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## Venezuela

### Citrus

## Citrus Concentrate Imports Soar 2007

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**Report Highlights:**

The Venezuelan juice processing industry depends on increasing fruit concentrate imports to meet rapidly growing domestic demand, a trend reinforced by processors shifting from milk products to more profitable juice production due to price ceilings placed on the former. South American countries dominate this market because they benefit from preferential tariffs and a mechanism to import without requesting foreign exchange.

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

## Situation and Outlook

Venezuela is a net fruit concentrate importer due to an insufficient domestic fresh fruit production. As a result, the fresh juice and food processing industries heavily depend on fruit concentrates to meet demand for final products. Orange and pineapple production averaged 300,000 and 334,878 metric tons, in the last four years, respectively. The major harvest takes place between January and May.

Most citrus plantations are located in the states of Carabobo, Yaracuy and Monagas. While, the Venezuelan producers association (FEDEAGRO) projects an increase in domestic production, further increases in area planted to citrus fruits have been limited due to the threat of land invasions.

**Venezuela's Selected Fruit Production  
(Metric Tons)**

	2002	2003	2004	2005
Orange	341,645	333,272	384,264	479,634
Pineapple	347,297	340,221	317,152	334,841

*Source: Ministry of Agriculture and Lands*

There is a significant difference of opinion between local fruit producers, who believe that the juice industry favors concentrate imports over purchasing the domestic crop, and industry representatives who would like to purchase more concentrate from abroad. As a result, thought some analysts believe that about 9,000 metric tons of concentrate imports could be imported, only about 2,710 tons of orange concentrate were approved for the September-October period, an amount that fruit producers say will be sufficient.

## Impact of Milk Price Controls on Fruit Processing Production

Interestingly, the juice sector is lead by domestic milk processors. There is a specific reason for this:

Food price controls were implemented in February 2003 and include, particularly, milk and milk products. This caused the milk and food processing industry to make a significant shift to the production uncontrolled items. Juices are not included on the price control list, making it a more profitable product to sell as compared to milk. Thus, citrus concentrate imports became more important. Statistics provided by the Venezuelan National Customs and Revenue Service (SENIAT) show that imports of fruit concentrate increased tremendously between 2005 and 2006. Major suppliers are Brazil, Mexico and Chile.

## Tariff Structure and Preferences

Imports of citrus fruit concentrates from the U.S. and third countries are subject to a 20 percent duty. South American countries like Brazil and Chile are Venezuela's major citrus concentrate suppliers because of tariff preferences given by Venezuela. In addition, imports of citrus concentrates from ALADI (Latin American Integration Association) countries are exempt from foreign exchange restrictions.

**Annex: Statistical Information****Selected Imports of Fruit Concentrate**  
(Kilograms)

HS code	Description	2004	2005	2006
200911	Orange juice, unfermented	927,860	1,443,913	3,880,959
200919	Orange Juice	66,837	74,233	341,965
200949	Pineapple juice	-	132,854	627,337
200969	Grape Juice	-	522,289	4,214,651
200979	Fruit & vegetable juices	1,476,424	1,860,616	3,632,590

**Source: Seniat as reported to World Trade Atlas****Citrus Varieties Planted in Venezuela**

Oranges	Mandarins	Grapefruit	Limes
Valencia, Hamlin, Criollas and California	Dancy and King	Duncan and Marshs	Mexicana and Tahiti

*Source: FEDEAGRO*