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REPORT BY THE SECRETARIAT

PLURINATIONAL STATE OF BOLIVIA

This report, prepared for the fourth Trade Policy Review of the Plurinational State of Bolivia, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the Plurinational State of Bolivia on its trade policies and practices.

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Document WT/TPR/G/363 contains the policy statement submitted by the Plurinational State of Bolivia.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on the Plurinational State of Bolivia. This report was drafted in Spanish.

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SUMMARY

1. Since 2006, the Plurinational State of Bolivia (Bolivia) has pursued an economic policy whose objective is the structural transformation of the country. The policy is based on the so-called economic, social, communitarian and productive model (MESCP) in which the State plays a vital role by steering and controlling the strategic sectors and participating directly in the economy. According to the authorities, this model seeks to redistribute income and reduce poverty by transferring resources from the strategic sectors that generate surpluses (above all mining and hydrocarbons) to other sectors that promote income and employment. The measures adopted to implement the MESCP include the nationalization of hydrocarbons in 2006 and the consolidation of the role of State enterprises in the Bolivian economy. The model aims to satisfy domestic consumption first, followed by exports, and this priority is reflected in a number of policies adopted (see below). Bolivia's trade policy has developed in the light of these objectives, adapting to an increased presence of the State in economic activities and the prioritization of the domestic market.

2. Real GDP grew at an average annual rate of 5% between 2006 and 2016 as a result of a favourable international environment and an increase in domestic demand, particularly investment and public consumption. Although net exports initially contributed to GDP growth, their contribution has been negative since 2011 owing to the fact that for most of the period, import growth outpaced export growth. During the period from 2006 to 2016, per capita GDP increased from US$1,227 to US$3,100. Alongside the rise in income and the social welfare policies that were implemented, there was a significant reduction in the poverty and extreme poverty rates, and income redistribution was improved. However, despite the progress achieved during the period, further efforts are needed in these areas.

3. Since the launching of the MESCP, the government has been introducing measures to increase tax revenues, including expanding the tax base, creating new taxes, and applying additional rates for corporate profits tax. According to the authorities, the nationalization of natural resources and the reform of public enterprises also contributed to revenue growth. The increase in tax revenue improved the public sector accounts, and in the period 2006-2013 the average fiscal surplus of the non-financial public sector (NFPS) amounted to 1.8% of GDP. However, the consolidated fiscal outturn recorded a deficit as from 2014. The fiscal deficit came in at 6.9% of GDP in 2015, and 6.6% of GPD in 2016. These performances are partly the result of the lower tax revenues following the fall in the prices of minerals and oil, while the decrease in spending was less pronounced. The total public debt dropped during the review period from 73.6% of GDP to 30.2% in 2016 thanks to the cancellation of the debt, GDP growth, and public finance results up to 2014. However, keeping the public debt at reasonable levels will require a more vigorous fiscal consolidation, particularly in view of the recent decline in public sector accounts (in 2015 and 2016).

4. Bolivia's monetary policy is countercyclically oriented, and has been supported by the high level of international reserves. Since mid-2014, monetary policy has adopted an expansionary stance, injecting significant amounts of liquidity into the financial system and bringing interest rates close to zero. Bolivia operates a crawling-peg exchange rate regime with respect to the US dollar. In practice, in order to anchor inflationary expectations, the national currency (the boliviano) has been stabilized against the US dollar since November 2011, and only slight fluctuations have been permitted.

5. The balance-of-payments current account was in surplus for most of 2006-2016, registering an average positive balance of US$617 million per year, a trend which largely reflects the significant surpluses in merchandise trade reported up to 2014 when the trade balance turned negative. This was due to a sharp contraction in the value of exports following the fall in international raw materials prices, accompanied by a smaller reduction in the value of imports. Reflecting this, the current account balance deteriorated and began to report deficits, which reached 5.7% of GDP in 2015 and 5.6% of GDP in 2016.

6. Bolivian exports continue to be relatively concentrated. Mineral products and hydrocarbons still lead the way, although their share in the total value of exports fell from 69.8% in 2006 to 57% in 2016. The main export product is natural gas, which in 2016 accounted for 31.6% of the total value of exports. Zinc and silver are among the main mineral exports. Bolivia also exports soya beans and soya products as well as other agricultural products. The main export markets are

on the American continent, and, to a lesser extent, in Asia and Europe. Brazil is the leading destination, followed by Argentina and the United States. The composition of imports has remained relatively stable since 2006, and consists mainly of raw materials and capital goods. In 2014, China became Bolivia's main supplier, relegating Brazil to second place, followed by Argentina and the United States.

7. Bolivia's legal and institutional framework has changed radically since its last review, particularly with the entry into force on 7 February 2009 of the new Political Constitution of the State. Under the Constitution, the State recognizes, respects and protects private initiative that contributes to economic development, strengthens the country's economic independence and plays a social role. At the same time, however, the Constitution gives the State the right and duty to spearhead the process of economic and social planning; to manage and control the strategic sectors of the economy (hydrocarbons, mining/metalworking, electricity and environmental resources); to regulate the processes of production, distribution, marketing and consumption of goods and services; to play a direct role in the economy by producing economic and social goods and services in order to promote economic and social equity and stimulate development; to promote food sovereignty for the population; and to control production and commercial activities on the grounds of public utility.

8. Bolivia is a founding Member of the WTO; this is its fourth Trade Policy Review. It has submitted a number of proposals under the Doha Development Agenda (DDA), some of them jointly with other small economies and/or landlocked countries. Bolivia did not take part in any dispute under the WTO dispute settlement mechanism during the review period. Although it has regularly submitted notifications to the WTO, at the end of 2016 it had many outstanding notifications, mainly concerning agriculture, import licensing, sanitary and phytosanitary measures, and subsidies and countervailing measures. As of July 2017, Bolivia had yet to ratify the Trade Facilitation Agreement and the Amendment to the TRIPS Agreement. It is not a party to the Agreement on Trade in Civil Aircraft or the Agreement on Government Procurement, and it does not have observer status in either of the two Committees; nor is it a signatory to the Information Technology Agreement. A more active role in the WTO would provide Bolivia with opportunities to improve its integration in world trade.

9. Bolivia has signed nine trade agreements with 12 countries, one of which was concluded during the review period. It is a founding member of the Andean Community of Nations (CAN), and participates in the Latin American Integration Association (LAIA), where it has signed a number of partial scope agreements. Bolivia enjoys unilateral preferences under the Generalized System of Preferences (GSP) and is a member of the Global System of Trade Preferences Among Developing Countries (GSTP).

10. Since the preceding review in 2005, the investment regime has undergone significant changes owing to the fact that the Constitution provides that the State should play a leading role in the production process. For example, the Constitution provides the State enterprise Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) with the authority to conduct any type of activity relating to the production and marketing of hydrocarbons, and to sign service contracts with Bolivian or foreign public, mixed or private enterprises for the performance against payment of particular activities. At the same time, starting in 2005, efforts were made to create and strengthen public enterprises in strategic or social sectors as a driver of the new economic model. Thus, since 2006, 12 enterprises deemed strategic have been nationalized. Public enterprises may be 100% State-owned, or mixed State enterprises (between 70% and 100% central State-owned) or mixed enterprises (between 51% and 70% central State-owned).

11. Bolivia has denounced 22 bilateral reciprocal investment promotion and protection agreements (APPRI) that were deemed contrary to the Constitution. However, foreign investors continue to be protected under the APPRIs for a period of ten years. In the current legal framework, Bolivian or foreign investors must submit any dispute with the State to national arbitration, unless the parties agree that the arbitration should take place elsewhere, in which case it is deemed to be an international arbitration subject to the rules agreed among the parties, provided that they do not infringe the Constitution and Bolivian law.

12. In recent years, investment policy has sought to open up to private investment. 2014 saw the enactment of a new investment law establishing the system of generally applicable incentives for investment promotion. These incentives run for one to 20 years depending on the economic

activity and investment recovery time. In 2015, a law on conciliation and arbitration was also adopted in order to increase legal certainty for investors. However, improving investor confidence will involve a number of challenges, such as further increasing legal certainty and improving the business climate. To meet these objectives a number of structural reforms are needed: for example, reduction in the number of administrative formalities and the time required to complete them, better training of human capital, and consolidation of the progress achieved in the fight against corruption.

13. Under the Constitution, trade policy, as well as industrial and production policy, must be applied in such a way as to ensure that domestic demand for products considered essential and for the inputs required for the production of strategic goods can be met. To meet that objective, imports may be regulated, if necessary, through changes in tariffs or the use of quotas or prior licencing. Similarly, the export of certain products may be made subject to prior verification of the domestic market supply. In other words, the use of various trade policy instruments depends on domestic market conditions, and this can lessen the predictability of the trade regime.

14. Although Bolivia has not ratified the Trade Facilitation Agreement, it did implement a number of measures to facilitate trade during the review period. Imports have been facilitated by permitting the single import declaration (DUI) to be submitted before the goods reach Bolivian customs territory. Moreover, the use of a customs clearing agent is now optional, and in the case of some easily recognizable products in large quantities, clearance may take place outside the customs area. Similarly, in 2015 the authorized economic operator (AEO) programme started to be implemented both for importers and exporters, and by the middle of 2017, the single window for foreign trade was being set up.

15. Bolivia bound all its tariffs during the Uruguay Round. The majority were bound at 40% with 19 lines bound at 30%. As in the case of the bound tariffs, all of the applied tariffs are *ad valorem*. The simple average of applied MFN tariffs in 2017 is 11.1% (8.2% in 2005). The average tariff on agricultural products is higher (13.3%) than on non-agricultural products (10.8%). The products with the highest average tariff are clothing, with a tariff of 40%, and alcoholic beverages and tobacco (25.2%). The most common tariff rates are 5% and 10%; a rate of 10% or less applies to 70.9% of tariff lines.

16. As mentioned earlier, there are instances in which tariffs on certain products have been reduced temporarily to meet sectoral policy objectives, for example to guarantee food security or energy supply. In 2009, for example, tariffs were temporarily cut to 0% for imports of live bovine animals, fresh and frozen bovine meat, wheat and meslin, wheat flour, and fats and oils. Likewise, in order to increase the area under agricultural production, in 2011 and 2016 tariffs were reduced to 0%, for periods of five years, on imports of certain agricultural machinery and equipment and some agricultural inputs, such as seeds, cattle feed, vaccines and veterinary medicines. On more than one occasion, the tariff on the import of liquefied petroleum gas (LPG) and fuel oils was temporarily reduced from 10% to 0%. Tariff concessions are also granted under various schemes such as the industrial free zones regime and the temporary admission for inward processing (RITEX) procedure.

17. Both imported and domestic products are subject to a value added tax (VAT) of 13%, except for books, newspapers and publications, on which the rate is 0%. The specific consumption tax (ICE), which may be *ad valorem* or compound, applies to cigarettes and tobacco, alcoholic and non-alcoholic beverages, and vehicles, whether domestically produced or imported. A compound or specific tax applies to beverages, depending on their nature. In the case of vehicles, the ICE is *ad valorem*, and ranges from 0% to 50% according to the type of fuel used and the age of the vehicle. The ICE is *ad valorem* for tobacco products and has two rates: 50% and 55%. Hydrocarbons, whether imported or domestically produced, are subject to a special tax on hydrocarbons and hydrocarbon derivatives (IEHD). This is a specific tax which varies depending on the product, and each year a maximum rate is fixed.

18. The General Customs Law prohibits the importation of goods which affect human and animal life or health, or are prejudicial to the protection of plants, morality, the environment, the security of the State and the country's financial system. Currently, in 2017, prohibitions apply to 33 ten-digit HS tariff lines, and include the importation of radioactive residues; halogenated derivatives of hydrocarbons; worn clothing; and some types of used vehicle and motor vehicles and those using liquefied gas. Furthermore, imports of goods of 719 ten-digit HS tariff lines

require prior authorization, which may be automatic or non-automatic. Although prior authorization is customarily used to protect human and animal health or life, or to protect plants and conserve exhaustible natural resources, or to protect security, it is also used to monitor the volume of imports and, in line with the Economic and Social Development Plan 2016-2020, to protect industry.

19. Bolivia did not adopt any anti-dumping or countervailing measures during the review period. It has no domestic legislation providing for the imposition of such measures, which are considered to belong to competition policy. In 2012 an exceptional temporary safeguard was imposed for a period of 90 days on imports of fresh or chilled potatoes and prepared or preserved potatoes. Bolivia has not reserved the right to use special safeguards for agricultural products.

20. Generally speaking, the free export of goods is guaranteed, but when the domestic production of a staple product is considered insufficient to meet domestic demand, the export of that product may be prohibited or suspended temporarily, or quotas or other requirements prior to export may be imposed. During the review period, this type of measure was used in respect of certain agricultural and agro-industrial products. The goods subject to export quotas require an authorization before they can be exported. The type of permit varies according to the product. Basic food products considered sensitive from the point of view of food security require a domestic supply and fair price certificate (CAIPJ) which is issued once it has been established that there is an exportable surplus.

21. Although measures are applied to regulate certain exports, instruments such as drawback are also applied. This customs procedure allows certain exporters to obtain a refund of all or part of the customs duty and other taxes, such as VAT and ICE, paid for the import of inputs and other materials incorporated into the exported goods. The percentage of taxes refunded varies according to the goods exported and the value of the exports. The procedure promotes the export of value added goods, and is designed to give new exporters and small-scale exporters larger refunds.

22. Bolivia has a number of support programmes to boost exports, attract investment and create jobs, some of them directed at micro, small and medium-sized enterprises (MSMEs) and/or less developed areas. They provide financial assistance and grant tax concessions. In addition to these general programmes, Bolivia also has sectoral programmes, mainly in support of the hydrocarbons and agricultural sectors, as well as programmes with specific objectives such as the agricultural insurance scheme introduced in 2013, and other single-product programmes such as the Dairy Production Complex Support Fund (PROLECHE).

23. The development of standards is entrusted to the Bolivian Standardization and Quality Institute (IBNORCA) which, together with other institutions and ministries, forms part of the Bolivian Standardization, Metrology, Accreditation and Certification System (SNMAC). The development of standards chiefly involves the adoption or adaptation of international standards. Bolivia does not have any national legislation on the development of technical regulations which, as notified to the WTO, is governed by the Code of Good Practice in the WTO Agreement on Technical Barriers to Trade (TBT). Since 2006, Bolivia has notified the adoption of only three technical regulations to the WTO Committee on Technical Barriers to Trade, concerning protection of the environment, health, and consumers. Two technical regulations implemented within the Andean Community (CAN) framework were also notified.

24. Agricultural health and food safety are national priorities, as stated in the 2011 Agricultural Health and Food Safety Policy. In drawing up sanitary measures, the Bolivian authorities refer to the rules of international organizations. The National Agricultural Health and Food Safety Service (SENASAG) is responsible for certifying the health-safety status of products for domestic consumption, as well as imports and exports where necessary, and for issuing sanitary and phytosanitary import permits. Bolivia has submitted only four notifications to the Committee on Sanitary and Phytosanitary Measures since 2006.

25. Competition policy is regulated by the Constitution and by Supreme Decree No. 29519, which defines practices considered to be anti-competitive. The Business Control Authority (AEMP) is responsible for protecting competition. State enterprises, however, as well as those operating in strategic sectors which have their own regulations, are not under the responsibility of the AEMP. Most of the cases relating to anti-competitive practices dealt with by the AEMP in recent years

were initiated *ex officio*, for the most part concerned price discrimination, and applied in particular to products such as almonds, sugar, beer and milk. In the majority of cases, monetary sanctions were imposed and/or those responsible were prohibited from engaging in business.

26. To prevent supply shortages and price speculation on the domestic market the authorities, when deemed necessary, may regulate the trade flows, domestic marketing and prices of the main products in the family shopping basket or of the inputs needed to guarantee that the domestic demand for food is met. A price monitoring policy is therefore applied to determine whether it is necessary to adopt measures to mitigate the rise in prices of sensitive products. These measures could include the imposition of a permit and/or export quota, a reduction in tariffs, direct imports by the State or price regulation. Thus, price bands were established for certain staple agricultural products, in particular rice, maize, soya beans and wheat, which are marketed by the Food Production Support Enterprise (EMAPA), a State enterprise responsible for helping to ensure food security and combatting food price speculation.

27. According to current legislation in Bolivia, public enterprises must play a social role and contribute towards economic and social growth by creating jobs, providing services, meeting demand and intervening in order to prevent market distortions. There are currently 62 public enterprises operating in various sectors of the economy. In each case, the State has a majority holding and in most of the enterprises its share is 100%. The largest public enterprises include Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) and the Bolivian Mining Company (COMIBOL). Public enterprises' share of trade remains significant: their exports now account for 57% of total exports, owing chiefly to the fact that YPFB is responsible for marketing hydrocarbons.

28. Bolivia is neither party to the WTO Plurilateral Agreement on Government Procurement nor an observer at the Committee. All public sector entities, including State public enterprises, are governed by the same legislation when it comes to procurement procedures. There are six government procurement methods, mostly used according to the amount of the contract. The method used most often between 2006 and 2015 was public invitation to tender, while in 2016 it was direct procurement of goods and services. Greater recourse to the public tendering system would provide the Bolivian government procurement regime with greater transparency. According to the authorities, government procurement is used as a mechanism to support domestic production by seeking to ensure that MSMEs, small farmers' economic organizations and small producers' associations play a larger part in procurement. Public entities must, therefore, first consider the options on the domestic market when procuring goods or contracting services and may import or award contracts abroad only when the goods and/or services are not produced in the country. Bolivian suppliers or producers are also offered preference margins ranging from 5% to 35%, margins which in most cases depend on national content. MSMEs also receive an additional preference margin of 20% in all government procurement procedures.

29. The intellectual property regime is governed by domestic legislation and by the CAN provisions. The National Intellectual Property Service (SENAPI) is responsible for administering the industrial property and copyright and related rights regimes. SENAPI processes patent applications within an average period of four years from the date of receipt, while the average time needed to complete registration of an industrial design is six months, and for a trademark five months. The protection of new plant varieties is the responsibility of the National Agricultural and Forestry Innovation Institute (INIAF). During the review period, in addition to the general campaigns, specific measures were taken to promote the protection of intellectual property. For example, to encourage artisans and MSMEs to register trademarks, they were granted a 30% reduction in the registration fee. At the same time, the VAT on Bolivian-produced and imported books was reduced to 0% in order to discourage piracy.

30. Bolivia's current rural development policy is framed by the Constitution, the Law on the Communitarian Agricultural Production Revolution (2011) and the Economic and Social Development Plan 2016-2020. It's fundamental objective is to guarantee the production of food and its supply at "fair prices", to which end the State may take whatever measures it justifies as necessary: regulation of imports and exports through tariffs, permits, quotas or prohibitions; price monitoring; and production and marketing support measures. The policies of subsidizing the production and marketing of agricultural products are chiefly designed to support small and medium-sized indigenous and aboriginal farming communities' production. During the period under review, the agricultural sector grew at an average annual rate of 2.8%. The Bolivian agricultural sector is relatively concentrated. Oilseeds, especially soya, and cereals represented 71.8% of

agricultural output in 2016 (69.3% in 2006). Bolivia is a net exporter of agricultural products; its main export product is soya bean residues.

31. Historically, mining has been the main pillar of Bolivia's economy and is one of the leading sources of foreign exchange. During the period under review, growth in the sector fluctuated with the swings in international prices and the opening up of a new mine. Mining is concentrated primarily on the extraction of zinc and lead, followed by tin. Together these three minerals accounted for more than 95% of production in 2016. Mineral exports, chiefly zinc, represented 28.2% of total exports of goods in 2015. Bolivia possesses one of the largest lithium reserves in the world, in the Salar de Uyuni. During the review period, there were substantial changes in the legal framework for the mining sector resulting in a restructuring of mining activities. The Law on mining and metallurgy gives the State the authority to direct mining policy and to grant mining rights (not concessions) through contracts and licences. The State also has the authority to participate in the mining production chain through the State mining companies (COMIBOL and its subsidiaries).

32. The hydrocarbons sector continues to be of primary importance to the Bolivian economy, in spite of the fact that its share in nominal GDP declined between 2006 and 2016, and the sector's annual growth has fluctuated with the swings in international prices. Hydrocarbons, led by natural gas, are the country's main export product. The sector is governed chiefly by the Constitution (2009), the Hydrocarbons Law (2005), and the Supreme Decree on nationalization of hydrocarbons (2006). The Constitution modified the hydrocarbons ownership regime and stipulates that "they are the inalienable and imprescriptible property of the Bolivian people". The State exercises rights of ownership on behalf of the people and is alone empowered to market hydrocarbons. Among its general objectives, the national hydrocarbons policy stipulates that energy security must be guaranteed and domestic demand met, and provides for the promotion of the processing and marketing of value-added products. The State implements a number of programmes to promote hydrocarbons production, most of which provide monetary compensation that varies according to the extraction area and world crude prices, or a tax incentive.

33. The Financial Services Law of 2013 and Supreme Decree No. 1842 of 2013 regulate the sector and provide for a high degree of State intervention. For example, the Executive Branch may establish minimum interest rates for deposits and maximum interest rates for loans of social interest, and requires commercial banks to hold at least 60% of their total portfolio in loans to the production and social housing sectors; and the production sector portfolio must be at least 25% of the total. The Financial System Supervisory Authority (ASFI) is responsible for monitoring and supervising compliance of the finance entities with the targets fixed. The geographical coverage targets which financial intermediation entities are obliged to meet are set out in the Economic and Social Development Plan 2016-2020 and in the Patriotic Agenda 2025. The Plan provides that, by 2020, 75% of municipalities will have financial services, and the Agenda indicates that 100% of municipalities should have financial coverage by 2025 (currently approximately 50%).

34. During the period under review, a new law was promulgated to regulate the provision of telecommunication services and adapt the sector's legal framework to the Constitution. The new law introduced changes to the regulatory framework, including: the creation of a new type of authorization (titulo habilitante) to provide services; limitation on foreign participation in the provision of broadcasting services; inclusion of consumer protection provisions; and design of a programme to promote universal access.

35. The General Transport Law allows foreign companies to provide international transport services in accordance with the international agreements in force or, failing that, by means of an authorization issued by the competent authority. Cabotage is prohibited in all modes of transport. As regards air transport services, operating permits are granted to foreign airlines if there is an air transport agreement between the country/territory of origin and Bolivia. If there is no air transport agreement, an authorization can be granted as long as the service is found to be necessary and useful. Operating permits and authorizations are granted for a maximum period of five years, with the possibility of renewal.

1 ECONOMIC ENVIRONMENT

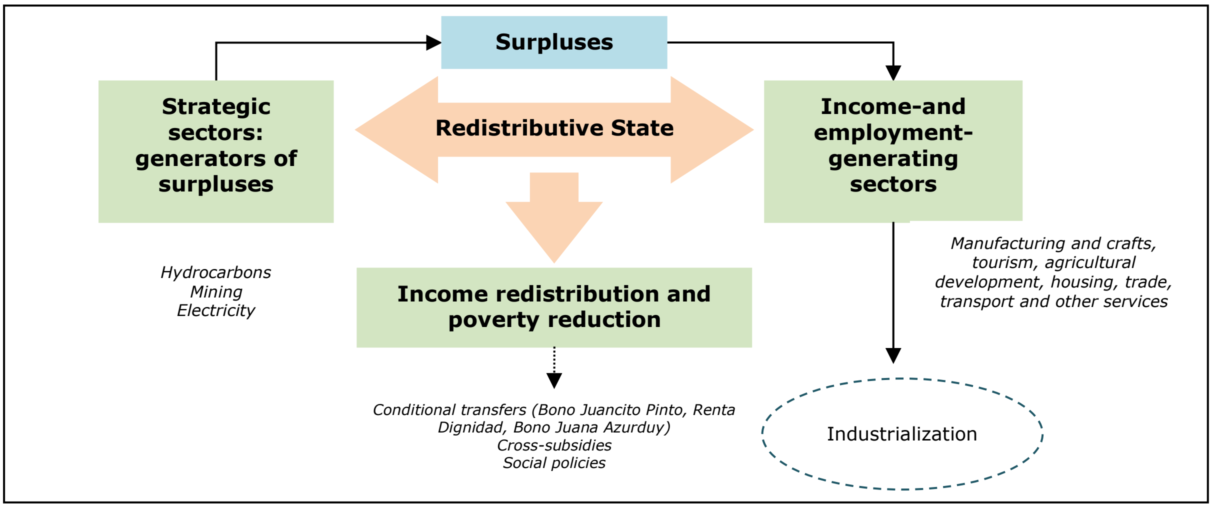
1.1 Main features of the economy

1.1.1 Economic policy, objectives and structural reform

1.1. Since 2006, the Plurinational State of Bolivia has been implementing an economic policy that seeks to transform the country's economic, social and political structures. Each year, the Ministry of the Economy and Public Finance (MEFP) and the Central Bank of Bolivia (BCB) jointly endorse a Fiscal-Financial Programme for the conduct of short-term economic policy. This programme specifies annual macroeconomic targets for fiscal, monetary and exchange-rate policies, which, according to the authorities, aim to maintain stability and economic growth, and contribute to poverty reduction, wealth redistribution and exchange-rate stability. The policies in question are set in an economic, social, communitarian and productive model (MESCP), which is based on four guiding principles: (a) promotion of growth and development based on the exploitation of natural resources; (b) appropriation of the surplus earned in strategic sectors; (c) income redistribution, through conditional transfers (vouchers (*bonos*), the *Renta Dignidad* pension programme (see below), increased public investment, inversely proportional wage increases, cross-subsidies and other measures; and (d) reduction of social inequality and poverty, and the generation of greater social mobility.

1.2. The authorities describe the MESCP as an income-redistribution model that seeks to foster domestic demand and strengthen the productive role of the State as regulator, producer and redistributor rather than merely as a regulator (Chart 1.1). This model requires the State to direct and plan social and economic policies, steer and control strategic sectors, and participate directly in the economy and in wealth creation with a view to its distribution and redistribution. The MESCP seeks to broaden and diversify the production matrix, with the goal of breaking free from the commodity export model to achieve a productive economy based on industrial processing of its own natural resources and higher value added.[1] It aims to satisfy domestic consumption first, exporting once this primary goal has been met; and to promote the transfer of economic resources from the strategic sector that generates surpluses to the sector that promotes income and employment, as well as the direct redistribution of surpluses to the population and promotion of the *Vivir Bien* (Living Well) paradigm.[2]

Chart 1.1 Functioning of the economic, social, communitarian and productive model



Source: Information provided by the authorities.

1.3. The MESCP has been implemented on the basis of four national strategies: (i) *Bolivia Digna* (Bolivia with Dignity) – a socio-communitarian strategy; (ii) *Bolivia Democrática* (Democratic Bolivia) – a social power strategy); (iii) *Bolivia Productiva* (Productive Bolivia) – an economic production strategy; and (iv) *Bolivia Soberana* (Sovereign Bolivia) – an international relations

[1] Ministry of Development Planning (2016), *Plan de Desarrollo Económico y Social 2016-2020*, p. 7.
[2] Ministry of Development Planning (2016), *Plan de Desarrollo Económico y Social 2016-2020*, p. 23.

strategy. The measures adopted by the Bolivian Government to implement the MESCP include the nationalization of hydrocarbons on 1 May 2006 and consolidation of the presence and activities of State enterprises.[3]

1.4. In the hydrocarbons sector, in addition to the 2006 nationalization, the State oil and gas company Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) underwent corporate restructuring to enable it to act on behalf of the State throughout the hydrocarbons production chain. In addition, industrialization processes in the sector were prioritized, e.g. by promoting the construction of liquid separation and petrochemical plants (section 4.2.2). To enable the State to play a strategic role in the electricity sector, ENDE Andina was created, and the Corani, Valle Hermoso and Guaracachi generating firms were nationalized, as were the energy transportation firm Transportadora de Electricidad S.A. (TDE) and the distribution companies Electricidad de La Paz S.A. (ELECTROPAZ), Empresa de Luz, Fuerza Eléctrica de Cochabamba S.A. (ELFEC) and Fuerza Eléctrica de Oruro S.A. (ELFEO). The electricity service company EDESER (now ENDE Servicios y Construcciones) and CADE (now ENDE Tecnología) were also brought into the public domain. In the mining sector, a model was introduced for the development of State activity based on the strengthening of the Bolivian Mining Company (COMIBOL) and the lithium mining enterprise Yacimientos de Litio Bolivianos (YLB), with a view to increasing their participation in extractive and primary processing activities, alongside medium-scale private mining enterprises and cooperatives in the primary production sector.

1.5. In the agricultural sector, the ownership structure was altered to promote community lands and smallholdings; and the use of technology was encouraged to strengthen food production capacity and food security. In manufacturing, the State has resumed its producer role since 2006, with the key aim of invigorating the sector and creating and consolidating "national strategic production enterprises".

1.6. Greater State participation has also been pursued in the services area. An example of this is the nationalization of the National Telecommunications Company (ENTEL), which consolidated the telecommunications sector in State hands; and the passing of General Law No. 164 on telecommunications and information and communication technologies (section 4.4.2). In air transport, State participation has also increased with the creation of the national airline, Boliviana de Aviación (BoA), in 2007.

1.7. Bolivia's Economic and Social Development Plan (PDES, 2016-2020) represents the strategic framework and prioritization of goals, outcomes and actions to be developed in the period in question.[4] The PDES is to be implemented pursuant to the Patriotic Agenda 2025 and the Government Programme 2015-2020. The PDES includes an extensive public investment programme, which is expected to be financed 55% from domestic sources, mainly credits from the BCB and funds from the General Treasury of the Nation; 39% with funding from international organizations, bilateral loans and other sources; and 6% with funding from firms acting as counterparts of projects in the production and infrastructure sectors. It also envisages investment in production complexes, in the agricultural and agro-industrial sector, in infrastructure, exploration for raw materials (mining and hydrocarbons), industrial processing of natural resources, and both thermal and hydroelectric power generation. The Plan also calls for invigoration of the private sector and foreign direct investment (FDI). The Patriotic Agenda 2025 defines 13 development pillars pursuing the general objective of "Living Well", which include: eradication of extreme poverty; universalization of basic services; promotion of health and education; transparency in public management; and scientific, technological, financial and productive sovereignty over food and natural resources.[5]

[3] According to the Bolivian authorities, the consolidation of State enterprises aimed to expand the country's productive capacity, generate income for redistribution in new production processes and social programmes, create jobs, and finance the social policies implemented. Within the MESCP, State enterprises are organized into three groups: (i) enterprises that generate an economic surplus; (ii) enterprises that generate jobs and income; and (iii) enterprises in cross-cutting sectors (production support and production services).

[4] Article 8 of the Political Constitution of the State establishes that the State is underpinned by the values of unity, equality, inclusion, dignity, liberty, solidarity, reciprocity, respect, complementarity, harmony, transparency, balance, equality of opportunity, social and gender equity in participation, common well-being, responsibility, social justice, distribution and redistribution of social wealth and assets, for living well.

[5] Government of the Plurinational State of Bolivia, *13 Pilares de la Bolivia Digna y Soberana, Agenda Patriótica del Bicentenario 2025.*

1.8. The economy's strong performance, combined with specific policies to eradicate poverty, such as the rise in the national minimum wage, the *Bono Juancito Pinto* voucher programme[6], the *Bono Juana Azurduy* incentive[7], *Renta Dignidad* (Dignity Pension Programme)[8] and *Tarifa Dignidad* (Dignity Tariff), among others, helped to raise household income levels during the period under review and made it possible to reduce the number of people living below the poverty line. The National Institute of Statistics reports that the extreme poverty rate fell from 38.2% in 2005 to 16.8% in 2015. Rates in the urban area fell from 24.3% to 9.3% between 2005 and 2015, while in the rural area they decreased from 62.9% to 33.3%.[9] According to World Bank data, poverty incidence was reduced from 59.6% in 2005 to 39.6% in 2015.[10] Progress in income redistribution was also achieved during the review period, with the Gini coefficient dropping from 0.60 in 2005 to 0.49 in 2014.[11] Despite the reduction achieved during the period however, further efforts are needed to reduce poverty, extreme poverty and inequality.

1.9. In the Article IV Consultation with the International Monetary Fund (IMF), concluded on 9 December 2016, the Fund's Executive Board noted that, thanks to the commodity boom, Bolivia had experienced substantial economic and social progress, and that poverty had been reduced by one-third. The Fund's Executive Directors commended the Bolivian authorities for their sound macroeconomic management but concurred that the outlook appeared increasingly challenging, with risks tilted to the downside, owing to low commodity prices and growing fiscal and external imbalances. They encouraged the authorities to adopt measures to adapt to a less favourable external environment, to accelerate structural reforms, to improve incentives for hydrocarbons exploration and to continue the fight against poverty.[12]

1.10. The Bolivian authorities reported that a decision had been made to maintain the countercyclical orientation of economic policies in 2016 and 2017, to sustain the buoyancy of economic activity and social protection programmes. The authorities consider that countercyclical policies have made it possible to cope successfully with adverse exogenous shocks, as shown by the relatively high growth rate recorded in 2016. They also emphasized that the sectors driving this dynamic were those most closely linked to the fiscal and monetary stimulus measures that had been adopted.

[6] The *Bono Juancito Pinto* programme has been implemented since 2006, with the aim of increasing school enrolment. Its objective is to alleviate the indirect costs of public education, such as transport and school supplies. The programme, implemented by the Ministry of Education, consists of the delivery of a voucher of Bs 200 (US$29) per year (Supreme Decree No. 2899 of 15 September 2016). See also online information from the Ministry of Education, *Bono Juancito Pinto 2016*. Viewed at: http://www.minedu.gob.bo/index.php/pages/documentos-normativos-minedu/90-resoluciones-ministeriales/806-bono-juancito-pinto-2016; and online information from the Food and Nutrition Security Platform (PSAN), *Bono Juancito Pinto*. Viewed at: http://plataformacelac.org/en/programa/173). The amounts granted under the Bono Juancito Pinto programme totalled Bs 438.3 million in 2016 (US$63 million).

[7] The *Bono Juana Azurduy* is a financial incentive established in 2009, providing for health checks for pregnant women and children under two years of age who do not have short-term social health insurance. The total amount per pregnant woman and child is Bs 1,820. The incentive is managed by the Ministry of Health (online information from the Ministry of Health. Viewed at: http://www.bja.gob.bo/index.php/el-bono/que-es-el-bono), and the amounts granted amounted to Bs 148.8 million in 2014 (US$21.7 million).

[8] *Renta Dignidad* is a non-inheritable life-long benefit, starting at age 60, for all Bolivians living in the country. The amount paid is Bs 2,400 per year (online information from the Pensions and Insurance Oversight and Control Authority. Viewed at: http://www.aps.gob.bo/Comunicacion/Publicaciones/La%20Renta%20Dignidad%20y % 20Fails % 20Funerales/files/cartilla.pdf). *Renta Dignidad* payments between 2008 and 2017 (30 April) totalled Bs 19,988.3 (US$2,894 million).

[9] Online information from the World Bank. Viewed at: http://www.bancomundial.org/en/country/bolivia/overview.

[10] Online information from the World Bank, Bolivia Data (2017). Viewed at: http://datos.bancomundial.org/pais/bolivia.

[11] Ministry of Development Planning (2016), *Plan de Desarrollo Económico y Social 2016–2020*.

[12] IMF Press Release No. 16/577, *IMF Executive Board Concludes 2016 Article IV Consultation with Bolivia*, 22 December 2016. Viewed at: http://www.imf.org/en/News/Articles/2016/12/22/PR16577-Bolivia-IMF-Executive-Board-Concludes-2016-Article-IV-Consultation; and IMF (2016), *Bolivia: 2016 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Bolivia*, IMF Country Report No. 16/387. Viewed at: http://www.imf.org/~/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2016/_cr16387.ashx.

1.1.2 Sectoral structure of the economy

1.11. The sectors that contributed most to nominal GDP in 2016 were public administration services; agriculture; manufacturing; financial services; transport, storage and communications, and mining (Table 1.1). The sectoral composition of the economy experienced changes during 2006-2016: the mining and quarrying sector saw its GDP share decline, particularly in the production of crude oil and natural gas, while the contributions of the agricultural sector and manufacturing industry remained broadly stable. In contrast, services, in particular public administration services, increased their contribution to GDP, reflecting the greater State participation in the economy promoted during the period. The share of financial establishments and commerce also increased, along with that of construction.

Table 1.1 Structure of GDP, 2006 and 2011-2016

(Bs million at current prices and %)

	2006	2011	2012	2013	2014	2015	2016
Structure of GDP (%)							
Agriculture, forestry, hunting and fishing	13.9	12.5	12.9	13.3	13.0	13.2	13.7
Mining and quarrying	14.7	19.8	19.2	18.8	17.7	12.9	10.9
Crude oil and natural gas	8.1	7.6	9.6	10.5	9.6	6.2	3.8
Metallic and non-metallic minerals	6.6	12.2	9.6	7.7	8.1	6.7	7.1
Manufacturing	14.4	13.2	13.4	13.2	13.0	13.2	13.4
Electricity, gas and water	2.9	2.5	2.5	2.5	2.5	2.6	2.7
Construction	3.0	3.3	3.4	3.5	3.7	3.8	3.9
Services	51.0	48.6	48.5	48.7	50.2	54.2	55.4
Commerce	8.1	9.1	8.8	8.6	8.3	8.3	8.6
Transport, storage and communications	12.9	10.8	10.5	10.5	10.8	11.3	11.8
Financial services[a]	10.8	10.1	11.3	11.4	11.8	12.4	12.9
Community, social, personal and household services	5.7	4.8	4.8	4.7	4.7	5.0	5.1
Restaurants and hotels	3.2	2.9	2.9	2.8	2.8	2.9	3.0
Government services	13.9	14.9	15.0	15.6	16.8	19.5	19.6
Imputed bank services	-3.7	-4.0	-4.8	-4.9	-5.1	-5.3	-5.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GDP (at basic prices)	**72,318**	**129,772**	**142,180**	**158,962**	**171,006**	**176,391**	**190,871**
Import duties, VAT, transaction tax (IT) and other indirect taxes	19.430	36.460	44.974	52.894	56.997	51.641	42.731
GDP (at market prices)	**91.748**	**166.232**	**187.154**	**211.856**	**228.004**	**228.031**	**233.602**
Real GDP growth rate (%)	**4.8**	**5.2**	**5.1**	**6.8**	**5.5**	**4.9**	**4.3**
Agriculture, forestry, hunting and fishing	4.3	3.1	4.1	4.7	3.8	5.1	3.1
Mining and quarrying	5.4	5.2	4.9	9.0	5.9	-1.4	-0.5
Manufacturing	8.1	3.7	4.7	6.1	4.0	4.6	6.2
Electricity, gas and water	4.0	7.3	5.8	5.1	6.4	6.3	5.3
Construction	8.2	8.0	8.0	10.6	7.8	5.4	7.8
Services	3.2	4.4	3.8	5.8	5.1	5.8	4.8
Commerce	3.8	3.6	3.8	3.9	3.9	4.4	4.4
Transport, storage and communications	3.9	6.1	2.7	6.7	5.0	5.3	5.7
Financial services[a]	5.4	3.5	9.9	6.8	6.0	6.1	7.9
Community, social, personal and household services	2.5	2.6	3.5	3.2	4.1	3.8	4.3
Restaurants and hotels	2.2	3.0	3.4	3.3	3.8	4.2	4.3
Public administration	3.7	6.1	5.9	9.5	6.9	9.4	4.3
Imputed bank services	16.3	5.8	24.0	11.7	7.1	7.8	12.4

a Includes financial establishments, insurance, real estate and business services.

