



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Scheduled Report - Public distribution

**Date:** 7/15/2008

**GAIN Report Number:** VE8054

## Venezuela

### Poultry and Products

### Annual

### 2008

**Approved by:**

Randall Hager  
U.S. Embassy

**Prepared by:**

Mora Paiva

---

**Report Highlights:**

Poultry production and consumption are expected to continue expanding in the next year, as this product is generally a better value for consumers. Despite production growth, imports continue, and price controls remain in effect which makes production less profitable than it could be.

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Caracas [VE1]  
[VE]

**Table of Contents**

<b>Executive Summary .....</b>	<b>3</b>
<b>Production .....</b>	<b>3</b>
Feed Availability .....	3
Cost and Quality.....	3
Price Controls .....	4
Table 1. Poultry Prices.....	4
<b>Consumption.....</b>	<b>4</b>
Table 2. Poultry and Egg Consumption .....	5
<b>Trade.....</b>	<b>5</b>
<b>Stocks .....</b>	<b>6</b>
<b>Policy .....</b>	<b>6</b>
<b>Marketing .....</b>	<b>6</b>
<b>Other Relevant Reports .....</b>	<b>6</b>
<b>Appendix I: Venezuelan Poultry Organizations and other Related Groups.....</b>	<b>7</b>

## Executive Summary

Production is expected to grow steadily in 2008 and 2009, in response to increases in poultry meat consumption. While price controls compromise profit margins, they also have helped to boost consumption. The poultry sector foresees a boost in consumption as the government continues to play an active role as a poultry supplier and importer through its state-owned food distribution network. Poultry products offered through the government's distribution network are cheaper than current controlled prices. Government poultry imports from Brazil, the main supplier, are subject to neither tariff nor custom charges.

## Production

Forecast 2008 poultry production is 860,000 metric tons, a five percent increase from 2007. Growth in production is driven by expanding demand and poultry's relatively low price compared to pork and beef; the latter's prices are high and supplies are tighter due to a smaller domestic cattle herd.

The poultry sector is strong, organized, vertically integrated and well-managed. Those attributes are key to sustained production growth in spite of a price control policy which does not allow producers to raise prices along their costs of production and competition from increased government imports of Brazilian poultry.

Venezuela produces and consumes only small amounts of duck and turkey. Therefore, the majority of the poultry referred to in this report is chicken

## Feed Availability

Venezuela's poultry producers work very closely with the animal feed processors, through vertical integration within the industry. The trend is toward greater concentration of farms and processors. All animal feed is domestically produced from a combination of imported and domestic inputs. Yellow corn, yellow grease and soybean meal are imported. Small amounts of locally produced yellow corn are also used by the animal feed processing industry.

The partnership between the poultry and animal feed industries is significantly important due to the fact that access to imported inputs is subject to an import licensing scheme administered by the Ministry of Food (Ministerio de Alimentación, or MINAL.) Issuance of import licenses for yellow corn and soybean meal are not automatic. Venezuela could be 100 percent self-sufficient in poultry if it had more access to imported feed ingredients. Issuance of import licenses is tied to the purchase of local grain crops, but this has not been a big issue during 2008.

## Cost and Quality

The poultry sector will continue to look for quality improvement and cost reduction. The tendency for the near future is to maintain major advanced investments to upgrade the poultry sector. Venezuela is one of the largest delegations of attendees from the western hemisphere to the U.S. International Poultry Exposition & Show.

Feed represents about 80 percent of total production costs, which continue to climb as the price of imported inputs rise. In addition, labor costs (minimum wage and increasing labor benefits) transportation, marketing and security services are also increasing.

## Price Controls

Since 2003, retail prices for poultry have been under a government control policy. That is, whole poultry and cuts are sold at a fixed price established by the Bolivarian Republic of Venezuela (BRV). The poultry industry continues to lobby government authorities to ultimately remove poultry and products from the list of price-controlled products. However, to date the government has agreed only to “review” current fixed prices. It is important to note that the poultry industry’s intention is to continue to closely work with government authorities. Nevertheless it seems unlikely that price controls be lifted in the short or medium term.

Tracking controlled prices for poultry has been a challenge since 2003. Poultry products like whole chicken, breast and leg quarters, as well as its boneless and skinless versions, were sometimes included in the controlled price listings. In some cases, certain products were removed from the list, and in some other cases, a unique price was established for different products. The latest revision of prices was done in April 2008, and current poultry prices are presented below:

**Table 1. Poultry Prices**

<b>Venezuela’s Poultry Prices</b> (Bs per Kilogram)					
	<b>Whole Chicken</b>	<b>Breast</b>	<b>Breast, boneless</b>	<b>Leg quarters</b>	<b>Leg quarters, boneless</b>
<b>Feb 2003</b>	1.8	2.7	4.15	2.0	3.5
<b>Feb 2004</b>	2.3	3.3	not controlled	not controlled	not controlled
<b>Nov 2004</b>	3.13	4.49	4.49	3.33	3.33
<b>Feb 2007</b>	4.45	7.0	7.0	7.0	7.0
<b>Apr 2008</b>	8.39	12.91	12.91	19.88	19.75

Source: Official Gazettes

Note: 1 USD=Bs 2.15

Large stores, such as the hypermarkets, supermarket chains, and established butcher shops are required to sell products at the established price on the price control list. Charging more than the official controlled price is illegal and leads to steep fines and possibly temporary closures of poultry facilities, supermarkets and hypermarkets.

