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ANNEX TO THE **WORLDWIDE FISHERIES MARKETING STUDY:** PROSPECTS TO 1985

VENEZUELA



Government
of Canada

Gouvernement
du Canada

Fisheries
and Oceans

Pêches
et Océans

(This Report is one of a series of country and species annexes to the main study
- entitled the Overview).

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Annex to the
Worldwide Fisheries Marketing Study
Prospects to 1985

VENEZUELA

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The views expressed in this Study, however, are ours alone and reflect the Canadian perception of worldwide markets.

With regard to the overall Study, we would like to acknowledge:

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E. Wong
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FOREWORD

As a consequence of global extension of fisheries jurisdictions, a radical shift has taken place in the pattern of worldwide fish supply and demand. This change is still going on and will continue for many years before a new dynamic equilibrium situation is reached. However, in the midst of this re-adjustment, a new trade pattern is emerging -- some net exporting countries are now importing and vice versa. In the longer term, some countries will experience shortages of supply and others will have a surplus. Fortunately, Canada is amongst the latter group.

The implications for the marketing of Canadian fisheries products arising from the worldwide introduction of the 200-mile limit are extensive. With our vastly improved supply position relative to world demand, government and industry are understandably concerned about ensuring that the bright promise of increased market opportunities are real and can be fulfilled. One of the steps in this process is the publication of the Worldwide Fisheries Marketing Study which assesses the global potential on a country and species basis.

Specifically, the purpose of the Study is to identify the longer term market opportunities for selected traditional and non-traditional species in existing and prospective markets and to identify factors which may hinder or help Canadian fisheries trade in world markets. To date, over 40 country markets and 8 species groups have been analyzed. It should be noted that while the information contained in the Reports was up-to-date when collected, some information may now be dated given the speed with which changes are occurring in the marketplace. In this same vein, the market projections should be viewed with caution given the present and still evolving re-alignment in the pattern of international fisheries trade, keeping in mind the variability of key factors such as foreign exchange rates, energy costs, bilateral fisheries arrangements and GATT agreements which have a direct effect on trade flows.

Notwithstanding, the findings contained in these Reports represent an important consolidation of knowledge regarding market potential and implications for improvements in our existing marketing and production practices. The results of the Study should, therefore, usefully serve as a basis for planning fisheries development and marketing activities by both government and industry in order to capitalize on the identified market opportunities.

This draft report is published for discussion purposes and as such we invite your critical comments.

Ed Wong

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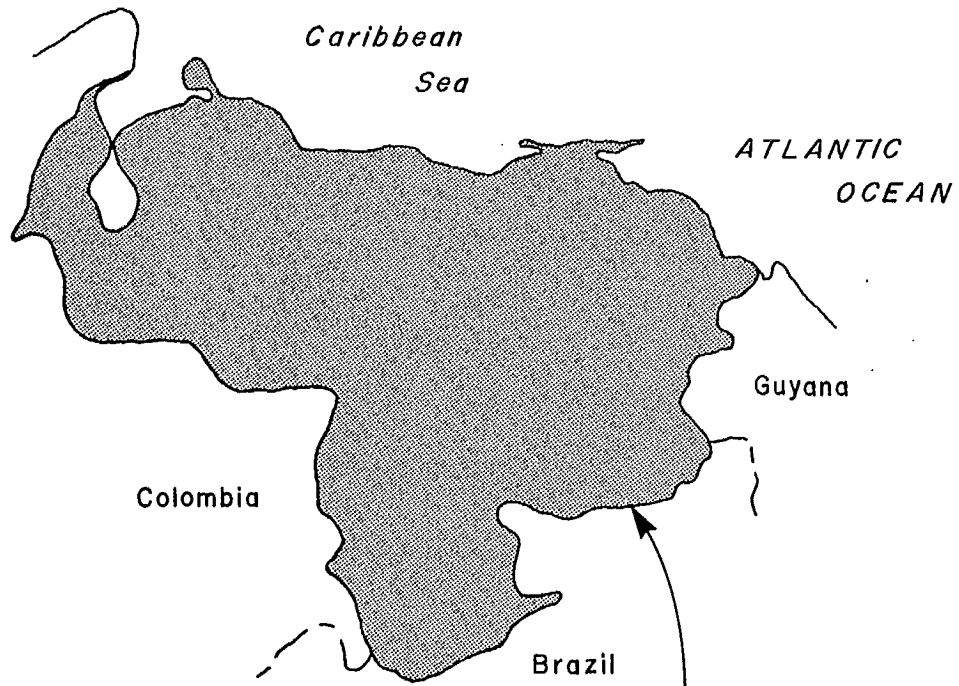
WORLDWIDE FISHERIES MARKETING STUDY