Source: National Institute of Statistics (INE) and BCB.

1.12. In real terms, the sectors contributing most to GDP in 2016 were manufacturing (16.5%); financial services (12.5%); agriculture (11.7%); transport, storage and communications (11.2%); and mining (11.2%). In 2006-2016, the construction and financial services sectors increased their shares of real GDP, as did mining to a lesser extent, while the share of the agricultural sector declined.

1.13. In terms of employment, the agricultural sector remains a major employer, accounting for 31.8% of all jobs in 2016, followed by commerce with 16%, manufacturing with 9.4% and construction, with 8.8% (Table 1.2). The unemployment rate was 4.9% in that year.

Table 1.2 Characteristics of employment, 2011–2016

(Number of persons and %)

Indicator	2011	2012	2013	2014	2015	2016
Economically active population (EAP)	**5,285,784**	**5,023,471**	**5,374,336**	**5,550,576**	**5,271,314**	**5,718,539**
Employed	5,145,679	4,907,360	5,220,916	5,420,658	5,086,135	5,526,376
Unemployed	140,105	116,111	153,420	129,918	185,179	192,163
Percentage distribution of the employed population, by economic activity (main occupation)						
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Agriculture, livestock, hunting, fishing and forestry	32.5	29.6	31.7	33.6	29.4	31.8
Mining and quarrying	2.0	2.2	2.1	1.9	2.0	1.5
Manufacturing	10.3	9.8	10.2	9.2	10.3	9.4
Electricity, gas, steam and air conditioning supply	0.2	0.3	0.2	0.2	0.2	0.2
Water supply, evacuation of wastewater	0.2	0.2	0.1	0.1	0.2	9.1
Construction	7.4	7.3	6.6	8.3	9.3	8.8
Wholesale and retail sales, repair of motor vehicles	16.3	16.8	15.6	16.4	15.9	16.0
Transport and storage	5.5	6.0	5.4	5.5	6.3	5.7
Hotel and restaurant services	5.0	5.6	5.1	5.2	6.1	5.9
Information and communications	1.2	1.2	1.2	1.1	1.0	1.0
Financial intermediation and insurance	0.7	0.8	1.2	0.9	1.0	1.1
Real estate activities	0.2	0.1	0.1	0.2	0.2	0.2
Professional and technical services	2.1	2.5	2.5	2.0	2.2	1.9
Administrative and support service activities	0.9	1.2	1.1	1.1	1.3	1.3
Public administration, defence and social security	3.2	3.0	3.5	3.0	3.3	2.8
Educational services	4.8	5.0	5.2	4.5	4.1	4.7
Health and social welfare services	2.5	2.6	3.1	2.3	2.5	2.6
Artistic, entertainment and recreational activities	0.8	0.8	0.8	0.6	0.7	0.7
Other service activities	2.2	2.0	2.0	1.9	2.2	2.0
Activities of private households	2.0	2.5	2.2	1.9	1.7	2.2
Services of extraterritorial organizations	0.0	0.1	0.01	0.01	0.1	0.0
Unspecified	0.03	0.0	0.04	0.03	0.1	0.1
Unemployment rate	**3.8**	**3.2**	**4.0**	**3.5**	**4.4**	**4.9**

Note: The data for the indicator of unemployment refer to the urban area.

Source: INE, *Encuesta de Hogares 2005–2015*; and information provided by the authorities.

1.2 Recent economic developments

1.2.1 Real sector

1.14. Since the previous review in 2005, the Bolivian economy has been expanding rapidly, as a result of a favourable international environment and the implementation of prudent macroeconomic policies. Real GDP grew at an average annual rate of 5% between 2006 and 2016, peaking at 6.8% for the review period in 2013. Since then, rates have been slightly lower, but always above 4% (Table 1.3). Real GDP growth in 2016 was estimated at 4.3%. In 2006-2016, per capita GDP in dollar terms increased by 153%, from US$1,227 to US$3,100.

Table 1.3 Basic economic indicators, 2006 and 2011-2016

	2006	2011	2012	2013	2014	2015	2016
GDP at market prices (Bs million at current prices)	91,748	166,232	187,154	211,856	228,004	228,031	233,602
GDP at market prices (US$ million)	11,452	23,963	27,084	30,659	32,996	33,000	33,806
GDP at market prices(constant 1990 Bs million)	27,279	34,281	36,037	38,487	40,588	42,560	44,374
Per capita GDP (current US$)	1,227	2,389	2,658	2,962	3,140	3,094	3,100
Real GDP (annual percentage variation)	4.8	5.2	5.1	6.8	5.5	4.9	4.3

	2006	2011	2012	2013	2014	2015	2016
GDP by type of expenditure (real growth rates)							
Total consumption	4.0	5.5	4.6	6.4	5.6	5.8	3.1
Private consumption	4.1	5.2	4.6	5.9	5.4	5.2	3.4
Public consumption	3.3	7.2	4.9	9.3	6.7	9.2	1.6
Gross capital formation	-5.1	25.9	-6.6	16.0	12.5	0.8	9.9
Variation in inventories	-162.9	112.4	-222.0	-69.5	-176.4	-435.8	-200.8
Gross fixed capital formation	9.3	23.7	2.5	11.7	9.9	5.0	3.4
Exports of goods and services	11.3	4.6	13.3	4.1	10.9	-5.9	-5.7
Imports of goods and services	5.2	17.0	4.3	8.2	15.1	-5.4	-4.2
Other economic indicators							
Current account balance (% of GDP)	11.2	0.3	7.2	2.4	1.7	-5.7	-5.5
Total external debt (% of GDP)	28.2	15.9	16.6	18.1	18.2	19.9	21.3
Total external debt (US$ million)	3,248	3,837	4,525	5,584	6,036	6,613	7,268
Net international reserves (US$ million)	3,178	12,019	13,927	14,430	15,123	13,056	10,081
Population (million)	9.4	10.2	10.4	10.5	10.7	10.8	11.0

Source: INE and BCB.

1.15. During the period under review, real GDP growth was driven by domestic demand, particularly gross fixed capital formation and public consumption. The share of investment in real GDP increased from 13.9% in 2009 to 21.8% in 2016 (of which 12.3 percentage points correspond to public investment, 8.8 points to private investment and 0.6 of a percentage point to variation in inventories). Consumption expenditure by public administration also gained GDP share in the same period, from 11.3% in 2006 to 11.7% in 2016. In contrast, the share of private consumption slipped from 71.6% to 69.6% although its share of nominal GDP rose from 62.6% in 2006 to 69.1% in 2016.[13] Despite strong export growth until 2014, the contribution of net exports to GDP growth has been negative since 2011 — either because import growth, fuelled by higher domestic demand, has outpaced exports (except in 2013), or because exports have contracted more sharply (in 2010 and 2016).

1.16. The PDES 2016-2020 envisages GDP growth averaging 5.8% in 2015-2020[14], up from 3.6% in 1990-2005 and 5.1% in 2006-2014; and it projects per capita GDP rising to US$5,000 by 2020. To achieve these goals, the Plan proposes measures to ensure a sustainable growth of economic activity and to preserve macroeconomic stability and fiscal sustainability, through higher incomes. To move towards these objectives, public investment of US$48,574 million is deemed necessary in 2015-2020, together with a change in the production mix, with a smaller share of mining and hydrocarbons and a larger share for sectors such as manufacturing, electricity, construction and agriculture.[15] Specifically, it is planned to devote 56% of estimated public investment funds to industrialization processes and value-added creation in the hydrocarbons, mining, agricultural, tourism, energy, and manufacturing sectors and industrial complexes; 23% is to be invested in infrastructure, particularly roads, railways, ports, airports and waterways; 11% will go to social sectors; and 10% to the environment and water.

1.17. The IMF is projecting real GDP growth of 4% by 2017 and 3.7% by 2018.[16] This level of growth is underpinned by the substantial public investment programme and vigorous credit expansion. Growth is expected to converge to 3.5% in the medium term, reflecting lower commodity prices. The IMF believes that there are certain downside risks and potential for additional weaknesses in the key emerging markets and that the dollar will continue to strengthen.[17] The Economic Commission for Latin America and the Caribbean (ECLAC) expects economic activity to remain robust in 2017, forecasting GDP growth of 4%; but it estimates that growth might be hindered by budget constraints that could to some extent curb public

[13] Ministry of the Economy and Public Finance (2017), *Memoria de la Economía Boliviana 2016*, pp. 281-285.

[14] GDP grew by 4.9% in 2015 and by 4.3% in 2016.

[15] Ministry of Development Planning (2016), *Plan de Desarrollo Económico y Social 2016–2020*, pp. 192-193.

[16] Online information from the IMF. Viewed at: http://www.imf.org/external/country/BOL/index.htm.

[17] IMF Press Release No. 16/577, *IMF Executive Board Concludes 2016 Article IV Consultation with Bolivia*, 22 December 2016. Viewed at: http://www.imf.org/en/News/Articles/2016/12/22/PR16577-Bolivia-IMF-Executive-Board-Concludes-2016-Article-IV-Consultation.

consumption and investment, which have been the twin pillars of the Bolivian economy.[18] The 2017 Fiscal-Financial Programme, prepared by the Bolivian authorities, defines GDP growth of around 4.7% for 2017 as one of the macroeconomic objectives.

1.2.2 Fiscal policy

1.18. The Ministry of the Economy and Public Finance is responsible for framing and implementing fiscal policy in Bolivia. During the period under review, the chief fiscal policy objective has been to reduce and ultimately eliminate the fiscal deficit and then generate surpluses, while prioritizing social and investment spending. Since the launching of the MESCP in 2006, the Government has been implementing measures to increase tax revenues, including expanding the tax base, creating new taxes, and applying additional rates for corporate profits tax (IUE).[19] According to the authorities, the nationalization of natural resources, combined with the reform and improved performance of public enterprises, have also contributed to revenue growth. On the expenditure side, measures have been adopted to control public spending, including: the prioritization of capital expenditures over current spending; wage cuts for government workers; the elimination of representation expenses; and the elimination of earmarked spending.

1.19. The growth in tax revenue improved the public accounts as from 2006. From then until 2013, the average fiscal surplus of the non-financial public sector (NFPS) amounted to 1.8% of GDP. However, the consolidated fiscal outturn slipped from a surplus in both 2012 and 2013 to a deficit in 2014, partly because revenues declined as a result of deteriorating terms of trade (lower mineral and oil prices). The fiscal deficit came in at 6.9% of GDP in 2015, before easing slightly to 6.6% of GDP in 2016 (Table 1.4). The reasons underlying the deficit include falling prices of oil, minerals and other commodities, which eroded current tax revenues, particularly those related to hydrocarbon sales. At the same time, public spending shrank by less than income, since public investment programmes, social programmes and social transfers to the private sector were maintained to keep economic activity afloat.[20]

Table 1.4 Consolidated accounts of the non-financial public sector (NFPS), 2010-2016

(Bs million)

	2010	2011	2012	2013	2014[a]	2015[a]	2016[a]
Total income	**61,572.4**	**75,614.6**	**87,990.0**	**103,738.8**	**117,277.5**	**109,041.4**	**100,773.7**
Current income	59,994.9	74,240.1	86,736.8	103,026.5	116,530.6	108,180.9	100,342.6
Tax revenue	23,018.5	29,433.5	34,198.1	39,974.0	45,279.4	47,130.0	46,339.9
Internal revenue	20,678.6	26,144.2	30,914.1	36,221.3	41,024.4	43,022.9	42,444.8
Customs revenue	1,544.9	2,095.9	2,317.0	2,710.2	2,952.4	3,119.3	2,833.3
Mining royalties	795.0	1,193.4	967.0	1,042.6	1,302.5	987.8	1,061.7
Hydrocarbon taxes	2,252.8	2,475.1	2,525.4	2,891.3	3,024.4	3,076.8	3,438.9
Hydrocarbon sales	26,392.9	30,830.1	39,560.6	47,035.8	52,174.3	39,332.5	28,911.2
Sales of other firms	3,465.6	5,248.6	5,393.3	6,397.6	7,519.9	7,280.4	7,524.9
Current transfers	1,312.6	1,514.9	1,770.6	2,174.5	2,698.0	3,294.8	3,624.1
Other current income	3,552.5	4,738.0	3,288.9	4,553.3	5,834.6	8,066.4	10,503.5
Capital income	1,577.5	1,374.5	1,253.2	712,3	746.9	860,5	431.1
Total expenditure	**59,256.6**	**74,232.5**	**84,702.0**	**102,362.7**	**124,946.7**	**124,774.1**	**116,138.0**
Current expenditure	44,519.4	52,119.2	59,446.2	67,907.7	80,670.1	84,528.1	76,036.3
Personal services	14,050.0	16,726.4	18,082.6	20,775.8	25,382.1	30,400.3	27,936.3
Goods and services	19,272.8	22,764.1	25,785.4	29,529.3	36,842.7	33,364.4	31,003.7
External debt interest and commissions	482.0	734.2	573.9	774.4	996.4	1,120.6	1,252.3
Domestic debt interest and commissions	1,739.1	1,257.2	1,313.5	699.1	892.4	1,067.8	368.6
Current transfers	8,011.0	9,519.4	11,497.6	12,704.7	13,660.1	13,778.7	13,240.9
Of which: pensions	4,543.5	5,101.0	5,374.4	5,173.5	6,037.4	6,956.1	6,313.0
Other current expenditure	964.5	1,117.9	2,193.2	3,424.4	2,896.4	4,796.2	2,234.6
Capital spending	14,737.2	22,113.3	25,255.8	34,455.0	44,276.6	40,245.9	40,101.7
Current surplus or deficit	**15,475.5**	**22,120.9**	**27,290.6**	**35,118.8**	**35,860.5**	**23,652.8**	**24,306.2**

[18] Economic Commission for Latin America and the Caribbean (2017), *Preliminary Overview of the Economies of Latin America and the Caribbean 2016, Plurinational State of Bolivia*. Viewed at: http://repositorio.cepal.org/bitstream/handle/11362/40825/85/1601260BP_Bolivia_en.pdf.

[19] The main Bolivian taxes are: value-added tax (VAT), applied at a general rate of 13%; the complementary value-added tax regime (RC-IVA), which applies exclusively to natural persons for their work or capital investments made; corporate profits tax (IUE), with a 25% rate on profits, whether assessed or presumed; and the transaction tax (IT), which is levied at a 3% rate on economic activities in national territory. The corporate profits surtax (AA-IUE) applies to the mining and financial sectors with the aim of taxing the exceptional profits made by these sectors.

[20] Central Bank of Bolivia (2016), *Memoria Anual 2015*, p. 28.

	2010	2011	2012	2013	2014[a]	2015[a]	2016[a]
Overall surplus or deficit	**2,315.7**	**1,382.0**	**3,288.0**	**1,376.1**	**-7,669.2**	**-15,732.7**	**-15,364.4**
Pensions	4,543.5	5,101.0	5,374.4	5,173.5	6,037.4	6,956.1	6,313.0
Overall surplus or deficit excl. pensions	6,859.2	6,483.0	8,662.3	6,549.6	-1,631.8	-8,776.6	-9,051.3
Total financing	**-2,315.7**	**-1,382.0**	**-3,288.0**	**-1,376.1**	**7,669.2**	**15,732.7**	**15,364.4**
External financing	**1,414.6**	**2,965.3**	**4,342.7**	**5,268.5**	**3,072.3**	**3,889.4**	**4,565.5**
Disbursements[b]	5,609.0	7,759.9	10,384.6	8,525.4	5,204.9	7,078.3	6,860.3
Amortizations	-4,159.5	-4,685.9	-5,949.2	-2,256.3	-1,947.2	-2,853.2	-1,908.1
Foreign bank deposits	-34.8	-108.7	-92.7	-1,000.5	-185.4	-335.7	-386.8
Domestic financing	**-3,730.4**	**-4,347.3**	**-7,630.6**	**-6,644.6**	**4,596.9**	**11,843.2**	**10,798.9**
Central Bank of Bolivia (BCB)	-6,749.3	-4,415.9	-6,259.9	-5,039.6	4,203.7	13,314.5	9,744.3
BCB quasi-fiscal operations	177.2	-405.8	-229.7	-686.8	-464.0	-305.6	-934.4
Net credit	-6,926.6	-4,010.0	-6,030.2	-4,352.8	4,667.6	13,620.1	10,678.7
Net credit to the financial system[c]	2,994.6	-600.4	-987.5	-2,040.5	-1,760.1	-1,142.8	244.7
Other domestic financing[d]	24.4	669.0	-383.2	435.5	2,153.4	-328.4	809.8

a Preliminary figures.
b Includes sovereign bonds issued by the National Treasury since 29 October 2012.
c Includes the remainder of the banking system, non-current deposits and bond sales to mutual funds and the National Housing Fund.
d Includes floating debt, fiscal certificates and other instruments.

Note: Foreign currency accounts were converted at the fixed exchange rate of each year.

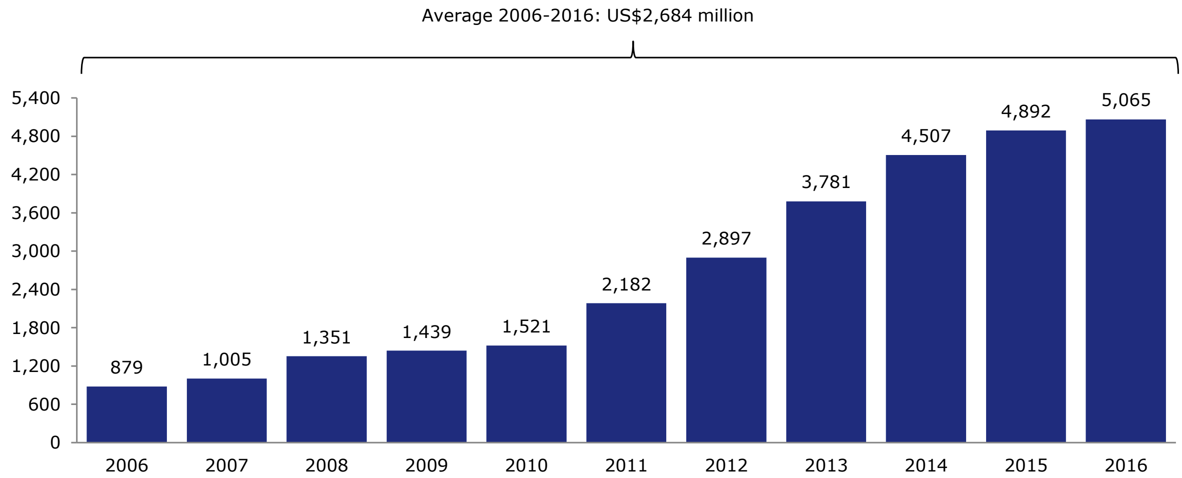
Source: BCB.

1.20. Total NFPS income remained above 40% of GDP during the review period, compared to the 25% of GDP reported in the previous report covering 1998-2004. In 2016, total revenues represented 43% of GDP, down from their 2014 peak of 49.7%. In particular, revenues from hydrocarbon sales slumped from 22.9% of GDP in 2014 to 12.4% in 2016. Total expenditure increased from 44.7% of GDP in 2011 to 54.8% in 2014, before slipping back to 50.9% of GDP in 2016. Expenditure growth in the period was driven mainly by a significant expansion in capital expenditure, which doubled between 2011 and 2014, and an increase in current transfers. Capital spending grew steadily from 2010 to reach a peak of 19.4% of GDP in 2014, before increasing more slowly in the next two years, representing 17.2% of GDP in 2016.

1.21. As can be inferred from the robust increase in capital spending, public investment was one of the drivers of economic growth during the review period. Chart 1.2 shows a nearly sixfold increase between 2006 and 2016, when it totalled US$5,065 million.

Chart 1.2 Executed public investment, 2006-2016

(US$ million)



Source: Ministry of the Economy and Public Finance, *Evolución de la Economía Boliviana*.

1.22. This investment reflected the greater presence of the State in the economy and was embodied in a series of projects in different areas of the economy, such as hydrocarbons, electricity, food security, mining and transport, among others (Table 1.5).

Table 1.5 Main industrial investment projects, executed and under way in 2006-2016

(US$ million)

Sector	Project	Investment
Food	Empresa de Lácteos de Bolivia (LACTEOSBOL), 4 dairy processors, 3 citrus fruit processors and 1 fruit freeze-drying plant)	18
	Empresa Azucarera San Buenaventura (EASBA, industrial plant)	270
	Empresa Estratégica de Producción de Abonos y Fertilizantes (EEPAF)	7
Electric energy	9 thermoelectric power plants (Santa Cruz, Cochabamba, La Paz, Beni, Tarija)	703
	1 wind farm (Phases I and II) (Cochabamba); 1 solar power plant (Pando)	4
Hydrocarbons	Rio Grande liquid separation plant	160
	Gran Chaco liquid separation plant	650
	Ammonia and urea plant	895
	1 propylene and polypropylene plant and 1 ethylene and polyethylene plant	2,100
	Liquefied natural gas (LNG) plant "virtual gas pipeline"	219
	New catalytic reforming and isomerization units	221
Mining	Lithium industrialization and potassium chloride production (Phases I, II and III)	940
	Ausmelt oven construction	40
	2 zinc smelting and refining plants (Oruro and Potosí)	500
Other	Tupac Katari Satellite	302
	"Mi Teleférico" cable car transport system (Phase I) (La Paz and El Alto)	235
	"QUIPUS" computer equipment assembly plant	61

Source: Information provided by the authorities.

1.23. The larger fiscal deficits recorded in 2015 and 2016 called for greater domestic and external financing. The former reached 5.2% of GDP in 2015 before slackening slightly to 4.6% in the following year, mainly sourced from the BCB (Table 1.4). Also noteworthy were the loans granted to the public enterprises YPFB, COMIBOL, ENDE (National Electricity Company), EASBA and Mi Teleférico, to complete a number of industrialization, value-added generating, energy and food security projects; and a cable-car transport system.[21]

1.24. The total public debt dropped sharply during the period under review. The domestic portion represented 8.9% of GDP in 2016, compared to 22% in 2005, while the nominal value of the external public debt reached US$7,268 million in 2016. The external public debt/GDP ratio fell from 51.6% in 2005 to 21.3% in 2016, due to the relief received on the debt, GDP growth and public finance results.

1.25. Keeping the public debt at low levels will require a more vigorous fiscal consolidation drive to reduce the deficit. In the context of the Article IV consultations in 2016, the IMF Executive Directors encouraged the authorities to improve the non-hydrocarbons primary balance through streamlining expenditures while increasing their efficiency. The Directors recommended an early transition to a credible medium-term fiscal framework to continue to assure debt sustainability, while also accounting for the state of the business cycle and building cushions to absorb volatility in hydrocarbon prices. They advised the Bolivian authorities to ensure the financial health of State-owned enterprises, exercise greater oversight of their activities, and strengthen the evaluation and transparency of their investments.[22] The authorities are confident that the debt will remain at low levels since it is intended primarily for public investment and production projects.

1.2.3 Monetary and exchange-rate policy

1.26. Since 2006, the Ministry of the Economy and Public Finance and the BCB have jointly endorsed an annual Fiscal-Financial Programme, which coordinates the main monetary, foreign exchange, fiscal, foreign trade and balance of payments policy targets. In this context, and in accordance with the Political Constitution of the State of February 2009, the State, through the Government, determines the objectives of the country's monetary and exchange-rate policy, in coordination with the BCB, since one of the latter's functions is to maintain the stability of the

[21] Central Bank of Bolivia (2016), *Memoria Anual 2015*, pp. 33-34.

[22] IMF Press Release No. 16/577, *IMF Executive Board Concludes 2016 Article IV Consultation with Bolivia*, 22 December 2016. Viewed at: http://www.imf.org/en/News/Articles/2016/12/22/PR16577-Bolivia-IMF-Executive-Board-Concludes-2016-Article-IV-Consultation; and IMF (2016), *Bolivia: 2016 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Bolivia*, IMF Country Report No. 16/387. Viewed at: http://www.imf.org/~/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2016/_cr16387.ashx.

domestic purchasing power of the currency, to contribute to economic and social development.[23] The BCB is recognized in the Constitution as an institution of public law with legal status and its own capital. Its functions, in coordination with the State's economic policy as determined by the Government, are to: establish and implement monetary policy; implement exchange-rate policy; regulate the payment system; authorize currency issuance and manage the country's international reserves. The BCB keeps track of public and private external debt, as well as foreign direct investment.

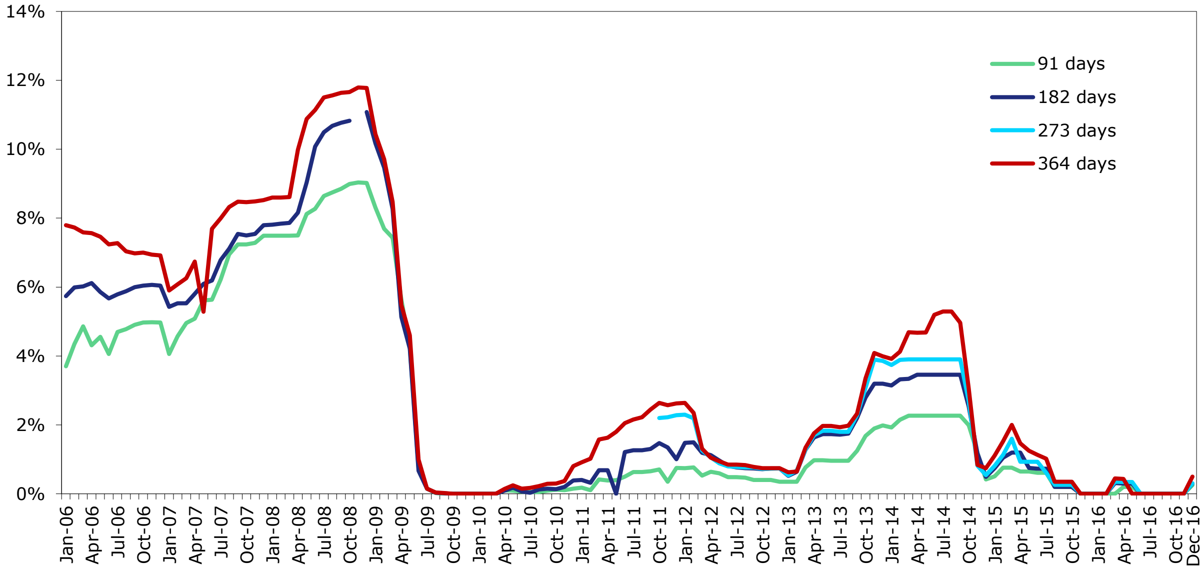
1.27. In fulfilment of its responsibility for framing and implementing monetary policy, the BCB coordinates with the Government to regulate the amount of money in circulation in the economy. Pursuant to the Fiscal-Financial Programme subscribed each year with the MEFP, the central bank regulates the volume of domestic credit. To that end, the MEFP and the BCB set intermediate targets for the maximum expansion or minimum contraction of net domestic credit (total and NFPS) and benchmark targets for the minimum gain or maximum loss of net international reserves. The authorities indicated that monetary policy is countercyclically oriented and heterodox, the latter term referring to the use of various monetary policy instruments, the most frequent being open-market operations (BCB bond auctions), legal reserve requirements and liquidity credits (guarantees of each financial institution's liquid assets requirement fund). Bolivia's foreign exchange policy aims to mitigate external inflationary pressures, intensify the "bolivianization" process and preserve the stability of the financial system.

1.28. Since 2006, when the economy was highly dollarized, a process of remonetization has been implemented through measures such as increasing the exchange-rate differential, the bolivianization of open-market operations (issuance of bonds in domestic currency) and currency-differentiated legal reserve requirements, among other measures. The authorities reported that monetary policy has a countercyclical orientation; in other words, it helps to mitigate the negative effects of the business cycle, controlling the level of liquidity in the economy and the trend of domestic prices. The orientation of monetary policy has been supported by the high level of international reserves. Since mid-2014, monetary policy has adopted an expansionary stance, injecting significant amounts of liquidity into the financial system and bringing interest rates close to zero (Chart 1.3 and Table 1.6). The authorities took this decision against a backdrop of price stability and the need to help underpin economic activity in the face of an adverse international context of lower raw material prices. This policy has also aimed at injecting the large liquidity surpluses accumulated by the banks into the financial system (Table 1.6).[24]

[23] Online information from the Central Bank of Bolivia. Viewed at: https://www.bcb.gob.bo/?q=Funciones%20del%20Banco%20Central.

[24] A commercial bank is considered to have excess liquidity when it holds reserves at the central bank above the level needed to finance its minimum reserve requirement, sudden deposit outflows and short-term obligations.

Chart 1.3 Monetary regulation rates, 2006-2016



Note: In the case of the 273-day rate, the data start in October 2011.

Source: Information provided by the authorities.

Table 1.6 Monetary indicators, 2006 and 2011-2016

	2006	2011	2012	2013	2014	2015	2016
Money supply and credit (annual variation)							
Monetary base	42.4	28.2	16.5	6.0	18.7	16.8	-11.8
Monetary issuance	42.0	16.3	14.3	13.3	11.8	3.8	0.5
M1[a]	29.7	15.0	19.1	13.7	13.3	7.2	-0.5
M2[b]	28.9	17.9	17.3	16.0	14.8	15.1	-3.9
M3[c]	18.1	17.7	20.2	16.2	15.6	16.2	2.6
M4[d]	17.7	18.3	18.5	16.9	25.5	16.6	1.9
Domestic credit[e]	n.a.	20.3	7.3	26.7	69.0	49.2	30.2
Prices and rates of interest							
Consumer price index (annual average, 2007=100)	n.a.	130.2	136.1	143.9	152.2	158.4	164.1
Inflation (percentage variation)	5.0	6.9	4.5	6.5	5.2	3.0	4.0
Commercial bank interest rates, end-period							
National currency							
Lending rates	10.8	10.1	9.9	10.6	7.5	6.9	7.3
Deposit rates	3.6	1.8	1.4	2.8	2.5	1.4	1.3
Foreign currency							
Lending rate	10.3	7.5	7.3	7.4	6.9	7.5	8.8
Deposit rate	2.8	0.8	0.1	0.2	0.2	0.1	0.1
Monetary rates							
National currency bills (13-week maturity)	4.97	0.75	0.35	1.99	0.42	0.00	0.25
National currency bills (26-week maturity)	6.04	1.00	0.73	3.20	0.49	0.00	0.30
National currency bills (52-week maturity)	6.92	2.62	0.74	3.99	0.74	0.00	0.50
Required reserve ratio							
Legal reserve ratio, national currency deposits	n.a.	12.0	12.0	12.0	12.0	12.0	12.0
Legal reserve ratio, foreign currency deposits	n.a.	66.5	66.5	66.5	66.5	66.5	66.5
Liquidity surplus							
Total liquidity surplus (Bs billion)	1,109	8,777	11,064	8,701	9,667	18,848	10,469
Liquidity surplus in national currency (Bs billion)	916	6,786	9,441	6,504	8,152	16,175	7,862

	2006	2011	2012	2013	2014	2015	2016
Exchange rate							
Exchange rate (Bs per US$, annual average)	8.01	6.94	6.91	6.91	6.91	6.91	6.91
Real effective exchange rate, index (2010=100)	84.16	101.87	107.16	113.14	122.11	141.75	150.24
Real effective exchange rate, annual variation	-0.95	1.87	5.19	5.58	7.93	16.08	5.99

n.a. Not available.

a M1 includes current plus demand deposits in domestic and foreign currency.
b M2 = M1 plus savings deposits in domestic and foreign currency.
c M3 = M2 plus time deposits and other obligations in domestic and foreign currency.
d M4 = M3 plus government bonds held by the non-financial private sector in domestic and foreign currency.
e Financing granted by the banking system (including the BCB) for the private and public sectors in domestic and foreign currency.

Source: Central Bank of Bolivia.

1.29. The rapid credit growth can be explained by the increase in loans to the production and social housing sectors, pursuant to the goals defined in the Financial Services Law[25], which generated increased demand for credit in activities boosted by this Law. This was further aided by lower interest rates and greater liquidity.

1.30. The Financial Services Law (Article 66) authorizes the State to issue a Supreme Decree defining minimum portfolio levels to be met by financial intermediaries, in order to prioritize certain sectors of the economy pursuant to government policy. To protect the stability of the financial system the Financial System Supervisory Authority (ASFI) may also set maximum portfolio levels. Loan portfolio levels are to be reviewed at least once a year and calculated on the basis of the direct loan portfolio or other forms of direct or indirect financing, provided that the object of the loan can be verified. These provisions were implemented by means of Supreme Decree No. 1842 of 18 December 2013 (see below).

1.31. The Financial Services Law also provides for interest rates on loans to be regulated by the Central Government through a Supreme Decree, setting rate ceilings on loans to the production and social housing sectors, under which financial entities may negotiate rates with their clients. The interest rate regime may also set minimum deposit rates.[26]

1.32. To implement the foregoing, Supreme Decree No. 1842 introduced the regime governing interest rates and minimum portfolio levels. This Decree sets the maximum annual interest rates on loans for social housing, to be granted by all regulated financial entities, at 5.5%, 6% or 6.5% depending on the value of the housing in question (up to a maximum of 460,000 Housing Promotion Units (UFV)). For cases in which variable interest rates are set, these may not exceed the maximum regulated rate. Article 4 of the Supreme Decree requires commercial banks to hold at least 60% of their total portfolio in loans to the production and social housing sectors; and the production sector portfolio must be at least 25% of the total. Financial institutions that lend for housing must keep at least 50% of the total of their loan portfolio for social housing. Moreover, banks serving small and medium-sized enterprises (SMEs) must keep at least 50% of their total loan portfolio in credits to SMEs in the production sector. Only loans granted in local currency are considered for the purpose of complying with the minimum loan portfolio levels. MEFP Ministerial Resolution No. 031 of January 2015 set intermediate annual loan portfolio targets for the production and social housing sectors, which the aforementioned institutions must satisfy successively until they reach the minimum levels specified in Supreme Decree No. 1842.

1.33. With a view to promoting access to financing and given the decision to continue with an expansionary monetary policy, regulatory provisions under the Financial Services Law have

[25] Law No. 393 of 21 August 2013, which repealed Law No. 1488 on Banks and Financial Institutions of 14 April 1993.

[26] Within these limits, financial institutions determine the interest rates to be charged, which vary by financial institution and type of credit. For example, according to information provided by the authorities, in 2016 Banco Unión charged average rates of 11.47% for microcredits, 5.88% for loans to SMEs and 4.38% in the case of general business credit.

generated a large supply of loanable funds that influenced lending by financial intermediaries. The net portfolio flow disbursed in 2015 and 2016 is the highest on record.[27]

1.34. Reflecting the expansionary monetary policy and consequent increase in liquidity, nominal (non-regulated) loan and deposit interest rates in domestic and foreign currency have fallen steeply in recent years, as have intermediation costs. Current legal reserve ratios have remained unchanged since 2011, at 12% for deposits in local currency and 66.5% for those in foreign currency.

1.35. Inflation has remained relatively controlled during the period under review, with rates ranging from a low of 0.3% in 2009 to a high of 7%. In 2016, the increase in the consumer price index (CPI) accelerated somewhat to 4% per annum, owing mainly to an increase in the price of a food group.[28]

1.36. Bolivia operates a crawling-peg exchange-rate regime with respect to the US dollar. According to Annex II of BCB Resolution No. 063/2013, exchange-rate policy aims to consolidate the process of stabilizing inflation, promoting the remonetization of the national economy in order to preserve the stability of the financial system and cushion external shocks. The MEPF is responsible for determining exchange-rate policy in coordination with the BCB. Foreign exchange transactions take place in an auction (*Bolsín*) run by the central bank. US dollars are allotted in descending order of bids, subject to a floor price, until the auction is fully subscribed. The official selling exchange rate is determined as the lowest bid price when the US dollars are fully taken up. If any dollars remain, the official exchange rate will be the base rate, which is determined by the BCB. The buying rate is obtained by subtracting from the official exchange rate a certain amount in bolivianos, called the "*diferencial*", which is set by the BCB. The minimum participation in the "Bolsín" is US$100,000. Institutions supervised by ASFI and exchange bureaus can sell dollars to the public at an exchange rate within one boliviano-cent of the official BCB rate prevailing on the date of each operation.

1.37. In practice, to anchor inflationary expectations among the public, the boliviano has been stabilized against the dollar since November 2011, although slight fluctuations have been permitted. Nonetheless, the real effective exchange rate has appreciated, since inflation has outpaced the percentage change in the nominal rate. The exchange-rate regime is free of restrictions and multiple exchange practices.[29] The authorities consider that exchange-rate stability has played a decisive role in anchoring agents' expectations and avoiding the emergence of external inflationary pressures, thereby supporting the expansionary orientation of monetary policy, which has helped to deepen the process of bolivianization and stabilization of the financial system, without generating real exchange-rate misalignments.[30]

1.38. In the Article IV consultations held in 2016, the IMF Executive Directors stressed the merits of enhancing central bank independence, and advised phasing out the central bank's exposures to the State-owned enterprises to avoid potential conflicts with the commitment to price stability. They also recommended gradually permitting exchange-rate easing and revising the lending quota regulations and interest caps set under the Financial Services Law, which, in inducing rapid credit expansion, could lead to greater risks.[31] Nonetheless, the authorities consider that the Financial Services Law has had positive effects by making large amounts of funding available to the private sector, thereby laying the foundations for sustained economic growth.[32]

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[27] Central Bank of Bolivia (2017), *Informe de Política Monetaria*, January. Viewed at: https://www.bcb.gob.bo/webdocs/ipm16/enero2017/IPM%20Enero%202017.pdf.

[28] Central Bank of Bolivia (2016), *Informe de Política Monetaria*, July, p. 20. Viewed at: https://www.bcb.gob.bo/webdocs/ipm16/julio2016/IPM%20Julio%202016.pdf.

[29] IMF (2016), *Bolivia: 2016 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Bolivia*, IMF Country Report No. 16/387. Viewed at: http://www.imf.org/~/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2016/_cr16387.ashx.

[30] Central Bank of Bolivia (2017), *Informe de Política Monetaria*, January. Viewed at: https://www.bcb.gob.bo/webdocs/ipm16/enero2017/IPM%20Enero%202017.pdf.

[31] IMF (2016), *Bolivia: 2016 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Bolivia*, IMF Country Report No. 16/387. Viewed at: http://www.imf.org/~/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2016/_cr16387.ashx.

[32] Central Bank of Bolivia (2016), *Informe de Política Monetaria*, July, p. 20. Viewed at: https://www.bcb.gob.bo/webdocs/ipm16/julio2016/IPM%20Julio%202016.pdf.

