

Chávez blamed for coffee industry plight

By Benedict Mander in Santa Cruz de Mora

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It saddens Don Luis Paparoni, who is almost 90, to summon up memories of the heyday of Venezuela's coffee production.

"You see these hills?" he asks, gesturing to the lush green valley around Santa Cruz de Mora, a picturesque town at the lower reaches of the Venezuelan Andes. "They used to be carpeted with coffee plants. Now you'll scarcely find any."

Venezuela was one of the world's top coffee exporters in the early 20th century. But for the first time last month the country was forced by looming shortages to import coffee from Brazil, even though locals say it is no match for the local quality Arabica beans.

"When I was young there wasn't a single household in this town that didn't have something to do with coffee. It was at the heart of our culture," says Mr Paparoni, whose father immigrated from Sicily to establish one of the most productive coffee plantations in the Andes in the 1920s.

He remembers the days when Hacienda La Victoria would send coffee to New York and Hamburg; today, its only income is generated by tourists visiting the state-run museum occupying the premises.

Although successive governments have done little to stem the decline of Venezuela's coffee industry, concentrating instead on exploiting the country's [vast oil reserves](#), growers blame clumsy intervention by President Hugo Chávez's government for coffee's plight.

Shortages prompted Mr Chávez last month to expropriate the country's two largest coffee roasters, Fama de América and Café Madrid, which account for almost 80 per cent of production. He blamed the scarcity on hoarding, speculation and smuggling.

"We've had enough of this! We must do the same with all companies that behave this way," thundered the socialist leader. "We are going to continue nationalising monopolies to turn them into productive businesses in the hands of the workers, the people, the revolution."

But analysts say many of the problems confronting coffee production – and the private sector in general – are caused by precisely this kind of government intervention. Such expropriations, as well as an aggressive land reform campaign, have generated a climate of uncertainty that has damped investment.

Price controls have made matters worse. Increasing amounts of coffee – and many other goods – are smuggled abroad to be sold at international prices. “Of course there’s contraband. What does Chávez expect when you can sell coffee in Colombia for double or triple the price?” said one coffee producer, who requested anonymity.

María Marcelina Chacón, who owns one of the few coffee farms that survive on the steep slopes above Santa Cruz de Mora, fears this year’s crop will scarcely reach 150 kilos, about a 10th of what the plantation produced less than a decade ago.

She complains that while prohibitive price controls squeeze profits, rising costs mean she can no longer afford to pay for workers or enough pesticide. “These days I can only get my family to help. Too many labourers live off government handouts and don’t even bother working,” she says.

These problems, compounded by rising demand caused by the leap in oil prices, have been the cause of intermittent scarcity of basic foodstuffs. This has gnawed at Mr Chávez’s popularity and was one reason for his defeat in a referendum two years ago.

The government’s short-term solution to the problem has been mass imports, enabled by a copious supply of foreign exchange generated by oil exports.

Food imports have quadrupled in the past 10 years, from about \$60 (€42, £37) to more than \$250 per person per year, says Hiram Gaviria, former agriculture minister. Imports cover about two-thirds of food consumption in a country that boasts vast areas of unused, fertile land.

While production of some foodstuffs such as maize and rice has increased in this period, the production of beef and sugar, in which Venezuela used to be self-sufficient, is today barely half national consumption.

Once Venezuela’s main export, cacao production has remained at colonial levels, eclipsed by the rapid growth of the oil industry since the 1920s, strengthening the currency and making exports uncompetitive.

Now coffee is feeling the pinch. Once almost rivalling Colombia’s production, Venezuela produces less than 1 per cent of the world’s coffee. It is feared that production of coffee could slip to less than 45,000 tonnes this year, well below what is needed to satisfy national consumption of about 70,000 tonnes.

Mr Paparoni has replaced most of his coffee plants with pasture, continuing to grow a small amount of beans only to “preserve tradition”. “It grieves me to the very core of my soul,” he says.

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