

ATTACHE QUERY DETAIL



ATTACHE QUERY DETAIL

CLASSIFICATION: UNCLASSIFIED - NOT OFFICIAL USDA DATA

AGR Number: VE6028

From: AGRICULTURAL COUNSELOR, CARACAS, VENEZUELA
To: USDA/FAS Washington D.C.
Country: VE
Year: 1996
Report Code: 09 Post Report Sequence Number: 001

Report Title: Fresh Deciduous Fruit
Report Type: V - Voluntary Report
Report Subject: BANANA VOLUNTARY
Approved By: L. SENGER
Drafted By: M. PAIVA

Security Classification: UNCLASSIFIED - NOT OFFICIAL USDA DATA

Date Due (MM/DD/YY): 10/25/96

Table of Contents

	PAGE
-General Summary.....	1
-PRODUCTION.....	1
General.....	1
Costs of Production.....	2
Crop Area.....	3
Crop Quality.....	4
-TRADE.....	4
General.....	4
Venezuela's E.U. Quota.....	6
Export Subsidies.....	6

Report Code: VE9609V AGR Number: VE6028 Page: 1
Fresh Deciduous Fruit
 General Summary

In Venezuela bananas were grown traditionally for the domestic market. However, six years ago three privately owned companies began producing bananas for export. Today, there are four companies producing and exporting Venezuelan

ATTACHE QUERY DETAIL

bananas.

Export production has been insufficient to cover Venezuela's European Union (EU) banana quota. In mid September 1995 the Government of Venezuela (GOV) agreed to transfer part of its banana quota to Colombia in exchange for investments in its banana sector. A similar arrangement will likely take place with regard to the 1996 quota.

Production declined in 1995 in response to Venezuela's economic recession, weather problems, and disease. Production and exports are both expected to increase again during 1996. Exports, rather than the domestic market, continue to be the best incentive for banana producers.

PRODUCTION

General

About 95 percent of all bananas produced in Venezuela are for domestic consumption. Most of these bananas are produced by small farmers, and are of lower quality than those produced for export.

In the early 1990's some producers began producing for the export market. The first of these companies were Frutera del Lago, Kaminca and Kambuca. Operations of Frutera del Lago and Kaminca ceased at the end of 1993 as a result of financial problems (see VE5036, dated December 22, 1995). Since then, taking into account favorable factors such as good agronomic conditions and the agreement offered by the Venezuelan Foreign Trade Institute (see "Venezuela's E.U. Quota" below) three other companies entered the market. Currently, the four banana companies producing for export are Kambuca, Trujillana Fruit One, Consorcio Relieve and Dole Fresh Fruit International.

Kambuca is the biggest and oldest of the four. It is under contract with Dole to export bananas to the United States. Kambuca expanded production in 1995 in order to take over export markets once held by Frutera and Kaminca. Because Dole also wants to have its own plantation, Dole Fresh Fruit

Report Code: VE9609V
Fresh Deciduous Fruit

AGR Number: VE6028

Page: 2

PRODUCTION

General

International is taking over some land that belonged to Frutera del Lago. Trujillana Fruit One, a Venezuelan company, will make a sizeable investment to bring land of the former Kaminca plantation back into production. Consorcio Relieve is a French-based company that is also investing in banana production.

ATTACHE QUERY DETAIL

Venezuela's total banana production in 1995 was 1,235,800 mt, 9 percent lower than in 1994. Production went down because of increased costs of production, ongoing problems with black shiitake fungus, and damage caused by hurricane winds in the northwest of the country (where the majority of banana plantations are). Reduced production combined with the elimination of imports led to reduced domestic consumption.

Production in 1996 is estimated to reach 1,365,000 mt. Increasing production for 1996 is due to the incorporation of new plantations and the results of investments during the last eight months by the American companies Dole and Chiquita Brands.