1.2.4 Balance of payments

1.39. The balance of payments current account was in surplus for most of 2006-2016, registering an average positive balance of US$617 million per year.[33] This largely reflects the large surpluses in merchandise trade recorded up to 2014, which reached a maximum of 7.3% of GDP in 2012. Then, as from 2014, the current account balance turned negative as a result of a sharp contraction in product value exported following a fall in international raw materials prices; and this was accompanied by a smaller reduction in imports. Reflecting this, both the trade balance and the current account reported deficits in 2015 and 2016 (5.7% and 5.6% of GDP, respectively, in the case of the current account) (Tables 1.7 and A1.1).[34]

Table 1.7 Balance of payments, 2010-2016[a]

(US$ million)

	2010	2011	2012	2013	2014	2015	2016[b]
Current account	**874**	**537**	**1,970**	**1,054**	**571**	**-1,879**	**-1,876**
Goods and services	**681**	**346**	**2,339**	**1,692**	**1,088**	**-1,923**	**-2,415**
Exports	7,174	9,572	12,870	13,387	14,006	9,916	8,194
Imports	6,493	9,227	10,531	11,695	12,918	11,839	10,609
Goods	1,460	1,498	3,748	3,444	2,916	-331	-817
Exports	6,466	8,624	11,745	12,173	12,810	8,673	6,986
Imports	5,007	7,126	7,997	8,729	9,894	9,004	7,803
Services	-778	-1,152	-1,409	-1,752	-1,829	-1,592	-1,598
Exports	708	948	1,125	1,214	1,196	1,243	1,208
Imports	1,486	2,100	2,534	2,966	3,025	2,835	2,806
Primary income	**-889**	**-986**	**-1,629**	**-1,908**	**-1,698**	**-1,127**	**-661**
Credit	82	137	141	171	99	111	135
Debit	971	1,123	1,771	2,078	1,797	1,238	796
Secondary income	**1,081**	**1,177**	**1,260**	**1,270**	**1,181**	**1,171**	**1,201**
Credit	1,188	1,299	1,411	1,442	1,367	1,384	1,434
Debit	106	122	151	172	186	214	234
Capital account	0	0	0	0	5	5	5
Financing capacity (+) or need (-)	**874**	**537**	**1,970**	**1,054**	**576**	**-1,874**	**-1,870**
Financial account (net lending (+)/net borrowing (-))	**64**	**525**	**175**	**-921**	**767**	**-2,851**	**-2,271**
Direct investment	**-651**	**-859**	**-1,013**	**-1,521**	**-690**	**-556**	**-395**
Net acquisition of financial assets	-29	0	47	228	-33	-2	15
Debt instruments	-29	0	47	228	-33	-2	15
Net liabilities incurred	622	859	1,060	1,750	657	555	410
Capital shares and reinvestment of profits	774	902	1,224	1,699	626	371	274
Debt instruments	-152	-43	-164	50	31	183	136
Portfolio investment	**-90**	**-156**	**55**	**1,343**	**734**	**603**	**834**
Net acquisition of financial assets	-90	-156	555	1,843	754	622	863
Capital shares and investment funds	0	0	0	0	74	73	201
Debt securities	-90	-156	555	1,843	681	549	662
Net liabilities incurred	0	0	500	500	21	19	29
Capital shares and investment funds	0	0	0	0	21	19	29
Debt securities	0	0	500	500	0	0	0
Other investment	**-119**	**-621**	**-579**	**-1,866**	**-210**	**-1,278**	**336**
Net acquisition of financial assets	32	15	1,093	767	666	-527	868
Other capital	0	0	0	0	48	50	3
Currency and deposits	7	133	686	1,016	565	-570	179
Loans	0	0	0	0	0	0	0
Insurance, pensions and other	0	0	0	0	18	11	33
Commercial credits	0	0	0	0	25	-14	652
Other accounts receivable	26	-118	407	-249	10	-4	1
Net liabilities incurred	151	636	1,671	2,633	876	752	532
Other capital	0	0	0	0	0	0	0
Currency and deposits	0	0	0	0	8	68	14
Loans	151	636	1,414	2,376	842	671	617
Insurance, pensions and other	0	0	0	0	26	12	-99
Commercial credits	0	0	0	0	0	0	0

[33] The Bolivian authorities adopted the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) in the second quarter of 2016, having recalculated the statistics only since 2010 (see Central Bank of Bolivia (2016), *Implementación del VI Manual de Balanza de Pagos y Posición de Inversión Internacional*. Viewed at: https://www.bcb.gob.bo/webdocs/balanza_pagos/Documento_explicativo_Migracion_21_11_16.pdf. Pursuant to the fifth edition of the Manual (BPM5), Table A1.1 presents the data for the period between 2006 and the second quarter of 2016, after which the statistics were no longer compiled on the basis of BPM5. These data differ from those presented in Table 1.7, which uses BPM6. The figure reported results from the sum of the balances recorded between 2006 and 2009 following BPM5 and those recorded from 2010 using BPM6.

[34] Central Bank of Bolivia (2017), *Reporte de Balanza de Pagos y Posición de Inversión Internacional, Primer semestre 2016, compilado según la Sexta edición del Manual de Balanza de Pagos (MBP6)*. Viewed at: https://www.bcb.gob.bo/webdocs/publicacionesbcb/2017/04/07/Reporte%20de%20balanza%20I-2016.pdf.

	2010	2011	2012	2013	2014	2015	2016[b]
Other accounts receivable	0	0	257	257	0	0	0
Reserve assets	924	2,161	1,712	1,124	932	-1,620	-3,046
Errors and omissions	**-810**	**-13**	**-1,795**	**-1,975**	**185**	**-977**	**-400**
Memorandum items							
Current account (% of GDP)	4.4	2.2	7.3	3.4	1.8	-5.7	-5.6
Financial account (% of GDP)	0.3	2.2	0.6	-3.0	2.3	-8.6	-6.8
Net BCB reserves	9,730	12,019	13,927	14,430	15,123	13,056	10,081
Monthly imports of goods and services	541	769	878	975	1,077	987	884
Reserves in months of imports	18.0	15.6	15.9	14.8	14.0	13.2	11.4

a This series follows the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6), which has been used by the Bolivian authorities since the second quarter of 2016, with recalculations of the series only since 2010. See Central Bank of Bolivia (2016), *Implementación del VI Manual de Banana de Pagos y Posición de Inversión Internacional*. Viewed at: https://www.bcb.gob.bo/webdocs/balanza_pagos/Documento_explicativo_Migracion_21_11_16.pdf.
b Preliminary.

Source: BCB.

1.40. The balance of Bolivia's services trade was in deficit in 2006-2016, posting a shortfall of 1.9% of GDP in the latter year. The primary income account was also in deficit owing to higher income payments on foreign investment. Secondary income (current transfers), the main component of which is workers' remittances, reports a surplus in the period analysed, representing 3.5% of GDP in 2016.

1.41. The financial account recorded average net borrowing of US$645 million between 2010 and 2016. This mainly reflects deficits in the period 2013-2016 (with the exception of 2014), chiefly caused by short-term capital outflows. The deficit reached 6.8% of GDP in 2016. Bolivia's status as a net liability issuer is mainly explained by a draw-down of reserve assets, reflecting a smaller balance of net direct investment due to an increase in liabilities[35] and net disbursements of external public debt, compounded by capital withdrawals and loan repayments.[36] In contrast, portfolio investment has been in positive territory since 2012, which implies greater acquisition of assets than liabilities. The balance of "Other investment" represents loans incurred by the Government, mainly for important public investment projects.

1.42. Between 2006 and 2014, net international reserves (NIR) grew strongly from US$3,178 million to US$15,123 million, before declining in the next two years to reach US$10,080 million by the end of 2016. Covering 11.4 months of goods and services imports, this is still a very comfortable level according to international parameters (between 3 and 4 months), albeit less coverage than in previous years.

1.43. As of 31 December 2016, the balance of external public debt stood at US$7,268 million, equivalent to 21.3% of GDP. Although the monetary value of the debt is higher than in 2005, its GDP share is smaller at 51.6% in that year. According to the authorities, 30% of the external debt is concessional and 70% non-concessional.[37]

1.3 Trade and investment developments

1.3.1 Trends and patterns in merchandise and services trade

1.3.1.1 Merchandise trade

1.44. Between 2006 and 2016 the value of Bolivia's exports increased each year, except in 2009, 2015 and 2016 owing mainly to the adverse external environment (Table A1.2). Whereas, in 2009,

[35] In 2006-2016, liabilities associated with direct investment averaged US$680 million per year.
[36] The capital withdrawals correspond to the financial intermediation, mining and hydrocarbons sectors. In the first case, a holding company bought shares in a foreign investment company; and in the mining and hydrocarbons sectors special dividend payments were made, which are recorded as reductions in share capital. Central Bank of Bolivia (2017), *Reporte de Balanza de Pagos y Posición de Inversión Internacional, Primer semestre 2016, compilado según la Sexta edición del Manual de Balanza de Pagos (MBP6)*. March. Viewed at: https://www.bcb.gob.bo/webdocs/publicacionesbcb/2017/04/07/Reporte%20de%20balanza%20I-2016.pdf.
[37] Central Bank of Bolivia (2017), *Reporte de Balanza de Pagos y Posición de Inversión Internacional, Primer semestre 2016, compilado según la Sexta edición del Manual de Balanza de Pagos (MBP6)*. Viewed at: https://www.bcb.gob.bo/webdocs/publicacionesbcb/2017/04/07/Reporte%20de%20balanza%20I-2016.pdf.

Bolivia's foreign trade was affected by the international crisis, the downturn in 2015 and 2016 mainly reflected lower international commodity prices, weaker demand for gas from Brazil and Argentina, and adverse weather conditions. Bolivian exports peaked in 2014 at US$12,899 million. The authorities indicated that the results are different in terms of volume exported, since the unfavourable international context did not significantly affect the quantities exported in 2015 and 2016; and that in the latter year some products even achieved record export volumes.[38]

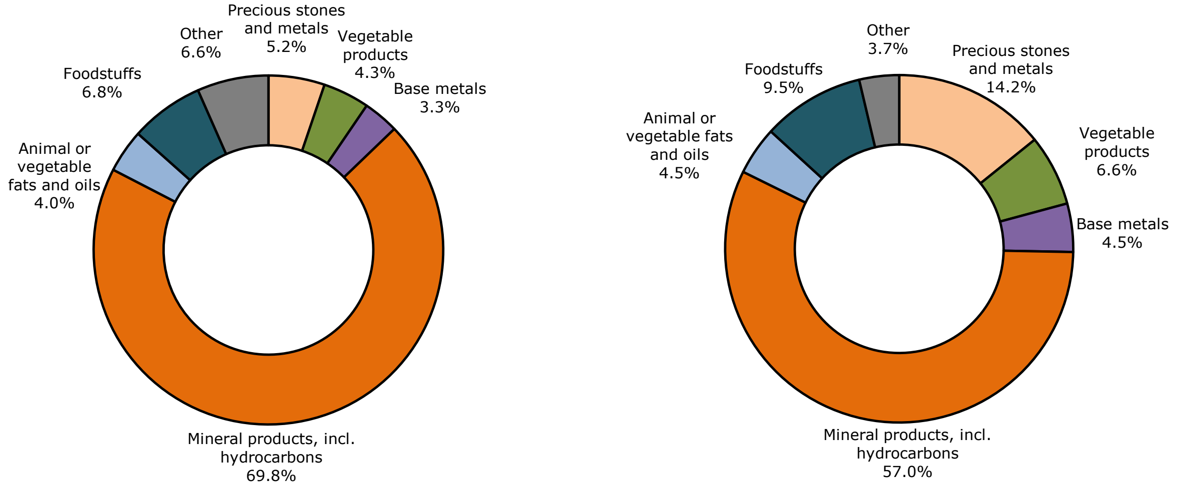
1.45. Mineral products continue to be the largest export category, mainly hydrocarbons and then minerals, although exports from these sectors have lost ground in value terms. They are followed by exports from manufacturing industry and, to a lesser extent, from the agricultural sector. The share of mineral products in the total value of exports fell from 69.8% in 2006 to 57% in 2016 (Chart 1.4). The main export product was natural gas, which in 2016 generated 31.6% of total export earnings. Mineral exports included zinc and silver; exports of manufactures were led by soya beans and soya products, while chestnut and quinoa generated the largest share of agricultural exports in value terms.

[38] Bolivian Institute of Foreign Trade (2016). *Cifras del Comercio Exterior Bolivia*, *Gestión 2016*. Viewed at: http://ibce.org.bo/images/publicaciones/ce-239-Cifras-Comercio-Exterior-Bolivia-2015.pdf; and PowerPoint presentation of the Bolivian Institute of Foreign Trade, "Comportamiento del comercio exterior de Bolivia – Gestión 2015", December 2015. Viewed at: http://ibce.org.bo/userfiles/file/notas-archivos/COMERCIO-EXTERIOR-BOLIVIA-INFORME-ANUAL-22-DIC-2015.pdf.

Chart 1.4 Merchandise trade by main HS section, 2006 and 2016

2006 **2016**

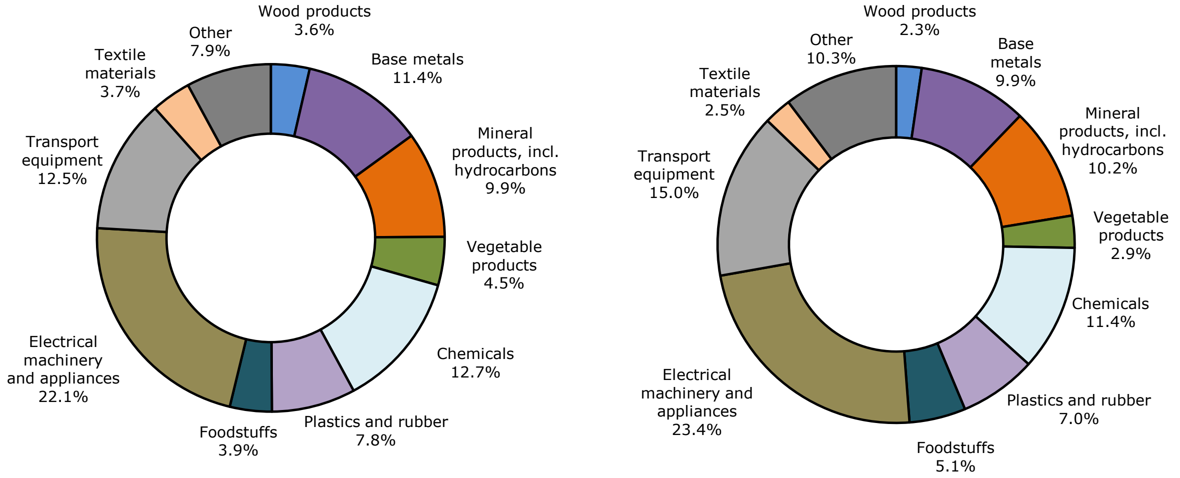
(a) Total exports



Total: US$4,088 million

Total: US$7,096 million

(b) Total imports



Total: US$2,926 million

Total: US$8,515 million

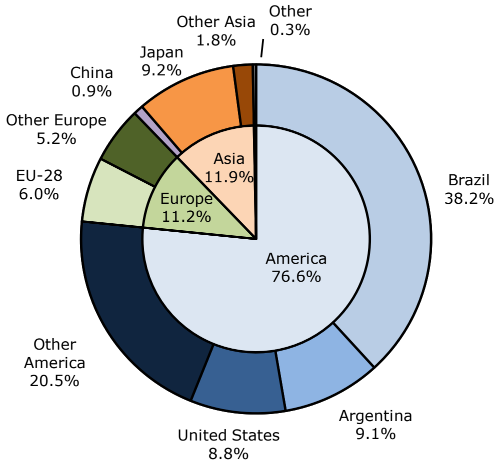
Source: WTO Secretariat estimates, based on data provided by the authorities.

1.46. Bolivian exports are sold mainly on the American continent, and, to a lesser extent, in Asia and Europe (Chart 1.5 and Table A1.4). Brazil is the leading destination, followed by Argentina, with sales in the two markets, mainly natural gas (section 4.2.2), accounting for 30.7% of the total value exported in 2016. Other export markets include the United States, which absorbed 13.6% of Bolivia's total export value in 2016, and the member countries of the Andean Community (Colombia, Peru and Ecuador), which took a 14.6% share.

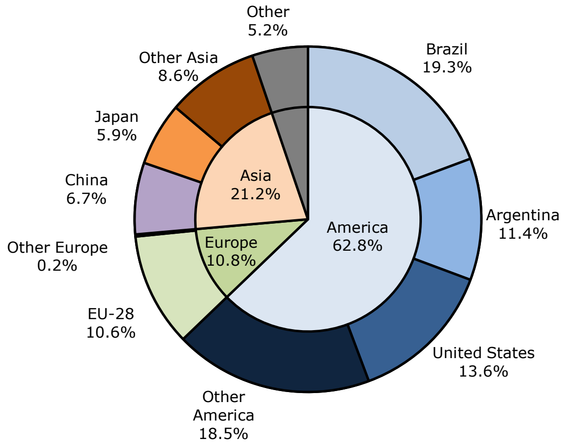
Chart 1.5 Merchandise trade by trading partner, 2006 and 2016

2006	2016

(a) Total exports

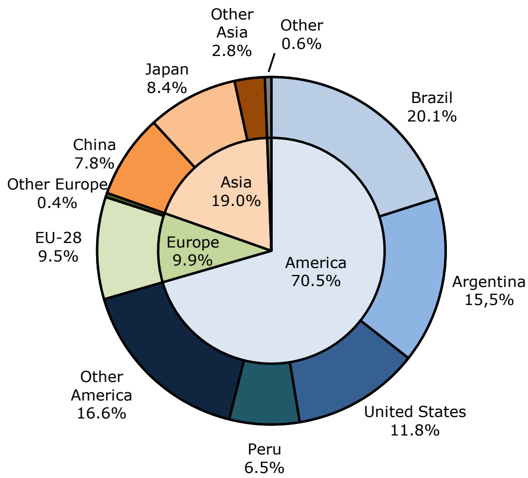


Total: US$4,088 million

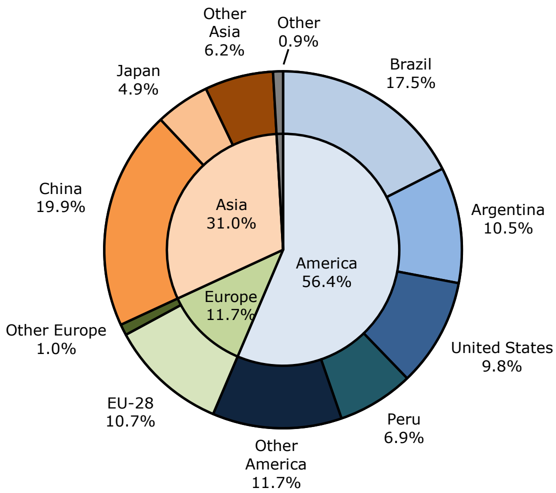


Total: US$7,096 million

(b) Total imports



Total: US$2,926 million



Total: US$8,515 million

Source: WTO Secretariat estimates, based on data provided by the authorities.

1.47. Between 2006 and 2016, imports trended similarly to exports, registering growth year by year except in 2009, 2015 and 2016 (Table A1.3). The slackening of imports in 2009 can be explained by weaker economic activity in the wake of the international crisis.[39] The contraction of imports in 2015 and 2016 is partly explained by a fall in the price of raw materials that eroded the value imported. As in the case of exports, the value of imports was highest in 2014 (US$10,674 million).

[39] Bolivian Institute of Foreign Trade (2010). *Cifras del Comercio Exterior Boliviano – Gestión 2009*. Viewed at: http://ibce.org.bo/images/publicaciones/comext179.pdf.

1.48. The composition of imports has remained relatively stable since 2006 — 77% on average consisting of raw materials and capital goods chiefly for industry and agriculture. Bolivia's main imports are electrical machinery and appliances, chemical products, transport equipment and mineral products (Chart 1.4). Although a large proportion of imports come from the Americas, Asia's share has increased substantially since 2006, while China became Bolivia's main supplier in 2014, relegating Brazil to second place, followed by Argentina and the United States (Chart 1.5 and Table A1.5).

1.3.1.2 Trade in services

1.49. Bolivia is a net importer of services, owing partly to the rapid growth of investment in recent years. Credit items amounted to US$1,208 million in 2016, while debits totalled US$2,806 million, resulting in a deficit of US$1,598 million. Net trade in telecommunications services was positive until 2015; and the travel category recorded surpluses in some years (Table 1.8). The other categories were generally in deficit, particularly in areas such as transport, insurance and construction.

Table 1.8 Services trade, 2006 and 2011-2016

(US$ million)

	2006	2011	2012	2013	2014	2015	2016
Credit	**687.4**	**948.0**	**1,125.2**	**1,214.0**	**1,196.2**	**1,243.4**	**1,208.3**
Manufacturing services on physical inputs owned by others	187.9	156.3	123.8	115.9	81.1	88.2	70.1
Maintenance and repairs	22.9	0.0	0.0	0.0	n.a.	n.a.	n.a.
Transport	112.6	220.4	159.2	251.6	295.9	303.6	295.9
Travel	244.1	379.6	594.3	573.8	662.4	699.5	687.0
Construction	0.4	0.6	0.5	0.6	0.7	1.4	0.7
Insurance services and pensions	40.0	65.9	97.1	107.6	0.0	0.0	4.1
Financial services	9.2	2.3	3.6	4.3	2.4	2.8	3.2
Charges for the use of intellectual property	1.8	7.2	15.2	17.9	18.9	22.3	24.2
Telecommunications, information technology and information services	42.1	83.0	90.8	100.4	88.8	80.2	67.4
Other business services	10.3	10.2	18.4	22.8	26.4	21.6	29.4
Personal, cultural and recreational services	1.2	1.5	1.7	1.7	1.7	1.4	1.7
Government services n.e.s.	14.9	21.0	20.6	17.4	17.9	22.4	24.6
Debit	**824.8**	**1,650.7**	**1,921.4**	**2,331.5**	**3,024.8**	**2,835.3**	**2,805.9**
Manufacturing services on physical inputs owned by others	n.a.	n.a.	n.a.	n.a.	451.7	480.4	510.7
Maintenance and repairs	n.a.	n.a.	n.a.	n.a.	5.7	12.3	14.9
Transport	274.4	735.1	811.8	707.5	824.4	770.5	688.7
Travel	272.6	298.0	360.7	520.6	806.0	711.0	818.8
Construction	10.0	25.2	73.5	233.3	149.7	53.4	43.1
Insurance services and pensions	120.0	189.7	229.4	280.6	212.5	164.6	108.0
Financial services	2.0	10.7	18.6	25.1	34.3	31.8	33.1
Charges for the use of intellectual property	14.4	20.8	42.4	50.4	68.3	83.6	97.5
Telecommunications, information technology and information services	26.1	53.3	56.3	78.0	75.3	77.9	98.6
Other business services	79.6	278.7	287.2	390.4	335.3	391.3	331.8
Personal, cultural and recreational services	7.6	13.7	15.4	15.9	15.4	14.9	17.4
Government services n.e.s.	18.3	25.5	26.1	29.7	46.2	43.6	43.3

n.a. Not available.

n.e.s. Not elsewhere specified.

Note: The fifth edition of the IMF Balance of Payments Manual (BPM5) has been used for data from 2006 to 2013 and the sixth edition (BPM6) for the data from 2014 to 2016. Accordingly, the data for the two periods are not strictly comparable.

Source: BCB and IMF.

1.3.2 Trends and patterns in foreign direct investment

1.50. Foreign direct investment (FDI) flows were considerable during the period 2011-2013 (Table 1.9). In 2014, 2015 and 2016, although gross investment flows remained substantial, there was also significant disinvestment, representing amortizations of loans and capital withdrawals in the financial intermediation, mining and hydrocarbons sectors, as explained above.

Table 1.9 Foreign direct investment, 2006 and 2011-2016

(US$ million)

Total	2006	2011	2012	2013	2014[a]	2015[a]	2016[a]
I. FDI (net)[b]	**280.9**	**858.9**	**1,060.0**	**1,749.6**	**656.6**	**554.6**	**410.1**
FDI (gross)[c]	582.2	1,033.3	1,505.2	2,029.8	2,121.6	1,166.2	1,083.5
Disinvestment (purchase of shares by the State)	-301.4	-174.4	-445.3	-280.2	-1.465.1	-611.5	-673.4
II. Gross FDI by economic activity	**582.2**	**1,033.3**	**1,505.2**	**2,029.8**	**2,121.6**	**1,066.2**	**1,083.5**
Agriculture, livestock, hunting and forestry	-0.3	0.0	0.6	0.0	0.0	0.5	0.0
Prospecting and exploitation (crude oil and natural gas)	50.2	383.9	946.2	1,399.4	1,350.8	736.0	406.1
Prospecting and exploitation (mining and quarrying)	340.0	238.4	218.9	151.0	207.2	180.0	40.9
Manufacturing	52.3	216.7	107.9	306.4	426.0	27.6	137.1
Production and distribution of electricity, gas and water	14.2	23.0	11.6	11.0	-35.5	-4.9	-5.7
Construction	13.9	0.0	0.0	0.0	-5.4	59.8	83.6
Wholesale and retail trade	32.4	44.2	36.7	17.2	66.3	34.0	11.6
Hotel and restaurant services	0.3	1.3	0.1	0.0	0.5	0.0	0.0
Transport, storage and communications	62.3	101.6	49.6	59.9	14.6	84.8	51.4
Financial intermediation	8.0	23.9	132.5	77.6	88.5	23.8	70.8
Other services	9.0	0.4	1.2	7.6	8.7	24.7	187.7
III. Gross FDI by modality	**582.2**	**1,033.3**	**1,505.2**	**2,029.8**	**2,121.6**	**1,166.2**	**1,083.5**
Shares and other equity	10.5	4.7	19.1	17.4	313.4	20.2	405.7
Reinvested profits	266.1	898.9	1,204.5	1,681.8	919.0	404.8	208.0
Intra-firm loans and other contributions	305.6	129.7	281.7	330.6	889.2	741.2	469.8

a Preliminary figures.
b The difference in value between net adjusted FDI and the figure shown in the balance of payments is due to the fact that FDI is deducted from net direct investment by residents abroad.
c In 2006, a methodological change was made in the calculation of reinvested profits. These represent net retained earnings of the current period, less declared dividends payable, on the one hand, minus net losses incurred by FDI enterprises, on the other. Hence the negative figures for some FDI-origin countries.

Source: BCB.

1.51. The sectors that received the largest FDI flows in the period are prospecting and exploitation of crude oil and natural gas and mining and quarrying, followed by manufacturing industry. The main modality of FDI has been the reinvestment of profits, followed by intra-firm loans and, thirdly, the purchase of shares and other equity.

1.52. In terms of origin, the largest foreign direct investors in the review period were Spain, France, Peru, Brazil and the United States (Table 1.10).

Table 1.10 Gross foreign direct investment, by origin, 2006 and 2011-2016

(US$ million)

	2006	2011	2012	2013	2014[a]	2015[a]	2016[a]
Total[b]	**582.2**	**1,033.3**	**1,505.2**	**2,029.8**	**2,121.6**	**1,166.2**	**1,083.5**
Peru	25.6	12.1	55.6	101.4	441.6	-5.1	238.7
France	38.3	55.1	72.6	219.5	199.6	185.0	207.5
Spain	3.9	234.9	363.5	676.0	536.6	368.8	160.9
United States	271.9	79.5	89.1	61.1	139.5	78.9	101.2
Netherlands	28.3	5.4	30.9	15.4	3.2	0.5	62.3
Korea (Rep. of)	-0.1	0.0	0.0	0.0	0.0	0.0	57.2
Switzerland	59.6	1.8	12.2	6.9	3.9	5.1	55.5
Brazil	16.7	124.9	285.6	76.7	123.3	41.8	34.7
United Kingdom	17.3	10.7	111.1	309.0	442.2	142.9	30.3
Panama	9.8	0.7	12.0	5.4	-12.1	-5.1	29.7
Colombia	6.3	9.9	2.6	3.9	14.6	16.6	19.9

	2006	2011	2012	2013	2014[a]	2015[a]	2016[a]
Japan	1.6	-0.1	0.2	0.0	0.5	-0.2	17.7
Venezuela (Bol. Rep. of)	0.0	0.0	0.0	16.2	8.9	14.1	16.4
China	2.3	0.1	2.0	0.4	22.3	72.1	14.8
Canada	12.7	22.8	19.1	14.5	-32.0	29.6	11.0
Luxembourg	1.3	50.5	4.1	34.4	26.5	5.9	9.4
Netherlands Antilles	0.0	1.0	0.3	0.0	0.0	2.7	8.8
Austria	0.0	0.0	0.2	0.0	0.1	0.0	8.0
Other countries[c]	86.6	423.9	444.1	489.0	203.1	212.8	-0.6

a Preliminary figures.
b In 2006, a methodological change was made in the calculation of reinvested profits. These represent net retained earnings of the current period, less declared dividends payable, on the one hand, minus net losses incurred by FDI enterprises, on the other. Hence the figures are negative for some FDI-origin countries.
c Includes multilateral investments.

Source: BCB.

2 TRADE AND INVESTMENT REGIMES

2.1 Overview

2.1. There have been several major changes to the legal and institutional framework of the Plurinational State of Bolivia since the preceding review in 2005.[1] Specifically, a new Political Constitution of the State was promulgated and took effect on 7 February 2009.[2] The main changes introduced by the Political Constitution include: establishing four levels of administration (departmental, regional, municipal, and indigenous aboriginal farming communities); proclaiming natural resources to be under the direct, indivisible and imprescriptible ownership of the Bolivian people, the State being responsible for administering them in the collective interest[3], and favouring domestic over foreign investment in these sectors[4]; stipulating that access to water and sewerage will not be subject to privatization or concessions; promoting the participation of cooperatives and non-profit groups; and prescribing that agricultural land tenure must fulfil a social or economic function (section 4.1).[5]

2.2. Under the Political Constitution, the role of the State in the economy is to lead the process of economic and social planning, with the participation of and in consultation with the citizenry.[6] The law establishes a comprehensive State planning system, which encompasses all territorial entities. The State regulates the production, distribution and marketing of goods and services, covering all forms of economic organization in a framework of legal certainty.[7]

2.3. The State is organized into four branches, namely the executive, legislative, judicial and electoral branches. The Executive comprises the President (Head of State), the Vice-President and Ministers of State. The President and Vice-President are elected by universal suffrage for five-year terms. Both may be re-elected once only. Under the Political Constitution, the President is empowered, among other things, to submit the budget to Congress for approval, to conduct foreign relations and negotiate international treaties. Tariffs are proposed and approved by the Executive.[8]

2.4. The Plurinational Legislative Assembly is chaired by the Vice-President of the State. It comprises two chambers: the Senate with 36 members (four representatives from each department) and the Chamber of Deputies with 130 members (half of whom are elected by direct vote, the other half being elected indirectly from the list headed by the presidential candidate). Its powers include approving and sanctioning laws. The Political Constitution provides for special councils for indigenous peoples.

2.5. The judicial branch consists of the Supreme Court of Justice (highest ordinary jurisdiction)[9], tribunals, courts and the Judicial Council. Constitutional justice is exercised by the Plurinational Constitutional Court.[10]

2.6. The electoral branch comprises the Supreme Electoral Tribunal (highest body composed of seven members elected by the Plurinational Legislative Assembly), departmental courts, electoral courts, polling station members and electoral notaries.

2.7. Bolivia's territory is organized into nine departments, 112 provinces, 339 municipalities and indigenous aboriginal farming territories.[11] They are responsible, among other things, for implementing national legislation and for managing their finances.

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[1] Under Supreme Decree No. 40 of 18 March 2009, the Republic of Bolivia was renamed the Plurinational State of Bolivia.

[2] The Political Constitution of the State was published in the Official Journal on that same date after being approved by referendum on 25 January 2009.

[3] Article 349 of the Political Constitution of the State.

[4] Ibid., Article 320.

[5] Ibid., Article 397.

[6] Ibid., Article 316.

[7] Ibid., Articles 311 and 316.

[8] By supreme decree pursuant to Article 26 of the General Customs Law, Law No. 1990 of 23 July 1999, and pursuant to Article 7 of Law No. 2492 of 2 August 2003 containing the Bolivian Tax Code.

[9] Supreme Court judges are elected by universal suffrage. Article 182 of the Political Constitution.

[10] Plurinational Constitutional Court judges are elected by universal suffrage. Article 198 of the Political Constitution.

2.8. The Autonomous Territorial Entities (ETA) comprise the following: the departmental autonomous government in the case of departments; the municipal autonomous government in the case of municipalities; the regional autonomous government in the case of regions that enjoy regional autonomy; the autonomous indigenous aboriginal government in the case of autonomous indigenous aboriginal farming communities and municipalities that enjoy indigenous aboriginal autonomy. The ETAs are independent of one another and exercise decision-making autonomy in certain matters.[12]

2.9. The Political Constitution is the supreme law of Bolivia's legal system and takes precedence over all other legislation, which applies according to the following hierarchy[13]: (1) the Political Constitution of the State[14]; (2) international treaties; (3) domestic laws, statutes of autonomous regions, organic charters and the remaining departmental, municipal and indigenous legislation; (4) decrees, regulations and other resolutions issued by the appropriate executive bodies.[15] Those empowered to initiate legislation, which the Plurinational Legislative Assembly is required to address, are: citizens, deputies, senators, the Executive, the Supreme Court of Justice and the governments of autonomous territorial entities.[16]

2.10. Bolivia's legal system is usually reformed through successive decrees without the current legal texts being necessarily consolidated and updated. Moreover, the regulation of some sectors of the economy is undermined by the superimposition of current texts, which causes fragmentation and makes it difficult to access up-to-date sectoral regulations.[17]

2.11. Table 2.1 lists some of Bolivia's main trade-related legal provisions. Table 2.5 summarizes Bolivia's legal framework for investment (section 2.4).

Table 2.1 Main trade legislation, 2017

Field	Laws and regulations
Commercial activity	Commercial Code (Decree-Law No. 14379 of 25 February 1977)
Customs	General Customs Law (Law No. 1990 of 28 July 1999) Regulations implementing the General Customs Law, (Supreme Decree No. 25870 of 11 August 2000) Andean Community (CAN) Decision 812 of 29 August 2016, adopting the Andean Community Nomenclature (NANDINA) CAN Decision 671 (Harmonization of customs procedures)
Foreign trade	Bolivian Tax Code (Law No. 2492 of 2 August 2003) Regulations implementing the Bolivian Tax Code (Supreme Decree No. 27310 of 2004) Law on development and taxation of exports (Law No. 1489 of 16 April 1993)
Competition and consumer protection	Rules on protection and promotion of free competition in the Andean Community (CAN Decision 608 of 29 March 2005) General system of competition law and consumer protection (Supreme Decree No. 29519 of 16 April 2008) General Law on the rights of users and consumers (Law No. 453 of 4 December 2013)

[11] Article 269 of the Political Constitution.

[12] In accordance with the authority and responsibilities conferred under the Political Constitution and the "Andrés Ibáñez" Framework Law on autonomy and decentralization (Law No. 301).

[13] Article 410 of the Political Constitution.

[14] The Political Constitution may be amended in its entirety by the Constituent Assembly convened by referendum, whether through a citizens' initiative with the signature of at least 20% of the electorate, by an absolute majority in the Plurinational Legislative Assembly, or by the Office of the President. Partial amendment may be effected by means of a citizens' initiative (signatures of at least 20% of the electorate) or by an amending law passed by two thirds of the Legislature. The amendments must be endorsed by a referendum called to approve them.

[15] Laws frame the principles and broad outlines of what is to be regulated. They are issued by the Legislature and subsequently sanctioned by the sitting President. Supreme decrees are issued by the President and regulate the implementation of laws. Lower down the hierarchy are ministerial resolutions, which are regulations issued by Ministries for the implementation of laws and supreme decrees.

[16] Articles 162 and 163 of the Political Constitution.

[17] The final article of enacted legal texts (such as laws and supreme decrees) usually contains a repeal provision stating that "all provisions contrary to this law [decree] are hereby annulled and repealed." If the texts are not subsequently consolidated, this practice sometimes hinders the unequivocal determination of the validity or expiry of regulations or their component parts. The official website where legal texts are published is: http://gacetaoficialdebolivia.gob.bo.

Field	Laws and regulations
Government procurement	Procedures for the procurement of goods, works and general services and consultancy services (Buy Bolivian) (Supreme Decree No. 27328 of 31 January 2004) Basic rules for the goods and services administration system (Supreme Decree No. 181 of 26 June 2009)
Public enterprises	Law on public enterprises (Law No. 466 of 26 December 2013)
Intellectual property	Common industrial property regime (CAN Decision 486) Protection of the rights of breeders of new plant varieties (CAN Decision 345) Protection of copyright and related rights (CAN Decision 351) Copyright Law (Law No. 1322 of 13 April 1992) Law on appellations of origin (Law No. 1334 of 4 May of 1992)
Free zones	Regulations implementing the special free zones regime (Supreme Decree No. 470 of 7 April 2010) Procedure governing the special free zones regime (Board of Directors Resolution No. 01-002-10 of 5 August 2010)

Source: Information provided by the Bolivian authorities.

2.2 Trade policy formulation and objectives

2.12. Since 2006 Bolivia has been implementing the "economic, social, communitarian and productive model." The main underpinnings of this new model are: natural resource-driven economic growth and development; State appropriation of the economic surplus for redistribution mainly to people with limited resources; elimination of poverty and reduction of social inequalities so as to generate greater social mobility and opportunities. The new model also advocates for a change in Bolivia's export-oriented primary production matrix, reorienting it towards production with higher value added, first to satisfy domestic consumption and then for export purposes (section 1.1.1).

2.13. Trade policy objectives are laid out mainly in the form of the 13 pillars of the Patriotic Agenda 2025 and the Economic and Social Development Plan (PDES) 2016-2020. Among the principal goals are that by 2020, Bolivia will have changed its economic structure by cementing a new production matrix with diversified economic activities based on the production and processing of hydrocarbons, energy, agriculture, mining and the development of tourism, with strong emphasis on the development of small producers and the community and cooperative social sectors.[18]

2.14. By 2020, Bolivia expects to raise the share of manufacturing in overall exports to 28%; to increase the share of organic products in total exports to 12%; and to attain the target of 800,000 tonnes for agricultural exports. The Government is accordingly seeking to take advantage of the nine regional trade agreements it has signed in order to promote Bolivian exports (section 2.3.2).[19]

2.15. By 2025 Bolivia aims to be a food producing and processing country, a producer and exporter of electricity taking full advantage of its hydroelectric potential and successfully developing high power-generation capacity projects based on renewable energy sources (such as wind, biomass, geothermal, and solar energy), a country of tourism, cottage and manufacturing industries, a producer and exporter of unique food products and other, mass consumption items with high value added, a communication and transport services hub, and a country of invaluable human resources with scientific and technological know-how that contributes to building the nation.[20] Hence, the Government is promoting import substitution with high-quality domestic products.

