



U.S. Exporter Assistance

Opportunities Emerging for U.S. Consumer Products in Venezuela

By Jonathan Martinez

Venezuela's demand for consumer-oriented products from the United States has been growing rapidly over the last years. Total exports of this category to Venezuela in 2008 were US\$150 million compared to US\$35 million in 2003. In terms of volume, standards, prestige, and quality, U.S. suppliers are seen by local importers, distributors, and food processors as a reliable source despite Venezuela's complicated import system.

Because more women have entered Venezuela's labor force, food-purchasing patterns have changed. Venezuelan consumers have become more interested in buying foods that require little preparation time, and they are demanding more of the following products:

- Snack foods
- Breakfast cereals
- Pancake mixes
- Dairy products
- Fresh fruits
- Processed fruits and vegetables
- Food ingredients
- Fruits and vegetables juices
- Confectionary
- Tree nuts.

Venezuela's Economic and Agricultural Trade Situation

Petroleum accounts for roughly a third of Venezuela's gross domestic product, around 80 percent of exports, and more than half of government revenues. With some of the world's largest oil and natural gas reserves, Venezuela consistently ranks among the world's top ten crude oil producers.

Venezuela is a significant importer of agricultural products, with imports reaching US\$7.5 billion during 2008. Given the dominance of oil revenues, agriculture production and food processing are a smaller part of the Venezuelan economy. Much of Venezuela's food is imported as processed products, grains and oilseeds for the livestock industry, or fruits and vegetables.

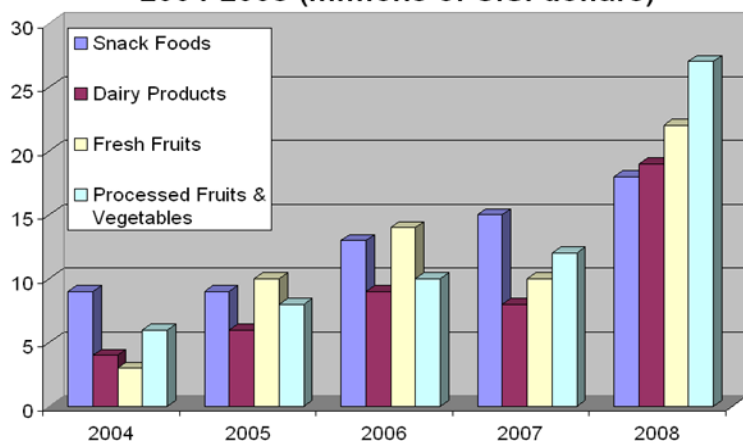
About Venezuela

The name *Venezuela* originated from the cartographer Amerigo Vespucci who, along with Alonso de Ojeda, led a 1499 naval expedition along the northwestern coast's Gulf of Venezuela. On reaching the Guajira Peninsula, the crew observed villages (*palafitos*) that the people had built over the water. Because this reminded Vespucci of the city of Venice, Italy, he named the region *Venezuela*, meaning "little Venice."

Located in northern South America, Venezuela boasts the continent's largest lake and third-longest river, the highest waterfall in the world, the longest of all snakes, and spectacular landscapes. There are the Andes' snowcapped peaks in the west; steamy Amazonian jungles in the south; the hauntingly beautiful Gran Sabana plateau, with its strange, flat-topped mountains, in the east; and miles of white-sand beaches fringed with coconut palms on the Caribbean coast. The country's main petroleum deposits are located around and beneath Lake Maracaibo, the Gulf of Venezuela, and in the Orinoco River basin.

The majority of Venezuela's 28 million people live in the cities of the north — especially in the capital Caracas, which is also the largest city — making Venezuela one of the most urbanized Latin American countries. Other major cities are Maracaibo, Valencia, Maracay, Barquisimeto, Ciudad Guayana, and the popular tourist city of Mérida.

U.S. Consumer-Oriented Exports to Venezuela 2004-2008 (millions of U.S. dollars)



Colombia is the major supplier of agricultural products to Venezuela, and imports are mostly high-value products. There is also strong competition among exporters in Argentina, Brazil, and Chile. Venezuelan importers are taking advantage of ALADI (Latin America Integration Association) regulations to bring products without foreign exchange restrictions that apply to other countries. Additionally, Argentina and Chile have been selling products (especially fresh fruits) aggressively to Venezuela because both countries benefit from duty-free preferential access.

U.S. agricultural and food exports during the past five calendar years (2004–2008) have averaged US\$691 million, with 2008 trade jumping to US\$1.6 billion. The main products currently imported from the United States, by value, are wheat, corn, consumer-oriented, animal fats, and vegetable oils.

Doing Business in Venezuela: Entry Strategy

U.S. exporters can approach Venezuelan buyers through a large importer or wholesaler/distributor or through a specialized importer. Regardless of strategy, U.S. exporters need a local partner to educate and update them about market consumer trends and development, product registration procedures, and business practices.

Wholesalers/distributors and importers play an important role with Venezuela's supermarket retailers. Although some supermarkets have tried to import through consolidators, the bulk of supplies come from local agents or importers. Large supermarket retailers are more likely to import directly from U.S. suppliers.

Local importers are a must when selling U.S. food exports to Venezuela's convenience stores or traditional retail outlets. Because there is relatively little turnover, retailers in these markets are not interested in buying directly from exporters or through consolidators.

The following reports provide more information about exporting U.S. agricultural products to Venezuela:

- VE9032 Venezuela Ports
- VE9031 New Phytosanitary Certificate
- VE9015 Food Processing Ingredients Sector
- VE9012 FAIRS Country Report: Import Procedures Extended
- VE9007 Agricultural Situation: Supermarket Tour
- VE8090 Retail Sector in Venezuela
- VE8076 Exporter Guide

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