=====

TABLE 1: BANANA PRODUCTION, TRADE AND CONSUMPTION (MT)

=====

Year	Total Production	Imports	Exports	Estimated Consumption
1992	1,239,480	115,485	74,107	1,280,858
1993	1,387,600	114,917	67,053	1,435,464
1994	1,355,800	0	48,678	1,307,122
1995	1,235,800	0	*61,395	1,174,405
1996**	1,365,000	0	66,000	1,299,000

* preliminary

** estimated

source: Ministry of Agriculture, Agroplan, Central Office for Statistics and Information (OCEI), FAS/Caracas

Costs of Production

Between 1994 and 1995 costs of production for a typical 20 hectare banana plantation increased 28.8 percent. Increasing costs are due to high inflation rates and the exchange control policy, applied by the GOV between June 1994 and May 1996, which increased indirect costs. The costs of production listed in the following table are for bananas grown for the domestic market. Costs of production

Report Code: VE9609V AGR Number: VE6028 Page: 3
 Fresh Deciduous Fruit
 PRODUCTION

Costs of Production

on export plantations are probably higher.

=====

TABLE 2: COSTS OF PRODUCTION (US\$/ha)

=====

	1993	1994	1995

ATTACHE QUERY DETAIL

	1/	2/	3/
Operational Costs			
Inputs	227.39	221.31	328.32
Services	275.78	245.05	188.23
Labor	620.77	396.24	388.70
Subtotal	1,123.93	862.59	905.25
Indirect Costs			
Depreciation			
Construction	97.51	79.98	101.88
Equipment/machinery	44.95	60.72	118.26
Land	152.62	112.66	359.87
Financial Costs	277.22	198.39	208.20
Subtotal	572.22	451.75	788.21
TOTAL	1,696.24	1,314.34	1,693.46

1/ 1993 average exchange rate was Bs. 91.50/US\$ 1

2/ 1994 average exchange rate was Bs.170/US\$ 1

3/ 1995 average exchange rate was Bs.230/US\$ 1

source: Agroplan and Central Bank of Venezuela

Crop Area

The most important banana regions are to the south of Lake Maracaibo and in the states of Yaracuy and Aragua in central and eastern Venezuela. Producers supplying the domestic market usually produce bananas on small plantations consisting of between five and twenty hectares. Venezuela has not fully exploited its banana producing potential. South of Lake Maracaibo there are approximately 100,000 unexploited hectares that are suitable for banana production. This is almost twice as many hectares as are currently planted to bananas in Venezuela.

Crop area in 1994 and 1995 was approximately 55,677 and 54,677 hectares, respectively. In 1995 area declined by 2 percent due to weak domestic prices and demand. Area is expected to grow once again in 1996 due to a new infusion of capital by Dole and Chiquita Brands and continued expansion by Kambuca.

At the beginning of 1996 Dole purchased 125 hectares located

Report Code: VE9609V AGR Number: VE6028 Page: 4
 Fresh Deciduous Fruit
 PRODUCTION
 Crop Area

at the south of Lake Maracaibo and is giving technical advice to a new 177 hectare plantation near Kambuca.

Crop area for 1996 and 1997 is forecast to grow between 5 and 10 percent as a result of consolidated efforts by Dole

ATTACHE QUERY DETAIL

and Chiquita to invest in more suitable banana areas.

Crop Quality

About 30 percent of Venezuela's banana production is lost during and after harvest. Small producers supplying the domestic market do not have state-of-the art facilities. Quality expectations of domestic consumers are not as high as in the United States and Europe.

The foreign companies that advise Venezuelan banana growers have helped to increase quality. This has led to increased yields on some, but not all, plantations. Kambuca is recognized for its high yields and quality standards, and is considered among the leading banana plantations of the world.

TRADE

General

Venezuela does not have a well established banana export sector. Annual exports since 1990 have fluctuated significantly from year to year. Exports fell from 74,100 mt in 1992 to 48,700 mt in 1994. The noticeable decrease is the result of the closure of two of the country's three exporting plantations (see Production). Early export estimates for 1995 were 69,000 mt, but due to weather damage and disease, 1995 exports reached only 61,395 mt. This 26 percent increase over 1994 is the result of increased exports by Kambuca. Exports for 1996 are projected at 66,000 mt due to the addition of three more banana plantations and to increased exports by Kambuca.