[18] Pillar 6 of the Patriotic Agenda 2025: "Soberanía Productiva con Diversificación y Desarrollo Integral sin la Dictadura Capitalista". Ministry of Development Planning (2016), *Plan de Desarrollo Económico y Social: En el Marco del Desarrollo Integral para Vivir Bien 2016-2020,* La Paz.

[19] Pillar 10 of the Patriotic Agenda 2025: "Integración Complementaria de los Pueblos con Soberanía". Ministry of Development Planning (2016), *Plan de Desarrollo Económico y Social: En el Marco del Desarrollo Integral para Vivir Bien 2016-2020*, La Paz.

[20] Pillar 6 of the Patriotic Agenda 2025: "Soberanía Productiva con Diversificación y Desarrollo Integral sin la Dictadura Capitalista". Ministry of Development Planning (2016), *Plan de Desarrollo Económico y Social: En el Marco del Desarrollo Integral para Vivir Bien 2016-2020*, La Paz.

2.16. The Ministry of Foreign Affairs (MRE), through its Vice-Ministry of Foreign Trade and Integration, is the main government body responsible for framing and implementing trade policy, in coordination with other Ministries and institutions. The MRE is also tasked with creating technical positions relating to foreign trade and regional integration, and takes part in the negotiation of trade agreements. Table 2.2 summarizes the main trade policy-related functions/objectives of the various Ministries, as well as the main institutions reporting to them.

Table 2.2 Institutions involved in trade policy

Ministry	Main functions/objectives	Institutions
Foreign Affairs (MRE)	• Negotiate, re-negotiate and coordinate the implementation of trade agreements, seeking better international market access conditions for Bolivian products; • Coordinate Bolivia's MERCOSUR accession process; • Promote value-added Bolivian products available for export, through the country's diplomatic missions abroad and by negotiating and signing cooperation agreements with trade promotion agencies and related international entities; • Promote and negotiate better conditions in terms of infrastructure, port concessions, and free trade zones and warehouses in order to optimize the use of bilateral regional and subregional integration agreements so as to improve overseas access and meet current foreign trade requirements.	
Economy and Public Finance (MEFP)	• Formulate macroeconomic policies under the Economic and Social Development Plan; • Formulate, schedule, implement, monitor and evaluate fiscal and financial policies; • Determine, schedule, monitor and evaluate monetary and exchange policies in coordination with the Central Bank of Bolivia; • Exercise the powers of fiscal authority and oversight of public management rules; • Prepare the draft General Budget of the Nation in coordination with public bodies and agencies, in line with the Economic and Social Development Plan; • Formulate and implement policies that ensure fiscal, financial and debt sustainability for public bodies and agencies; • Formulate policies on financial intermediation, financial instruments and services, securities and insurance; • Supervise, coordinate and harmonize the fiscal and tax regime at the various territorial levels, within the scope of its remit.	Bolivian National Customs (ANB) National Tax Service (SIN) Financial System Supervisory Authority (ASFI) Pensions and Insurance Oversight and Control Authority (APS) Administration of Port Services – Bolivia (ASP-B) Bolivian Bonded Warehouses (DAB)
Development Planning (MPD)	• Governing body of the comprehensive State planning system; • Competent body at central State level for the promotion of investment in the country; • Member of the Higher Strategic Council for Public Enterprises (COSEEP)	Economic and Social Policy Council (CONAPES)[a] National Institute of Statistics (INE)

Ministry	Main functions/objectives	Institutions
Production Development and the Plural Economy (MDPyEP)	• Plan and implement policies designed to secure access to domestic and foreign markets; • Promote government procurement from local production units (e.g. micro, small, medium-size and large enterprises; small farmers' economic organizations; organizations of small urban and/or rural producers; and community and cooperative social economic organizations), with an emphasis on domestic market supply; • Formulate and implement policies to develop value-added exportable supply, prioritizing support for micro, small and medium-size urban and rural enterprises; • Draw up public policies aimed at boosting the productivity and competitiveness of artisans, small farmers, and micro and small enterprises; • Design and implement policies for the protection of free competition; • Design, implement and execute policies on accreditation, industrial and scientific metrology, and technical standardization in the industrial sector; • Design, implement and execute policies for the application of international standards.	National Export Inspection Service (SENAVEX) Bolivian Metrology Institute (IBMETRO) National Intellectual Property Service (SENAPI) Business Control Authority (AEMP) Service for the development of public production enterprises (SEDEM) Food Production Support Enterprise (EMAPA) Seed Production Support Enterprise (EEPS) Strategic Fertilizer Production Enterprise (EEPAF)
Rural Development and Lands (MDRyT)	• Establish programmes and actions aimed at fostering the productivity and profitability of rural economic activities; • Promote the development of industrial and commercial infrastructure for agricultural and livestock production; • Monitor compliance with and application of the regulations governing animal and plant health, promote programmes and draw up official regulations on animal and plant health, issue certifications.	National Agricultural Health and Food Safety Service (SENASAG) Agricultural Insurance Institute (INSA) National Agricultural and Forestry Innovation Institute (INIAF)
Hydrocarbons	• Formulate and evaluate policies, regulations and plans for the sector, so as to guarantee efficiency, security and sovereignty in the hydrocarbons field; • Provide incentives for the industrial development of hydrocarbons; • Consolidate Bolivia's position as the region's leading natural gas exporter.	National Hydrocarbons Agency (ANH) Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) Bolivian Hydrocarbons Industrialization Enterprise (EBIH) Empresa Tarijeña del Gas (EMTAGAS)
Energy	• Formulate and evaluate policies, regulations and plans for the sector, in order to guarantee efficiency, security and sovereignty in the energy field (electricity, lithium, nuclear energy); • Consolidate Bolivia's position as the region's energy hub by exporting surplus energy.	Authority for the Supervision and Social Control of Electricity (AE) National Electricity Company (ENDE) Bolivian Nuclear Energy Agency (ABEN) Yacimientos de Litio Bolivianos (YLB) Bolivian Institute of Science and Nuclear Technology (IBTEN)

Ministry	Main functions/objectives	Institutions
Mining and Metallurgy	• Formulate, implement and evaluate policies for the development of the entire mining production chain, with a view to the industrial development of mineral resources; • Promote a better sharing of mining revenues to ensure sustainable benefits and fair distribution of surpluses; • Encourage the development of the State-run and private mining industry and cooperatives by implementing policies allowing for improvements to their technical and administrative management; • Promote modernization of the sector by adopting production processes that involve more extensive processing and higher value added, as well as appropriate marketing and technical management systems.	Bolivian Mining Corporation (COMIBOL) Mining Administration Jurisdictional Authority (AJAM) National Registration and Control Service for the Marketing of Minerals and Metals (SENARECOM)
Public Works, Services and Housing	• Promote universal access for Bolivians to high-quality, affordable telecommunications and information and communication technology services; • Ensure a universally accessible multimodal transport system.	Telecommunications and Transport Regulatory and Supervisory Authority (ATT)

a CONAPES meetings are chaired by the President of the Plurinational State of Bolivia and in his absence, by the head of the Ministry of Development Planning.
b COSEEP comprises the head of Ministry of the Presidency, who chairs the Council, and the heads of the Ministries of Development Planning and the Economy and Public Finance.

Source: Information provided by the Bolivian authorities.

2.17. To formulate foreign trade policy, the Government conducts ad hoc consultations with the private sector. Six rounds of consultation between the Government and the Confederation of Bolivian Private Entrepreneurs took place in 2006 in the framework of the Patriotic Agenda and the PDES. The topics discussed were productivity, exports, domestic private investment, FDI, red tape and tourism.

2.18. There is no non-governmental body in Bolivia that conducts official, periodic evaluations of trade policy or its impact on the economy. Instead, the authorities rely on independent short and medium-term evaluations, with the National Institute of Statistics as the primary source of data.

2.3 Trade agreements and arrangements

2.3.1 WTO

2.19. Bolivia is a founding member of the WTO[21], and this is the fourth review of its trade policy by the Trade Policy Review Body.[22] It accords at least MFN treatment to all its trading partners. Since its preceding review, Bolivia has not taken part in any dispute under the WTO dispute settlement mechanism.[23]

2.20. Bolivia has not been very active in the work of the WTO since 2006. The Bolivian authorities take the view that greater transparency is needed in WTO decision-making processes. Bolivia submitted some notifications to the WTO during the review period (Table 2.3). Yet at the end of 2016, the country had 75 outstanding notifications, mainly concerning agriculture, import licensing, SPS measures and subsidies and countervailing measures.[24] Bolivia has yet to ratify the

[21] Bolivia became a GATT Contracting Party on 8 September 1990. It ratified the Marrakesh Agreement Establishing the World Trade Organization on 5 July 1995 under Law No. 1637 and has been a WTO Member since 12 September 1995. It took part in the post-Uruguay Round negotiations on telecommunications and financial services; the commitments it undertook in both areas are attached to the Fourth and Fifth Protocols annexed to the GATS.
[22] The previous reviews were in March 1993, September 1999 and November 2005.
[23] Bolivia has had recourse to the WTO dispute settlement mechanism only once (as a third party) in a dispute over EC tariff preferences in 2004. See WTO document series: DS246.
[24] The cut-off date for outstanding agriculture notifications was 28 October 2016 (WTO document G/L/223/Rev.24 of 22 February 2017).

Trade Facilitation Agreement and the amendment to the TRIPS Agreement. The Bolivian authorities expect to do so shortly, however.

Table 2.3 Notifications submitted to the WTO, 2006-2017

Agreements and articles	Description	Frequency	WTO document (latest if periodic)
Agreement on Agriculture			
Articles 10 and 18.2 (ES:1)	Export subsidies	Annual	G/AG/N/BOL/9 of 6 February 2006
Article 18.2 (DS:1)	Domestic support	Annual (or longer for developing and least developed Members).	G/AG/N/BOL/10 of 6 February 2006
General Agreement on Trade in Services			
Article III:3	New laws, regulations or administrative guidelines	Ad hoc	S/C/N/390 of 2 March 2007
GATT 1994			
Article XXVIII:5	Modification of Schedules (reservation of the right to modify schedules for a period of three years)	On a three-year basis	G/MA/297 of 23 September 2014
Agreement on Implementation of Article VI of the GATT 1994			
Article 16.4	Anti-dumping actions (taken in the preceding six months)	Semi-annual	G/ADP/N/145 of 30 June 2006
Article 16.5	Competent national authorities and relevant procedure	As appropriate (upon entry into force of the WTO Agreement for the Member concerned)	G/ADP/N/14/Add.28 of 14 October 2009
Agreement on Import Licensing Procedures			
Article 1.4(a)	Source(s) where the import licensing procedure(s) has(ve) been published and copy(ies) of the publication	Once (ad hoc for subsequent amendments)	G/LIC/N/1/BOL/3 of 23 September 2016
			G/LIC/N/1/BOL/2 of 9 March 2016
Articles 5.1, 5.2, 5.3	Institution of import licensing procedures or subsequent changes in these procedures	Ad hoc	G/LIC/N/2/BOL/2 of 21 September 2013
			G/LIC/N/2/BOL/1 of 28 June 2016
Article 8.2(b)	Amendments to laws/regulations and administrative procedures	Once (ad hoc for subsequent amendments)	G/LIC/N/1/BOL/4 of 27 September 2016
			G/LIC/N/1/BOL/2 of 9 March 2016
Agreement on the Application of Sanitary and Phytosanitary Measures			
Article 7, Annex B	SPS regulations	Ad hoc	G/SPS/N/BOL/18 of 1 May 2006
			G/SPS/N/BOL/17 of 1 May 2006
			G/SPS/N/BOL/16 of 31 March 2006
			G/SPS/N/BOL/15 of 14 February 2006
Agreement on Technical Barriers to Trade			
Article 2.9	Technical regulations	Ad hoc	G/TBT/N/BOL/5 of 24 October 2016
			G/TBT/N/BOL/4 of 5 April 2016
			G/TBT/N/BOL/3 of 22 October 2015
			G/TBT/N/BOL/1 of 23 May 2014
Article 2.9 and 5.6	Technical regulations and conformity assessment procedures	Ad hoc	G/TBT/N/BOL/2 of 23 May 2014
Agreement on Subsidies and Countervailing Measures			
Article 25.11	Countervailing duty actions (taken in the preceding six months)	Semi-annual	G/SCM/N/144 of 30 June 2006
Article 25.12	Competent national authorities and relevant procedure	Once (ad hoc for subsequent amendments)	G/SCM/N/18/Add.28 of 14 October 2009

Source: WTO Secretariat.

2.21. Bolivia has submitted several proposals under the Doha Development Agenda (DDA), some of them jointly with other small economies and/or landlocked countries. Bolivia favours the conclusion of the DDA based on the texts arrived at in agriculture[25], NAMA[26] and services. In any case, the Bolivian authorities lean in favour of preserving the flexibilities contained in those texts for the developing countries, and do not support the inclusion of new negotiating topics (such as the facilitation of investment or e-commerce), as long as the DDA is not satisfactorily concluded.

2.22. As regards participation in the WTO plurilateral agreements, Bolivia is not a party to, or an observer in, the Agreement on Trade in Civil Aircraft or the Agreement on Government Procurement. Nor is Bolivia a signatory to the Information Technology Agreement.

2.3.2 Regional and preferential agreements

2.23. Bolivia has signed nine trade agreements with 12 countries[27]; it is a founding member of the Andean Community[28], and participates in the Latin American Integration Association (LAIA)[29], where it has signed partial-scope agreements (AAP) such as the economic complementarity agreements (ACE) listed in Table 2.4. In addition, Bolivia enjoys unilateral preferences under the Generalized System of Preferences (GSP) and is a member of the Global System of Trade Preferences among Developing Countries (GSTP).

Table 2.4 Trade agreements in force, 2017

Country/region	Entry into force	Coverage
• Andean Community (Colombia, Ecuador and Peru)	26 May 1969	Goods and services
• LAIA (Latin American Integration Association)	18 March 1981	Goods and preferential framework
• **Agreements within LAIA**		
• Cuba (AAP.ACE No. 47)	8 May 2000	Goods
• Chile (AAP.ACE No. 22)	28 February 2001	Goods
• MERCOSUR (AAP.ACE No. 36)	28 February 1997	Goods
• Mexico (AAP.ACE No. 66)	7 June 2010	Goods
• Cuba, Nicaragua and Venezuela (AAP.ACE No. 70)	11 July 2013	Goods
• Peoples' Trade Agreement on economic and productive complementarity with Venezuela	31 March 2011	Goods
• Regional Tariff Preference (with Chile)	27 April 1984	Goods
• Regional Tariff Preference (with Panama)	2 February 2012	Goods

Source: WTO Secretariat.

2.3.2.1 Andean Community

2.24. Bolivia is a signatory to the Andean Subregional Integration Agreement of 1969, known at first as the "Cartagena Agreement". This integration process or "Andean Pact", notified to the GATT in 1990 under the Enabling Clause[30], evolved into what is now the Andean Community of Nations (CAN). The Andean Council of Ministers of Foreign Affairs and the Andean Community Commission are the bodies of the Andean Integration System charged with formulating a community strategy for deepening regional integration.[31] The CAN has a free trade area for all goods produced in the region and has developed common rules governing trade relations among member countries and harmonizing domestic legislation in areas such as customs, tariff nomenclature, services, agricultural health, technical regulations, trade defence measures and intellectual property.

[25] WTO document TN/AG/W/4/Rev.4 of 6 December 2008.
[26] WTO document TN/MA/W/103/Rev.3 of 6 December 2008.
[27] They are: Argentina, Brazil, Colombia, Cuba, Chile, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela.
[28] GATT document L/6737 of 12 October 1990. In addition to Bolivia, the other CAN members are Colombia, Ecuador and Peru; Venezuela withdrew from the CAN in July on 2006.
[29] The LAIA was created through the Montevideo Treaty in 1980. Besides Bolivia, the other LAIA members are Argentina, Brazil, Colombia, Chile, Cuba, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela. GATT document L/5342 of 1 July 1982 and WTO document WT/COMTD/72 of 8 November 2010.
[30] GATT document L/6737 on 12 October 1990.
[31] Article 51 of the Cartagena Agreement.

2.25. The common external tariff is not binding on CAN member countries and its application has been suspended until the flexibility of each member country is ensured in applying common tariff levels pursuant to Decision 805 of 24 April 2015. Under this Decision, member countries may reduce or increase any tariff in keeping with their respective domestic policies, and Bolivia therefore applies its own national tariff (section 3.1.3.1).

2.26. The CAN member countries may negotiate trade agreements with third countries on a community, individual or joint basis.[32] The purpose of the trade negotiations authorized under this Decision "can be the establishment of free trade areas and may refer to topics other than the liberalization in the trade of goods".[33] Members that negotiate trade agreements individually with third countries must abide by guidelines requiring them to: "preserve the Andean legal system in relations between member countries of the Andean Community; take into account the commercial sensitivities of other Andean partners in trade liberalization offers; and maintain an adequate exchange of information and consultations in the course of the negotiations, within a framework of transparency and solidarity".[34] They must also apply the MFN principle in accordance with the law.

2.27. Under current legislation, the guiding principles of the Andean integration process are: Andean citizen participation through integration; a common external policy; trade integration and economic complementarity, promotion of sustainable production, trade and consumption; physical integration and border development; social development; environment; tourism; security; culture; cooperation; energy integration and natural resources; and the institutional development of the CAN. The main policy guidelines for the CAN are: strengthening and vitalizing the Andean integration process, promoting the "re-engineering" of the Andean Integration System; fomenting the process of convergence and dialogue between the various regional and subregional integration mechanisms, in particular MERCOSUR, the Union of South American Nations (UNASUR)[35] and the LAIA; and promoting regional energy integration.

2.3.2.2 LAIA

2.28. Bolivia is a member of the Latin American Integration Association (LAIA), created in 1980 pursuant to the Montevideo Treaty. Within the LAIA framework, Bolivia belongs to the group of countries of lesser relative economic development and is therefore given unilateral preferences by the LAIA member countries.[36] These preferences consist of the total or partial elimination of tariffs and other restrictions on certain negotiated items. In some cases, however, these preferences have been disappearing little by little as they are incorporated into trade liberalization programmes under the "new generation" agreements (for example, economic complementarity agreements (ACE)) or are amended as a result of such agreements.

2.29. Within the LAIA framework, Bolivia has also signed ACEs with Chile, Cuba, MERCOSUR and Mexico, as well as a number of agreements liberalizing trade in particular products with Cuba and the Bolivarian Republic of Venezuela.

2.30. ACE No. 22 between Bolivia and Chile was signed on 6 April 1993 and took effect on 1 July that same year. This Agreement was deepened on 15 March 2006 when Chile accorded 100% tariff preferences to Bolivia, with the exception of products subject to price bands (wheat, wheat flour and sugar) and reserving a tariff quota of 6,000 tonnes for tariff items 1701.91 and 1701.99 (sugar). In turn, Bolivia granted preferences on 4% of its tariff universe. In addition to ACE No. 22, preferential trade between Bolivia and Chile is also governed by the regional tariff preference between the two countries in the LAIA framework.[37]

[32] Article 1 of Andean Community Decision 598.
[33] Ibid., Article 6.
[34] Ibid., Article 2.
[35] UNASUR was created in 2008 to promote regional integration in the fields of energy, education, health, the environment, infrastructure, security and democracy. Besides Bolivia, the other members are: Argentina, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay and Venezuela. Panama and Mexico are observers. Online information from UNASUR. Viewed at: http://www.unasur.org.
[36] The preferences are granted under Regional Market-Opening Agreement No. 1 in favour of Bolivia.
[37] Supreme Decree No. 022 of 19 September 1998.

2.31. ACE No. 47 between Bolivia and Cuba was signed on 8 May 2000 in order to encourage the generation and growth of trade flows and to adopt and develop appropriate measures in pursuit of a greater degree of integration between the two countries. Cooperation and economic complementarity activities are being promoted to this end. On 4 February 2009, an additional protocol was signed, under which the parties accord each other tariff preferences of 100% for products that comply with the rules of origin.

2.32. ACE No. 36 signed on 17 December 1996 provides for the creation of a free trade area between Bolivia and MERCOSUR, a process that was refined in 2014. There is a trade liberalization programme in place for products originating in and coming from the territories of the contracting parties. It consists of a schedule for progressive and automatic tariff reductions with variable timeframes and percentages, and directly benefits Bolivia in the form of preferential tax treatment for its exports to Argentina, Brazil, Paraguay and Uruguay. Bolivia has already launched the process of accession to MERCOSUR but is not yet a full member.

2.33. ACE No. 66 is the mechanism that regulates the Bolivia-Mexico Free Trade Agreement, which replaces LAIA Economic Complementarity Agreement No. 31, in force for both countries since 1995. Broadly speaking, ACE No. 66 retains the tariff preferences and lists of exceptions of ACE No. 31. The free trade area was completed (97% of the tariff universe) in 2009, with some products remaining as exceptions (162 Bolivian tariff lines and 191 Mexican lines).

2.34. ACE No. 70, whose aim is to establish the economic area of the Bolivarian Alliance for the Peoples of Our America – Peoples' Trade Agreement (ALBA–TCP), was signed on 11 July 2013 by Bolivia, Cuba, Nicaragua and Venezuela.[38] According to the authorities, the Agreement seeks to bring about integration that transcends the commercial sphere and is based on communitarian principles, cooperation, solidarity, and a shared determination to move forward and promote fair and sustainable development. It calls for complementarity in the face of competition, reciprocity, life in harmony with nature rather than irrational exploitation of resources, and the defence of social ownership.

2.35. The Peoples' Trade Agreement on economic complementarity and productivity was signed on 31 March 2011 between Bolivia and Venezuela.[39] This Agreement, distinct from ACE No. 70[40], liberalizes 100% of the tariff universe for both countries, although it may be modified in some instances to protect domestic production and infant industries.

2.36. Through the Regional Tariff Preference - Protocol of Accession of the Republic of Panama to the LAIA, which took effect on 2 February 2012[41], Bolivia applies a 12% tariff reduction to imports from Panama. This concession does not extend to the products on Bolivia's list of exceptions.

2.3.3 Other agreements and arrangements

2.37. Under the Generalized System of Preferences (GSP), Bolivia benefits under the preferential access schemes of Belarus, Canada, the United States[42], Japan, the Russian Federation, Norway, New Zealand, Switzerland, Turkey and the EU.[43]

2.38. Bolivia is a member of the Global System of Trade Preferences among Developing Countries (GSTP).

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[38] There are no tariff preferences with Nicaragua.

[39] This Agreement was ratified through Law No. 167 of 19 August 2011.

[40] Pursuant to Article 6 of ACE No. 70, the current bilateral trade commitments between Bolivia and Venezuela are being fully respected.

[41] Through Supreme Decree No. 1225 of 9 May 2012.

[42] Since 15 December 2009, trade between Bolivia and the United States has been conducted under the GSP and based on MFN treatment. On that date, the United States Andean Trade Promotion and Drug Eradication Act (ATPDEA) expired for Bolivia. Effective on 31 October 2002, this law was the trade component of the fight against drug trafficking and was designed to compensate the Andean countries, through tariff preferences, for their efforts to reduce illicit drug trafficking and substitute coca leaf cultivation with other crops.

[43] Online information from UNCTAD. Viewed at: http://unctad.org/en/PublicationsLibrary/itcdtsbmisc62rev6_en.pdf.

2.4 Investment regime

2.39. Since the preceding review in 2005, the institutional and legal framework for foreign investment in Bolivia has undergone significant reforms. The powers and functions of the Ministry of Development Planning (MPD) include framing investment and financing strategies and policies for the country's development. The Directorate-General of Investment Promotion and the Plural Economy (DGPIEP) in the Vice-Ministry of Strategic State Planning is tasked with coordinating and consolidating the management of investment promotion and the productive state investment register, in coordination with other competent bodies and in keeping with the current regulations. The Vice-Ministry of Public Investment and External Financing in the MPD is also involved in investment policy, while the Central Bank of Bolivia (BCB) is responsible for the foreign investment register and external financial transactions.

2.40. Bolivia's investment regime is basically governed by the 2009 Political Constitution of the State; Supreme Decree No. 29894 of 7 February 2009 (as amended by Supreme Decree No. 429 of 10 February 2010 and Supreme Decree No. 2645 of 6 January 2016); Law No. 516 on investment promotion of 4 April 2014; and Law No. 708 on conciliation and arbitration of 25 June 2015. Table 2.5 sums up the key provisions of that legal framework, including some of the main associated regulations. Bolivia also accords incentives through other investment-related regulations (section 3.3.1.1).

Table 2.5 Legislation governing the foreign investment regime

Legal framework	Description
Political Constitution of the State	The State recognizes, respects and protects private initiative that contributes to the country's economic and social development and the strengthening of its economic independence (Article 308, para. I). Features of the plural economy include the following: the State assumes full direction of economic development and related planning processes; respect for entrepreneurship and legal certainty (Article 311, paras II(1) and II(5).
Supreme Decree No. 29894 of 7 February 2009 (as amended by Supreme Decree No. 0429 of 10 February 2010 and Supreme Decree No. 2645 of 6 January 2016)	The Vice-Minister for Strategic State Planning is responsible for designing and formulating policies for the development of the communitarian economy, as well as policies for decolonization and reinforcement of "Living Well". Supreme Decree No. 2645 establishes the Directorate-General of Investment Promotion and the Plural Economy (DGPIEP) in the Vice-Ministry of Strategic State Planning. It also incorporates subparagraph (q) in Article 46 of Supreme Decree No. 29894: "coordinate and consolidate the management of investment promotion in Bolivia, in coordination with the competent bodies and in keeping with the current regulations".
Law No. 516 on investment promotion of 4 April 2014	Establishes the general legal and institutional framework for investment promotion in Bolivia in order to further the country's growth and economic and social development towards "Living Well". The Ministry of Development Planning is the competent body at central State level for the promotion of investment (Article 24).
Law No. 708 on conciliation and arbitration of 25 June 2015	Regulates conciliation and arbitration as alternative means for the settlement of disputes arising from contractual or extra-contractual relations. Chapter II lays down the procedure governing investment-related disputes with the State.
Related legislation:	
Commercial Code (Decree-Law No. 14379 of 25 February 1977)	Regulates legal relations arising from commercial activity.
Hydrocarbons Law (No. 3058 of 18 May 2005)	Regulates activities relating to hydrocarbons and lays down the principles, rules and basic procedures governing the hydrocarbons sector nationwide. Aims to safeguard and promote existing and planned investments in Bolivia to advance industrialization in all petroleum-related activities and in any authorized form of economic or contractual organization.
General Law on tourism *Bolivia Te Espera* (Bolivia Awaits You) (No. 292 of 25 September 2012)	Establishes Bolivia's general tourism policies and regime. Allows private investment initiative.
Law on public enterprises (No. 466 of 23 December 2013)	Establishes the regime governing public enterprises at central State level. The Law is designed to meet the need for regulation of investment in the country. It also regulates public investment and public-private partnerships (domestic or foreign).

Legal framework	Description
Law on mining and metallurgy (No. 535 of 28 June 2014)	Regulates mining and metalworking activities by laying down principles, guidelines and procedures for the granting, maintenance and extinction of mining rights, and the development and continuity of mining and metalworking activities. Specifies that investment promotion is a function and duty of the State.
Law on the promotion of investment in hydrocarbon exploration and exploitation (No. 767 of 11 December 2015)	Incentives to promote investment in hydrocarbon exploration and exploitation, in addition to funding and financing for both types of activity.

Source: Information provided by the Bolivian authorities.

2.41. Under the new Constitution, "[t]he State recognizes, respects and protects private initiative that contributes to the country's economic and social development and the strengthening of its economic independence. Free enterprise and full exercise of business activities, which shall be regulated by law, are guaranteed".[44] Moreover, "[e]veryone has the right to private, individual or collective property, provided that it serves a social function. Private property is guaranteed as long as the use made of it is not detrimental to the collective interest. The right to inheritance is guaranteed".[45]

2.42. Under Law No. 516, the State promotes investment to boost production sectors in areas of non-traditional economic activity that are conducive to changing the commodity export model and driving large-scale industrialization processes. Legal relations between the State and Bolivian and foreign investors as well as legal relations between investors operating in forms of economic organization recognized under the Political Constitution must be underpinned by legal certainty. All forms of economic organization (whether community-driven, State, private or cooperative social) enjoy equality before the law.[46]

2.43. At the same time, the Political Constitution empowers the State: to exercise the right and duty to spearhead the process of economic and social planning; to manage and control strategic sectors of the economy (hydrocarbons, mining/metalworking, electricity and environmental resources), as surplus-generating sectors of which the State has resumed control and management[47]; to regulate the processes of production, distribution, marketing and consumption of goods and services; to play a direct role in the economy by producing economic and social goods and services in order to promote economic and social equity, and further development; to promote food sovereignty for the population; and to control production and commercial activities on the grounds of public utility.[48] Assets that do not fulfil their social function, the characteristics of which may be determined by the State, will be subject to expropriation and reversion.[49]

2.44. Private investors may engage in economic activities in strategic sectors subject to the rights accorded by the State for the purpose under Bolivia's economic and social development regulations and policies.[50] Any investment intended for the development of production chains involving strategic natural resources and economic activities conducive to changes in the production matrix pursuant to the country's economic and social development plan will be accorded preferential investment status.[51]

2.45. The Political Constitution does not permit private foreign ownership of Bolivian land situated within a swathe of 50 kilometres from the border, except in cases of national necessity.[52] Nor does

[44] Article 308 of the Political Constitution.
[45] Ibid., Article 56.
[46] Ibid., Article 311.
[47] Bolivia's new economic model identifies two major sectors: the strategic sector that generates surpluses and the sector that generates income and employment (agricultural, industrial manufacturing, tourism and housing).
[48] Articles 309 and 316 of the Political Constitution.
[49] Ibid., Article 57.
[50] Investment Law (2014), Article 6, para. III.
[51] Ibid., Article 22, para. I.
[52] Article 262 of the Constitution. No foreign person, individual or company, may acquire property in this zone, whether directly or indirectly, or possess any property right in the waters, soil or subsoil; except in the case of state necessity declared by express law approved by two thirds of the Plurinational Legislative

the Political Constitution allow foreign investment in the realm of national security. The Government manages natural resources.[53] The Political Constitution entrusts the responsibility of conducting activities in the hydrocarbon production chain and the marketing of hydrocarbons to the State enterprise Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), which is empowered to sign service contracts with Bolivian or foreign public, mixed or private enterprises for the performance against payment of particular activities in the chain.[54] Natural or legal persons that sign contracts with the State relating to natural resources are required to plough back their profits into the same activity.[55]

2.46. No radio broadcasting licenses will be issued to foreign persons or entities.[56] In the case of radio broadcasting companies, the share of foreign investment may not surpass 25% of the overall investment, except in cases approved by the State or under international treaties. Except for the radio broadcasting sector, there is no requirement for Bolivian citizens to hold stakes in enterprises in other fields of economic activity or for foreign capital to diminish over time.

2.47. The creation and strengthening of public enterprises is the driver of Bolivia's new economic model. Strategic or social-interest public enterprises may include: (a) State enterprises, 100% central State ownership; (b) mixed State enterprises, between 70% and 100% central State ownership, with capital of private domestic origin and/or from foreign public or private enterprises (ETAs may also participate as partners); (c) mixed enterprises, between 51% and 70% central State ownership, with capital of private domestic origin and/or from foreign public or private enterprises (ETAs may also participate as partners); and (d) intergovernmental State enterprises, with central State capital ranging from 51% to less than 100%, and capital from ETAs.

2.48. The Higher Strategic Council for Public Enterprises (COSEEP) comprises the head of the Ministry of the Presidency, who chairs the Council, and the heads of the Ministries of Development Planning and the Economy and Public Finance. The COSEEP is the highest authority for setting policies, strategies and general guidelines for the management of public enterprises.[57] It also contributes to the management of public enterprises by consolidating their strategic and economic goals, in line with Bolivia's constitutional provisions and general policies.

2.49. The Technical Bureau for the Strengthening of Public Enterprises (OFEP) is the operational arm of COSEEP[58] and a decentralized entity supervised by the Ministry of the Presidency. Its powers and functions include evaluating the situation of enterprises and devising and implementing a system for the monitoring of the strategic corporate, business and annual operational plans of State enterprises, mixed State enterprises and intergovernmental State enterprises, based on indicators and goals laid out in the plans.

2.50. There are currently 62 public enterprises at central State level, including the State oil and gas company Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), the National Electricity Company (ENDE), the National Telecommunications Company (ENTEL), the national airline Boliviana de Aviación (BOA), the Bolivian Mining Corporation (COMIBOL), and the new lithium-mining enterprise Yacimientos de Litio Bolivianos (YLB)[59] (section 3.3.5). In 2013 there were 23 public

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Assembly. The property or possession affected in the event of non-compliance with this prohibition shall pass to the benefit of the State without indemnification.

[53] Minerals in all their states, hydrocarbons, water, air, soil and the subsoil, forests, biodiversity, the electromagnetic spectrum and all elements and physical forces that can be harnessed, are deemed to be natural resources. Natural resources are of strategic importance and public interest for the development of the country (Article 348 of the Political Constitution). Natural resources are the property and the direct, indivisible and imprescriptible possession of the Bolivian people, and it shall be for the State to administer them in the collective interest (Article 349 of the Political Constitution).

[54] Article 361 of the Political Constitution. The YPFB is a self-governing, inalienable enterprise of public law, with administrative, technical and financial autonomy, operating under the State hydrocarbons policy. The YPFB, which is attached to the Hydrocarbons Ministry and serves as the operational arm of the State, has sole authority to engage in activities throughout the hydrocarbon production chain and in the marketing of hydrocarbons.

[55] Article 351 of the Political Constitution.

[56] Article 28 of General Law on telecommunications and information and communication technologies No. 164.

[57] The COSEEP was created with the enactment of Law No. 466 of 26 December 2013 (Law on public enterprises).

[58] OFEP.

[59] Law No. 928 of 27 April 2017.

enterprises, with 97% of profits coming from the YPFB.[60] Some State enterprises have been closed down for lack of profitability, such as the National Textile Company (Empresa Nacional Textil), the Army Construction Company (Empresa de Construcciones del Ejército), the Bolivian Shipping Company (Empresa Naviera Boliviana), and the National Automotive Company (Empresa Nacional Automotriz).

2.51. Law No. 516 on investment promotion provides for generally applicable incentives (which are of a temporary nature, are approved by means of a specific provision and may not favour one investor or group of investors over others in the same sector) and specific incentives (which are approved by means of a specific provision and are geared towards investment projects deemed to have preferential status).[61] The investment timeframes run from one to 20 years depending on the economic activity and investment recovery time.

2.52. Foreign investment is subject to Bolivian jurisdiction, laws and authorities. The Political Constitution and Law No. 708 on conciliation and arbitration provide that Bolivian or foreign investors should submit their disputes with the State to national arbitration. Therefore, any investor-State dispute must be resolved on Bolivian territory.[62] This heightens the risk to foreign investors as they may no longer turn to international arbitration tribunals in the event of disputes. When such disputes are "private" in nature, the prevailing principle must be that of autonomy of the parties, pursuant to Law No. 708.

2.53. Law No. 708 aims to enhance legal certainty for investors. Administrative contracts, among others, may not be subject to conciliation or arbitration.[63] Conciliation may be used to settle disputes deriving from contractual or extra-contractual legal relations that can be resolved through the free disposal of rights and are not in breach of public order and the Political Constitution.[64]

2.54. Arbitration is used in respect of matters that are not ruled out by the Constitution and Law No. 708; it takes place before a sole arbitrator or an arbitration tribunal, and may be institutional or ad hoc arbitration. The decisions and arbitral award must be reasoned and signed by the arbitrators even if there is disagreement. The arbitration must take place in Bolivia in accordance with domestic regulations, unless the parties agree that the arbitration should take place elsewhere, in which case it is deemed to be an international arbitration subject to the rules agreed among the parties, provided that they do not infringe Bolivia's Political Constitution and legal framework.[65]

2.55. Since 2006, 12 enterprises deemed strategic by the Government have been nationalized (Table 2.6). According to the Bolivian authorities, the foreign enterprises directly affected by the policy of nationalization and recovery of natural resources received fair, expeditious and adequate indemnification from Bolivia.

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[60] Online information from EJU news. Viewed at: http://eju.tv/2015/04/en -bolivia-hay-63-empresas-estatales-gobierno-advierte-con-cerrar-las-que-no-dan-ingresos.

[61] The areas of investment with preferential status are activities relating to hydrocarbons, mining, energy and transport, which contribute to higher value added; non-traditional production that generates value added, with potential for innovation and capacity building; and lines of production that promote poles of development in fields of interest to the State and reduce inequalities.

[62] Article 320 of the Political Constitution.

[63] Article 4 of the Law No. 708.

[64] Conciliation must take place in the place agreed on by the parties, or, failing agreement, in the following order: in the place where the obligation should be performed, at the place of domicile of the applicant or in the place of residence of the respondent. The record of the conciliation is binding once signed, and is enforceable immediately.

[65] The parties may freely determine an odd number of arbitrators. If no agreement is reached, there will be three arbitrators, who will be named by the appointing authority agreed on by the parties or designated by the Conciliation and Arbitration Centre. If there is no agreement, and for ad hoc arbitrations, the appointing authority will be the competent judge.

Table 2.6 Nationalized enterprises, 2006-2017

Nationalized enterprise	Foreign enterprise	Sector	Supreme Decree on nationalization	Supreme Decree on indemnification
Transporte de Hidrocarburos (Transredes)	AEI Luxembourg Holdings (through TR Holdings Ltd.)	Hydrocarbons	SD No. 29541, 1 May 2008	SD No. 29726, 1 October 2008
Transredes	Shell Gas (Latin America) BV	Hydrocarbons	D.S. 29541, 1 May 2008	SD No. 29706, 16 September 2008
C.L.H.B.	Oiltanking Investments Bolivia Graña y Montero S.A. GMP S.A.	Hydrocarbons	SD No. 28701, 1 May 2006	SD No. 29542, 1 May 2008
ENTEL	ETI Eurotelecom International NV (subsidiary of Telecom Italia)	Telecommunications	SD No. 29544, 1 May 2008	SD No. 692, 3 November 2010
Corani	Inversiones Econergy Bolivia S.A. (subsidiary of GDF Suez S.A.)	Electricity	SD No. 493, 1 May 2010	SD No. 995, 28 September 2011
Corani	Carlson Dividend Facility S.A.	Electricity	SD No. 493, 1May 2010	SD No. 995, 28 September 2011
Valle Hermoso	The Bolivian Generating Group L.L.C.	Electricity	SD No. 493, 1 May 2010	SD No. 731, 8 December 2010
E.G.S.A.	Rurelec Plc.	Electricity	SD No. 493, 1 May 2010	SD No. 2006, 21 May 2014
T.D.E.	Red Eléctrica Internacional, S.A.U.	Electricity	SD No. 1214, 1 May 2012	SD No. 2156, 21 October 2014
Chaco	Pan American Energy LLC	Energy	SD No. 28701, 1 May 2006	SD No. 2220, 17 December 2014
IBERBOLIVIA DE INVERSIONES	IBERDROLA S.A and IBERDROLA ENERGIA S.A.U.	Energy	SD No. 1448, 29 December 2012	SD No. 2592, 11 November 2015
IBERBOLIVIA DE INVERSIONES	PAZ HOLDINGS Ltd.	Energy	SD No. 1448, 29 December 2012	SD No. 2594, 11 November 2015

Source: Information provided by the Bolivian authorities.

