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Producers are waiting for a price adjustment

Report Categories:

Agricultural Situation

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Report Highlights:

Agricultural producers have noted the need for the Government to review the cost structures of the sector, and to make the corresponding adjustments in the fixed output price system.

General Information:**Agricultural Producers are waiting for a price adjustment from the Government**

Government policies applied to the agricultural sector such as price controls have reduced production in recent years.

Need for a price adjustment:

Agricultural producers have noted a need for the government to review the cost structures of the sector and to make corresponding adjustments in regulated output prices. However, the new Minister of Agriculture and Lands, Juan Carlos Loyo, believes that the priority for the Government is not prices, rather reducing production costs and increasing productivity. The Minister remarked that the Bolivarian Government's concern is "production and yield, how to improve productivity. That is the direction we must discuss." While private producers agree that increased productivity is needed, they also continue to prioritize a review of agricultural product prices.

Fedeagro, a leading agricultural organization, emphasizes that increased production can be achieved by recognizing that costs of machinery and spare parts have increased, critical inputs that farmers need to expand output. While the prices of many agricultural products are regulated, input prices are always increasing. Producers say that since 2006 they have delivered proposals to lower the cost structures to the Ministry of Agriculture.

According to producers, rice and corn prices have not been adjusted according to costs. For example, in 2008 an additional subsidy to the price was granted. In 2009, the subsidy was added to the price prevailing at that time. However, for this year the same prices are maintained and there is no subsidy.

Producers expect price adjustments for regulated agricultural products to be between 20 and 40 percent. There are some crops that with a 20 percent increase can recover past investments, such as corn, rice, and sorghum. In other crops such as some vegetables require a higher adjustment because there is more risk, the losses are high, and investments are larger.

Source: Leading Dailies