VENEZUELA

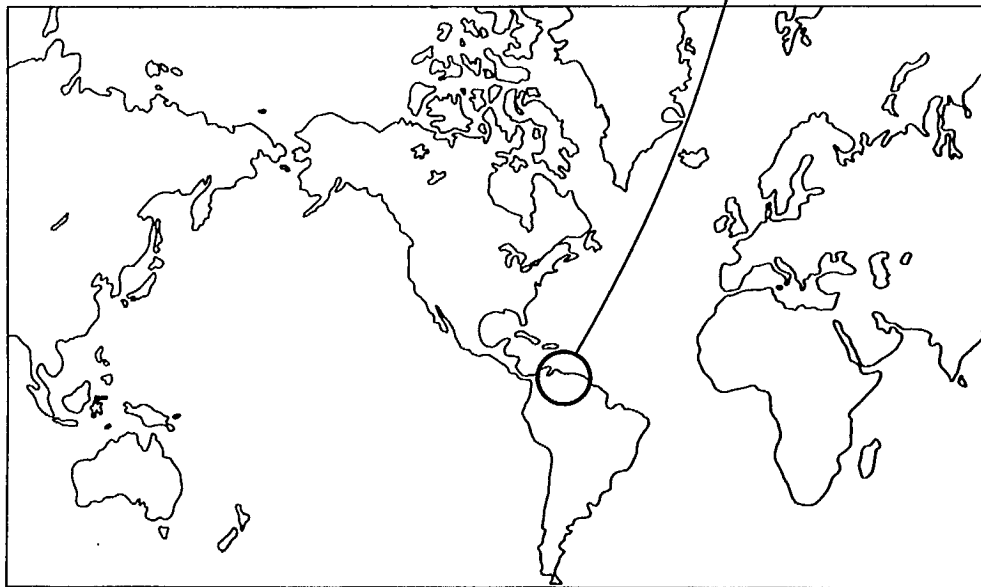
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VENEZUELA



INDEX MAP



A. INTRODUCTION

Venezuela has an area of 912 050 square kilometres. Officially, the population was 13.1 million in 1978, but this figure is widely regarded as being too low. Other estimates place the population as high as 18 million, and increasing at 3% annually. It is estimated that 50% of the people are under 20 years of age.

Canada is Venezuela's third or fourth largest supplier of imported goods, and in 1978 Venezuela was Canada's fifth largest customer after the United States, Japan, United Kingdom and the Federal Republic of Germany.

The backbone of the Venezuelan economy is the oil industry, which has been producing for 50 years and was nationalized in 1976. Venezuela was a founding member of OPEC. As a major oil producing country, Venezuela has been insulated from rising oil prices. However, substantial oil revenues have had bad side effects in the form of high inflation which has impacted on the economy. In the early 1970's, the inflation rate was 3% to 4%, while in 1979 the official figure was 20% per annum. In reality, it was probably much higher, especially for consumer goods.

The fishing industry has not played a significant role in the Venezuelan economy. Domestic fish production has been modest, and there have been no signs of consistent growth. Fish production by net product weight is detailed for the period 1971 - 1975 in Table 1, but there is no record of recent Venezuelan fish production readily available.

TABLE 1

Venezuelan production of fisheries products
net product weight - 000 tonnes

	1971	1972	1973	1974	1975	1976	1977	1978
<u>Fish: dried, salted</u>	6.9	6.2	7.1	8.9	6.3	F	F	F
- Freshwater (characins)	3.3	3.0	4.3	5.4	3.5	F	F	F
- Marine (redfish, jack, tuna, mackerel, shark, etc.)	3.2	3.2	2.8	3.5	2.8	F	F	F
<u>Crustaceans and molluscs</u>								
<u>fresh, chilled, frozen</u>	6.9	6.4	6.0	5.3	4.3	F	F	F
<u>Fish products:</u>								
<u>sardines/anchovies</u>	32.2	35.8	27.4	21.0	F	F	16.8	F
<u>Fish scrap and meals</u>	11.4	13.1	6.6	4.8	7.6	F	5.0	F

F - data unavailable

Source: FAO, Yearbook of Fishery Statistics, Catches and Landings Rome, Italy, various volumes.