2.56. Since 2006, Bolivia has had to deal with 13 cases of arbitration in relation to nationalization and reversion of enterprises and areas to the State; eight of them were settled by agreement among the parties without any need for a ruling, two cases were decided in favour of the foreign investor, and the following three are still pending[66]: South American Silver (Bermuda), in connection with the withdrawal of ten mining concessions from its subsidiary Malku Khota under Supreme Decree No. 1308 of 2012[67]; Abertis Infraestructuras (Spain), in connection with the nationalization of Servicios de Aeropuertos Bolivianos S.A. (SABSA) under Supreme Decree No. 1494 of 18 February 2013; and Glencore (United Kingdom), in connection with reversion to the State of the Vinto-Estaño metalworking plant under Supreme Decree No. 29026 of 2007 and the Vinto Antimonio plant under Supreme Decree No. 499 of 2010, and control over the Centro Minero Coloquirí under Supreme Decree No. 1264 of 2012.[68]

2.57. According to the Bolivian authorities, Bolivia has settled most of its disputes through amicable negotiation, with just one award having been made on 31 January 2014 in connection with the nationalization of Empresa Guaracachi S.A. (E.G.S.A.), which the Bolivian State completed within a period of four months. Moreover, the dispute "Quibórax S.A. and Non-Metallic Minerals S.A. v. the Plurinational State of Bolivia" began in 2004 and therefore predates the current

[66] Online information from UNCTAD. Viewed at: http://investmentpoliczhub.unctad.org/ISDS/CountryCases/24?partyRole=2.

[67] According to the Bolivian authorities, this dispute is not related to the current nationalization policy or to any form of reversion of foreign enterprises to the State. They take the view that this case resulted from the reversion to original State ownership of the special transitional mining authorizations, as a result of labour disputes that posed a mortal danger to the local population and company personnel during the socialization of the mining projects. This required the intervention of the Government and the adoption of Supreme Decree No. 1308.

[68] Glencore served notice of arbitration on 19 July 2016 and the State Prosecutor's Office has been providing legal defence since then.

nationalization process.[69] The Bolivian State is currently involved in talks and negotiations with Abertis Infraestructuras S.A. (Spain) and is cooperating with COMIBOL in the negotiations with Jindal Steel (India).

2.58. In October 2007 Bolivia withdrew from the World Bank's International Center for Settlement of Investment Disputes (ICSID). Bolivia is a member of the Multilateral Investment Guarantee Agency (MIGA).

2.59. Bolivia has denounced 22 bilateral reciprocal investment promotion and protection agreements (APPRI) that were deemed contrary to its Political Constitution (Table 2.7).[70] Foreign investors in Bolivia continue to be protected under the APPRIs for ten years after the termination of each agreement.

2.60. Bolivia has the following agreements for the avoidance of double taxation: Argentina (Law No. 21780 of 30 October 1976); France (Law No. 1655 of 31 July 1995); Germany (Law No. 1462 of 18 February 1993); Spain (Law No. 1816 of 16 December 1997); Sweden (Law No. 1645 of 13 July 1995); the United Kingdom of Great Britain and Northern Ireland (Law No. 1643 11 July 1995); as well as Decisions 40 and 578 as regards the CAN countries. The Bolivian authorities are also assessing the possibility of negotiating similar agreements with Azerbaijan, the Republic of Korea, Iran, the Former Yugoslav Republic of Macedonia, Portugal, and Viet Nam.

2.61. Bolivia undertook investment-related commitments under the General Agreement on Trade in Services (GATS). Moreover, Bolivia has some preferential agreements containing investment clauses. As regards the CAN, Decisions 291 and 292 lay down the legal parameters for foreign investment in Bolivia. The ACE with MERCOSUR does not contain any specific clauses on investment between MERCOSUR and Bolivia but does state that the signatories will consider the possibility of concluding agreements in order to avoid double taxation and to encourage and protect reciprocal investment.

2.62. As regards the overall business environment, the latest edition of the World Bank's *Doing Business* report, which classifies countries according to the ease of doing business and promoting private investment, ranks Bolivia 149th among 190 countries (131st in 2007 and 157th in 2015). According to the report, Bolivia has taken steps to facilitate business, for example, by gradually shortening the time it takes to register new enterprises. However, both domestic and foreign investors face problems such as relatively high taxes and complex formalities for obtaining construction permits and registering property.[71] Despite Bolivia's efforts in recent years to combat corruption, this still represents a challenge according to international observers.[72] The Bolivian Government has adopted measures to address this challenge. In 2006 the Vice-Ministry of Transparency and the Fight against Corruption was created within the Ministry of Justice.[73] The Ministry of Transparency and the Fight against Corruption was set up in 2009[74] and merged with the Ministry of Justice in 2017.[75] Bolivia ratified the United Nations Convention against Corruption in December 2005, is party to the OAS Inter-American Convention against Corruption and has an Ombudsman appointed by the Congress.[76]

[69] Supreme Decree No. 27589 of 23 June 2004 cancelled the mining concessions held by Non-Metallic Minerals S.A., a Bolivian company in which Quiborax was believed to hold a stake.

[70] Under the ninth transitional provision of the Political Constitution, the State must terminate or renegotiate international agreements/treaties that are contrary to the Constitution. The APPRI with Peru continues in force until February 2018.

[71] Online information from the World Bank. Viewed at: http://www.doingbusiness/data/exploreeconomies/bolivia.

[72] World Economic Forum (2016), *The Global Competitiveness Report 2016-2017*. Viewed at: http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf.

[73] Supreme Decree No. 28613 of 30 January 2006.

[74] Supreme Decree No. 29894 of 7 February 2009.

[75] Supreme Decree No. 3058 of 22 January 2017.

[76] Articles 218-219 and 222-224 of the Political Constitution and Law No. 1818 of 1997.

Table 2.7 APPRIs terminated, 2006-2017

	Date of signature	Date of the termination	Responsible body
Germany	23 March 1997	13 May 2013	DGAJ
Argentina	17 March 1994	13 May 2013	DGAJ
Austria	4 April 1997	30 June 2012	DGAJ
Belgium-Luxembourg	25 April 1995	14 May 2013	DGAJ
Chile	22 September 1994	7 May 2013	DGAJ
China	8 May 1992	13 May 2013	DGAJ
Cuba	6 May 1995	9 July2008	VCEI
Denmark	12 March 1995	13 May 2013	DGAJ
Ecuador	25 May 1995	7 May 2013	DGAJ
Spain	29 April 2001	4 January 2012	DGAJ
United States	17 April 1998	7 June 2012	DGAJ
France	25 December 1989	13 May 2013	DGAJ
Italy	30 April 1990	22 February 2011	DGAJ
Mexico[a]	10 September 1994	7 June 2010	DGAJ
Netherlands	10 March 1992	1 November 2009	VCEI
Peru[b]	24 May 1993	7 May 2013	DGAJ
United Kingdom	24 May 1988	13 May 2013	DGAJ
Republic of Korea	1 April 1996	11 January 2007	VRECE
Romania	9 December 1995	14 May 2013	DGAJ
Sweden	20 September 1990	3 July 2012	DGAJ
Switzerland	6 November 1987	27 December 2006	VRECE

a This refers to the free trade agreement.
b Remains in force until 19 February 2018 so that a new APPRI can be negotiated during that time.

Note: DGAJ: Directorate-General of Legal Affairs. VRECE: Vice-Ministry of Economic Relations and Foreign Trade. VCEI: Vice-Ministry of Foreign Trade and Integration.

Source: Information provided by the Bolivian authorities.

2.63. Business activity in Bolivia is governed by the Commercial Code, which has been in force since 1 January 1978.[77] The contract for the incorporation or modification of a company must take the form of a public instrument, except in the case of temporary partnerships or joint venture partnerships, where the instrument may be private. Equity capital must be set precisely, but may increase or decrease in accordance with the provisions of the articles of association or statutes, except where there are statutory minimum capital requirements for certain business activities. The most common types of company used by national and/or foreign investors are: sole proprietorships, limited liability companies, joint stock companies, companies incorporated abroad, general partnerships, mixed joint stock companies and limited partnerships.

2.64. According to the Bolivian authorities, company registration formalities take an average of 24 hours in Bolivia. Depending on the type of company, the requisite documents may be: sworn declaration forms; opening balance sheets; copies of public deeds of incorporation and of the power of attorney of the legal representative; proof of the opening of a bank account; certification of a background check with the Special Anti-Drug Trafficking Unit (FELCC) and Interpol, showing that the signatory has no criminal record; permit issued by the Directorate-General of Migration to reside or remain on Bolivian territory; enrolment in the National Tax Register to obtain the tax identification number (NIT); registration with the BCB for foreign investment purposes; evidence of enrolment in the Trade Register operated by FUNDEMPRESA.[78]

2.65. The Law on administrative streamlining and the creation and operation of economic units introduced Yuriña, a virtual digital information system that interconnects users and stores, centralizes, digitizes and manages certifications and requirements for the establishment and operation of economic units.[79] Yuriña is also a medium for electronic publication of the commercial documentation prescribed under the Commercial Code. Once fully implemented, Yuriña will be the only means of verifying information recorded in the system, in addition to the online Official Journal.

[77] Decree-Law No. 14379 of 25 February 1977.
[78] FUNDEMPRESA is a non-profit foundation that operates the Trade Register nationwide under a concession contract signed with the Bolivian State. The Trade Register is administered by the Ministry of Production Development and the Plural Economy (MDPyEP). The Business Control Authority (AEMP) regulates, controls and supervises persons, entities, enterprises and activities falling under its jurisdiction in matters pertaining to the Trade Register.
[79] Law No. 779 of 21 January 2016.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Customs procedures and requirements, and customs valuation

3.1. Customs procedures in the Plurinational State of Bolivia are governed by the General Customs Law and its implementing Regulations[1], and by the Bolivian Tax Code, which regulates both national and import taxes.[2]

3.2. The Bolivian National Customs (ANB) is the authority responsible, *inter alia*, for facilitating and controlling the entry and exit of goods to and from Bolivian territory, and for collecting customs taxes.

3.3. Bolivia has three types of customs procedure for imports: importation for consumption; admission of goods with exemption from taxes; and re-import in the same state. There are also six types of special customs procedure for imports: customs transit, transhipment, customs warehousing, temporary admission for re-export in the same state, temporary admission for inward processing (RITEX), and the duty-free goods procedure, as well as several special or exceptional customs destinations and one special regime, that of free zones (Table A3.1).[3]

3.4. Legal persons of a public or private nature, including sole proprietorship businesses, wishing to import goods must first register in the ANB's Importers' Register, and with the National Tax Service. Registration is initially via the Internet, but subsequently the owner or legal representative must go to the ANB offices in person. Both regular and occasional importers must be registered. Regular importers are persons or businesses whose imports exceed Bs 37,000 (around US$5,400).

3.5. The declarant, whether the importer or a customs clearing agent, or in the case of imports for the public sector, the official customs agent, draws up the single import declaration (DUI) electronically. The DUI must include documents such as the value note, the vehicle registration form (FRV), the machinery registration form (FRM) and the trailers and semi-trailers registration form (FRRS), among other documents, and must be accompanied by the following: (a) original copy of the commercial invoice or equivalent document, as applicable; (b) transport documents (the original or a copy of the air waybill, consignment note, shipping bill of lading or bill of lading); (c) original record of delivery; (d) original packing list for a variety of goods; and also, where applicable, (e) sworn declaration of the customs value by the importer; (f) copy of the insurance policy; (g) original document showing port charges; (h) copy of the invoice for transport costs issued by the carrier indicated on the international cargo manifest; (i) original certificate of origin for the goods; and (j) original copies of prior certificates or authorizations.[4] If the goods may present a risk for public health or national security, certificates allowing the identification, analysis and control of the goods must be attached as well.

3.6. The DUI has to be submitted before the goods reach Bolivian customs territory. It may only be rejected if it contains errors; for example, if it is submitted to a customs post other than the one indicated on the DUI, the name of the consignee differs from that on the supporting documents or the DUI indicates more than one consignee.[5] To avoid errors when drawing up the DUI, therefore, the declarant or an insurance company may request the Customs to authorize pre-clearance inspection before the DUI is submitted. If there are sufficient elements to raise doubts concerning the true origin, state, quantity, quality or value of the goods, the Customs will require prior inspection of the goods. If there are discrepancies between the goods undergoing prior inspection and the related customs documents, the declarant must submit a declaration for the goods noting the discrepancies so that the corresponding customs duties can be paid. If the discrepancies increase the tax base, they must be indicated on the goods declaration so that

[1] General Customs Law, Law No. 1990 of 28 July 1999 (updated on 31 December 2015) and Regulations implementing the General Customs Law, Supreme Decree No. 25870 of 11 August 2000 (updated on 31 December 2015).

[2] Bolivian Tax Code, Law No. 2492 of 2 August 2003 (updated on 1 July 2016).

[3] Title Four of the General Customs Law (Articles 90-135).

[4] Article 111 of the Regulations implementing the General Customs Law.

[5] Ibid., Article 112.

customs duties can be paid. On the other hand, if the discrepancies lower the value, the customs duties are paid on the tax base established as a result of prior inspection of the goods.

3.7. Once the DUI has been accepted, the importer has three working days in which to pay customs duties. Payment must be made in Bolivian currency at financial institutions authorized by the ANB; currently, Banco Unión is the authorized institution.

3.8. Customs control takes place through one of three channels (green, yellow or red), selected for reasons of risk or randomly, although only a maximum of 20% of the import declarations accepted over one month may be selected for the red channel. Goods going through the green channel are cleared immediately. Those directed to the yellow channel necessitate verification of the documents and in general are cleared within 24 hours. For those going through the red channel, which involves verification of the documents and/or physical inspection, clearance takes a maximum of 48 hours (Chart 3.1). Goods can be cleared in advance, before they enter national territory, and then be regularized 20 days later after all the goods have entered Bolivia.[6] Moreover, the clearance of some easily recognizable products in large quantities may take place outside the customs area.

3.9. The guidelines for the Strategic Plan 2011-2015 include the implementation of an authorized economic operator (AEO) programme, whose goal is to reinforce relations between the Customs and the private sector so as to facilitate foreign trade. In 2012, this commitment was incorporated into domestic legislation[7], and in 2015 the programme started to be implemented when the ANB determined the regulations for AEOs and issued the certification handbook showing the requirements for participating in the programme. Consequently, importers, customs clearance agencies and/or international carriers with AEO certification have the advantage of simplified customs procedures, for example, the possibility of deciding on the place where customs checks are to be conducted and streamlined verification of documents and/or physical inspection when being allocated to the red or yellow channel.[8] AEOs also have the benefit of a lower level of risk for their foreign trade transactions and priority for the number of valuations, whether physical or documentary. At present (June 2017), four importers and five customs clearing agencies have received AEO certification.

3.10. By July 2017, Bolivia had not yet ratified the WTO Agreement on Trade Facilitation, but in addition to the AEO programme to facilitate trade, it was in the process of setting up a single window.

3.11. The General Customs Law provides that the customs value of imported goods is to be determined in accordance with the WTO Customs Valuation Agreement, as provided in Decision 571 of the Andean Community (CAN) and the Community Regulations, as well as domestic legislation.[9] Reference prices are used as an indication to control the declared value of imported goods if there is any reasonable doubt. They are, however, used as the basis for calculating value when the valuation methods provided in the WTO Customs Valuation Agreement cannot be used. Currently, new or used vehicles are valued according to "procedures for special cases of customs valuation", which takes as a basis the f.o.b. value of the corresponding new vehicle, to which a depreciation ratio is applied.[10]

[6] Article 128 of the Regulations implementing the General Customs Law, Supreme Decree No. 25870 of 11 August 2000.

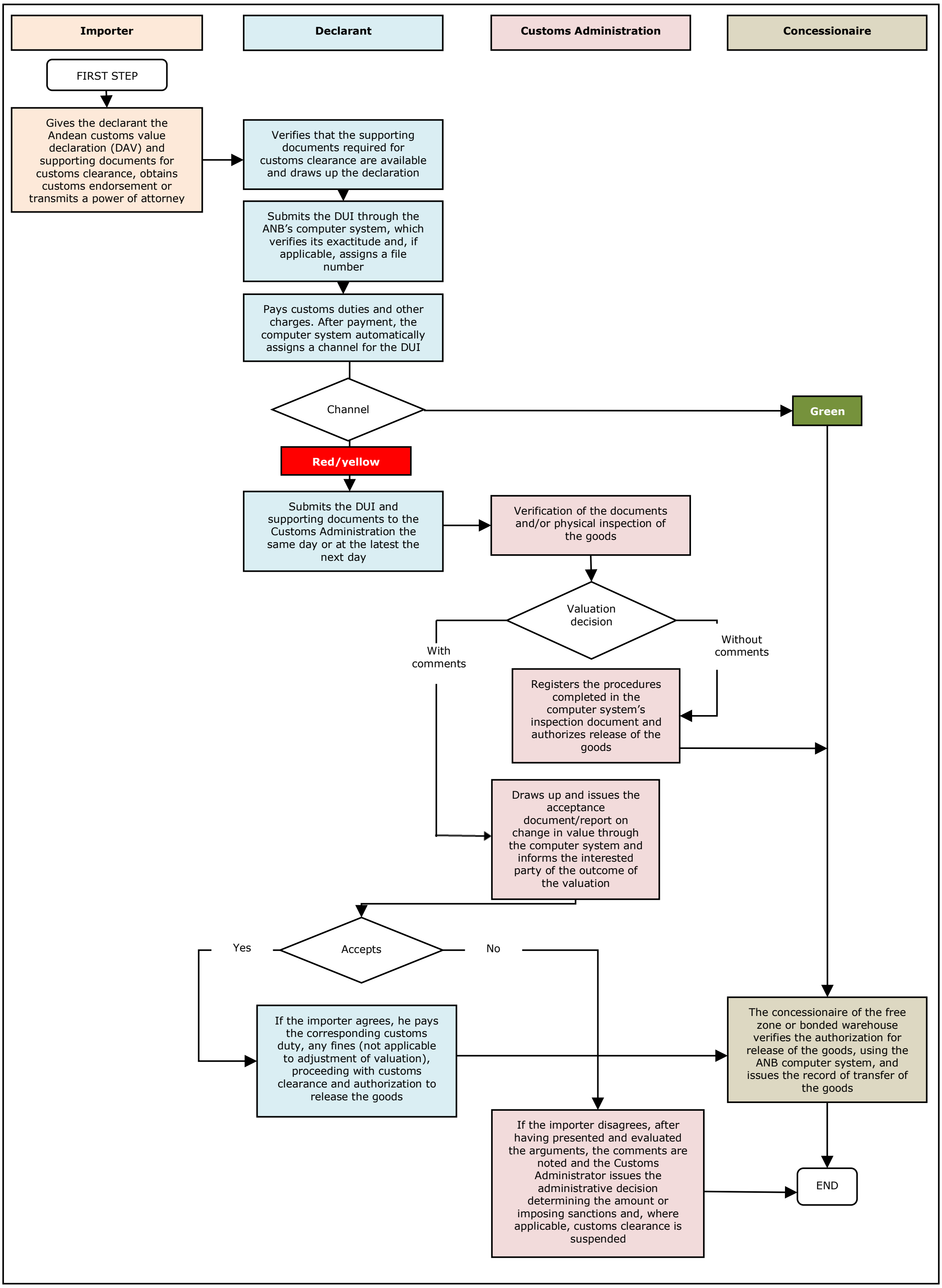
[7] Supreme Decree No. 1443 of 19 December 2012.

[8] Regulations governing the authorized economic operator programme (Administrative Resolution No. RA PE-01-005-15 of 20 March 2015).

[9] Article 143 of Law No. 1990, General Customs Law of 28 July 1999. Article 250 of the Regulations implementing the General Customs Law, Supreme Decree No. 25870 of 11 August 2000 (last updated in 2015).

[10] Regulations implementing Law No. 3467 on the import of motor vehicles, Supreme Decree No. 28963 of 6 December 2006.

Chart 3.1 Importation for consumption: procedures



Source: Importation for consumption: procedures. Viewed at: http://www.aduana.gob.bo/aduana7/sites/default/files/kcfinder/files/proyectosprocedimientos/ImpConsumo%20120813.pdf.

3.12. If there are differences with the Customs concerning customs valuation (including the classification or value of the product or its origin) or other import requirements, an appeal may be made to the Customs Administration concerned. After the Customs Administration has resolved the dispute by means of a decision determining the value and/or imposing sanctions, the decision may in turn be appealed before the regional tax supervisory authorities. Once administrative channels have been exhausted, a legal challenge to the decision taken at the administrative level may be filed with the Supreme Court of Justice.

3.1.2 Rules of origin

3.13. Bolivia employs both preferential and non-preferential rules of origin. Non-preferential rules are used to determine the origin of imports subject to safeguard, anti-dumping or countervailing measures, tariff quotas or any other measure for which it is necessary to know the "country of origin" of a good. These rules have been notified to the WTO.[11]

3.14. In the case of preferential trade, specific rules of origin are defined in the context of the Cartagena Agreement and the Economic Complementarity Agreement (ACE) with MERCOSUR. General preferential rules of origin, determined within the Latin American Integration Association (LAIA), apply to all the other agreements signed by Bolivia in the LAIA framework. According to the LAIA's general rules of origin, origin is conferred on products made in the territory of one of the signatories using exclusively materials from the other signatories, or if there is a change in tariff classification, or if the c.i.f. value of the inputs from third countries does not exceed 50% of the export value (f.o.b.) of the finished product. The percentage is 60% for Bolivia as a country with a relatively lower level of development. For assembly operations, the c.i.f. value of inputs from third countries may not exceed 50% of the export value (f.o.b.) of the end product.

3.15. In the case of the CAN, trade is governed by the rules of origin in Community Decisions 416 and 417 of July 1997. Andean origin is conferred on products which incorporate non-Andean raw materials if they are the subject of a change in tariff classification. Alternatively, the value added criterion may be used, according to which the c.i.f. value of non-originating materials must not exceed 60% of the f.o.b. value of the end product in the case of exports from Bolivia or Ecuador, and 50% for those from other members. The value added criterion also applies to goods that are the result of an assembly operation.

3.16. In the ACE between Bolivia and MERCOSUR, origin is conferred through the change in tariff heading method or, if not, when the c.i.f. value of the material originating from third countries does not exceed 40% of the f.o.b. value of the end product. For assembly operations, even if there is a change in tariff heading, the 40% rule still applies. Specific rules of origin apply to certain products (Appendix No. 1 to Annex 9 to the Agreement).

3.17. Cumulative origin is allowed by all the aforementioned agreements, except for that of the LAIA.

3.18. Since 2005, Bolivia has signed trade agreements with Mexico and with the Bolivarian Republic of Venezuela. The criteria conferring origin under these two agreements are general or specific. For example, the use of non-originating materials is allowed provided that they do not exceed a percentage of the total cost or weight of the good, as is the case for textiles. Both agreements confer origin when the good is obtained or produced in the territory of one Party or is produced exclusively from materials considered to be originating. In the case of the Bolivia-Mexico Agreement (ACE No. 66 of 15 May 2010), if a good incorporates non-originating materials, the criteria conferring origin are a change in the tariff heading and/or value of the regional content or both criteria. The agreement contains a *de minimis* clause allowing the use of non-originating materials provided that they do not exceed 7% of the total value of the transaction or weight of the good. As is the case for the agreement with Mexico, in the agreement between Bolivia and Venezuela, when non-originating materials are incorporated, origin is conferred if there is a change in tariff heading or if specific criteria are met. Depending on the case, however, the c.i.f. value of non-originating materials may not exceed 60% of the f.o.b. value of the end product.[12]

[11] WTO document G/RO/N/9 of 19 April 1996.

[12] The Peoples' Trade Agreement on economic and productive complementarity between Bolivia and Venezuela was signed on 31 March 2011 (Law No. 167 of 19 August 2011).

3.1.3 Tariffs

3.1.3.1 Structure and levels

3.19. In 2017, Bolivia's tariff contained 7,607 ten-digit HS 2017 tariff lines. Bolivia applies only *ad valorem* tariffs.

3.20. In 2017, the simple average of applied MFN tariffs is 11.1% (Table 3.1). The average tariff on non-agricultural products is lower (10.8%) than that on agricultural products (13.3%), and this did not change during the review period. Even though, on average, agricultural products enjoy greater protection, the products with the highest average tariff are clothing, with a tariff of 40%, and alcoholic beverages and tobacco (25.2%) (Table A3.2).

Table 3.1 Structure of MFN tariffs, 2017

(%)

		2017 (HS17)
1.	Total number of lines	7,607
2.	Non-*ad valorem* tariffs (% of all tariff lines)	0.0
3.	Tariff quotas (% of all tariff lines)	0.0
4.	Duty-free tariff lines (% of all tariff lines)	7.5
5.	Average of lines exceeding zero (%)	12.1
6.	Simple average	11.1
7.	Agricultural products (WTO definition)	13.3
8.	Non-agricultural products (including petroleum, WTO definition)	10.8
9.	National tariff peaks (% of all tariff lines)[a]	5.6
10.	International tariff peaks (% of all tariff lines)[b]	18.2
11.	Overall standard deviation of applied rates	9.0
12.	Bound tariff lines (% of all tariff lines)	100.0

a National tariff peaks are defined as rates that exceed three times the overall simple average applied rate.

b International tariff peaks are defined as rates that exceed 15%.

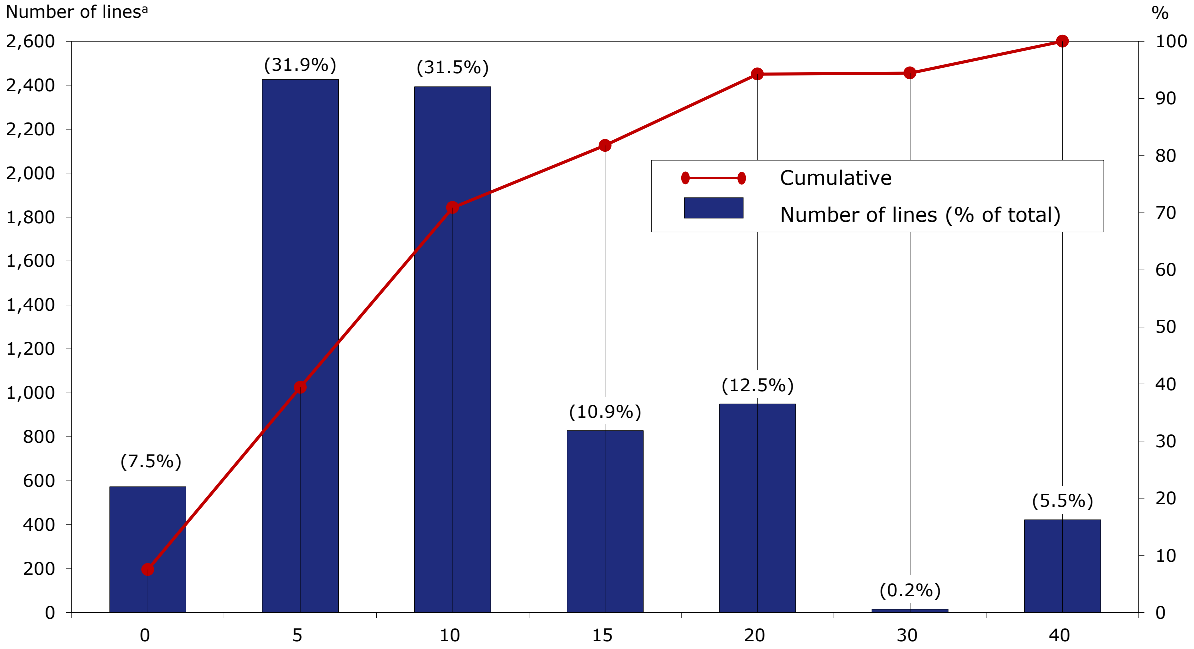
Source: WTO Secretariat estimates, based on data provided by the authorities.

3.21. The MFN tariff structure consists of seven rates ranging from zero to 40%, which in principle apply according to the category of the product: 0% for capital goods (machinery and equipment); 5% for capital goods and inputs; 10% for food, non-alcoholic beverages, vehicles, computers, consumer goods; 15% for fruit and vegetables, fish and raw materials for manufacturing plastics; 20% for other manufactures and value-added products; 30% for cigarettes, wooden doors and windows; and 40% for clothing and accessories, alcoholic beverages, wooden furniture and footwear.[13] According to domestic legislation, however, tariffs can be raised if this is necessary to protect domestic industry or lowered if supplies run short.[14] In 2017, the most common tariff rates are 5% and 10%, which apply to 31.9% and 31.5% of the corresponding tariff lines (Chart 3.2). In 2017, a rate of 10% or less applies to 70.9% of tariff lines.

3.22. Bolivia bound all its tariffs during the Uruguay Round. The majority were bound at 40% with 19 lines bound at 30%, namely, live animals (four lines of HS 01.02); machinery and equipment (13 lines of Chapters 84 and 85); tractors (one line of HS 87.01); and goods transport vehicles (one line of HS 87.04).

[13] Supreme Decree No. 29349 of 21 November 2007.
[14] Supreme Decree No. 2795 of 8 June 2016.

Chart 3.2 Frequency distribution of tariff rates, 2017



a The total number of lines is 7,607.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.1.3.2 Tariff quotas

3.23. Bolivia does not apply any tariff quotas within the WTO framework or under the preferential agreements negotiated.

3.1.3.3 Preferential tariffs

3.24. Bolivia grants preferential treatment to imports from countries with which it has signed preferential agreements. It gives preference to countries belonging to the CAN (Colombia, Ecuador and Peru) and to Chile, Cuba, Mexico, MERCOSUR member countries and Venezuela. The tariff preferences granted under all these agreements cover over 97% of the total tariff and for some agreements cover 100%. This is the case for the CAN and the agreements with Cuba, with MERCOSUR member countries and with Venezuela (Table 3.2).

Table 3.2 Analysis of the tariffs applied to countries with which trade agreements have been signed, 2017

	Total		WTO categories			
			Agricultural products		Non-agricultural products (excluding petroleum)	
	Average (%)	Duty-free lines (%)	Average (%)	Duty-free lines (%)	Average (%)	Duty-free lines (%)
MFN	11.1	7.5	13.3	1.6	10.8	8.5
Andean Community	0.0	100.0	0.0	100.0	0.0	100.0
Chile	10.5	11.3	12.5	6.3	10.2	12.1
Cuba	0.0	100.0	0.0	100.0	0.0	100.0
MERCOSUR	0.0	100.0	0.0	100.0	0.0	100.0
Mexico	0.4	97.0	2.4	81.9	0.1	99.3
Venezuela, Bolivarian Rep. of	0.0	100.0	0.0	100.0	0.0	100.0

Source: WTO Secretariat estimates, based on data provided by the authorities.

3.25. The average preferential tariff in the agreements negotiated by Bolivia is lower than the average MFN tariff and, in every case with the exception of the agreements with Mexico (0.4%) and Chile (10.5%), is 0%. For Mexico and Chile, the preferences given for agricultural products are lower than those for non-agricultural products and in Chile's case, the preferential tariff for both agricultural and non-agricultural products, is very close to the MFN rate.

3.1.3.4 Tariff concessions

3.26. In general, duty has to be paid on all imported goods, unless they are specifically exempt by law. Exemptions apply to goods imported *inter alia*, by: diplomatic missions and international organizations; non-governmental organizations and the public sector; Bolivians or foreigners domiciled in Bolivia returning to national territory (travellers' regime). The following are also exempt: imports of goods donated to private non-profit-making organizations and public entities; commercial samples; equipment for aeronautical use; goods imported for personal use by populations living close to the border; imports of monies (banknotes and coins) by the central bank; and imports of goods for military use and armaments.[15] Companies eligible for the economic promotion laws applying to certain regions of the country[16] also receive exemptions (Table A3.5).

3.27. Under the various regimes such as the industrial free zones regime and the temporary admission for inward processing (RITEX) procedure, payment of tariffs on imported goods is suspended.

3.28. Furthermore, in order to meet the various objectives of Bolivia's sectoral policies, in some instances tariffs have to be lowered. For example, one of the overall objectives of the national hydrocarbons policy is to guarantee energy security in the short, medium and long terms and to meet national demand for hydrocarbons satisfactorily (Article 11 of Law No. 3058). Accordingly, over the period 2006-2017, the tariff on imports of inputs and additives for the production and marketing of special gasoline was lowered to 0% and the tariff on the import of liquefied petroleum gas (LPG), jet fuel and diesel oil also temporarily went down to 0%.[17] This type of measure has also been used to achieve food security and adequate supply of the inputs needed to ensure production that meets domestic demand for food within the shortest possible time. For example, owing to a fall in the production of certain foods, in 2009 tariffs were temporarily cut to 0% for imports of live bovine animals (HS 01.02), fresh and frozen bovine meat (HS 02.01), wheat and meslin (HS 10.01), wheat flour (HS 1101.00.00.00), and fats and oils (HS 1516.10.00.00).[18] Likewise, in order to increase the area under agricultural production, from 2011 and for an initial period of five years tariffs were reduced to 0% on imports of agricultural machinery and equipment (ploughs, mowers, machinery for food preparation) and some agricultural inputs (seeds, cattle feed, vaccines and veterinary medicines).[19] In 2016, this measure was renewed for another five years.[20]

3.1.4 Other charges affecting imports

3.29. The following taxes have to be paid on both imported and domestic products: value-added tax (VAT); the specific consumption tax (ICE) and the special tax on hydrocarbons and hydrocarbon derivatives (IEHD). The nominal rate of VAT is 13%, which corresponds to an actual rate of 14.94% on all products except for books, newspapers and publications, on which the rate is 0%.[21] The ICE may be *ad valorem* or compound and applies to: alcoholic and non-alcoholic beverages, cigarettes and tobacco and vehicles (Table 3.3).[22] A compound or specific tax applies to beverages depending on their nature; specific taxes apply, for example, to water and other energy drinks, grape must, corn alcohol (*chicha*) and ethyl alcohol. As regards vehicles (96 ten-digit HS 2017 tariff lines), the ICE is *ad valorem* and ranges from zero to 50% according

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[15] General Customs Law, Law No. 1990 of 28 July 1999; Regulations implementing the General Customs Law, Supreme Decree No. 25870 of 11 August 2000.
[16] Law No. 2685 of 13 May 2004 and Law No. 3420 of 8 June 2006.
[17] Supreme Decree No. 0209 of 15 July 2009 and Supreme Decree No. 29886 of 20 January 2009.
[18] Supreme Decree No. 0346 of 28 October 2009 and Supreme Decree No. 0026 of 6 March 2009.
[19] Law No. 144 of 26 June 2011 and Supreme Decree No. 943 of 2 August 2011.
[20] Supreme Decree No. 2860 of 2 August 2016.
[21] Law No. 843. Viewed at: http://www.impuestos.gob.bo/images/comunicacion/varios/LEY%20843_v1.0.pdf.
[22] Internal taxes, Law No. 843 of 31 December 2005.

to the type of fuel and the age of the vehicle.[23] The zero rate generally applies to gas-driven vehicles. The rate also increases according to the age of the vehicle so a vehicle (classified under the same HS heading) may be taxed at a rate of 20% if it is new and 50% if it is five or more years old.[24] The ICE is *ad valorem* for tobacco products and has two rates: 50% and 55%. The IEHD has to be paid on hydrocarbons, whether imported or domestically produced; it is a specific tax which varies depending on the product and each year a maximum rate is fixed. The tax on domestic jet fuel is Bs 0.32, while for international jet fuel it is Bs 4.24.

Table 3.3 Other taxes, 2017

HS 2017 code	Description	ICE[a]	
		Specific rate (Bs/litre)	%
Non-alcoholic beverages in hermetically sealed containers (except natural waters and fruit juices of heading 20.09) and energy drinks			
2202.10.00.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	0.43	
2202.91.00.00	Non-alcoholic beer	0.43	
2202.99.00.10	Energy drinks, including aerated drinks	4.84	
2202.99.00.90	Other waters and other beverages, except fruit juices	0.43	
Beer with an alcoholic strength by volume of 0.5% or more			
2203.00.00.00	Beer made from malt	3.62	1
Wine, corn liquor (*chicha de maíz*), fermented beverages and sparkling wine			
2204.10.00.00	Sparkling wine	3.33	5
2204.21.00.00	In containers holding ≤ 2 litres	3.33	
2204.22.10.00	Grape must with fermentation prevented or arrested by the addition of alcohol	3.33	
2204.22.90.00	Other wine	3.33	
2204.29.10.00	Grape must with fermentation prevented or arrested by the addition of alcohol	3.33	
2204.29.90.00	Other wine	3.33	
2204.30.00.00	Other grape must	3.33	
2205.10.00.00	In containers holding ≤ 2 litres	3.33	
2205.90.00.00	Vermouth and other wine of fresh grapes	3.33	
2206.00.00.10	Corn liquor (*chicha de maíz*)	0.85	
2206.00.00.20	Cider, perry, mead	3.33	5
2206.00.00.90	Other fermented beverages	3.33	5
2207.10.00.00	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% or higher	1.64	
2207.20.00.00	Ethyl alcohol and other spirits, denatured, of any strength	1.64	
2208.20.21.00	Pisco	3.33	10
2208.20.22.00	Singani	3.33	5
2208.20.29.00	Other spirits obtained by distilling grape wine or grape marc	3.33	10
2208.20.30.00	Spirits obtained by distilling grape marc (grappa and the like)	3.33	10
2208.30.00.00	Whisky	13.89	10
2208.40.00.00	Rum and other spirits obtained by distilling fermented sugar-cane products	3.33	10
2208.20.00.00	Gin and geneva	3.33	10
2208.60.00.00	Vodka	3.33	10
2208.70.10.00	Aniseed liqueur	3.33	5
2208.70.20.00	Cream liqueur	3.33	5
2208.70.90.00	Other liqueurs	3.33	5
2208.90.10.00	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80%	1.64	
2208.90.20.00	Spirits of agave (tequila and the like)	3.33	10
2208.90.42.00	Aniseed spirits	3.33	10
2208.90.49.00	Other spirits	3.33	10
2208.90.90.00	Other ethyl alcohol, spirits, liqueurs and other spirituous beverages	3.33	10
Tobacco			
2402.10.00.00	Cigars, cheroots and cigarillos, containing tobacco		50
2402.20.10.00	Of dark tobacco		50
2402.20.20.00	Of blond tobacco		55

[23] Law No. 3467 of 12 September 2006; Regulations implementing Law No. 3467 of 6 December 2006; and Supreme Decree No. 1889 of 5 February 2014.

