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Dairy and Products

Milk Producers Worry about Imports and Support 2009

Approved by:

Randall Hager
American Embassy

Prepared by:

Clara Nunez

Report Highlights:

Milk producers are concerned about the lack of promised government support for their industry and imported dairy products crowding their output out of processing plants. Additionally, the government has inspected a Parmalat milk processing facility in Barinas state.

Includes PSD Changes: No
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Executive Summary

Milk Situation

According to producer and association representatives, even though the saturation of the dairy market by excessive milk imports is making it difficult for producers to sell their products, farmers are still interested in increasing milk production. They have not forgotten President Chavez' promises to encourage domestic milk production.

The president of the Cattle Ranchers Association from the High Mountains of Merida (AGZAM by its Spanish acronym) said that they will meet with the directors of the State owned dairy company, Enlandes, and with the managers of the National Milk Production Fund (Fonaprole) to discuss the parameters and guidelines to develop a program to increase milk output. For more information on this subject, please also see GAIN VE8022.

In March 2008, within the framework of the nationalization of the company Lácteos Los Andes, President Chavez announced the creation of Fonaprole. The Fund offers, among other benefits, a 50 percent feed subsidy for 600,000 cows during a period of three years, distribution of grass seeds, implementation of agricultural technology, and the extension of credit.

But over a year has past, according to industry representatives, and still results of this initiative which was allocated USD 300 million have not been seen. "The contradiction is that there is a program of cattle development and large quantities of imported meat and milk continue entering the country. Between 8,000 and 9,000 cows have been imported from Uruguay, Argentina and Brazil since 2005, not counting those from Nicaragua and Cuba," according to the Association. Agzam estimates that 60,000 liters of milk are lost per week due to a lack of market.

The president of the cattle ranchers of Machiques reported that the Socialist Dairy Processing Company of Machiques has over 200 tons of dry milk powder in their warehouse that has not yet been allocated to the market. But the lack of market is not the only problem that producers face. The National Cattle Federation says that the State dairy companies are asking to producers to be members of official bodies. Producers that belong to a cattle association that is affiliated to the government bring their raw milk to State plants without problems.

Authorities inspects Parmalat's milk processing plant

The Venezuelan Institute for the Defense of People's Access to Goods and Services (Indepabis) ordered an inspection at one of the five Parmalat milk processing plants which is located in Barinas State for alleged violation of government stipulated percentages of regulated milk production.

Parmalat of Venezuela, in a press note, has stated that their Barinas plant complies with the resolution 490, published in Official Gazette No. 39,129 which establishes that 90 percent of milk production is regulated, and ten percent is non-regulated.

Source: Local newspapers El Universal and Tal Cual