## Consumption

Poultry is the meat of choice of Venezuelan consumers. It remains the most available and cheapest source of animal protein as compared to beef and pork. According to figures presented by FENAVI, between 2007 and 2008 annual per capita consumption increased from 33 kilograms to 35 kilograms. The poultry sector foresees a boost in consumption as the government continues to play an active role as a poultry supplier through its state-owned food distribution network. Poultry products offered through the government’s distribution network are cheaper than current controlled prices. In addition, shortages of beef registered through 2007 and part of 2008 will continue to strengthen demand for poultry.

About 80 percent to 90 percent of the poultry produced in Venezuela is purchased fresh by households. The rest goes to the processing sector (hams, sausages, frozen nuggets, etc.)

**Table 2. Poultry and Egg Consumption**

<b>Venezuela's Poultry &amp; Egg Consumption (Kilograms/ Per capita or number)</b>		
	<b>Poultry meat</b>	<b>Eggs</b>
<b>2000</b>	24.20	98.50
<b>2001</b>	27.10	111.04
<b>2002</b>	30.32	130.98
<b>2003</b>	23.46	116.13
<b>2004</b>	29.00	112.00
<b>2005</b>	31.00	130.00
<b>2006</b>	33.00	133.00
<b>2007</b>	34.00	140.00
<b>2008*</b>	34.50	142.00

Source: FENAVI

Note: estimates denoted by \*

**Trade**

Despite a strong and booming poultry sector capable of meeting domestic demand, whole poultry is imported from Brazil. Venezuela's poultry industry assures that it can supply 100 percent of demand, but cannot demonstrate this as long as imports continue. Government poultry imports from Brazil are subject to neither tariff nor custom charges, and do not require foreign exchange applications. Imports are only conducted by the government, but are sold to both the private retail sector and government food distribution network. Poultry imports for 2008 and beyond are forecast to continue its upward trend. There are no official statistics regarding the exact level of imports.

In the Uruguay Round negotiations, Venezuela established a tariff rate quota for poultry products (HR Code 0207) at 3,426 tons. However, the BRV effectively had a ban on unprocessed (fresh) poultry meat since in 1993 and has effectively barred imports from any country that could not or would not certify to being free of avian influenza (AI), both for high and low pathogenic AI.

For processed poultry (HR Code 1602), after a long process of consultation with BRV officials, an agreement was reached that products processed at temperatures of at least 68 Celsius eligible for import. In the past seven years, numerous companies have gone through the process to get the required local health certificates for specific processed poultry products. However, in many instances they are still denied the final import permit.

The current ad valorem tariff for poultry meat from third countries is 20 percent plus a variable duty. Whole poultry and poultry pieces are included under the Andean price band system. This system raises or lowers the ad valorem duty of groups of related products according to the relationship of the prices of specified "marker" commodities to set floor and ceiling prices.

**Stocks**

Since 2007, a law against hoarding, speculation, usury and any other action that could affect the normal distribution of food products under price controls has been in effect. Therefore, producers keep stocks at minimum levels due to the fear of being accused of hoarding by government authorities.

**Policy**

There is no specific agricultural policy for poultry production, rather than including poultry and egg in the list of priority commodities that will receive agricultural financing during fiscal year 2007 (published on the Official Gazette N° 38,619, dated 02/05/07.)

**Marketing**

Poultry is available fresh, refrigerated, frozen or processed. Refrigerated poultry products include ham-style turkey breast, chicken sausages, chicken bologna, whole-smoked chicken, and chicken ham.

**Other Relevant Reports**

[VE8030 Chicken Prices Increased and Eggs Freed](#)

**Appendix I: Venezuelan Poultry Organizations and other Related Groups**

For further information regarding poultry production and trade, please refer to the following organizations:

**Federación Nacional de Avicultura de Venezuela (FENAVI)**

*(Venezuela's National Poultry Federation)*

Contact: Mr. Francisco Tagliapetri, Executive President  
Address: Av. Casanova, C.C. El Recreo, Torre Sur, piso 10, ofi.10-3, Caracas  
Tel: 58-212-761-8843, 761-7489  
Fax: 58-212-761-8843  
Email: [fenavi@cantv.net](mailto:fenavi@cantv.net)  
Web: [www.fenavi.com](http://www.fenavi.com)

**Asociación Venezolana de Fabricantes de Alimentos Concentrados (AFACA)**

*(Venezuelan National Association of Animal Feed Manufacturers)*

Contact: Mr. Henrique Pocaterra, President  
Address: Boulevard de Sabana Grande, Edif. 3H, piso 4, Caracas  
Tel: 58-212-762-0528, 762-0075  
Fax: 58-212-762-2389  
Email: [presidenciafaca@cantv.net](mailto:presidenciafaca@cantv.net)  
Web: [www.afaca.com.ve](http://www.afaca.com.ve)

**Instituto Nacional de Estadística (INE)**

*(National Statistics Institute)*

Address: Av. Boyacá, Edif. Fundación La Salle, piso 4, Mariperez, Caracas  
Tel: 58-212-709-5311  
Fax: 58-212-709-5317  
Email: na  
Web: [www.ine.gob.ve](http://www.ine.gob.ve)