[24] For example, this is the case for some motor vehicles carrying ten or more persons, including the driver: vehicles carrying a maximum of 16 persons, including the driver (HS 8702.10.10.00) and other vehicles carrying over 16 and up to 18 persons, including the driver (HS 8702.10.90.10) (Supreme Decree No. 1889 of 5 February 2014).

HS 2017 code	Description	ICE[a]	
		Specific rate (Bs/litre)	%
2403.11.00.00	Water pipe tobacco specified in subheading Note 1 to this Chapter		50
2403.19.00.00	Other tobacco		50
2403.91.00.00	"Homogenized" or "reconstituted" tobacco		50

Fuel	Age	Cylinder capacity	Range of the ICE (%)[b]
Diesel	No limit	Heavy vehicles	0-20
Diesel	No limit	Light vehicles	15-60[c]
Gasoline	< 10 years	No limit	5-18
Gasoline	≥ 10 years	No limit	20-40
NGV	< 10 years	No limit	0-18

HS 2017 code	Description	IEHD (Bs/litre)	
		Applicable rate[d]	Maximum rate[e]
2710.12.11.00	100 grade aviation gasoline	1.85	7.42
2710.12.13.10	Gasoline with an anti-knock index not exceeding 87	1.23	7.42
2710.12.13.20	Gasoline with an anti-knock index of 87 or more but less than 90	1.23	7.42
2710.12.13.30	Gasoline with an anti-knock index of 90 or more but less than 95	1.23	7.42
2710.12.13.40	Gasoline with an anti-knock index of 95 or more	2.18	7.42
2710.12.19.00	Other gasoline not containing tetraethyl lead	2.18	7.42
2710.12.20.10	Aviation gasoline	1.85	7.42
2710.12.20.90	Other gasoline containing tetraethyl lead	1.85	7.42
2710.19.14.00	Kerosene	0.29	7.42
2710.19.15.00	Kerosene-type jet fuel for jet and turbine engines		
	Domestic jet fuel	0.32	7.42
	International jet fuel	4.24	7.42
2710.19.21.00	Gas oil (diesel fuel)	1.25	7.42
2710.19.22.00	Fuel oil	0.39	7.42
2710.19.33.00	Electrical insulation oils	0.39	7.42
2710.19.34.00	Lubricating greases	0.39	7.42
2710.19.36.00	Oil for hydraulic transmission	0.39	7.42
2710.19.38.00	Other lubricating oils	0.39	7.42
2711.11.00.00	Natural gas	n/a	n/a
2711.21.00.00	Natural gas	n/a	n/a

n/a Not applicable.

a Board of Directors Resolution (RND) No. 101700000003 of 19 January 2017, updating the specific ICE rates for 2017.
b Law No. 3467 of 12 September 2006.
c Since 2014, the maximum rate of the ICE has been 50% (Supreme Decree No. 3467 of 12 September 2014).
d Information provided by the authorities.
e RND No. 10-01038-16 of 23 December 2017, updating the maximum rate of the IEHD for 2017. Viewed at: http://www.impuestos.gob.bo/index.php?option=com_content&view=article&id=958&Itemid=517.

Source: WTO Secretariat.

3.30. Administrative fees also have to be paid on imports for warehousing and customs clearance services and these have not changed since 2002 (Table 3.4). The tax base is the c.i.f. value. The warehouse fee is payable as of the sixth day of storage.

Table 3.4 Fees for services provided

Fee	Rate	Tax base	Comments
Bonded warehouse fee	0.5%	C.i.f. value at the border	The rate is indicative and depends on the service provided and the period of storage
Customs clearance	0.1%-2.5%	C.i.f. value at the border	Variable commission paid to the customs clearance agency if a customs clearing agent is used.

Source: Bolivia's import handbook.

3.1.5 Import prohibitions, restrictions and licensing

3.31. The import regime prescribes prohibitions on the import of goods which affect human and animal life or health, or are prejudicial to the protection of plants, morality, the environment, the security of the State and the nation's financial system (Article 85 of the General Customs Law). Currently (2017), prohibitions apply to 33 ten-digit HS tariff lines. The following imports are prohibited: radioactive residues; halogenated derivatives of hydrocarbons; arms, ammunition and explosives; worn clothing and some types of vehicle and motor vehicle, those using liquefied gas and used motor vehicles over one year old (HS 87.03), motor vehicles over three years old for the transport of more than ten persons (HS 87.02) and special-purpose motor vehicles over five years old (HS 87.05) (Table 3.5).[25]

Table 3.5 Import prohibitions, 2017

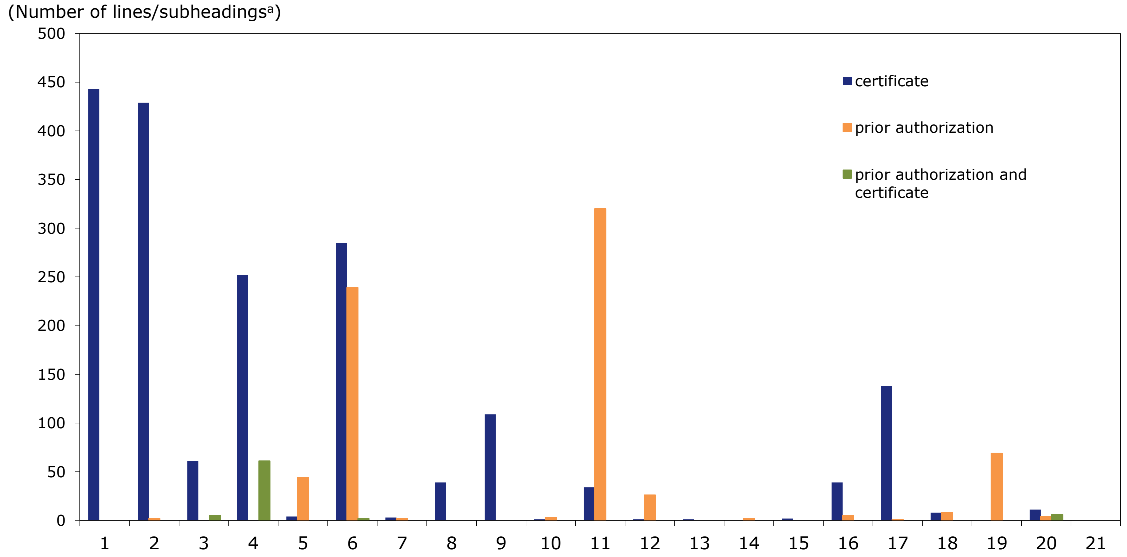
HS code	Description
2844.40.10.00	Radioactive residues
2903	Halogenated derivatives of hydrocarbons
2903.19.10.00	1.1.1-Trichloroethane (methyl chloroform)
2903.39.10.00	Bromomethane (methyl bromide)
2903.76.00.00	Bromochlorodifluoromethane, bromotrifluoromethane and dibromotetrafluoroethanes
2903.77.11.00	Chlorotrifluoromethane
2903.77.12.00	Dichlorodifluoromethane
2903.77.13.00	Trichlorofluoromethane
2903.77.21.00	Chloropentafluoroethanes
2903.77.22.00	Dichlorotetrafluoroethanes
2903.77.23.00	Trichlorotrifluoroethanes
2903.77.24.00	Tetrachlorodifluoroethanes
2903.77.25.00	Pentachlorofluoroethanes
2903.77.31.00	Chloroheptafluoropropanes
2903.77.32.00	Dichlorohexafluoropropanes
2903.77.33.00	Trichloropentafluoropropanes
2903.77.34.00	Tetrachlorotetrafluoropropanes
2903.77.35.00	Pentachlorotrifluoropropanes
2903.77.36.00	Hexachlorodifluoropropanes
2903.77.37.00	Heptachlorofluoropropanes
6309.00.00.00	Worn clothing
8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars
8703.31.10.00	With four-wheel drive
8703.31.90.00	Other, of a cylinder capacity not exceeding 1,500 cc
8703.32.10.00	With four-wheel drive
8703.32.90.00	Other, of a cylinder capacity exceeding 1,500 cc, but not exceeding 2,500 cc
8704	Motor vehicles for the transport of goods
8704.10.00.10	With diesel engines of a cylinder capacity not exceeding 4,000 cc
8705	Special-purpose motor vehicles, other than those principally designed for the transport of persons or goods (for example, breakdown lorries, crane lorries, fire fighting vehicles, concrete-mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units)
8705.10.00.10	With diesel engines of a cylinder capacity not exceeding 4,000 cc
8705.20.00.10	With diesel engines of a cylinder capacity not exceeding 4,000 cc
8705.30.00.10	With diesel engines of a cylinder capacity not exceeding 4,000 cc
8705.40.00.10	With diesel engines of a cylinder capacity not exceeding 4,000 cc
8705.90.11.10	With diesel engines of a cylinder capacity not exceeding 4,000 cc
8705.90.19.10	With diesel engines of a cylinder capacity not exceeding 4,000 cc
8705.90.20.10	With diesel engines of a cylinder capacity not exceeding 4,000 cc
8705.90.90.10	With diesel engines of a cylinder capacity not exceeding 4,000 cc

Source: WTO Secretariat.

[25] Supreme Decree No. 2232 of 31 December 2014.

3.32. Other products require prior authorization before they can be imported.[26] Imports of goods of 719 ten-digit HS tariff lines necessitated prior authorization in 2017 (Chart 3.3). Prior authorization, like an import prohibition, is customarily used to protect human and animal health or life, or to protect plants and conserve exhaustible natural resources, or to protect security.[27] According to the authorities, prior authorization is also used to monitor the volume of imports. In line with the Economic and Social Development Plan 2016-2020, however, prior authorization can also be used to protect industry.[28] The authorities have indicated that in practice this does not occur. Prior authorizations (or licences) may be automatic[29] or non-automatic.[30]

Chart 3.3 Products subject to prior authorization or a certificate according to HS heading, 2017



1 Live animals and animal products
2 Vegetable products
3 Fats and oils
4 Prepared foodstuffs
5 Mineral products
6 Chemical products
7 Plastics and rubber
8 Hides and skins
9 Wood and articles of wood
10 Pulp, paper
11 Textiles
12 Footwear, headgear
13 Articles of stone
14 Precious stones, etc.
15 Base metals
16 Machinery and appliances
17 Transport equipment
18 Precision equipment
19 Arms and ammunition
20 Miscellaneous manufactures
21 Works of art, etc.

a Includes complete tariff lines and parts of a tariff line.

Source: WTO Secretariat estimates, based on data provided by the authorities.

3.33. The prior authorization, issued by the competent national authority, must be valid at the time the goods enter Bolivian territory; if not, the goods will be confiscated. The procedure and criteria for obtaining prior authorization vary depending on the institution responsible for granting it (Table 3.6).[31]

3.34. For some products, when the requirement to obtain prior authorization was imposed, the tariff was also raised.[32] According to the authorities, such measures are used to monitor trade and restructure the domestic market.

[26] Supreme Decree No. 572 of 14 July 2010, amending Articles 117, 118 and 119 of the Regulations implementing the General Customs Law and bringing together in a single regulation goods subject to prior authorization and certification.

[27] WTO document G/LIC/N/3/BOL/3 of 29 June 2000.

[28] Political Constitution of the State (Article 54); Economic and Social Development Plan 2016-2020 (Law No. 786 of 9 March 2016); Supreme Decree No. 2752 of 1 May 2016; and Ministerial Resolution MDPyE No. 174 of 21 July 2016.

[29] WTO documents G/LIC/N/2/BOL/2 of 21 September 2016 and G/LIC/N/1/BOL/4 of 27 September 2016.

[30] WTO document G/LIC/N/1/BOL/2 of 9 March 2016.

[31] See, for example, Supreme Decree No. 2752 of 1 May 2016.

[32] Supreme Decree No. 2865 of 3 August 2016.

Table 3.6 Imports subject to prior authorization

Imports	Type of document	Institution	Legal framework
Fertilizer Live animals and animal products Fungicides, herbicides and insecticides Animal or vegetable fats and oils Furniture of wood Food industry products Plant products Veterinary pharmaceuticals	Certificate and import permit	National Agricultural Health and Food Safety Service (SENASAG)	Law No. 2061 of 16 March 2000 creating SENASAG; Supreme Decree No. 26590 of 17 April 2002 on animal and plant health permits and food safety of imports; Supreme Decree No. 2522 of 16 September 2015
Acyclic alcohol Milk formula Soap, organic surface-active agents, washing preparations Syringes, needles and instruments and appliances used in dental sciences Plant juices and extracts Diapers and compresses Perfumes and toilet waters X-ray plates and films Perfumery, cosmetic or toilet preparations Sheath contraceptives Pharmaceuticals Organic chemicals	Prior authorization and customs clearance certificate	Ministry of Health and Sports	Law on medicines No. 1737 of 17 December 1996; Supreme Implementing Decree No. 25235 of 30 November 1998; Law No. 1008 on the coca and controlled substances regime; Supreme Decree No. 2905 of 21 September 2016
Acids Bases Oxidants Solvents Finished goods	Prior authorization	Ministry of the Interior	Law No. 1008 of 19 July 1988 on the coca and controlled substances regime; Supreme Implementing Decree No. 22099 of 28 December 1988; Supreme Decree No. 25846 of 14 July 2002 approving the regulations on operations using controlled substances and precursors for industrial use; Ministerial Resolution No. 0223/92; List V in the Annex to Law No. 1008
Coins and banknotes Passports, identity cards and forms for securities Postage stamps, forms for securities, share or bond certificates imported exclusively by entities for their own use	Prior authorization	Ministry of the Economy and Public Finance	Law No.1990, General Customs Law, of 28 July 1999
Firearms, ammunition, explosives, armaments Chemical weapons	Prior authorization	Ministry of Defence	Law No. 1405 of 31 December 1992; Organic Law No. 1405 on the Nation's armed forces of 30 December 1992; Law No. 400 of 18 September 2013 on the control of firearms, ammunition, explosives and other related materials; Supreme Decrees No. 2175 of 05 November 2014 and No. 29534 of 29 April 2008; Ministerial Resolution No. 0322 of 23 April 2008 (Regulations for the import, export, storage and marketing of explosives, arms and ammunition); Law No. 1870 of 15 June 1998 approving the Chemical Weapons Convention; Supreme Decree No. 27520 of 25 May 2004 creating the National Chemical Weapons Authority
Halogenated derivatives of hydrocarbons	Prior authorization	Ministry of Development Planning	Supreme Decree No. 27562 of 09 June 2004 approving the Regulations for the environmental management of ozone-depleting substances
Footwear Washing machines Furniture Clothing and accessories	Prior authorization	Ministry of Production Development and the Plural Economy	Supreme Decrees No. 2752 of 1 May 2016 and No. 2685 of 03 August 2016
Asbestos Halogenated derivatives of hydrocarbons	Prior authorization	Ministry of the Environment and Water	Law No. 1333 on the environment of 27 March 1992

Imports	Type of document	Institution	Legal framework
Radioactive chemical elements and radioactive isotopes	Prior authorization	Bolivian Nuclear Science and Technology Institute (IBCTN)	Supreme Decree No. 24483 of 20 January 1997 approving the Regulations implementing the Law on radiological protection and safety and recognizing the IBCTN as the competent authority
Substances, products or goods which cause or threaten to cause harmful effects on human health or the environment or ozone-depleting substances	Prior authorization	Government Ozone Commission	Law No. 1333 on the environment of 27 March 1992; Supreme Decree No. 24176 of 8 December 1995 (Regulations on activities using harmful substances); Supreme Decree No. 27562 of 9 June 2004 approving the Regulations for the environmental management of ozone-depleting substances
Hydrocarbons and hydrocarbon derivatives	Prior authorization	National Hydrocarbons Agency	Hydrocarbons Law No. 3058 of 17 May 2005; Supreme Decree No. 28419 of 21 October 2005 determining the technical and legal requirements and the procedure for obtaining authorization to import hydrocarbons

Source: Information provided by the authorities.

3.35. Imports of products that may affect human, animal or plant health need a sanitary or phytosanitary import permit identifying Bolivia's plant and animal health requirements for the import of plants, plant products, animals and their by-products. The sanitary permit is verified when the goods arrive in the country and, if the goods satisfy the requirements prescribed in the permit, it is endorsed. An animal health or phytosanitary permit is issued before the goods are loaded and is required in order to issue the certificate. A certificate for plant or animal products and foods has to be obtained prior to customs clearance and must be valid at the time the customs declaration is submitted. Within a period not exceeding ten working days from the date of receiving the application, the National Agricultural Health and Food Safety Service (SENASAG) certifies that the goods being cleared at the Customs meet the phytosanitary and animal health requirements and are therefore not harmful to human or animal health or life, or prejudicial to the protection of plants and the environment, whichever applies. The products requiring certificates are live animals and plant products and chemicals (Chart 3.3). Some products (72 ten-digit HS tariff lines), for example, food preparations, require both prior authorization and a certificate.

3.1.6 Anti-dumping, countervailing and safeguard measures

3.1.6.1 Anti-dumping and countervailing measures

3.36. Bolivia did not adopt any anti-dumping or countervailing measures during the review period.[33] It has no domestic legislation providing for the imposition of such measures, which are considered to belong to competition policy. Consequently, the CAN rules on trade competition are used in order to adopt remedial measures (Decision 608), together with the MERCOSUR Competition Protocol and Supreme Decree No. 29519 of 16 April 2008, whose aim is to regulate competition and defend consumers against harmful conduct having a negative impact on the market.

3.37. Domestic legislation on competition sanctions the use of prices below production cost with the aim of increasing sales and gaining market shares, weakening or removing other competitors, as well as predatory pricing and the adoption of unfair criteria in respect of third parties, placing them at a competitive disadvantage.

3.38. In order to defend competition, the Business Control Authority (AEMP) may, either *ex officio* or following a complaint, initiate an investigation into anti-competitive conduct stemming from the use of predatory pricing or the adoption of unfair criteria, and determine remedial and punitive measures when necessary.[34]

[33] Information provided by the authorities.
[34] Supreme Decree No. 29519 of 16 April 2008.

3.1.6.2 Safeguard measures

3.39. Supreme Decree No. 28524 of 10 December 2005 lays down the rules for applying the safeguard measures provided in Article XIX of the GATT 1994 (Emergency Action on Imports of Particular Products), in accordance with the WTO Agreements on Safeguard Measures and Agriculture.

3.40. Pursuant to this Decree, Bolivia may adopt safeguard measures if, following a prior investigation, it is determined that there is serious injury or threat of serious injury to the domestic industry as a result of a significant increase in the volume of imports of the product at issue.

3.41. The Vice-Ministry of Internal Trade and Exports (previously the Vice-Ministry of Industry, Trade and Exports) and the Interinstitutional Trade Defence Commission (CIDECO) are responsible for conducting safeguards investigations. CIDECO, as the technical arm, is in charge of recommending to the Vice-Ministry whether or not to initiate an investigation, whether to apply a safeguard measure once the investigation has been concluded or whether it is appropriate to impose provisional measures, as well as being responsible for the application, annulment or extension of definitive measures.

3.42. The Vice-Ministry of Internal Trade and Exports is tasked with collecting and verifying the information required to accede to an application for an investigation or, where necessary, it may initiate an investigation *ex officio*. If, following an assessment by CIDECO, the Vice-Ministry decides to initiate the investigation, it publishes a Ministerial Resolution and notifies the parties. Likewise, it must notify the applicant if it is decided not to initiate an investigation.

3.43. When a safeguard measure is imposed, the domestic industry concerned must also provide the Vice-Ministry with a programme showing the adjustments it intends to make. In turn, the Vice-Ministry must monitor the trend in the domestic industry concerned over the period in which the safeguard measure is applied.

3.44. The Ministry of Foreign Affairs is responsible for the relevant notifications to the WTO.

3.45. Bolivia has not reserved the right to use special safeguards for agricultural products.

3.46. In 2012, an exceptional temporary safeguard was imposed for a period of 90 days on fresh or chilled potatoes (HS 0701.90.00.00) and prepared or preserved potatoes (HS 2004.10.00.00).[35] This measure was lifted on 20 June 2012 following the technical report issued by the competent Vice-Ministries, which indicated that, as a result of imposing this measure, a "fair price" had been guaranteed, enabling Bolivian producers to cover their production costs.[36]

3.2 Measures directly affecting exports

3.2.1 Customs procedures and requirements

3.47. Export declarations are processed through the ANB's electronic system called the Single Customs Modernization System (SUMA), either directly by the exporter or through a customs agent. In order to clear goods for export, operators must be registered in the ANB's Register of Foreign Trade Operators.

3.48. Bolivia has two types of export declaration: the declaration of goods for export (DEX) and the simplified declaration of goods for export (DEXS).

3.49. The DEX is prepared using the ANB's computer system and is signed digitally. The following documents are required in order to process the DEX: commercial invoice, packing list and, where applicable, certificates of origin or phytosanitary export certificates must also be attached, together with the prior authorizations required by the legal provisions in effect (Article 138 of the Regulations implementing the General Customs Law). These documents are attached to the

[35] Supreme Decree No. 1230 of 9 May 2012.
[36] Joint Ministerial Resolution No. 008/2012 of 20 June 2012.

declaration electronically and it is not necessary to provide hard copies during the clearance procedure.

3.50. The DEXS may be used under the outright exportation or RITEX procedures for goods of lesser value (f.o.b. value not exceeding US$1,000) or may be used by an AEO-certified exporter. It can also be used for the export of the following: household goods; vehicles owned by the exporter not for commercial purposes; accompanied luggage; and urgent shipments by express courier services of a weight not exceeding 40 kg and an f.o.b. value not exceeding US$1,000. The DEXS can also be processed through the SUMA. It may be signed digitally, unless the exporter is not a regular exporter. In such cases, the declarant or exporter must go to the customs office in person with a printed and signed DEXS. The DEXS is accompanied by the same supporting documents as the DEX.

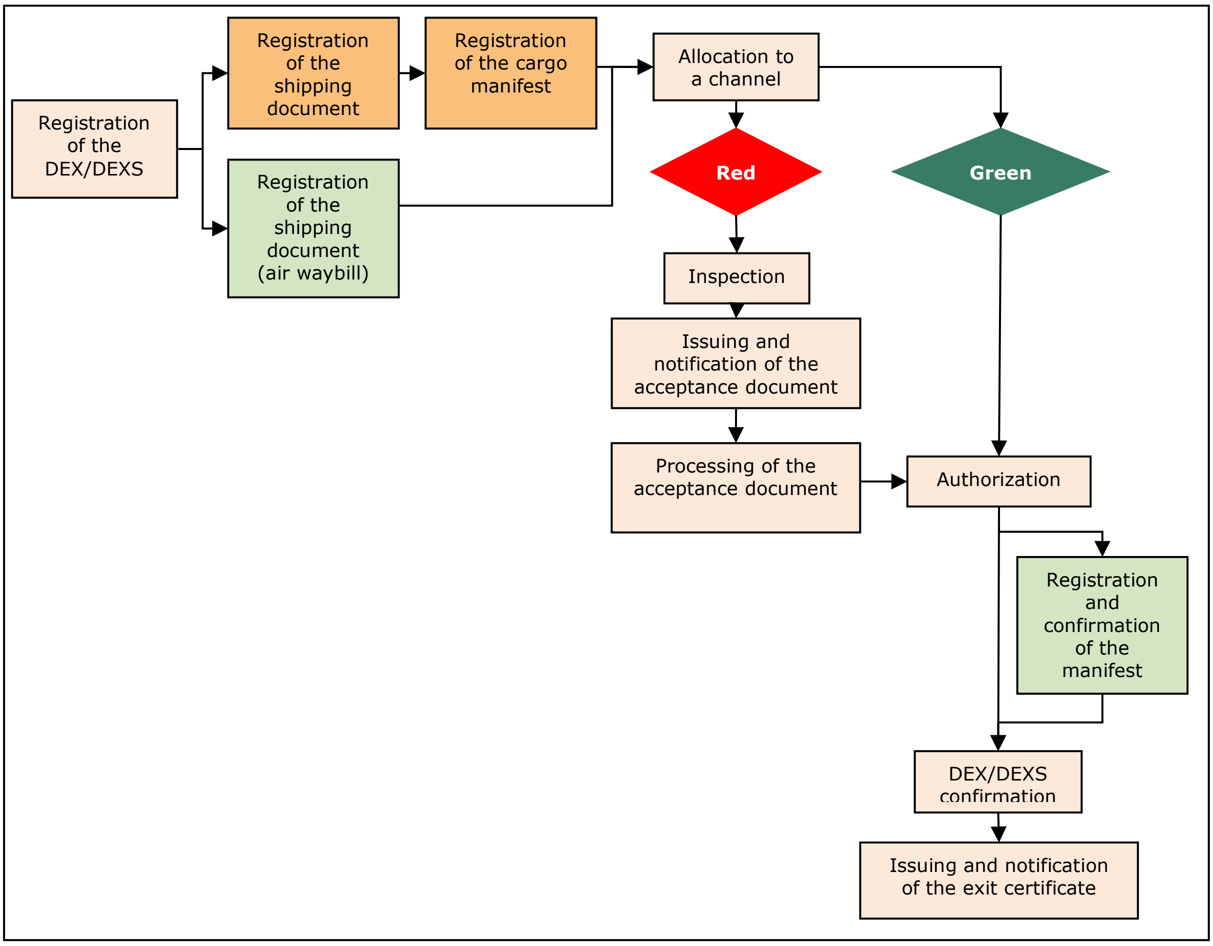
3.51. The National Export Inspection Service (SENAVEX) issues certificates of origin for goods going to countries which give Bolivia preferences under trade agreements or the GSP, or to third countries which apply economic or trade measures adopted unilaterally or under bilateral agreements, or sanitary or public order measures. Sanitary certificates are issued by various agencies depending on the product; for example, SENASAG issues certificates for foods while the Forests and Land Inspection Authority issues them for timber.

3.52. The type of prior authorization required also differs according to the product to be exported and may consist of: domestic supply and fair price certificates, export licences or an export permit (hydrocarbons), or the single form for mineral exports. These documents, together with the sanitary certificates, are issued by a number of different government institutions. For example, for sugar, the Ministry of Production Development and the Plural Economy (MDPyEP) issues the domestic supply and fair price certificate and export licences. Permits to export hydrocarbons are issued by the National Hydrocarbons Agency, while the Ministry of Mining and Metallurgy (MMM) issues the single form for mineral exports (section 3.2.3).

3.53. Using selective or random criteria defined by the Customs Administration, exports are assigned to a channel: green, yellow or red. Goods going through the green channel are cleared automatically. The documents are inspected in the yellow channel and the system for the red channel decides whether a customs official should inspect the documents and/or carry out a physical inspection of the goods. Physical inspection of the goods may be conducted at the Customs or, at the request of the exporter, in the exporter's own premises and prior to loading. Once the declaration of goods for export has been accepted, the exporter has 60 days in which to complete the actual shipment of the goods (Chart 3.4).

3.54. Goods exported may be re-imported in the same state without payment of customs duty if they have not arrived in the country of destination, have not been accepted in the country of destination, are not of the desired quality, may not be imported into the country of destination or have suffered damage during transport after being loaded. Where applicable, the exporter must refund the taxes met by the State in the course of the original outright exportation transaction.

Chart 3.4 Export procedures



Source: Information provided by the authorities.

3.55. Temporary export for outward processing is the customs procedure that allows goods to be exported temporarily for transformation, preparation or repair abroad or in industrial free zones and then re-imported paying customs duty on the value added. The time-limit for re-importing the goods is decided by the Customs Administration, from the date on which they were temporarily exported and taking into account the time required for their transformation, preparation or repair, but may not exceed the maximum time-limit determined in the Regulations implementing the General Customs Law. The maximum period of temporary export is 180 days, which may be extended for a further 180 days at the request of the interested party and for justified reasons. If the goods are not re-imported within the specified time-limit, the declarant has to change the procedure to one of outright exportation and may be subject to a penalty for violating customs rules.

3.56. The AEO programme for exporters, in effect since 2015, is intended to improve market access. AEOs enjoy a higher level of trust on the part of the Customs because of the perceived lower risk of their transactions, which may mean less recourse to red or yellow channels for export declarations and thus speed up the inspection of documents and/or physical inspection. AEOs usually receive priority for customs clearance. They may also submit export declarations containing the minimum information required and are subject to fewer controls en route. The requirements for obtaining AEO certification are: a satisfactory record of complying with customs, tax, social and judicial regulations; proof that the operator is financially solvent; proof that it is a company which has a system for the control of accounts, commercial and logistical management and applies security measures consistent with requirements for the security of the international logistics chain. As at June 2017, five exporters had been certified as AEOs in Bolivia.

3.2.2 Taxes, charges and levies

3.57. There are no taxes on exports in Bolivia.[37]

3.58. The drawback customs procedure allows refund of all or part of the customs duty and other taxes such as VAT and the ICE paid for the import of inputs and other materials incorporated into the exported goods. There are two ways of calculating the refund: the automatic method and the determination method. Furthermore, some goods are not on the list of those eligible for refund of taxes and others are subject to special legislation. The percentage of taxes refunded varies according to the goods exported and the value of the exports. The drawback procedure is used to promote and support the export of value-added goods, as provided in Article 318 of the Political Constitution of the State, which proclaims that "[t]he State shall determine the policy for industrial and commercial production that guarantees a sufficient supply of goods and services to adequately cover basic domestic needs and to strengthen export capacity" and "[t]he State shall promote and support the export of value-added goods".[38] According to the authorities, all goods exported may be eligible for the refund of taxes according to the principle of tax neutrality. They also indicate that the system is designed to give new exporters and small-scale exporters larger refunds, so the lower the value of the exports, the higher the percentage refunded. Refunds on exports may, therefore, change from year to year.

3.59. Every year, the Ministry of the Economy and Public Finance (MEFP) and the MDPyEP issue a resolution containing six annexes showing the goods subject to each type of tax refund procedure (Annexes I to III), the new exporting firms which benefited from the procedure the previous year (Annex IV), the goods subject to specific legislation (Annex V), and the goods not covered by the drawback procedure (Annex VI).

3.60. Annexes I and II list the goods to which the automatic method applies. This is used for exports whose value does not exceed US$3 million. Annex I lists 362 ten-digit HS tariff lines for which the refund amounts to 4% of the value of the exports provided that this does not exceed US$1 million or for new exporters. The number of tariff lines eligible for the 4% refund did not change to any great extent between 2014 (376 tariff lines) and 2016 (362 tariff lines); 221 products benefited from this refund over the period 2014-2016. Most of the products eligible for the 4% refund were textiles, followed by plant products (Table A3.3(a)). Annex II lists 16 ten-digit HS tariff lines for which the refund is 2% if the value of the exports is US$1 to US$3 million. The number of tariff lines eligible for the 2% refund has fallen since 2014. The products which ceased to be eligible for this refund over this period were mostly chemicals and textiles, which started to receive the 4% refund (Table A3.3(b)).

3.61. The determination method is used for exports of a value exceeding US$3 million and the drawback coefficient is calculated on the basis of an input-output matrix, taking into account the average effective rate of the duty. The goods to which this method applies, 37 ten-digit HS tariff lines, and the drawback coefficient are listed in Annex III to the Resolution. The drawback coefficient varies between 0.01% and 1.99%, the lowest coefficient applying to agricultural products such as bananas and lemons and the highest to explosives (HS 36.02 and HS 36.03). The number of products eligible for tax refunds according to this method remained virtually the same between 2014 and 2016 and, of these, 29 were subject to this type of measure throughout the period. In some cases, drawback coefficients have increased, for example, for soap, clothing, vegetable preparations, meat and fish preparations and cereal preparations (Table A3.3(c)).

3.62. Annex V lists 47 products for which the tariff refund is governed by other laws, mostly minerals or products which require a special form for export (Table A3.3(d)). Annex VI includes 87 products not covered by the procedure, some of which are subject to export restrictions, for example, soya beans, sugar and crude petroleum oils; 20 of the 87 products not eligible for drawback require a domestic supply and fair price certificate (CAIPJ) in order to be exported. The number of products excluded from the drawback procedure fell from 101 in 2014 to 87 in 2016. The largest number concerned cereals, hides and skins and leather (Table A3.3(e)).

[37] Law No. 1990 of 28 July 1999 (Article 98).

[38] Supreme Decree No. 25465 of 23 July 1999, Supreme Decree No. 26397 of 17 November 2001, and Joint Ministerial Resolution No. 004.2016 of 31 October 2016. Viewed at: http://www.produccion.gob.bo/contenido/id/203.

3.2.3 Export prohibitions, restrictions and licensing

3.63. The State guarantees free export of goods in general, except for those that affect public health, security, protection of fauna and flora or the Nation's cultural, historical and archaeological heritage.[39] The Customs may seize any goods whose export is prohibited.

3.64. For a period of ten years from 2009 the export of "bolivianite" has been banned, whether in its rough state, hammered, sawn and/or preformed. This gem stone can only be exported if it has been cut.[40]

3.65. As indicated, Article 318 of the Constitution provides that the State is to guarantee a sufficient supply of goods and services to adequately cover basic domestic needs and to strengthen export capacity. In order to meet this objective, the export of "food products sensitive in terms of food security" may be regulated after verifying whether there are sufficient supplies on the domestic market. Therefore, when it is deemed that domestic production of a particular product is not sufficient to meet domestic demand, export of the product may be prohibited or suspended temporarily[41], or quotas or other requirements prior to export may be imposed. After it has been verified that there are sufficient supplies for the domestic market at a fair price, the export restrictions may be suspended.[42] Consequently, export restrictions are constantly changing, according to the authorities in line with market needs (Table 3.7). The Government imposes or eliminates export prohibitions or quotas on the basis of the technical reports prepared by the various Ministries as applicable.

Table 3.7 Various export restrictions

Product	Type and developments in the restrictions	Supreme Decree or Joint Ministerial Resolution	Year
Oil	Prohibition	No. 29480	2008
	Prohibition eliminated	No. 29524	2008
Bovine animals	Prohibition	No. 29460	2008
	Export quotas	No. 1316	2012
Rice	Prohibition	No. 29460	2008
	Export quotas (husked rice)	No. 0373	2009
	Export quotas (husked rice)	No. 1163	2012
	Export quotas (paddy rice)	No. 1163	2012
Sugar	Prohibition	No. 0434	2010
	Prohibition withdrawn (only molasses)	No. 0453	2010
	Prohibition withdrawn	No. 0464	2010
	Prohibition	No. 0671	2010
	Prohibition eliminated	No. 1324	2012
	Export quotas	No. 1461	2013
Sugar cane	Exports regulated	No. 348	2009
	Prohibition	No. 0671	2010
	Export quota	No.004/2011	2011
Poultry meat	Prohibition	No. 29460	2008
	Prohibition withdrawn	No. 29491	2008
	Prohibition	No. 29583	2008
	Prohibition eliminated	No. 29610	2008
Beef	Prohibition	No. 29460	2008
	Export quotas	No. 1163	2012
	Export quotas	No. 1637	2013
	Export quotas	No. 2489	2015
	Submission of the domestic supply and fair price certificate suspended. Quota not suspended	No. 2859	2016
	Submission of the domestic supply and fair price certificate suspended	No. 3057	2017
Sunflower seed and by-products	Prohibition (only for sunflower seed cake)	No.29460	2008
	Submission of the domestic supply and fair price certificate suspended	No. 1223	2012

[39] Article 99 of Law No. 1990 of 28 July 1999.
[40] Law No. 3998 of 12 January 2009.
[41] Article 2 of Supreme Decree No. 0435 of 24 February 2010.
[42] Supreme Decree No. 29460 of 27 February 2008.

Product	Type and developments in the restrictions	Supreme Decree or Joint Ministerial Resolution	Year
Flour of cereals	Prohibition	No. 29583	2008
	Prohibition eliminated	No. 2391	2015
Flour of seeds	Export quotas	No. 0725	2010
Wheat flour	Prohibition	No. 29229	2007
	Prohibition	No. 29460	2008
Maize	Prohibition	No. 29460	2008
	Prohibition eliminated (only maize for sowing)	No. 29498	2008
	Prohibition eliminated	No. 29746	2008
	Prohibition	No. 0435	2010
	Prohibition eliminated (only maize for sowing)	No. 0501	2010
Hard yellow maize	Export quotas	No. 1163	2012
	Export quotas/quota increased	No. 1223	2012
	Export quotas/quota increased	No. 1383	2012
	Export quotas/quota increased	No. 2391	2015
Fat (animal and/or vegetable)	Prohibition	No. 29229	2007
Sorghum	Prohibition	No. 29583	2008
	Prohibition eliminated	No. 29695	2008
	Prohibition	No. 0435	2010
	Export quotas	No. 1283	2012
	Export quotas/quota increased	No. 1383	2012
	Export quotas/quota increased	No. 1637	2013
	Submission of the domestic supply and fair price certificate suspended	No. 2718	2016
Soya beans	Export quotas	No. 0725	2010
	Export quotas/quota increased	No. 1514	2013
	Export quotas/quota increased	No. 1637	2013
	Export quotas/quota increased	No. 1925	2014
	Export quotas/quota increased	No. 3127	2017
Maize by-products	Prohibition	No. 29583	2008
	Prohibition eliminated	No. 29746	2008
	Export quotas	No. 29746	2008
	Prohibition	No. 0435	2010
	Prohibition eliminated	No. 2391	2015
Wheat	Prohibition	No. 29229	2007
	Prohibition	No. 29460	2008

Source: WTO Secretariat.

3.66. In 2008, the CAIPJ started to be used as a prior requirement for the export of basic food products that are sensitive in terms of the population's food security (Table 3.8).[43] The CAIPJ is necessary to verify whether there is an exportable surplus in the country. The MDPyEP issues the CAIPJ on the basis of the technical reports from the Ministry of Rural Development and Lands (MDRyT) verifying domestic supply at a fair price.[44] If there is a domestic supply shortfall, no CAIPJs are issued so as to restrict exports of the product. This occurred in 2012 for sunflower seed and its by-products.

Table 3.8 Products subject to the CAIPJ, 2017

Code	Description	Regulation
0102.21.00.00	Pure-bred breeding animals	SD No. 1316
1005.10.00.00	Maize for sowing	SD No. 0501
1005.90.11.00	Hard yellow maize	SD No. 2391
1102.20.00.00	Maize flour	
1103.13.00.00	Cereal groats, meal and pellets of maize	
1104.23.00.00	Cereal grains otherwise worked (for example, hulled, rolled, flaked, pearled, sliced or kibbled) of maize	
1201.10.00.00	Soya beans	SD No. 3127
1201.90.00.00	Soya-bean seed	
1208.10.00.00	Soya-bean seed flour	SD No. 0715
2304.00.00.00	Soya-bean oil-cake	

[43] Supreme Decree No. 29524 of 18 April 2008.

[44] Supreme Decree No. 1283 of 4 July 2012; Circular No. 184/2015 of 9 September 2015; and Joint Ministerial Resolution No. 010.2017 of 18 April 2017.

