

[21254001]

The government said it would streamline its enormous and often-criticized food marketing and distribution network , Compania Nacional de Subsistencias Populares , or Conasupo .

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Conasupo Director Ignacio Ovalle Fernandez said the agency will sell 589 mid-sized supermarkets and several food-production plants and warehouses beginning early next year .

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The agency will withdraw from the production of nine food products , maintaining production of the two most important ones , corn and milk .

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Mr. Ovalle also said Conasupo will cut back subsidies to producers of nonessential farm products and close retail outlets in wealthy neighborhoods .

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The agency 's workers and private companies would be allowed to bid for the assets up for sale .

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Conasupo controls prices on agricultural goods and operates retail outlets where basic consumer items are sold at state-subsidized prices .

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Business leaders have long criticized the agency as a leading example of bureaucratic waste .

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Private-sector leaders praised the Conasupo restructuring .

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But most economists doubt the streamlining would cut deeply into Conasupo government subsidy , which largely goes to reduce consumer prices for corn and milk .