B. DEMAND

Per capita consumption of fish in Venezuela is estimated at about 13 kilograms a year. In 1979 the total consumption was just under 200 000 tonnes live weight. For 1980, it is estimated that total consumption will increase to 205 000 tonnes.

In 1978, the country imported just over 12 000 tonnes of fisheries products, with fish meal accounting for 7 000 tonnes. Details of imports are shown in Table 2. This Table also shows there has been some increase in imports of dried, salted and smoked fish. It should be noted that import volumes have been highly variable in the 1970's.

According to Venezuelan industry leaders and government officials, there is an import requirement of 1 000 to 1 500 tonnes of salted cod annually. It should be noted that Venezuela prefers to bring in wet salted fish in order to keep a small domestic drying industry in operation. This is a potential opportunity for Canadian suppliers.

TABLE 2
Venezuelan imports of fisheries products

	Tonnes, \$US000																	
	1970		1971		1972		1973		1974		1975		1976		1977		1978	
	T	US\$	T	US\$	T	US\$	T	US\$	T	US\$	T	US\$	T	US\$	T	US\$	T	US\$
<u>Fish; fresh, chilled, frozen</u>	100	190	100	232	300	359	500	665	4 200	2 973	1 600	1 273	399	807	297	698	297	698F
<u>Fish: dried salted, smoked</u>	300	281	400	437	400	499	200	335	100	273	500	996	857	2 273	2 133	3 712	2 133F	3 712F
<u>Crustaceans and molluscs</u>	300	193	200	174	100	121	5 000	3 795	0	124	0	68	64	224	105	287	105F	287F
<u>Fish products/preparations</u>	600	891	600	896	700	1 227	500	1 056	300	679	600	1 560	602	1 389	2 586	5 430	2 586F	5 430F
<u>Crustaceans molluscs products</u>	200	267	300	339	300	497	300	443	100	119	300	640	167	423	358	910	358F	910F
<u>Aquatic oils and fats</u>	100	53	100	66	--	--	100	78	100	135	158	235	--	--	--	--	--	--
<u>Fish meal etc.</u>	27 000	3 771	32 200	5 595	9 900	1 537	6 700	3 158	4 200	2 849	26 800	6 980	6 434	2 137	5 000F	1 400F	7 000F	2 000F
TOTALS	28 600	5 646	33 900	7 739	11 700	4 240	13 300	9 530	9 000	7 152	29 958	11 752	8 523	7 253	10 479F	12 437F	12 479F	13 037F

Source: FAO, IBID.

C. SUPPLY

1. Venezuelan Fisheries Resources

There is an absence of adequate scientific information concerning the fish stocks to be harvested in Venezuelan waters. The only agency doing research on this question is a private body - The Fundacion la Salle de Crican Naturales. This agency has undertaken studies on the volume of certain stocks, but neither the industry nor the government agree with its findings. The Fundacion is critical of the government, claiming that the fishery is being poorly managed and that Venezuela has no consistent fisheries development policy. The Fundacion reports, among other things, that in certain areas the resources are being under-exploited because the government has unnecessarily over-restricted fishing under pressure from conservationists. Currently, the Fundacion has enlisted the assistance of a French research vessel to conduct an examination of Venezuelan pelagic stocks.

2. Venezuelan Domestic Fishing Industry

There are two main regions of fishing activity in Venezuela. On the eastern continental shelf, beach seiners harvest sardines for export and trawlers take shrimp and demersal species. In the west, shrimp are harvested by beach seiners and small boat operators in Lake Maracaibo, and by trawlers in the Gulf of Venezuela. In addition, an off-shore fleet of longliners fishes for tuna, and there is also a considerable fresh water fishery.

Traditionally, most of the fish caught has undergone some form of processing. Tuna and sardines are canned; shrimp are frozen; other species are dried; and fish meal is manufactured.