Code	Description	Regulation
1507.10.00.00	Crude soya-bean oil	SD No. 29524
1507.90.10.00	Refined soya-bean oil with denaturing substances	
1507.90.90.00	Refined soya-bean oil	
1006.20.00.00	Husked rice (cargo rice or brown rice)	SD No. 1163
1006.30.00.00	Semi-milled or wholly milled rice, whether or not polished or glazed	
1006.10.90.00	Other	
1006.40.00.00	Broken rice	
1701.13.00.00	Cane sugar specified in subheading Note 2 to this Chapter	SD No. 1356
1212.93.00.00	Sugar cane	Law No. 307
1701.14.00.00	Cane or beet sugar and chemically pure sucrose, in solid form Raw sugar not containing added flavouring or colouring matter	SD No. 1461
1701.99.90.00	Other cane sugar, other	
1007.00.10.00	Grain sorghum, for sowing	SD No. 2718[a]
1007.00.90.00	Grain sorghum, other	
1206.00.90.00	Sunflower seeds, whether or not broken, other	SD No. 1223[a]
1512.11.10.00	Sunflower-seed, safflower or cotton-seed oil and fractions thereof, whether or not refined, but not chemically modified.	
1512.19.10.00	Other sunflower-seed oil	
2306.30.00.00	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils, other than those of heading 23.04 or 23.05, of sunflower seeds	
0201.10.00.00[a]	Meat of bovine animals, fresh or chilled, in carcasses or half-carcasses	SD No. 1163 SD No. 3017[a]
0201.20.00.00[a]	Meat of bovine animals, fresh or chilled, other cuts with bone in	
0201.30.00.00[a]	Meat of bovine animals, fresh or chilled, boneless	
0202.10.00.00[a]	Meat of bovine animals, frozen, in carcasses or half-carcasses	
0202.20.00.00[a]	Meat of bovine animals, frozen, other cuts with bone in	
0202.30.00.00[a]	Meat of bovine animals, frozen, boneless	

a This Supreme Decree made these products temporarily exempt from the CAIPJ.

Source: WTO Secretariat.

3.67. The Customs requires the CAIPJ before authorizing the export of any product subject to a quota.[45] Export quotas vary depending on domestic needs. The export quota for yellow maize, sorghum and soya beans increases in line with surplus production. In some cases, once the quota has been eliminated, a CAIPJ is no longer required in order to export the product. For example, in 2016, with the aim of boosting exports of some types of bovine meat, fresh or chilled (HS 02.01) or frozen (HS 02.02), these products were temporarily exempted from the CAIPJ as a prior export requirement.[46] Likewise, in 2016, the CAIPJ for sorghum exports was also eliminated.[47]

3.68. For products subject to quotas, these are allocated as the CAIPJs are issued. The CAIPJ indicates the volume that may be exported; once the quota has been filled or the exportable surplus has run out, no more CAIPJs are issued.

3.69. During the review period, price bands were introduced for some products that are also subject to export restrictions, such as soya beans[48] and rice.[49] The domestic market price is set below the export price. Moreover, for some products such as soya by-products, domestic prices have been set according to the requirements of domestic supply since 2011. The domestic price rises as sales to the domestic market increase, which could become a disincentive to exporting.[50]

3.70. Bolivia uses other instruments in addition to the CAIPJ to regulate the export of other products, for example, export licences and permits.

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[45] Joint Ministerial Resolution No. 002 of 9 September 2015 and Supreme Decree No. 2391 of 3 June 2015.

[46] Supreme Decree No. 2859 of 2 August 2016.

[47] Supreme Decree No. 2718 of 6 April 2016.

[48] Joint Ministerial Resolution No. 002.2011 of 29 June 2011. Viewed at: http://www.observatorioagro.gob.bo/menu/derecha/INFORMACION%20EN%20LINEA/documento/normativas/R_B_M/rbm%20002_2011.pdf.

[49] Supreme Decree No. 373 of 2 December 2009 and Supreme Decree No. 1163 of 14 March 2012.

[50] Joint Ministerial Resolution No. 010.2012 of 20 June 2012. Viewed at: http://www.observatorioagro.gob.bo/menu/derecha/INFORMACION%20EN%20LINEA/documento/normativas/R_B_M/rbm%20010_2012.pdf.

3.71. An export licence is required to export sugar cane and its main products or by-products, which is also issued by the MDPyEP (Table 3.9). Licences, like the CAIPJ, are only issued once it has been determined that surpluses remain after the domestic market has been supplied and, in the case of sugar, that the mandatory buffer stock, equivalent to two months of domestic consumption, has been built up. The Ministry issues the export licences.[51]

Table 3.9 Products subject to export licences, 2017

HS	Description
1212.93.00.00	Sugar cane
1701.14.00.00	Other cane sugar
1701.99.90.00	Other
2207.10.00.00	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% or higher
2207.20.00.00	Ethyl alcohol and other spirits, denatured, of any strength
1703.10.00.00	Cane molasses
2303.20.00.00	Beet-pulp, bagasse and other waste of sugar manufacture
2306.90.00.00	Other

Source: Joint Ministerial Resolution No. 080 of 21 May 2013 and Joint Ministerial Resolution No. 081 of 22 May 2013.

3.72. Export permits are also required for some types of liquid hydrocarbons (Table 3.10). The National Hydrocarbons Agency (ANH), after verifying the surpluses, grants the export permits. It may reject an export application if supplies are short or there is a risk of supply shortages on the domestic market, or for reasons of national security or because the application is not consistent with sectoral plans and policies. If there are shortages or the risk of shortages of liquid hydrocarbons on the domestic market, the ANH may suspend any export permit and notify the suspension to the State oil and gas company Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) and the ANB.[52] The Customs is responsible for detecting the exit of goods which do not meet export requirements; the Customs Administration then seizes the goods.

Table 3.10 Export permit: liquid hydrocarbons

Products requiring export permits
Liquid hydrocarbons from oil fields: crude or condensate
Liquid hydrocarbons from plants extracting liquefiable gases: natural gasoline and liquefied petroleum gas (LPG)
Liquid hydrocarbons obtained by refining petroleum: commercial end products: LPG, gasoline for motor vehicles, aviation fuel (AVGAS) and reconstituted crude (RECON), mixture of surpluses from intermediate atmospheric distillation products and other residues not required on the domestic market
Liquid hydrocarbons from liquid separation plants outside a field's production facilities; stabilized white gasoline (naphtha), gasoline rich in isopentane, ethane, propane, butane (i-butane and n-butane) and LPG
Finished automotive and industrial oils and lubricants
Products exempt from export permits
Intermediate atmospheric distillation products: propane, butane, pentane, hexane, alkylates, white gasoline (naphtha), distillation residue or reduced crude oil
Intermediate products from lubricant plants: base oils, asphalt, paraffin
Intermediate products from the reformation of naphthas: reformed naphtha

Source: Supreme Decree No. 2103 of 3 September 2014.

3.73. Bolivia bans the export of some hydrocarbons such as: components needed to produce kerosene, jet fuel and diesel oil; and liquid hydrocarbons obtained by mixing oil of plant origin with diesel oil (biodiesel).[53]

3.74. Exporters of minerals and metals must be registered with the National Registration and Control Service for the Marketing of Minerals and Metals (SENARECOM), a department of the MMM, which keeps a register. Moreover, the MMM provides that a single form for mineral exports (M-03) is required for the export of certain minerals and must be endorsed by SENARECOM (Table A3.4).

[51] Supreme Decree No. 1554 of 10 April 2013.
[52] Supreme Decree No. 2103 of 3 September 2014.
[53] Idem.

A mining identification number (NIM) has to be obtained by exporters of minerals and metals before the export document can be processed and received.[54]

3.75. Export permits and certificates also serve to regulate trade in products in accordance with provisions in the international treaties or conventions signed by Bolivia, for example: the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction; the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade; the Montreal Protocol on Ozone-Depleting Substances; the Single Convention on Narcotic Drugs, 1961; and the Convention on Psychotropic Substances, including all the amendments introduced by the Commission on Narcotic Drugs.

3.2.4 Export support and promotion

3.76. The Ministry of Foreign Affairs and the MDPyEP, through PROMUEVE BOLIVIA, are responsible for drawing up and implementing policies to promote exports and open up the market. The Ministry of Foreign Affairs implements these policies through overseas trade offices. PROMUEVE BOLIVIA identifies products with export potential on the domestic market and informs the public, private and mixed sectors of the openings. It also advises the business sector and provides training on market access-related matters, export financing, and any other export-related subject.[55]

3.77. One of the programmes implemented by PROMUEVE BOLIVIA is the programme to support promotion of export growth and diversification (PROEX), which has been under way since 2014 with the aim of promoting and diversifying exports, particularly those of micro, small and medium-sized enterprises, by organizing fairs, international exhibitions and trade missions.

3.78. RITEX allows the temporary import of raw materials and intermediate goods with suspension of the payment of tariffs, VAT and the ICE, so that they can be transformed and then exported. The raw materials and intermediate goods may enter temporarily for a maximum period of 360 calendar days, which cannot be extended, calculated from the date of declaration of temporary admission. Capital goods, including spare parts and tools, as well as fuel, hydrocarbons, lubricants and electric power cannot be imported with suspension of taxes under this procedure.[56]

3.79. In 2006, 69 companies were eligible for the RITEX, mostly producers of tin, gold jewellery and soya by-products. In 2016, there were 40 companies producing tin, gold jewellery and other "alternative" products such as bananas, Brazil nuts and headgear. Exports under the RITEX accounted for 15.7% of total exports in 2006 and 11.5% in 2016.

3.2.5 Export financing, insurance and guarantees

3.80. The MDPyEP is responsible for drawing up and implementing policies to develop exports, and for financing programmes, which are carried out through banking institutions such as the Banco de Desarrollo Productivo (Production Development Bank (BDP)), a State bank. Over the period 2006-2016, Bolivia set up three trust funds to finance exports (Table 3.11).

[54] Ministerial Resolution No. 123/2112 of 17 May 2012 and Ministerial Resolution No. 225/2013 of 22 November 2013.

[55] Supreme Decree No. 29727 of 1 October 2008.

[56] Harmonized text of the Regulations on the temporary admission for inward processing (RITEX) procedure, Supreme Decree No. 25706 of 14 March 2000 and amendments thereto (in Supreme Decree No. 26397 of 17 November 2001, Supreme Decree No. 27128 of 14 August 2003, Supreme Decree No. 28125 of 17 May 2005, and Supreme Decree No. 28143 of 17 May 2005).

Table 3.11 Trust funds to finance exports, 2006-2016

Programme	Description	Exports (% of total)
Venezuela Trust Fund	This trust fund, set up by the MDPyEP, gives liquidity to exporting companies which have exported value-added goods to Venezuela and are awaiting payment of their invoices.	2009-2015: 0.66
Trust fund for the purchase, sale, marketing and export of foodstuffs and other manufactured products	Through this trust fund, set up by the MDPyEP, INSUMOS BOLIVIA purchases value-added products on the domestic market and exports them.	2013-2016: 0.11
Trust fund for exporters and suppliers of goods on behalf of the State (FEPROBE)	This trust fund grants credit to micro and small enterprises which either have export contracts or sales contracts with government entities.	2006-2015: 0.0[a]

a Only three operations under FEPROBE have been approved.

Source: Information provided by the authorities.

3.81. Bolivia has no specific export guarantee or insurance programmes.

3.3 Measures affecting production and trade

3.3.1 Incentives

3.3.1.1 General incentives

3.82. Bolivia implements a number of support programmes to boost exports, attract investment and create jobs, some of them directed at micro, small and medium-sized enterprises and/or less developed areas. They provide financial assistance and grant certain tax concessions for payment of VAT, corporate profits tax (IUE), the transaction tax (IT), and property tax (IPBI) (Table A3.5). In addition to these general programmes, Bolivia also has sectoral programmes, mainly in support of the hydrocarbons and agricultural sectors, as well as programmes with specific objectives such as the "Pachamama" Universal Agricultural Insurance Scheme, in effect since 2013, so as to raise agricultural productivity in general, together with other single-product programmes such as the Dairy Production Complex Support Fund (PROLECHE). The legislation also allows the State to subsidize production in the event of emergency, price surges, natural disasters, insecurity and shortages of food or hydrocarbons.[57]

3.83. One of the major production incentives has been the policy followed since 2013 to provide better financing terms for the production and rural sectors.[58] Since then, the following measures have been adopted, *inter alia*: finance entities must earmark minimum levels for strategic production sectors in their loan portfolios (Table 3.12 and section 1.2.3); maximum interest rates and geographical coverage targets have been set. The Financial System Supervisory Authority (ASFI) is responsible for monitoring and supervising compliance of the finance entities with the targets fixed; if they fail to comply, penalties are imposed.[59] Both the commercial and the SME banks were given five years in which to reach the minimum portfolio levels determined. According to information provided by the authorities, by 2016, both commercial and SME banks had achieved these targets. The portfolio level for the production sector in commercial banks was 51% and in SME banks 41%. Maximum annual interest rates for loans to the production sector are determined according to the size of the enterprise. For micro enterprises, it is 11.5%, for small enterprises 7% and for medium-sized and large enterprises 6%.[60] The ASFI defines the size of enterprises. The geographical coverage targets which financial intermediation entities are obliged to meet are set out in the Economic and Social Development Plan 2016-2020 and in the Patriotic Agenda. The Plan provides that, by 2020, 75% of municipalities will have financial services and the Agenda indicates that 100% of municipalities should have financial coverage by 2025.[61]

[57] Supreme Decree No. 0286 of 10 September 2009; Supreme Decree No. 2641 of 30 December 2015; and Law No. 769 of 17 December 2015.
[58] Law No. 393 of 21 August 2013.
[59] Supreme Decree No. 1842 of 18 December 2013.
[60] Supreme Decree No. 2055 of 10 July 2014.
[61] Supreme Decree No. 3033 of 28 December 2016.

Table 3.12 Minimum portfolio levels

Type of institution	Minimum portfolio level		
	Production	Term	Expiry
Commercial banks	Minimum 25% for the production sector	5 years	2018
SME banks	Minimum 50% of loans to micro, small and medium-sized enterprises	5 years	2018

Source: Supreme Decree No. 1842 of 18 December 2013.

3.84. With this new policy, loans to the production sector doubled, from US$3,522 million in 2013 to US$7,317 million in 2016. In 2016, 40% of the loans went to manufacturing, followed by construction (25%) and agriculture (24%). The proportion of non-performing loans fell from 1.81% in 2013 to 1.32% in 2016 owing to the greater number of financial instruments designed for the various sectors and segments, the flexibility/extension of grace periods and the use of non-conventional guarantees.

3.85. In addition to the financing policy for the production sector, in Bolivia there are production-oriented financial institutions, such as the BDP, Banco Público, the SME banks, and other public development finance entities, private development banks and community finance entities. The main purpose of the BDP is to promote development of the agricultural, livestock, manufacturing, fish-farming and timber and non-timber forest sectors, providing financial services either directly or through third parties. The aim of the SME banks is to provide specialized financial services to small and medium-sized enterprises, without any restriction on supplying the same services to microenterprises.[62] SME banks grant loans to large companies for up to a maximum of 30% of their loan portfolios.

3.86. In 2010, the ProPyme Unión Guarantee Fund was set up to channel loans to SMEs which do not have sufficient guarantees to obtain a loan, providing them with cover of up to 50%. In 2011, the BDP's Guarantee Trust Fund was also created in order to provide partial guarantees for up to 50% of the loan transaction to finance working and/or investment capital.

3.87. In order to make it easier to purchase inputs, products, materials, equipment and machinery without going through intermediaries, in 2008 a State institution was set up to purchase on the domestic market and/or import high-impact strategic raw materials and inputs for production, purchase, also on the domestic market, value-added products for export, and market products and inputs on the domestic market.[63]

3.88. The Food Production Support Enterprise (EMAPA) supports the production of rice, wheat, maize and soya beans by buying them when market conditions so dictate. EMAPA collects or subsequently sells these products directly to consumers. As payment for the purchase of these grains, EMAPA supplies inputs (certified seed, agricultural tools, pesticides, fertilizer, etc.) and also provides technical assistance and training free-of-charge to small and medium-sized producers.[64]

3.3.1.2 Free zones

3.89. The free zones regime has been operating since 1987.[65] There are five industrial free zones in Bolivia in 2017. Free zones are delimited areas within national territory in which industrial activities involving goods and services or commercial activities take place, under special regulations regarding taxes, customs and foreign trade. According to these regulations, no taxes are paid on goods entering free zones, for example, the tariff levy (GA); value-added tax (VAT); the specific consumption tax (ICE); the special tax on hydrocarbons and hydrocarbon derivatives

[62] Financial Services Law No. 393 of 21 August 2013 created SME banks, whose purpose is to supply specialized financial services to small and medium-sized enterprises. There are three SME banks: Los Andes, Ecofuturo and Comunidad.

[63] Supreme Decree No. 29727 of 1 October 2008.

[64] Online information from the MDPyEP. Viewed at: http://www.produccion.gob.bo/content/id/18.

[65] Supreme Decree No. 21660 of 10 June 1987 (authorizing the creation of free industrial and trade zones) and Regulations implementing the special free zones regime, approved by Supreme Decree No. 2779 of 25 May 2016.

(IEHD) and the transaction tax.[66] Nevertheless, both concessionaires and users of free zones are subject to corporate profits tax (IUE).

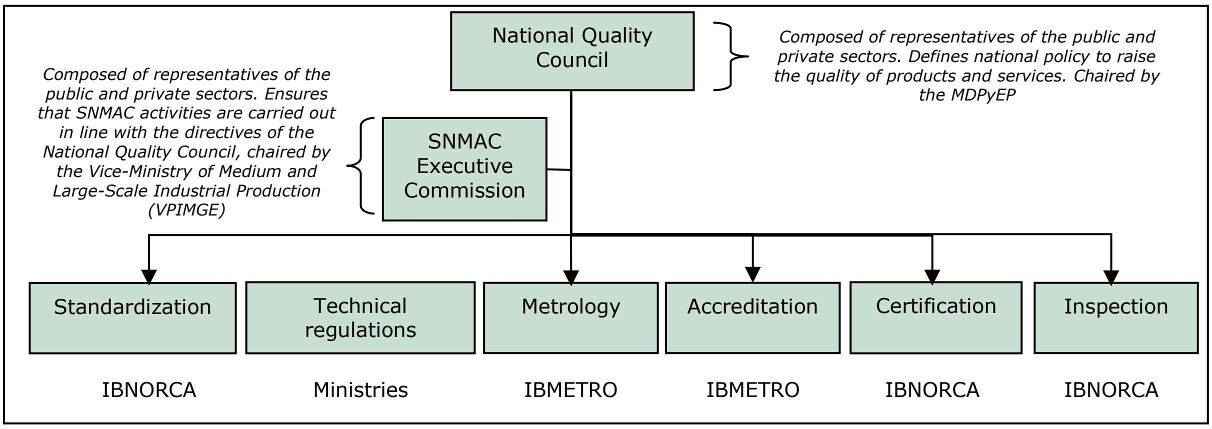
3.90. One of the basic objectives of free zones is to boost production and create jobs. Before the regime was amended, however, free zones did not manage to achieve this goal because, according to information provided by the authorities, they were acting as bonded warehouses and 90% of the activities conducted were of a commercial nature. In 2016, the regime was therefore amended to add an industrial element.[67] Among the measures taken to boost "productive" activities were: extension of the time-limit for free industrial zone concessions, with concessions now being for 15 years, renewable for further 15-year periods; facilitated customs procedures for bringing goods into free zones; conversion of free trade zones into a free industrial zone; and stronger State support for the promotion of "productive-type" investment in free zones.

3.3.2 Standards and other technical regulations

3.91. Supreme Decree No. 24498 of 1997 created the Bolivian Standardization, Metrology, Accreditation and Certification System (SNMAC), whose goal is to promote competiveness and quality, to guarantee the safety and health of human, animal and plant life, and to protect the environment and consumers.[68] According to information provided by the authorities, Supreme Decree No. 24498 is being revised.

3.92. The SNMAC is composed of several ministries, the Bolivian Metrology Institute (IBMETRO) and the Bolivian Standardization and Quality Institute (IBNORCA) (Chart 3.5). The MDPyEP is responsible for the system as a whole.

Chart 3.5 Institutions of the Bolivian Standardization, Metrology, Accreditation and Certification System



Source: WTO Secretariat, on the basis of Supreme Decree No. 24498 of 1997; and information provided by the authorities.

3.93. In August 2017, Bolivia did not have any national regulations on preparing technical regulations. As notified to the WTO, preparation of technical regulations is governed by the Code of Good Practice in the WTO Agreement on Technical Barriers to Trade (TBT).[69] Only five ministries may issue technical regulations (Table 3.13), each issuing technical regulations for areas within its remit and, with the exception of the Ministry of Health, preparing them according to each ministry's internal procedures (Table 3.13). Given the importance of the subject, technical regulations issued by the Ministry of Health have to be prepared according to a handbook of standards and specific rules.

[66] Law No. 2493 of 4 August 2003 (tax regime applicable in free zones).
[67] Regulations implementing the special free zones regime, Supreme Decree No. 2779 of 25 May 2016.
[68] Article 1 of Supreme Decree No. 24498 of 1997.
[69] WTO document G/TBT/CS/N/108 of 6 May 1999.

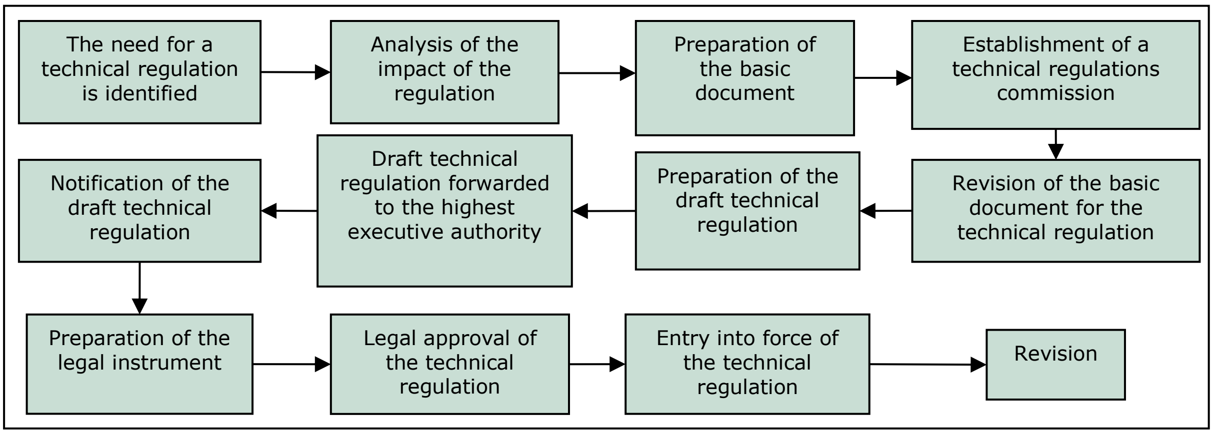
Table 3.13 Authorities responsible for preparing technical regulations

Authority	Area of competence
Ministry of Production Development and the Plural Economy (MDPyEP)	Preparation of technical regulations for medium- and large-scale industries
Ministry of Hydrocarbons and Energy (MHE) and National Hydrocarbons Agency (ANH)	Preparation of technical regulations for areas relating to liquid fuels, natural gas, and exploration and exploitation of hydrocarbons
Ministry of Health	Proposes standards for the registration of medicines, inputs, food and beverages for human consumption
Ministry of the Environment and Water	Prepares technical regulations for the proper functioning of the drinking water and basic sanitation, irrigation, water quality and solid waste system
Ministry of Rural Development and Lands	Determines policies and programmes for the control and certification of agricultural health and food safety

Source: Information provided by the authorities.

3.94. The stages in preparing a technical regulation, in the MDPyEP for example, include drawing up a draft regulation; publishing it for a period of 60 days, during which comments may be made; adopting the regulation, followed by its entry into force (Chart 3.6). Technical regulations come into force by means of supreme decrees or ministerial or administrative resolutions, depending on the responsibilities of each ministry or as prescribed in a higher-level legal instrument.[70] A technical regulation is revised upon request by the public or private sector provided that there is technical or economic, legal, environmental or political justification. Technical regulations are mandatory. According to the authorities, it is planned to revise Supreme Decree No. 24498 of 1997 to include a technical regulation protocol establishing a common procedure for preparing technical regulations. At present (in 2017), there is no compendium of technical regulations in Bolivia.

Chart 3.6 Example of preparation of a technical regulation in the Ministry of Production Development and the Plural Economy



Source: Information provided by the authorities.

3.95. Since 2006, Bolivia has notified the adoption of three technical regulations to the WTO Committee on Technical Barriers to Trade, concerning protection of the environment, health and consumers.[71] Two technical regulations implemented within the CAN framework were also notified.[72] The Vice-Ministry of Medium and Large-Scale Industrial Production (VPIMGE), which is part of the MDPyEP, is the WTO enquiry point for technical regulations.[73]

[70] Information provided by the authorities.
[71] WTO documents G/TBT/N/BOL/3 of 22 October 2015; G/TBT/N/BOL/4 of 5 April 2016; and G/TBT/N/BOL/5 of 24 October 2016.
[72] WTO documents G/TBT/N/BOL/2 and G/TBT/N/BOL/1, both of 23 May 2014.
[73] See the WTO Technical Barriers to Trade Information Management System. Viewed at: http://tbtims.wto.org/en/Notifications/Search.

3.96. IBNORCA is a private non-profit-making association responsible for standardization, quality certification and conformity assessment of "Bolivian standards" or international standards.[74] It prepares "Bolivian standards" at the request of the public or private sector. "Bolivian standards" are drawn up by technical standardization committees operating in 19 sectors, in which experts from the sector concerned participate (for example, representatives of manufacturers, laboratories or consumers). When preparing "Bolivian standards", the technical committee takes into account the guidelines of the international standardization organizations to which Bolivia belongs, such as the International Organization for Standardization (ISO) or the Pan American Standards Commission (COPANT). The process of preparing a "Bolivian standard" encompasses several stages, including the preparation of the basic document (which has to be adopted by consensus in the technical committee), the publication of the draft "Bolivian standard" (NB) for a period of 60 days so that the public may make comments, its approval by the Governing Council for Standardization (CONNOR) and its subsequent ratification by means of a resolution of the Governing Board (Chart 3.7).[75] "Bolivian standards" are revised every five years by the technical committee which prepared them. Application of an NB is voluntary. According to information provided by the authorities, IBNORCA currently has approximately 3,500 standards registered in its database; of these, some 30% are ISO standards adopted by IBNORCA. The standards in effect are published in a catalogue.[76] IBNORCA acts as the WTO enquiry point for Bolivian standards.[77]

Chart 3.7 Procedure for preparing a Bolivian standard (NB)

Outline of the NB
This stage comprises the collection of information and preparation of the basic document. The outline is examined by the technical committee at regular meetings, during which substantive or formal amendments to the document may be made until members reach agreement by consensus.

Preliminary draft of the NB
This stage comprises approval by the technical standardization committee, sending the preliminary draft NB for public consultation, the period of public consultation (a minimum of 60 calendar days), followed by meetings and, lastly, approval by forwarding to the Governing Council for Standardization (CONNOR).

Draft NB
This stage follows definitive approval of the preliminary draft by the technical standardization committee and further examination until it is subsequently approved by CONNOR. The draft adopted following the public consultation stage is forwarded to CONNOR for consideration. The document approved and ratified by CONNOR is designated an NB.

Ratification of the NB
The NB is ratified by means of a Governing Board resolution, which has to be signed by the President and Vice-President

Source: Online information from IBNORCA. Viewed at: http://www.ibnorca.org/index.php/normalizacion/desarrollo-de-normas.

3.97. IBNORCA is also responsible for certifying that goods comply with "Bolivian standards", international standards and/or technical regulations. The certification process is voluntary, unless the goods are subject to a technical regulation, and is initiated at the request of the interested party (Chart 3.8). Quality certification is given by means of an "N" stamp. The stamp is valid for

[74] Supreme Decree No. 24498 of 1997 attributed to IBNORCA its definitive competence. Online information from IBNORCA. Viewed at: http://www.ibnorca.org.

[75] Online information from IBNORCA. Viewed at: http://www.ibnorca.org; and PowerPoint presentation by IBNORCA, "*IBNORCA es ISO en Bolivia*". Viewed at: http://www.energetica.org.bo/energetica/pdf/publicaciones/tis05a.pdf.

[76] The catalogue of standards may be viewed at: http://www.ibnorca.org/index.php/normalizacion/catalogo-de-normas.

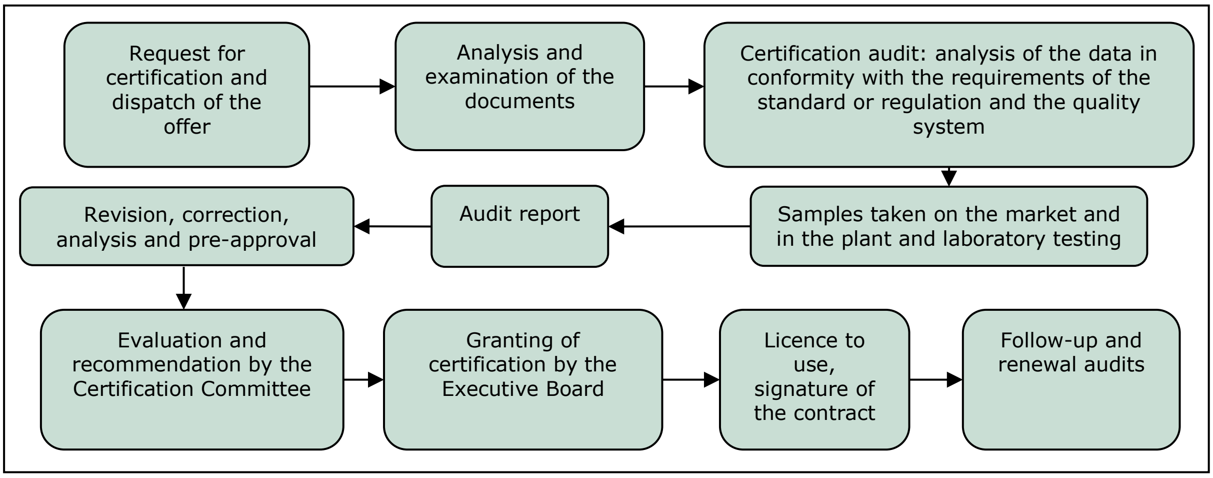
[77] Online information from the WTO. Viewed at: http://tbtims.wto.org/en.

three years and needs to be verified each year in order to keep it. Any type of good may be certified. Imported goods do not require an "N" stamp in order to be sold on the domestic market. If an imported product is subject to a technical regulation, the conformity certificate for the product has to be submitted either prior to shipment or upon import. IBNORCA also certifies management systems.[78]

3.98. IBNORCA and other conformity assessment organizations are responsible for assessing the conformity of goods and production processes with "Bolivian standards", international standards and technical regulations. It conducts both mandatory and voluntary inspections consisting of review of the documents or visual inspection and taking samples for all goods subject to "Bolivian standards", international standards and technical regulations. It issues a conformity certificate after carrying out the inspection and also assesses the conformity of imported goods.[79]

3.99. IBMETRO is responsible for administering the national metrology system and also provides measuring and calibration services. It is in charge of accrediting conformity assessment organizations (OEC), for example, testing and calibration laboratories and inspection and certification organizations.[80] The accreditation procedure is initiated at the request of an OEC (Chart 3.9). In order to grant accreditation, IBMETRO verifies whether the OEC meets the requirements prescribed in the "Bolivian standards" and international standards. Accreditation is given for three years. Once an OEC has been accredited, IBMETRO conducts annual visits to ensure that the requirements that justified accreditation are still being met. An accreditation certificate gives the OEC the right to use IBMETRO's accreditation symbol. To date (2017), IBMETRO has accredited 46 laboratories, four inspection organizations and two certification organizations. The reports issued by accredited laboratories are recognized as official by the State. Accredited organizations are listed in a catalogue published by IBMETRO.[81]

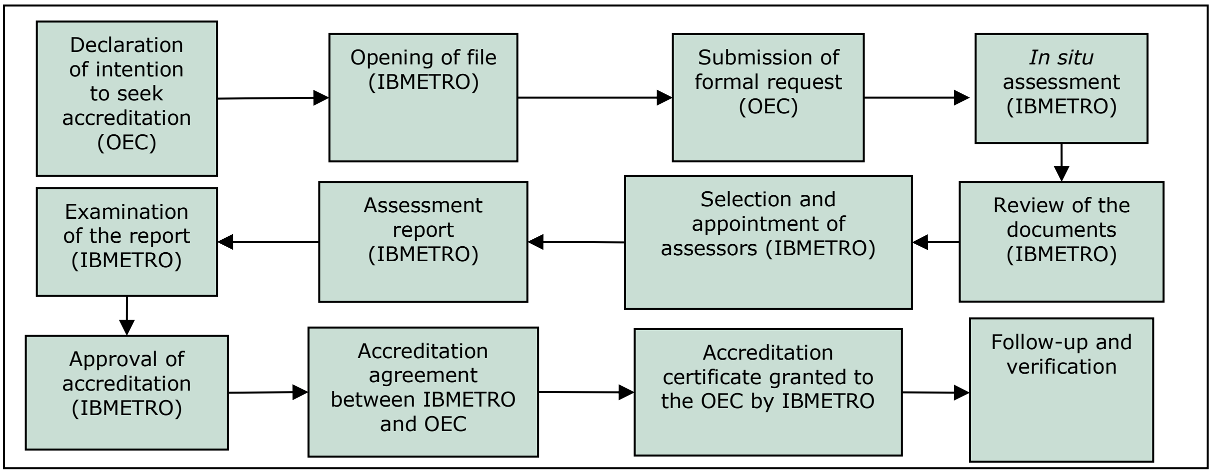
Chart 3.8 Procedure for certifying goods with the IBNORCA stamp



Source: Online information from IBNORCA. Viewed at: http://www.ibnorca.org/index.php/certificacion.

[78] Online information from IBNORCA. Viewed at: http://www.ibnorca.org.
[79] Idem.
[80] Online information from IBMETRO. Viewed at: http://www.ibmetro.gob.bo/web.
[81] Idem. The catalogue may be viewed at: http://www.ibmetro.gob.bo/web/organismos_acreditados.

Chart 3.9 Procedure for accreditation by IBMETRO



Source: Catalogue of organizations accredited by IBMETRO. Viewed at: http://www.ibmetro.gob.bo/web/organismos_acreditados.

3.100. Pre-packaged or pre-wrapped foods marketed in Bolivia must be labelled, irrespective of whether they are imported, or processed or packaged in the country.[82] Both imported and locally produced foodstuffs must indicate the following: the name of the food, net content, ingredients and additives, identification of the batch, date and instructions for conservation, name or trade name and address of the manufacturer or importer in the case of imported foods, place or country of origin, sanitary registration number, and importer's tax registration code or number.[83] If the original label on imported products is not in Spanish, an additional label may be added showing information in the required language. The model for the label must be approved by SENASAG, which checks that the proper model is being used. Importers may label products when they reach their destination.[84] SENASAG imposes a fine amounting to 20% of the value of the goods if the importer or distributor does not comply with the labelling requirements.[85]

3.101. The Law on the promotion of healthy food (Law No. 775) of 2016 regulates the labelling of foods and non-alcoholic beverages. A coloured bar system (red, yellow and green) must be used to indicate the amounts of sodium, sugar and saturated fats they contain. Transgenic fat content must also be indicated.[86]

3.102. Supreme Decree No. 2452 of 2015 regulates the labelling of locally produced or imported foods containing or obtained from genetically modified organisms (GMO). Such products must bear a label indicating GMO. This requirement is gradually starting to be applied. By the end of 2017, all processed foods containing GMOs will have to meet this requirement and unprocessed agricultural products will have to do so by the end of 2018.

3.3.3 Sanitary and phytosanitary measures

3.103. The State has the obligation to guarantee safe and healthy food and therefore to make food, pharmaceuticals and products in general subject to appropriate safety and quality criteria.[87]

[82] Some foods such as: (a) food wrapped in the presence of the end consumer; (b) food packaged in facilities selling to the public and put on sale the same day; and (c) food in its natural state whether or not packaged (for example, grains, fruit, vegetables, eggs) do not need to be labelled (Article 2 of Supreme Decree No. 26510 of 2002, Regulations on labels and control of the labelling of pre-packaged foods (viewed at: http://www.senasag.gob.bo/registros-unia/etiquetado/normativa.html); and SENASAG Administrative Resolution No. 072/2002 approving the Regulations on labels and control of the labelling of pre-packaged foods).

[83] Article 3 of Supreme Decree No. 26510 of 2002 and IBNORCA Bolivian standard NB 314001 on the labelling of pre-packaged foods.

[84] Regulations on labels and control of the labelling of pre-packaged foods.

[85] Article 5 of Supreme Decree No. 26510 of 2002 and regulations on labels and control of the labelling of pre-packaged foods.

[86] Article 16 of Law No. 775.

[87] Articles 16, 75, 298 and 407 of the Political Constitution of the State.

SENASAG was created within the MDRyT in 2000 to carry out this task. It is responsible for administering the Agricultural Health and Food Safety Regime.[88] The MDRyT has exclusive competence for drawing up national policies, standards and strategies to guarantee agricultural health and food safety. It does so in close cooperation with various ministries and government institutions such as the Ministry of the Environment and Water, the Ministry of Health and Sports, the ANB, and IBMETRO. A Plurinational Agricultural Health and Food Safety Committee has also been established to coordinate between the Government and representatives of the agricultural and agro-industry sectors in preparing and evaluating animal health policies. The Committee is chaired by the MDRyT and is composed of representatives of the Ministry of Health, the MDPyEP, SENASAG and the private sector.[89]

3.104. Agricultural health and food safety are national priorities. The 2011 Agricultural Health and Food Safety Policy accordingly provides for the State to strengthen services that protect agricultural health and food safety by preventing and controlling disease, conducting epidemiological surveillance, controlling the quality of inputs and certifying products.[90]

3.105. The Agricultural Health and Food Safety Regime is regulated by both domestic and supranational legislation (Table 3.14).

Table 3.14 Plant and animal health legislation

Legal text	Summary of the text
Andean Decision 515	Andean agricultural health system
Andean Resolution 1153	Rule on categories of health risk for intra-regional and third-country trade in livestock products
Andean Resolution 1475	Adoption of phytosanitary risk categories for intra-regional and third-country trade in plants, plant products and other regulated items
Andean Resolution 431	Andean rule on phytosanitary requirements applicable to trade in agricultural products among member countries and with third countries
Law No. 830	Law on agricultural health and food safety
Law No. 2061	Law establishing SENASAG
Supreme Decree No. 25729	Determines SENASAG's organization and functioning
Law No. 144	Law on the Communitarian Agricultural Production Revolution establishing the Agricultural Health and Food Safety Policy
Law No. 1737	Law on medicines prescribing that the preparation, manufacture, distribution, import, export, sale and marketing of medicines require mandatory sanitary registration. Sanitary registration means the procedure whereby a pharmaceutical product undergoes strict evaluation prior to its marketing
Supreme Decree No. 26510	Establishes the requirements for labelling of pre-packaged foods
Supreme Decrees No. 2452 and No. 2735	Establishes the requirements for labelling of foods containing or obtained from genetically modified organisms (GMO)

Source: WTO Secretariat.

