crop, investments in machinery and equipment, infrastructure for irrigation and their own drainage. As they are medium and large producers, access to financing is facilitated, both in public and private banks, as they offer the necessary guarantees to access credit for working capital, purchase of inputs, purchase of spare parts for tractors, among others.

“In Venezuela, agricultural and agro-industrial financing is governed by the Agricultural Credit Portfolio, which covers those items considered strategic with financing at low interest rates.”

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