Foreign Exchange Situation cont'd

rate of Bs 4.30 per US$1 while corn, soya and sorghum is imported at a 7.5 rate. It is unlikely Venezuela will become an aid recipient.

Although the preferential rate of exchange remains at Bs 4.30 for US$1, dollars are only available at Bs. 14 per US$ in limited amount. Consequently, although per capita income remains the same at 4.30 per US$1, and although most of Venezuela's income comes from oil exports in US$, the purchasing power of the Venezuelans has declined by 60% in dollar terms.

3. Fertilizer Situation

Fertilizer production and importation is handled entirely by the government corporation PEQUIVEN. Approximately 30% of the country's requirements are imported. The price is set by the government. Recently the elected government reduced the price of fertilizer to encourage use. Government hopes to be self-sufficient by 1990 and in fact Venezuela currently exports urea. Fertilizer is presently imported from USA and West Germany. Preferential dollars are available at 4.30 rate for imports. Although self-sufficiency is sought, some imports will continue since some fertilizers are not produced locally.

4. Import Mechanism

Grain is imported by private companies and usually through agents (agents are normally used because of the paper work involved in obtaining currency approvals). Normally when a company has a requirement, they simply advise their agent(s) and request a quotation.

5. Grain Industry Infrastructure

Infrastructure is basically the same as in previous years. A number of years ago, the government initiated a program to construct silos and other grain storage facilities. Many of the facilities ended up being owned by the government and many fell into a state of disrepair. The recently elected government plans to provide incentives to repair these facilities and to turn many back to the private sector.

6. Government Policies Affecting Grain and Agriculture

Corn, rice, sorghum, soya, and sesame production are already being helped by the government to increase production levels. Due to the external debt problem Venezuela is trying to limit imports as much as possible and if possible stimulate exports to attract foreign currency. A campaign has already been initiated to modify the consumers taste for imported staples to replace it with local products.