Because specific data and analysis concerning the extent of fish stocks in Venezuelan waters are unavailable, the most accurate way of assessing its capacity is to examine statistics on landings, which are detailed in Table 3. The catch has varied from a low of 145 731 tonnes in 1976 to a high of 174 000 tonnes in 1978. Recently, there has been a rather dramatic increase with the

1978 landings of 14% more than results for 1977, but it is not known if this is sustainable. Although this recent increase must be viewed as significant, the pattern of the past six years has been so erratic that it cannot necessarily serve as a basis for predicting future performance.

As can be seen from Table 3, the most important species caught are ark clams (ARCA SPP), round sardinella (sardinella aurita anchovia) and weakfish (cynoscion SPP) which together accounted for 47% of total landings in 1978. The ark clam catch has been increasing, landings of weakfish have been erratic, and the harvest of round sardinella has been declining.

According to an industry spokesman, the sardinella catch may in fact show an increase in 1980. At present, sardines are caught by inshore fishermen. Some studies have been done to determine quantities of offshore sardines, but the results indicate that the resource may be difficult to exploit because fish are not found in sufficient concentrations to merit commercial harvesting.

Price controls are an example of government action that might ultimately affect fish landings. In fact, Venezuela has removed price controls from most items, but sardines and tuna are among the exceptions. Spokesmen for the canning industry claim the continuation of controls will eventually force them out of business because they cannot operate at a profit. These price controls also have adverse implications for Canadian exporters intending to sell into the Venezuelan market.

TABLE 3

Venezuela: fish landings by species

	1973 - 1978 (tonnes)					
	1973	1974	1975	1976	1977	1978
CHARACINS	2 700	3 223	2 668	2 718	3 075	3 726
FRESHWATER CATFISHES	5 100	5 392	4 498	3 642	4 101	3 931
FRESHWATER FISHES RFI	10 100	12 465	8 089	6 620	7 988	6 826
SEA CATFISHES	4 200	6 469	4 484	4 819	3 680	478
DEMERSAL PERCOMORPHS NEI	5 600	7 011	6 458	5 113	5 280	5 067
COMMON SNOOK	1 300	979	1 279	982	796	746
GROUPERS NEI	1 300	1 105	994	1 000	1 525	1 661
SEABASSES, SEAPERCHES NFI	100	90	86	95	287	104
YELLOWTAIL SNAPPER	100	130	110	124	132	172
SNAPPERS NEI	4 500	4 600	4 005	4 308	3 915	4 002
PONYFISHES (=SLIPMOUTHS) NEI	0	43	119	25	30	68
GRUNIS (=GRUNTERS) NEI	5 600	4 576	4 966	5 504	5 765	6 836
WEAKFISHES NEI	12 400	16 194	17 506	13 899	11 335	1 235
WHITENCUTH CROAKER	1 800	2 085	2 232	2 382	2 480	3 147
BARRACUDAS	700	785	633	125	731	818
STRIPED MULLET	3 800	3 349	3 504	3 475	3 297	3 477
BRAZILIAN MULLET	800	534	1 034	1 053	1 567	1 426
PELAGIC PERCOMORPHS NEI	100	229	268	1 087	1 043	946
BLUEFISH	600	523	519	842	1 081	699
JACKS, TREVALLIES	3 100	1 858	2 085	1 803	2 820	2 191
ATLANTIC POONFISH	1 400	1 996	1 622	1 421	1 831	1 801
POMPANOS	200	115	145	78	136	147
AMBERJACKS NEI	200	200	195	224	201	190
BIGEYE SCAD	2 800	3 244	2 760	2 630	2 358	1 948
CARANGIDS NEI	0	25	33	111	24	3
GULF BUTTERFISH, HARVESTFISHES	100	53	48	90	63	45
ROUND SARDINELLA	47 500	22 835	47 608	36 733	35 752	28 483
ATLANTIC THREAD HERRING	8 800	5 148	1 900	3 917	1 683	993
ATLANTIC ANCHOVEIA	2 300	1 976	850	4 965	2 368	4 306
ATLANTIC BONITO	700	522	562	756	767	382
KING MACKEREL	1 500	2 204	2 388	1 731	1 624	1 328
ATLANTIC SPANISH MACKEREL	2 500	2 459	2 375	1 989	2 202	1 962
FRIGATE AND BULLET TUNAS	700	903	993	1 253	907	550
LITTLE TUNNY	300	373	357	501	426	390
ALBACORE	300	476	93	133	192	762
YUELLOWFIN TUNA	1 600	3 728	920	554	1 380	6 295
BIGEYE TUNA	100	42	28	17	774	469
WAHOO	0	104	27	67	71	54
BLUE MARLIN	300	275	253	239	454	546
SWORDFISH	0	43	65	43	29	90
TUNA-LIKE FISHES NFI	100	2 155	393	726	5 135	9 205
LARGEHEAD HAIRTAIL	700	616	1 018	1 542	1 749	2 025
CHUR (SPANISH)MACKEREL	400	443	496	330	438	172
REQUIEM SHARKS	3 200	2 870	3 064	2 714	3 436	2 887
SKATES AND RAYS NEI	400	447	533	755	701	966
MARINE CRABS NEI	1 700	1 981	1 704	2 461	2 151	1 373
CARRIBBEAN SPINY LOBSTER	100	55	130	123	129	125
NATANTIAN DECOPODS NEI	6 400	6 383	5 619	5 964	5 031	3 820
MANGROVE CUPPEC OYSTER	300	433	438	388	242	803
ROCK MUSSEL	400	384	121	108	82	1 183
ARK CLAMS	9 100	12 178	8 751	11 101	16 287	41 320
VENUS CLAMS	0	117	94	8	39	4
COMMON SQUIDS	1 700	2 208	1 625	1 202	1 937	292
OCTOPUSES NEI	600	1 408	650	621	700	446
MARINE MOLLUSCS NEI	2 100	86	12	18	2	0
GREEN TUPILE	0	0	0	0	0	0
HAWKSBILL TUPILE	0	0	0	0	0	0
LOGGERHEAD TURTLE	0	0	0	0	0	0
MARINE TURTLES NEI	0	4	0	0	0	0
RIVER AND LAKE TURTLES NEI	0	6	-	2	5	2
TOTAL	162 400	150 135	153 407	145 131	152 234	162 923

