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## Chavez goes to war against Uncle Sam

**Plans to nationalise the Vestey meat empire's Venezuelan estates are a blow to one of the UK's richest families**

By Cahal Milmo

5 October 2010

In 1903, two entrepreneurial Liverpoolian brothers arrived in Caracas determined to add to their burgeoning empire of foreign food producers by buying Venezuelan cattle ranches. Over the next decade, William and Edmund Vestey added 11 ranches covering thousands of hectares of prime pasture to a list of holdings that ranged from egg processing plants in China to beef herds in Madagascar.

The Vestey brothers and their descendants came to epitomise British mercantile power, feeding the industrial heartlands of the UK with their refrigerated ships, transporting meats and foodstuffs from far-flung corners of the world in the name of Empire and considerable profit.

How times have changed. The Vestey's once ubiquitous Dewhurst butchers' shop chain is history, their long-standing – and completely legal – tax avoidance scheme has ended, and now a pugnacious Venezuelan born in a mud hut to two schoolteachers has launched a land grab on one of their most prized assets.

Doubtless with an eye on the Vestey's imperial heritage, and the fact that his target is ultimately controlled by the 3rd Baron Vestey (a man so close to the heart of the British establishment that he nominally looks after the Queen's horses), President Hugo Chavez

announced on Sunday that he was nationalising the land controlled by the Compañía Inglesa, the Venezuelan arm of the Vestey Group Ltd.

With the sort of revolutionary appeal that has sustained him in power for 11 years, Chavez, the firebrand of South American socialism, used his first televised address since an electoral setback a week ago to try to restore his radical credentials by declaring his intention to take back 300,000 hectares of Vestey-owned land.

Speaking on his weekly *Alo Presidente* programme, Chavez demanded the "acceleration of the agrarian revolution" and said: "All of the lands of the so-called Compañía Inglesa will be nationalised now. I don't want to waste another day... Free the land, free the slave labour."

There is no evidence that Agroflora, the subsidiary of Compañía Inglesa that owns the Vestey ranches, uses slave labour, but the Venezuelan President-cum-showman knows how to pick his pantomime villains and produce a showdown between, as he sees it, the model of a redistributive economy and the hugely-wealthy embodiment of British aristocratic capitalism.

In the red corner stands the self-declared leader of Venezuela's Bolivarian revolution, whose government has taken over some 2.5 million hectares of land since 1999.

His chosen opponent is Lord Sam "Spam" Vestey, the chairman of Vestey Group Ltd, one of the longest-standing friends of Prince Charles, owner of a fortune estimated at £750m and whose titles include Master of the Horse and third Great Officer of the Royal Household, a ceremonial role which entails him riding behind the sovereign for occasions such as the state opening of Parliament.

His second wife, Celia, is Prince Harry's godmother, while Nina Clarkin, Lord Vestey's niece, is rated the best female polo player in the world after a childhood spent playing the sport with Princes Harry and William.

The resulting tussle is a battle between one of the most publicity-hungry politicians around and one of Britain's more illustrious yet publicity-shy dynasties. The Vestey Group, which remains a privately-owned global conglomerate with business interests from Macau to Manchester, today issued a diplomatic response to the Venezuelan president's pronouncement. George Vestey, executive vice chairman of the Vestey Group Ltd told *The Independent*: "Regarding Agroflora, our subsidiary company in Venezuela, I would make the point that we have been in constructive discussions with the Venezuelan government for some time now and we continue in that vein in order to find a friendly agreement with them. I would add that the government have issued all Agroflora farms with productivity certificates."

But it is a reasonable bet that in private the family is slightly less than delighted at being offered the opportunity to join Chavez's socialist revolution by being relieved of their landholdings in return for a substantial [cheque](#).

When the President first drew up his 2001 law threatening to expropriate privately-owned agricultural land that had been declared "idle", Lord Vestey staged a one-man protest outside the Venezuelan embassy in London.

Five years ago, Venezuelan authorities backed by troops entered the Charcote estate, some 33,600 acres of grazing land owned by the Vestey family to the south of Caracas with 13,000 head of cattle, making it one of the country's top 10 beef producers.

The government eventually paid \$4.2m (£2.65m) for the estate. In a rare pronouncement on the issue at the time, Lord Vestey told the Financial Times: "We've been in Venezuela for just over 100 years and we hope to be there for some time yet."

Experts on Venezuelan affairs were yesterday equivocal about the chances of that vow being maintained for much longer, at a time when opponents of Chavez feel they have a chance of unseating him in the next presidential elections in 2012.

One London-based analyst said: "Chavez has a habit of making these pronouncements but then not going quite as far as he makes out. Having said that, land ownership is such an emotive issue in Venezuela, particularly with the small farmers that make up his support base, he may well feel he has to push it all the way."

Critics of Chavez point to the poor performance of land once it is handed over to smallholders. Despite the President's avowed objective of securing "food sovereignty" by reducing dependence on imports, there has been a six-fold increase in the inward flow of foodstuffs in the decade since Chavez took power.

El Charcote once turned out some 1.5 million kilos of beef a year but now produces next to nothing. The Venezuelan authorities say the demand for imports is the result of increased wealth in the country and point to a net increase in the amount of land under cultivation.

Even if Vestey Group Ltd is forced to cede its Venezuelan holdings it is likely to prove only a minor setback for a dynasty that has a knack for maintaining a fortune built on the discovery by William and Edmund Vestey that they could ship vast supplies of beef from the Americas to Britain in their fleet of refrigerated vessels at a handsome [profit](#).

Diversification brought even greater rewards, and, by the outbreak of the Second World War, the company was the largest importer of powdered egg to the UK. It also benefited from a tax avoidance scheme which kept [Inland Revenue](#) accountants busy for about 60 years and netted the family £88m in legally avoided tax until the loophole was closed in 1991.

The company retains a vast array of assets from ranches in Brazil to canning companies in South-east Asia, and despite some hiccups along the way, generations of astutely invested financial success will not be easily dismantled.

As Phillip Knightley, author of the family history *The Rise and Fall of the House of Vestey*, put it: "They did not live on the income; they did not live on the interest from their investments; they lived on the interest on the interest."