In the past Venezuela imported bananas, but has not done so since 1994. Imports went to the food processing sector which has since switched to domestically produced bananas. Imports mostly came through nonproducing countries (Europe and the U.S.) because of the difficulty in arranging for direct shipments between Venezuela and exporting countries.

Report Code: VE9609V
Fresh Deciduous Fruit

AGR Number: VE6028

Page: 5

TRADE

General

=====

TABLE 3: BANANA EXPORTS BY DESTINATION (mt)

=====

Country	1992	1993	1994	1995*
Aruba	2,410	2,398	2,381	1,450
Austria	20	80	0	0
Bonaire	686	535	331	207

ATTACHE QUERY DETAIL

Colombia	1,197	868	4,170	16,000
Curacao	6,395	6,023	5,281	2,000
Germany	0	41	1,384	15,000
Hungary	0	20	39	0
Italy	4	0	0	0
Netherlands	12	22	20	0
Portugal	1	8	10	2
Puerto Rico	1	0	0	0
Saudi Arabia	0	0	0	136
St.Maarten	0	10	1	0
Spain	0	0	8	0
Switzerland	127	102	95	100
Turkey	0	981	0	0
U.K.	43	42	0	0
U.S.	63,175	55,907	33,799	26,500
Virgin Isnds	38	0	0	0
TOTAL	74,107	67,054	48,679	61,395

* preliminary figures
source: OCEI

=====

TABLE 4: VENEZUELA BANANA IMPORTS (mt)

=====

Country	1992	1993	1994	1995*
-----	----	----	----	-----
Belgium-				
Luxemburg	11,358	0	0	0
Brazil	0	13,356	0	0
Germany	78,697	58,709	0	0
U.S.	25,430	42,852	0	0
TOTAL	115,485	114,917	0	0

* January to April 1995
source: OCEI

Report Code: VE9609V AGR Number: VE6028 Page: 6
Fresh Deciduous Fruit
TRADE
Venezuela's E.U. Quota

Venezuela's E.U. Quota

In 1994 Venezuela, along with Colombia, Costa Rica and Nicaragua, signed a 2.1 million mt export quota agreement with the European Union (EU). In 1995 the quota increased to 2,553,000 mt. Venezuela's annual share is 2 percent; 42,000 mt for 1994 and 51,060 mt for 1995. In order to avoid losing its quota Venezuela transferred 65 percent (33,189 MT) of its 1995 quota to three companies that will use the transferred quota rights to export Colombian bananas.

ATTACHE QUERY DETAIL

In September 1995 Dole signed an agreement with the Venezuelan Trade Institute (ICE) to invest \$1.5 million in the Venezuelan banana sector in exchange for 10,000 mt of the Venezuelan 1995 EU quota. In the same month Chiquita and Trujillana Fruit One also signed similar agreements with ICE. Chiquita will invest \$1.2 million in exchange for 8,000 mt of quota. Trujillana will invest \$750,000 to get Kaminca back into production in exchange for 5,000 mt of EU banana quota. These investments must be made by September 1996. The quota amounts are estimates because ICE has not released copies of these agreements.

Venezuelan authorities were confident that with this infusion of investment capital it could meet its quota in 1996. However, the process of purchasing and preparing land as well as planting bananas has been delayed. Once again, ICE will need to negotiate to transfer its 1996 banana quota, probably on similar terms as in 1995.

ICE will administer the EU quota. The mechanism for assigning quota allotments to individual companies has not been established because, so far, demand for allotments has been below quota levels.

Export Subsidies

The Venezuelan government provides incentives for banana exports. Decree 1597 of June 13, 1991 grants exporters a tax credit equal to 10 percent of the FOB export price.
END OF REPORT

 [Return to Search Page](#)

[FAS Home](#) [Index](#) [Search](#) [E-Mail](#) [Other Links](#) [USDA](#)