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GAIN Report

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Required Report - public distribution

Date: 10/01/2012

GAIN Report Number: VE1211

Venezuela

Poultry and Products Annual

Poultry Annual Report

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Report Highlights:

Domestic poultry production and consumption is expected to continue expanding in 2012 and 2013, although imports will take a large share of the market as domestic output is pressured by fixed output prices and high feed costs. The Government continues to play an active role as a poultry supplier and importer through its state-owned food distribution networks.

Executive Summary:

According to the Venezuelan Poultry Federation, FENAVI, (Federación Venezolana de Avicultura) the average monthly production of chicken in 2011 was about 80,000 metric tons and it should increase to 86,400 metric tons in 2012. The average production of eggs for human consumption during 2011 was 1,180,000 boxes of 360 units and it is estimated to increase about four percent in 2012.

According to FENAVI the total per capita consumption of all meat in Venezuela is approximately 73.5 kg. About 53 percent of this amount is provided by the chicken sector (38.96 kg per capita per year). Poultry consumption is increasing faster than that of beef and pork because poultry remains relative inexpensive compared to other sources of animal protein.

All poultry imports are carried out by the Government of Venezuela, largely from Brazil. Imports of poultry meat were reported at 226,181 tons during 2011 and are estimated to increase in 2012. Government poultry imports from Brazil are subject to neither tariff nor custom charges, and do not require foreign exchange applications.

Eggs and poultry remain under a price control policy. According to industry sources, the controlled retail price for poultry products does not fully compensate for increasing costs of production. The Government continues to play an active role as a poultry supplier and importer through its state-owned food distribution networks.

Commodities:

Poultry, Meat, Broiler

Production:

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

Venezuela is one of the largest poultry producers in South America. According to FENAVI, the average monthly production of chicken in 2011 was about 80,000 metric tons and it estimated to increase to 86,400 metric tons in 2012. Average production of eggs for human consumption during 2011 was 1,180,000 boxes of 360 units. The poultry sector tries to continue to improve despite the policies of controlled prices, which does not allow producers to raise prices in step with growing production costs. So far, the industry investment continues, as producers strive to use modern technology to remain viable.

DOMESTIC LEVEL OF PRODUCTION OF THE POULTRY CHAIN – First Quarter 2011	
Animal feed for birds	261,000 MT monthly
Active population of breeding hens	10,629,000 adult birds
Active population of Laying hens	14,241,000 adult birds
BB chick production for fattening	40,954,000 units

Production of laying BB chicks	1,476,000 units
Production of BB chicks for reproduction	1,064,000 units
Monthly production of eggs for consumption	339,620,400 units
Monthly production of chicken meat	82,766,000 Kg

Source: Venezuelan Poultry Federation, FENAVI

Item	Production in 2011/ Estimated growth of 8% for production and populations in 2012
Grandparents population, heavy range 100% imported	242,679 (units)
Population of breeding BB	1,323,477 (monthly rotating units)
Active population of broiler breeders	5,554,500 (units)
Fertile eggs, 90% domestic 10% imported	50,499,855 (monthly units)
BB chick production for fattening	46,759,126 (monthly rotating units)
Chicken meat production	1,084,465 (metric tons)
Grandparents population, light range 100% imported	17,250 (units)
BB seed stock posture 20% domestic 80% imported	370,300 (units)
BB chicks population for laying	1,595,222 (monthly rotating units)
Active population of Laying hens	17,610,280 (units)
Egg production for human consumption	11,834,414 (boxes of 360 units each one)

Source: Venezuelan Poultry Federation, FENAVI

Production Policy

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.

The Venezuelan poultry sector continues modernizing operations and equipment and a large number of businesses attend leading poultry events such as the Atlanta Poultry Show to buy new technology. According to FENAVI, 80 percent of domestic farms currently use conventional methods for raising chicken and only 20 percent have controlled environments such as bio-climatic warehouses that increase breeding and growth rates. Producers think that a 50 percent increase in the number of this type of facilities would bring an increase of at least 30 percent in the production of chicken meat.

Currently, the poultry sector as represents 30 percent of Venezuela's total agricultural GDP and over 48 percent of the animal production. Poultry production is the most important component of Venezuela's agricultural production by value, with 24 percent of the total.

The government continues to play an active role as a poultry supplier and importer through its three state-owned food distribution networks (Mercal, PDVAL and Bicentenario.)