Source: FAO, IBID.

3. Exports

Shrimp have been Venezuela's only significant fisheries export. In 1977 the country sold 2 277 tonnes of crustaceans valued at US\$9.9 million. Most of this was shrimp exported to the United States. However, fisheries products exports from Venezuela have in fact been in steady decline. The export results for 1977 represent the smallest quantity sold since 1970 and the lowest value since 1971.

4. Fisheries policy

The stated policy of the Venezuelan government is to encourage development of the domestic fishing industry. Yet there have been few signs of sustained progress during the 1970's. One key obstacle to development is the absence of reliable information concerning the size of the resource. Without this kind of scientific information, it is virtually impossible to develop or to encourage development in any coherent manner. Fisheries managers are unable to set TAC's or estimate maximum sustainable yields.

The Venezuelans are willing to enter into joint ventures with fisheries interests from other countries, but thus far they have attracted few offers. One important concern of Canadian companies has been the use of Venezuelan registry for vessels as a "flag of convenience". Industry and government officials in Venezuela deny that this happens, and claim that any vessel flying the Venezuela flag must be 80% owned by Venezuelans. The government has a law on the books requiring Venezuelan vessels to be manned by Venezuelan crews. However, industry spokesmen admitted that in practice this law is not strictly adhered to, mainly because Venezuelans generally lack maritime experience, and are not interested in spending a lot of time at sea.

For the foregoing reasons, Venezuela cannot be considered a major competitor of Canada in the international fisheries market, although there is some movement in the direction of processing saltfish that might be able to compete with the Canadian product in some Caribbean countries.

D. POTENTIAL TRADE

All things considered, there appears to be little potential for increasing Canadian sales of fish products to Venezuela. The domestic fishing industry may be underdeveloped and operating at well below its potential, but nonetheless it does satisfy most of the local demand at prevailing prices. In 1979, the country imported 400 tonnes of Canadian salted cod, but it does not appear to offer much more as a potential market for other Canadian fish products.

A Canadian saltfish trade mission to Venezuela in 1979 forecast that the total demand for salted cod would remain close to the current level of 1 000 tonnes of dried saltfish, 100 tonnes of wet saltfish and 400 tonnes of frozen fish. Investigators for this current study tend to reaffirm those estimates, except in the case of wet salted fish, for which there may be slightly greater demand, according to local industry sources.