Consumption:

According to FENAVI, total per capita consumption of all meat in Venezuela is approximately 73.5 kg. About 53 percent of this amount is provided by the chicken sector that is 38.96 kg per capita per year. Beef provides 33 percent and pork provides 14 percent. The domestic chicken consumption is positioned as the second largest in Latin America after Brazil.

FENAVI estimated egg consumption in 2011 at 0.44 daily units per capita (13.47 units per month, 164 units per year.) Poultry consumption is increasing faster than that of beef and pork because poultry remains inexpensive relative to other sources of animal protein.

The poultry industry contributes about 61 percent of the protein of animal origin consumed by the Venezuelans. The consumption of chicken meat is around 112 grams of protein per day more than double that of beef. About 80 per cent of the poultry produced in Venezuela is purchased fresh by households. The rest goes to the processing sector for hams, sausages, frozen nuggets, and others.

Trade:

Despite a strong domestic poultry sector capable of meeting domestic demand, whole poultry has been imported from Brazil in the last six years (according to the trade.) All poultry imports are carried out by the Government of Venezuela. Poultry imports from 2007 to 2012 have fluctuated, with the highest peak during 2008. During 2011 poultry imports were reported at 226,181 tons and are forecast to continue upward trend in 2012. January to June imports are reported at 117,475 tons.

The major competitor to the Venezuelan domestic poultry industry is the Venezuelan Government through its direct imports of Brazilian poultry. Government poultry imports from Brazil and Argentina origins are not subject to tariff or custom charges, and do not require foreign exchange applications.

Colombia was previously the main supplier of poultry genetics to Venezuela but after commercial relations were suspended in 2010, Brazil is now the primary supplier of baby chicks and fertile eggs for the poultry industry. Argentina is also a supplier of genetics. Better relations have now allowed Colombia to resume exports of fertile eggs.

Policy:

Prices:

The Bolivarian Republic of Venezuela (BRV) has imposed price controls on food products, including poultry and eggs since February 2003. Over the years, the poultry industry has constantly requested price increases from the Government, claiming they are losing money because these prices do not cover the production costs.

The controlled prices were last reviewed in July 2011. Poultry products offered through the Government's distribution network are even lower than controlled prices in commercial outlets.

Current prices for various types of poultry meat are set as follows:

Poultry Controlled Poultry Prices (Bs per Kilo)

	Whole Chicken	Breast	Breast, boneless	Leg quarters	Leg quarters, boneless
Feb 2003	1.8	2.7	4.15	2.0	3.5
Feb 2004	2.3	3.3	not controlled	not controlled	not controlled
Nov 2004	3.13	4.49	4.49	3.33	3.33
Feb 2007	4.45	7.0	7.0	7.0	7.0
Apr 2008	8.39	12.91	19.88	10.14	17.75
March 2010	11.31	17.41	26.80	13.67	23.93
July 2011	15.61	24.03	37.0	18.87	33.02

Source: Venezuelan Official Gazettes

Note: 1 US\$=Bs 4.30

Author Defined:

Feed availability

Venezuela's poultry producers work very closely with animal feed processors through vertical integration within the industry. All animal feed is domestically produced from a combination of imported and domestic inputs but due to insufficient domestic production of grains and other inputs, this sector relies on imports for their operations. Yellow corn, yellow grease, and soybean meal are imported. Locally produced yellow corn is also used by the animal feed processing industry.

In 2011, Venezuela imported 255,500 MT of soybean meal and January to July 2012 imports have surpassed 541,766 MT. Since poultry production is very important in this country and 70 to 75 percent of all the soybean meal imported is used in poultry diets, any factor that affects poultry diet is very important to be considered by US cooperators. Venezuela is the number one South American country that imports US soybean meal. The situation with yellow corn is similar. In 2011 Venezuela imported a total 1,201,401 MT and January to June 2012 imports reached 1,216,695 MT.

PERCENTAGE OF DOMESTIC FEED PRODUCTION			
POULTRY	HOGS	BOVINES	OTHERS
77 %	17 %	5 %	1 %

The poultry sector will continue to look for quality improvement and cost reduction. Feed represents about 80 per cent of total production costs, which move with the price of imported inputs. Importers and feed manufacturers are concerned about the price increases of commodities as a consequence of the drought in the United States.