A major obstacle to increased imports is a tariff of 100% on dried salted cod and cod in brine. An outline of the tariff schedule is attached as Appendix I. However, it is important to note that the government importing agency, CORPO MERCADEO, is able to import products free of tariff, and it does not appear that Canadian companies have been aware of this. Canadian firms exploring the possibility of sales would be well advised to consult this agency.

Finally, it should be noted that the Venezuelan government is committed to reducing food imports, which in 1979 accounted for 40% of food products consumed in the country. However, this import reduction program is directed more toward such items as beef and corn, which are imported in much greater quantities than fish.

E. CONCLUSIONS

(1) The market potential for Canadian fish products in Venezuela cannot be considered encouraging. Although per capita consumption of fish is stable and prices of products are rising there are obstacles to trade.

(2) Most of the domestic fish demand has so far been satisfied by the local fisheries industry.

(3) Stated policy of the Venezuelan government is to encourage expansion and development of the domestic fisheries industry. Although there are few signs of progress towards this objective, any efforts in this direction have been and will be hampered seriously by the absence of reliable scientific information on the extent of fisheries resources available for exploitation. This lack of data constrains the development of a coherent resource management policy.

(4) Venezuela is however open to joint ventures with foreigners in fisheries development, but thus far has attracted few offers from other countries.

(5) A major obstacle to increased imports, particularly from Canada, is a 100% tariff on dried salted cod and cod in brine. However, there is a government importing agency, CORPO MERCADEO, which is allowed to import products free of tariff. Any Canadian firm wishing to explore market possibilities would be well advised to consult with this agency.

(6) Venezuela cannot be considered a significant competitor for present or potential markets of Canadian exporters. Until such time as there is more scientific knowledge concerning the extent of the fisheries resource, Venezuela is unlikely to emerge as a major fishing nation. The one area where the country might compete is in sales of saltfish to some Caribbean countries.

APPENDICES

APPENDIX I

SCHEDULE OF VENEZUELAN IMPORT TARIFFS

(Subject to amendment - Canadian exporters can verify rates through the nearest Department of Industry, Trade & Commerce Office)

CHAPTER 3

Fish, Crustacea and Molluscs

This Chapter does not include:

- a) Marine mammals (item 01.06) and their meats (items 02.04 or 02.06);
- b) Fish (including livers, roes and milts thereof), crustaceans and mollusks, dead, improper for human consumption because of their nature or their presentation (Chapter 5);
- c) Caviar and its substitutes (item 16.04).

03.01 Fresh fish (live or dead), refrigerated or frozen

01.00 Dead fish, fresh, refrigerated or frozen.

	<u>Tariff</u>
01 Codfish	20
02 Salmon	20
99 Others	15

02.00 For reproduction or industrial breeding.

	<u>Tariff</u>
01 Codfish	10
02 Salmon	20
99 Others	50

89.00 Others

	<u>Tariff</u>
01 For ornamentation	15
99 Others	100

03.02 Fish - dried, salted or in brine, cakes. Smoked fish, including those cooked prior to or in the process of smoking.

01.00 Dried, salted or in brine.

01 Roes, livers and milts	100
02 Codfish	100
03 Salmon	20
04 Sardines	300
05 Merluce	50
99 Others	50

02.00 Smoked.

01	Roes, livers and milts	100
02	Codfish	100
03	Salmon	20
04	Sardines	300
05	Merluce	50
99	Others	50

03.00 Fish meal proper for human consumption 100

03.03 shellfish and other Crustacea and Molluscs (including those separated from their shells), fresh (live or dead), refrigerated, frozen, dry, salted or in brine; crustacea unpeeled. Simply cooked in water.

01.00 Fresh or refrigerated.

	<u>Tariff</u>	
01	Lobsters	40
02	Crawfishes	40
99	Others	40

(2) Reserved for the National Governments.

(5) Sanitary certificate from the country of origin.

(6) Sanitary permit from the Ministry of Agriculture and Stock Rearing.

02.00 Frozen

01	Lobsters	40
02	Crawfish	40
99	Others	40

03.00 Dried, salted or in brine 40

89.00 Others

01	Fish meal for human consumption	40
99	Others	40