3.106. Among other tasks, SENASAG proposes and implements the policies needed to ensure protection of plant and animal health and food safety (Table 3.15). Sanitary and phytosanitary measures include inspection, quarantine, surveillance, certification, prevention, control of pests and diseases, registration, diagnosis, laboratory analysis and dealing with sanitary and phytosanitary emergencies.

Table 3.15 SENASAG's main spheres of competence

Sanitary and phytosanitary protection of agricultural, livestock and forest assets
Implementation and management of the sanitary register for agricultural health and food safety, as Bolivia's sole official register
Preparation and approval of agricultural health and food safety standards and technical regulations in coordination with the relevant bodies
Establishment and administration of the penalty system for agricultural health and food safety
Regulation of the seizure, destruction, return or final disposal of animals, plants, products, by-products in connection with agricultural health and food safety
Coordination of the health of wild flora and fauna and biodiversity with the Ministry of the Environment and Water

[88] Law No. 2061 of 16 March 2000.
[89] Law No. 830 of 6 September 2016.
[90] Law No. 144 of 26 June 2011.

Certification of agricultural health and food safety for imports and exports
Declaration and notification of the presence or absence of plant pests and animal diseases at the national level
Declaration of zones, areas and/or the country free or of low prevalence of plant pests or animal diseases
Control of food safety during the production and processing stages
Declaration of public emergencies in relation to agricultural health and food safety
Collection and organization of specialized information on agricultural health and food safety, in coordination with the Ministry of Health
Regulation and registration of agricultural inputs and control of their handling, use and marketing at the national level
Registration of inputs and raw materials for use in the food industry as relates to sanitary aspects

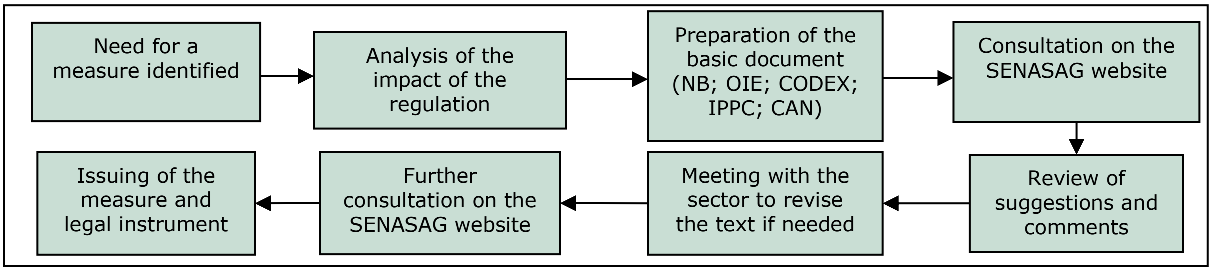
Source: Law No. 830 on agricultural health and food safety of 6 September 2016.

3.107. In drawing up sanitary measures, the Bolivian authorities refer to the rules of international organizations such as the OIE (animal health), the Codex (safety) and the IPPC (phytosanitary aspects). The National Codex Alimentarius Committee is an interinstitutional and multidisciplinary body responsible for adapting rules so as to protect human health and harmonize food standards.[91]

3.108. The steps in drawing up a phytosanitary or animal health measure include the following: preparation of a draft; its publication for a period of 30 days (for phytosanitary measures) or 14 days (for animal health measures) to allow the public to make any comments; revision of the project if necessary; and adoption of the measure (Chart 3.10). Phytosanitary and animal health measures enter into force by means of a supreme decree, a ministerial resolution or a SENASAG administrative resolution, as applicable.[92] A phytosanitary or animal health measure may be revised at the request of a party and/or if the sanitary situation changes. The measures are mandatory.

3.109. In order to determine the phytosanitary or animal health requirements for importing plant or animal products or by-products into Bolivia, the person concerned must file an application with SENASAG to import the product. On the basis of this application, a note is sent to the competent service enquiring about the phytosanitary state of the crop in the country of origin. Once this information has been obtained officially, a risk analysis to detect pests is conducted and the phytosanitary measures decided. The same procedure applies to animal health measures. In both instances, general and specific requirements by product or species are determined.

Chart 3.10 Preparation of a phytosanitary or animal health measure



Source: Information provided by the authorities.

3.110. SENASAG is responsible for certifying the health-safety status of products for domestic consumption, as well as imports and exports (where necessary). Pursuant to the sanitary control system for the protection of consumers, SENASAG issues the sanitary and phytosanitary import permits prior to loading in the country of origin.[93]

3.111. Bolivian companies producing or packaging foods may voluntarily apply the Hazard Analysis and Critical Control Points (HACCP) system. Companies wishing to obtain HACCP certification must request it from SENASAG. After SENASAG has conducted an audit to check that the company is applying the system in accordance with the prescribed requirements, it issues a

[91] Supreme Decree No. 24645 of 4 June 1997.
[92] All the regulations relating to sanitary and phytosanitary measures may be viewed online on SENASAG's website at: http://www.senasag.gob.bo/resoluciones.html.
[93] Supreme Decree No. 2522 of 16 September 2015.

certificate of approval and implementation of the HACCP system.[94] Although it is not compulsory to apply the HACCP system, Bolivia has other technical regulations which must be applied in order to ensure that proper practices are followed when handling food. For example, slaughterhouses must be registered in the Sanitary Register of Slaughterhouses, which can only be done if they meet the requirements prescribed in the various technical regulations issued by SENASAG. Failure to comply with these directives leads to closure of the slaughterhouse. At present (2017), Bolivia applies technical regulations for the operation of slaughterhouses for animals for slaughter, slaughterhouses for bovine animals and slaughterhouses for poultry, and for the inspection of these slaughterhouses and the processing, storage and transport of meat.

3.112. Bolivia has submitted four notifications to the WTO Committee on Sanitary and Phytosanitary Measures since 2006. One of these concerns food safety and animal health[95], while the other three concern plant protection measures.[96]

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

3.113. Competition policy is governed by the Political Constitution of the State, CAN Decision 608 approving the rules for the protection and promotion of free competition, and Supreme Decree No. 29519 and its implementing Regulations (Ministerial Resolution No. 190/2009) (Table 3.16). A preliminary draft of an anti-monopoly and protection of the plural economy law was under preparation in 2011 and is still being revised. It is intended to regulate conduct which restricts, limits or distorts the market for goods and services, to the detriment of competition and consumers.

Table 3.16 Regulations on competition

Legal text	Provisions
Article 314 of the Constitution	Private monopolies and oligopolies are prohibited, as well as any other form of association or agreement between Bolivian or foreign natural or legal persons attempting to control and obtain exclusivity over production and marketing of goods and services.
Article 308 of the Constitution	The State recognizes, respects and protects private initiative that contributes to economic and social development so as to strengthen the country's economic independence. Free enterprise and full exercise of business activities, regulated by law, are guaranteed.
CAN Decision 608	The objective is to protect and promote free competition in the CAN, seeking market efficiency and consumer well-being. For this purpose, it defines conduct restricting competition, includes a penalty procedure and establishes an Andean Committee for the Protection of Free Competition.
Supreme Decree No. 29519 of 16 April 2008	Regulates competition and consumer protection against harmful conduct which adversely impacts the market, leading to speculation in terms of prices and quantities.
Ministerial Resolution No. 190/2009 of the Ministry of Production and Microenterprises (now the MDPyEP)	Implementing regulations for competition, provision implementing Supreme Decree No. 29519 and establishing a special procedure for imposing sanctions to protect competition.

Source: WTO Secretariat.

3.114. According to Supreme Decree No. 29519, free competition is deemed to be a catalyst for the national economy and in the public interest. It is therefore regulated by the State in order to control and prevent persons or enterprises from acting abusively as a result of their dominant position in the domestic market. State enterprises, however, as well as those operating in strategic sectors which have their own regulations, are not covered by Supreme Decree No. 29519 and remain outside the competence of the Business Supervisory Authority.

3.115. The Business Supervisory Authority, now called the Business Control Authority (AEMP), is responsible for protecting competition and for dealing with, investigating, prosecuting, imposing

[94] SENASAG Administrative Resolution No. 109/06 of 12 July 2006.
[95] WTO document G/SPS/N/BOL/16 of 31 March 2006.
[96] WTO documents G/SPS/N/BOL/15 of 14 February 2006; G/SPS/N/BOL/17 of 1 May 2006; and G/SPS/N/BOL/18 of 1 May 2006.

penalties and ruling on acts contrary to market competition, as stipulated by Supreme Decree No. 29519 and its implementing Regulations. The AEMP is also responsible for issuing regulations on the protection of competition for non-regulated sectors and for proposing rules to promote competition.[97] The AEMP may initiate investigations on its own initiative or in response to a complaint.

3.116. The legislation defines conduct deemed to be absolute anti-competitive conduct or relative anti-competitive conduct (Table 3.17).[98] Administrative sanctions are imposed on economic agents that engage in absolute or relative anti-competitive conduct, without prejudice to any criminal or civil liability the conduct may entail. Sanctions are always imposed for absolute anti-competitive conduct. In order to determine whether relative conduct is to be penalized, the AEMP examines the gains in terms of efficiency resulting from the conduct and its effect on the competition process. In order to avoid being sanctioned for their conduct, economic agents have to prove that the net gains in terms of consumer well-being derived from such practices exceed their anti-competitive effects.[99]

Table 3.17 Anti-competitive conduct

Absolute anti-competitive conduct
Fixing, raising, concerting or manipulating the selling or purchase price of goods or services at which they are offered or demanded on the markets, or exchanging information for the same purpose or with the same effect;
establishing the obligation not to produce, process, distribute, market or purchase only a restricted or limited quantity of goods, or to provide or transact a restricted or limited number, volume or frequency of services;
dividing, distributing, allocating or imposing portions or segments of a current or potential market for goods or services, by means of customers, suppliers, periods or areas determined or to be determined; establishing, concerting, coordinating positions or abstaining from bidding, competition or public auctions;
Relative anti-competitive conduct
Imposing the price and other terms to be met by a distributor or supplier when marketing or distributing goods or supplying services that are usually distinct or distinguishable, or on a reciprocal basis;
sale, purchase or transaction subject to the condition not to use, purchase, sell, market or provide the goods and/or services produced, processed, distributed or marketed by a third party;
unilateral action consisting of refusing to sell, market or provide goods and/or services available or normally supplied to third parties to a particular party;
concertation among various economic agents or inviting them to exert pressure against any economic agent or to refuse to sell, market or purchase goods or services from that economic agent for the purpose of dissuading the latter from a particular conduct, applying reprisals or obliging the latter to act in a particular way;
in the case of goods and/or services produced jointly or separated for marketing purposes, the total average cost and the variable average cost are distributed over all the by-products or joint products;
granting of discounts or incentives by producers or suppliers to buyers subject to the condition not to use, purchase, sell, market, provide goods and/or services produced, processed, distributed or marketed by a third party, purchasing, transaction subject to the requirement not to sell, market, provide to a third party the goods and/or services that are the subject of the sale or transaction;
use of the earnings obtained by an economic agent from the sale, marketing or supply of a good or service in order to finance losses from the sale, marketing or supply of another good and/or service;
determination of different prices, terms of sale or purchase for different buyers and/or sellers under equivalent conditions; and
action by one or more economic agents for the purpose or having the effect, directly or indirectly, of raising costs or hindering the production process or decreasing demand *vis-à-vis* their competitors.

Source: Supreme Decree No. 29519 of 16 April 2008.

3.117. Over the period 2013-2016, the AEMP dealt with 19 cases of anti-competitive practices, 13 of which were initiated *ex officio* (Table 3.18). Most of them concerned price discrimination and applied in particular to products such as beer (six instances), sugar (five), milk (two) and almonds (one). The AEMP rejected two of the complaints for lack of evidence of the offence allegedly committed, another two were dismissed when the complainants withdrew, while the remaining cases led to monetary sanctions and/or warnings to those responsible. No investigations were initiated *ex officio*, and there were no complaints of unfair practices relating to services as this sector does not fall within the scope of the AEMP.

[97] Supreme Decree No. 29519 of 16 April 2008 and Supreme Decree No. 071 of 9 April 2009.
[98] Articles 10 and 11 of Supreme Decree No. 29519 of 16 April 2008.
[99] Ibid., Article 12.

Table 3.18 Protection of competition, 2013-2016

Product	Initiation of the investigation	Conduct	Outcome
2013			
Almonds	*Ex officio*	Information required by the AEMP not provided	Fine
Cement	*Ex officio*	Cartel	Fine
Beer	*Ex officio*	Participation of executives and directors in anti-competitive activities	Disqualification from engaging in commercial activities for 90 calendar days
Milk	*Ex officio*	Price discrimination	Fine
Medicinal oxygen	*Ex officio*	Price discrimination	Fine
Tobacco	*Ex officio*	Exclusivity of territory and product	Fine
2014			
Beer	Complaint by a party	Exclusive sale of a product	Complainant withdrew
Beer	Complaint by a party	Abuse of a dominant position	Complainant withdrew
Beer	Complaint by a party	Abuse of a dominant position	Rejection of the complaint
2015			
Sugar	*Ex officio*	Price fixing Exchange of information Price discrimination	Fine Disqualification from engaging in commercial activities for 90 calendar days
Bottled beverages	Complaint by a party	Exclusive sale of a product	Rejection of the complaint
Beer	Complaint by a party	Price discrimination Hindering the production process	Fine
Raw milk	*Ex officio*	Price discrimination	Fine
Medicines	*Ex officio*	Price discrimination	Fine
2016			
Sugar	*Ex officio*	Price discrimination Dividing up territory	Fine Executives disqualified from engaging in commercial activities for 120 calendar days
Sugar	*Ex officio*	Price fixing Exchange of information Price discrimination Dividing up territory	Fine Executives disqualified from engaging in commercial activities for 120 calendar days
Sugar	*Ex officio*	Price fixing Exchange of information Price discrimination Dividing up territory	Fine Executives disqualified from engaging in commercial activities for 120 calendar days
Sugar	*Ex officio*	Price fixing Exchange of information Price discrimination Dividing up territory	Fine Executives disqualified from engaging in commercial activities for 120 calendar days
Beer	Complaint by a party	Price discrimination Special terms of sale	Fine Those involved disqualified from engaging in commercial activities for 60 calendar days

Source: Information provided by the authorities.

3.3.4.2 Price control

3.118. According to the authorities, Bolivia uses price "monitoring" to protect consumers and ensure the supply of basic goods.

3.119. The AEMP in the MDPyEP may control prices to protect consumers from conduct that results in price speculation. It may decide, either in the course of an investigation or in order to terminate restrictive conduct, that a price control should be imposed.[100] No price control resulting from an investigation conducted by the AEMP was imposed during the review period.

3.120. Bolivia also has an economic and social policy that supports the country's production and food security and sovereignty, preventing supply shortages and price speculation on the domestic market. When deemed necessary, the authorities may therefore regulate the trade flows, domestic marketing and prices of the main products in the family shopping basket or the inputs needed to guarantee that the domestic demand for food is met.

3.121. The price monitoring policy is intended to protect both consumers and producers. When the price of products that are sensitive in terms of food security rises, measures are taken to mitigate the increase and, in the case of products for export, to control their export, for which the CAIPJs, or export licences in the case of sugar and its by-products, are used. The measures employed by the Bolivian authorities to offset price increases involve tariff administration, direct imports by the State to counteract the shortages identified, and/or control of surpluses for export. Price monitoring is also used in support of the production and marketing of agricultural products.[101]

3.122. Since 2008, EMAPA has been tasked with providing support for the production and marketing of agricultural products and by-products in order to guarantee supplies.[102] It implements the policy of subsidizing the production and marketing of agricultural products and by-products at fair prices. When necessary, EMAPA therefore buys (collects) the output of these products at a price 15% above the price set at the storage centres or the equivalent. If the price at the storage centre is below the production cost, EMAPA pays the producer a price equivalent to the sum of the production cost and a margin of up to 15% of the cost, which is considered to be the "fair price". EMAPA establishes a marketing price that is based on a price band whose limits are the cost price and up to 10% below the market price weighted by city, according to the report of the National Institute of Statistics (INE).[103] During the review period, price bands were established for rice, wholemeal flour and soya beans and soya products (Table 3.19).[104] A maximum consumer price was also fixed for bulk refined oil (litre) at Bs 10 and for bottled refined oil (900 ml) at Bs 11.[105] According to the authorities, these products play a major role in determining the price index either as final products (consumer price index) or as inputs in the cost of raising swine and poultry (producer prices). When the product is subject to a domestic supply quota, the price band varies according to domestic supplies; as sales on the domestic market increase, so does the price (Table 3.20).

Table 3.19 Products subject to price bands

Product	Minimum price	Maximum price	Resolution
Raw milk[a]	Bs 2.80	Bs 3.22	Joint Ministerial Resolution No. 005.2012 of 18 May 2012
Pasteurized fluid white milk[b]	Bs 4.80	Bs 5.00	
UHT fluid white milk of 946 ml and 950 ml[b]	Bs 4.80	Bs 5.00	
Milk drink in sachets of 80 ml to 170 ml[b]	Bs 0.45	Bs 0.50	
Liquid yoghurt in sachets of 80 ml to 90 ml[b]	Bs 0.45	Bs 0.50	
Milk flavoured with dairy extensor in sachets of 80 ml[b]	Bs 0.45	Bs 0.50	

[100] Article 11, paragraphs 6 and 10 of Supreme Decree No. 29519 of 16 April 2008.
[101] Supreme Decree No. 255 of 19 August 2009.
[102] Supreme Decree No. 29230 of 15 August 2007; Supreme Decree No. 255 of 19 August 2009; and Supreme Decree No. 1120 of 11 January 2012.
[103] Supreme Decree No. 255 of 19 August 2009.
[104] Joint Ministerial Resolution No. 002.2011 of 29 June 2011. Viewed at: http://www.observatorioagro.gob.bo/menu/derecha/INFORMACION%20EN%20LINEA/documento/normativas/R_B_M/rbm%20002_2011.pdf; Joint Ministerial Resolution No. 001.2017 of 13 January 2017; and Supreme Decree No. 373 of 2 December 2009.
[105] Joint Ministerial Resolution No. 009.2014 of 30 June 2014, and Joint Ministerial Resolution No. 001.2017 of 13 January 2017.

Product	Minimum price	Maximum price	Resolution
Soya-bean solvent	US$265/MT	US$278/MT	Joint Ministerial Resolution No. 001.2017 of 13 January 2017
Wholemeal soya-bean flour	US$393/MT	US$413MT	
Soya-bean hulls	US$60MT	US$80MT	
Husked rice (HS 1006.20.00.00)	US$60/fanega (200 kg)	US$66/fanega (200 kg)	Supreme Decree No. 373 of 2 December 2009
Semi-milled or wholly milled rice, whether or not polished or glazed (HS 1006.30.00.00)	US$55/fanega (200 kg)	US$61/fanega (200 kg)	

a Producer price.
b Consumer price.

Source: Information provided by the authorities.

Table 3.20 Products subject to price bands and domestic supply quotas

(US$ per tonne)

Filling of the quota	Soya-bean solvent	Wholemeal soya-bean flour	Soya-bean hulls
>95%	322-307	453-431	80-60
95%-80%	321-307	450-431	77-60
80%-60%	318-307	446-431	74-60
60%	315-307	442-431	71-60

Source: Joint Ministerial Resolution No. 010.2012 of 20 June 2012. Viewed at: http://www.observatorioagro.gob.bo/menu/derecha/INFORMACION%20EN%20LINEA/documento/normativas/R_B_M/rbm%20010_2012.pdf.

3.123. In addition to the foregoing, in order to safeguard the interests of raw milk producers as well as consumers, every year PRO BOLIVIA, in coordination with the MDRyT, determines price bands fixing the producer price for raw milk and the price of some "selected" dairy products to the end consumer, so as to prevent price increases from affecting consumption and hence food security (section 4.1).[106]

3.124. In addition to storage (collection) prices and price bands, the Government may also sign supply agreements with the various industries in order to ensure that they have a supply of inputs at a fixed price. For example, from 2011 onwards, in order to support the bakery industry, EMAPA supplied an agreed volume of flour and sugar at a price fixed in an agreement signed between the Government and the National Bakers Confederation.[107]

3.125. The State also controls the domestic price of products that are exported. The domestic market price for natural gas may under no circumstances exceed 50% of the minimum price in the export contract.[108] The price gap is a domestic consumption subsidy.

3.126. Through the Telecommunications and Transport Regulatory and Supervisory Authority, the State also regulates the general tariff and price regime for telecommunications and information and communication technologies throughout the country, irrespective of their coverage (section 4.4.2).[109] Transport rates are also regulated; they are determined according to an econometric model that takes into account the cost of fuel, which State policy subsidizes. Water rates are regulated as well and are determined according to a formula.

3.3.5 State trading, public enterprises and privatization

3.127. Since 2006, the State's function has changed in Bolivia. The Government regards the State as having not only a governing role but also a role in production. It is therefore considered that State enterprises must contribute towards the country's economic and social development, by

[106] Law No. 204 of 15 December 2011 and Joint Ministerial Resolution No. 005/2012 of 18 May 2012. Viewed at: http://www.observatorioagro.gob.bo/menu/derecha/INFORMACION%20EN%20LINEA/documento/normativas/R_B_M/rbm%20005_2012.pdf.
[107] Supreme Decree No. 0771 of 17 January 2011 and Supreme Decree No. 1116 of 21 December 2011.
[108] Article 87 of the Hydrocarbons Law of 17 May 2005.
[109] Article 43 of Law No. 164, General Law on telecommunications and information and communication technologies of 8 August 2011.

transforming its production matrix. According to current legislation, public enterprises must play a social role and contribute towards economic and social growth by creating jobs, providing services, meeting demand and intervening in order to prevent market distortions. The authorities consider that public enterprises are a complement to Bolivian or foreign private economic organizations.

3.128. Public enterprises at central State level have taken on a key role in implementing the "economic, social, communitarian and productive" model by managing ownership rights over natural resources and exercising strategic control over production and industrialization processes in order to produce value-added goods and services which meet the essential needs of the domestic market and to build export capacity.

3.129. The Higher Strategic Council for Public Enterprises (COSEEP) was established in 2013. It is responsible for framing policies, strategies and general guidelines for managing public enterprises pursuant to the country's Economic and Social Development Plan.[110] The Technical Bureau for the Strengthening of Public Enterprises (OFEP) was also created to provide COSEEP with technical support in fulfilling its responsibilities, by evaluating public enterprises at central State level. The Office of the Auditor-General of the State controls the management of public enterprises.

3.130. Public enterprises are governed by the Political Constitution of the State, the Law on public enterprises, and its implementing Regulations[111], COSEEP resolutions, the Commercial Code, the special regulations creating such enterprises and those governing the sector in which an enterprise operates. For example, the YPFB and the Bolivian Hydrocarbons Industrialization Enterprise (EBIH), two of the largest public enterprises in the country, are governed by the Hydrocarbons Law (section 4.2.2). Likewise, in the financial sector, for example, Banco Unión S.A. and the BDP are governed not only by the provisions in the special regulations on their creation, activities, functioning and organization, but also by the Financial Services Law and the rules of the BCB.

3.131. Public enterprises at central State level may be State enterprises, mixed State enterprises, mixed enterprises or intergovernmental State enterprises (Table 3.21). Foreign public or private enterprises wishing to form a mixed State enterprise or a mixed enterprise must be approved for registration in the Trade Register and comply with the criteria and procedures established for this purpose in the relevant regulations.[112] Public enterprises may sign investment contracts with other public enterprises or with private enterprises incorporated in the country and/or foreign public or private enterprises.

Table 3.21 Types of public enterprise, 2017

Type of enterprise	Capital (State)	Capital (other sources)
State enterprise (EE)	100%	
Mixed State enterprise (EEM)	> 70% y <100%	Bolivian private and/or foreign capital and/or autonomous territorial entities (ETAs)
Mixed enterprise (EM)	51% a 70%	Bolivian private and/or foreign capital and/or autonomous territorial entities (ETAs)
Intergovernmental State enterprise (EEI)	51% y < 100%	Autonomous territorial entities (ETAs)

Source: Law No. 466 of 26 December 2013.

3.132. There are currently (2017) 62 public enterprises operating in various sectors of the economy (Table A3.6). In each case, the State has a majority holding and in most of the enterprises its share is 100%. Since 2006, public enterprises have become increasingly important in terms of their share of production and trade, symbolic of the profound changes in the country's economic structure. The largest public enterprises include the YPFB and the Bolivian Mining Corporation (COMIBOL). Exports by public enterprises now account for 57% of total exports.

3.133. Public enterprises operating in the hydrocarbons, mining, energy, telecommunications, transport and other sectors identified by COSEEP as being of strategic interest to the country are considered to be strategic enterprises. Their goal is to produce surpluses in order to boost economic development and finance the country's social policies.

[110] Articles 5 and 3 of the Law on public enterprises and Law No. 466 of 26 December 2013.
[111] Law No. 466 of 26 December 2013.
[112] Articles 413, 416 and 417 of the Commercial Code.

3.134. Public enterprises deemed to be production enterprises (*empresas productivas*) come under the service for the development of public production enterprises (SEDEM), which was set up to create and support production enterprises by providing advice at the different stages of their development. It also coordinates and controls the management of public production enterprises, seeking to modernize them and introduce a corporate model for public enterprises. Currently (in 2017), according to information provided by the authorities, the production enterprises are the following: Empresa Azucarera San Buenaventura (EASBA), Empresa Boliviana de Almendra y Derivados (EBA), Empresa Estratégica de Producción de Abonos y Fertilizantes (EEPAF), Empresa Estratégica de Producción de Semillas (EEPS), Empresa Pública Productiva Apícola (PROMIEL), Lácteos de Bolivia (LACTEOSBOL), Papeles de Bolivia (PAPELBOL), Cartones de Bolivia (CARTONBOL), Empresa Pública Quipus (QUIPUS), Empresa Pública Productiva Envases de Vidrio de Bolivia (ENVIBOL), and Cementos de Bolivia (ECEBOL), although it is not yet operating. Most of these enterprises are active in agro-industry or manufacturing, except for QUIPUS, which is technology-oriented.[113] EBA was the only exporting enterprise in 2017, although it was not the exclusive exporter of Brazil nuts.

3.135. Public enterprises' share of trade remains significant (Table 3.22). Their large share, particularly as regards exports, is mainly attributable to the YPFB, which is responsible for marketing hydrocarbons, one of the country country's leading export products (sections 1.3.1.1 and 4.2.2).

Table 3.22 Share of public enterprises in production, imports and exports, 2006-2016

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[a]	2016[b]
Production (% of gross value)	n.a.	7.5	15.4	13.7	17.2	17.9	21.0	21.5	20.4	n.a.	n.a.
Imports (% of total value)	n.a.	6.2	10.8	11.2	11.7	16.2	13.7	16.5	15.7	13.4	8.7
Exports (% of total value)	n.a.	48.6	53.2	42.4	46.7	48.8	52.1	57.3	54.5	49.3	35.1

n.a. Not available.

a Preliminary.
b January-September.

Source: Information provided by the authorities.

3.136. The YPFB is in charge of the import and export of hydrocarbons (crude oil, condensate, natural gasoline, liquefied petroleum gas (LPG), and natural gas).

3.137. INSUMOS BOLIVIA, set up in 2008 under the Ministry of Production and Microenterprises (now the MDPyEP), is responsible for marketing (buying and selling) goods and inputs at a "fair price" on the domestic market for the benefit of the population as a whole, importing products that make up the family shopping basket and "high impact" (strategic) inputs for production, as well as exporting value-added products.[114] It operates a trust fund set up within the MDPyEP in order to buy, sell, market and export foods and other manufactures.[115] In 2016, INSUMOS BOLIVIA was in charge of importing maize, wheat flour, certified rice seed and agro-chemicals.[116] In practice, however, it does not import any of these products inasmuch as, according to the authorities, the domestic market has been stabilized and there are no shortages. In 2017, the only products exported by INSUMOS BOLIVIA were ethyl alcohol, canned palm hearts and pineapple.

3.138. EMAPA was created in 2007 and its objectives include providing support for rice, wheat, maize and soya bean producers, helping to ensure the population's food security and combating price speculation for these commodities. As a support measure, particularly for small and medium-sized farms, EMPA markets their output at a "fair price". The products marketed by EMAPA include wheat flour, top grade rice, wheat bran, maize for balanced feed, soya-bean meat,

[113] Information provided by the authorities.
[114] Supreme Decree No. 29727 of 1 October 2008.
[115] Supreme Decree No. 1561 of 17 April 2013.
[116] Supreme Decree No. 2857 of 2 August 2016.

oil, and bread, as well as other products which are running short on the local market.[117] The products which EMAPA markets can only be imported by EMAPA.

3.3.6 Government procurement

3.139. Government procurement is mainly governed by Supreme Decree No. 181 of 2009 (SD No. 181), which specifies the basic rules for the goods and services administration system (NB-SABS), "goods and services" being defined as "goods, works, general services and consultancy services". It is also governed by ministerial resolutions approving the basic procurement documents (DBC) according to the procedure and type of contracting, which come into force as soon as they are published in the State contracting system (SICOES), and by the SICOES operations handbook, the regulations concerning the single register of State suppliers (RUPE), and model specific regulations.[118]

3.140. The MEFP is the "governing body" for Bolivia's government procurement. It is responsible for ensuring proper application of the NB-SABS and for managing the SICOES and the RUPE. Each government institution has a unit responsible for all contracting procedures, called the Higher Executive Authority (MAE). According to the regulations in force, government procurement in Bolivia is bound by the following principles: (i) free participation by competitors; (ii) participation in bidding on equal terms; (iii) transparency; (iv) social control; and (v) efficient use of time and resources in contracting procedures.[119]

3.141. For all public sector entities, including State public enterprises in which the State has a majority holding, it is compulsory to use the SICOES.[120] There are six government procurement procedures, mostly used according to the amount of the contract, namely: (i) minor procurement; (ii) national support for production and employment (ANPE)-type procurement; (iii) public invitation to tender (national or international); (iv) direct contracting; (v) special procurement; and (vi) procurement in the event of disaster and/or emergency situations (Table 3.23). In order to carry out its functions, the State enterprise INSUMOS BOLIVIA is authorized to use direct contracting for the procurement of goods, works, general services and consultancy services, applying the procedures approved by the MDPyEP. After a contract has been awarded, INSUMOS BOLIVIA must register the information on the procurement procedure in the SICOES and inform the Office of the Auditor-General of the State.[121]

3.142. Government procurement procedures using the ANPE and public invitation to tender procedures must follow the guidelines laid down in the DBCs, which contain model invitations to tender and the basic procurement documents. In special circumstances and subject to authorization from the MEFP's governing body, the DBCs may be modified before the invitation to tender is published in order to incorporate special clauses for the procurement. For the ANPE procurement procedure, there are currently DBCs for the purchase of goods, works and leasing, and contracts for general and consultancy services. For procurement using the public invitation to tender procedure, the DBCs cover: the purchase of goods; works; procurement of general services; insurance, consultancy and technical supervision; leasing; and the purchase of goods and real estate and medicines.

[117] Online information from the MDPyEP. Viewed at: http://www.produccion.gob.bo/content/id/18.
[118] Ministerial Resolution No. 274 of 9 May 2013.
[119] Article 3 of Supreme Decree No. 181 of 26 June 2009.
[120] Ibid., Article 6, and Articles 3 and 4 of Law No. 1178 of 20 July 1990.
[121] Supreme Decree No. 29727 of 1 October 2008.

Table 3.23 Government procurement procedures

Procedure	Threshold (Bs)	Features
Minor procurement	From 1 to 50,000	No price quotations or proposals required No time-limit Economic criteria must be taken into account in order to obtain the best price Goods and services must meet quality criteria
National support for production and employment (ANPE)	> 50,000 to 1,000,000	For procurement using price quotations, it is not compulsory to use the model basic procurement document (DBC) Time-limit for submitting price quotations or proposals: 4 days (up to Bs 200,000) or 8 days (> Bs 200,000 to Bs 1,000,000) For proposals > Bs 200,000, a guarantee of the seriousness of the proposal may be sought No extension of time-limits or modifications of the DBC Evaluation of a single price quotation or proposal For procurement exceeding Bs 200,000, the contract is awarded (or the procedure declared void) by means of special resolutions and administrative appeals may proceed
Public invitation to tender	> 1,000,000	National public invitation to tender: > Bs 1,000,000 to Bs 70,000,000; time-limit for submitting bids: 15 days International public invitation to tender: > Bs 70 million; time-limit for submitting bids: 15 working days or 20 days (goods and services). International public invitations to tender may be issued for procurement < Bs 70 million if the procurement so requires The time-limits may be extended and the DBC may be modified The evaluation may proceed on the basis of a single bid
Direct procurement of goods or services	No limit	There is a list of 13 reasons for which the direct procurement procedure may be used, for example, if it is sought to purchase spare parts or goods whose price is controlled by the State (Article 72 of Supreme Decree No. 0181) Goods or services provided by public enterprises, national strategic public enterprises (EPNE) or financial enterprises or institutions in which the State has a majority holding After the contract has been signed, the procurement is notified to the Office of the Auditor-General of the State (CGE) and registered in the SICOES
Special procurement	No limit	There is a list of 14 reasons for which the special procurement procedure may be used, for example, if there is a sole supplier or consultant or if it is sought to purchase perishable foodstuffs (Article 65 of Supreme Decree No. 0181) The special procurement procedure may not be used because of lack of foresight on the part of the institution or untimely call for the good or service The procedure followed shall be that specified in the resolution authorizing the procurement After the contract has been signed, the procurement is notified to the Office of the Auditor-General of the State (CGE) and registered in the SICOES
Procurement in the event of disaster and/or emergency situations	No limit	This procedure may only and exclusively be allowed in order to deal with disaster and/or emergency situations Each institution regulates the procedures and terms for the procurement

Source: Information provided by the authorities.

3.143. The criteria for evaluating bids for the procurement of goods or services are based on the following methods of selection and award of contracts: (i) quality, technical proposal and cost; (ii) quality; (iii) budget fixed; (iv) lower cost; and (v) price considered the lowest.[122]

3.144. Bolivia uses government procurement as a mechanism to support domestic production, seeking to ensure in particular that micro and small enterprises, small farmers' economic organizations and small producers' associations play a larger part in procurement. Public entities must, therefore, first consider the options on the domestic market when procuring goods or contracting services. Import is only allowed if the goods and/or services are not available in the country.[123] Bolivia also offers preference margins for Bolivian suppliers or producers, most of which depend on national content (Table 3.24). These margins range from 5% to 35%. Micro and small

[122] Article 23 of Supreme Decree No. 181 of 26 June 2009.
[123] Ibid., Article 29.

enterprises also receive an additional preference margin of 20% in all government procurement procedures.[124]

Table 3.24 Preference margins for domestic producers or suppliers

Procurement procedure	Preference margin over the price bid	Criterion
Goods and services		
ANPE	10%	Irrespective of the origin of the inputs or labour
	25%	For goods in which the inputs or labour of Bolivian origin range between 30% and 50%
	35%	For goods and labour of at least 50% Bolivian origin
Public invitation to tender	10%	Irrespective of the origin of the inputs or labour
	20%	For goods in which the inputs or labour of Bolivian origin range between 30% and 50%
	30%	For goods and labour of at least 50% Bolivian origin
Public works		
ANPE	5%	Bolivian share in the building enterprise (including temporary associations) must be ≥ 51%
Public invitation to tender	5%	Bolivian share in the building enterprise (including temporary associations) must be ≥ 51%

Source: Articles 30 and 31 of Supreme Decree No. 181 of 28 June 2009 (NB-SABS).

3.145. Between 2006 and 2016, government procurement amounted to US$43,317 million.[125] According to information provided by the authorities, until 2015 the procurement procedure most commonly used during the review period was a public invitation to tender, followed by the other procedures; in 2016, it was direct procurement of goods and services (Table 3.25).

Table 3.25 Government procurement statistics, 2006 and 2010-2016

	2006	2010	2011	2012	2013	2014	2015	2016
Number of procedures	26,953	42,958	66,331	76,874	81,435	94,148	74,884	81,995
Number of contracts	20,877	39,148	60,544	63,372	78,026	94,462	68,001	57,865
Amount (Bs million)	8,796	13,451	22,408	35,718	46,544	51,694	41,332	42,649
By type	(Bs millions)							
Goods	1,458	3,780	5,998	7,704	18,634	20,583	9,525	9,032
Works	6,172	7,080	13,855	23,738	19,064	24,925	19,837	25,676
Services	1,166	2,591	2,555	4,276	8,846	6,186	11,969	7,941
By procedure								
Minor procurement	-	-	-	-	531	1,114	1,577	1,272
National support for production and employment (ANPE)	-	3,499	5,063	6,046	6,625	6,397	2,160	68
Public invitation to tender	6,595	5,852	7,619	11,834	15,548	14,095	12,094	9,386
National	5,270	2,940	5,522	8,642	9,375	9,157	5,269	2,960
International	1,325	2,912	2,097	3,192	6,173	4,938	6,825	6,426
Special procurement	449	901	644	2,578	3,091	6,087	883	3,306
Procurement in the event of disaster and/or emergency situations	7	376	318	237	184	1,494	255	139
Direct procurement of goods and services	1	1,537	3,447	3,458	5,995	11,712	10,645	15,096
Other procedures[a]	1,745	1,285	5,315	11,565	14,571	10,795	13,719	13,381

a Other procedures means government procurement using funds or donations from international organizations. In such cases, the procurement procedure is determined according to the regulations of the financing entity.

Source: Information provided by the authorities.

[124] Ibid., Article 31.
[125] Information provided by the authorities.

3.146. Resolutions that are issued in connection with public tender and ANPE procurement procedures (for amounts exceeding Bs 200,000) may be challenged if they affect or prejudice legitimate interests.[126]

3.147. Bolivia is neither party to the WTO Plurilateral Agreement on Government Procurement nor an observer at the Committee.

3.3.7 Intellectual property rights

3.148. The intellectual property regime is governed by domestic legislation and by the CAN provisions.[127] The Andean provisions include Decisions establishing common industrial property protection regimes (Decision 486 of 2000), protection of the rights of breeders of new plant varieties (Decision 345 of 1993) and protection of copyright and related rights (Decision 351 of 1993).[128]

3.149. As a member of WIPO, since 1993 Bolivia has been party to the Paris Convention (industrial property), the Berne Convention (literary and artistic works) and the Rome Convention (copyright and related rights), as well as WIPO's Nairobi Treaty (protection of the Olympic symbol) since 1994. It has also signed the International Convention for the Protection of New Varieties of Plants (in 1999).

3.150. The National Intellectual Property Service (SENAPI) in the MDPyEP is responsible for administering the industrial property and copyright and related rights regimes. Protection of new plant varieties is the responsibility of the National Agricultural and Forestry Innovation Institute (INIAF) in the MDRyT.

3.3.7.1 Industrial property

3.151. Industrial property rights are governed by CAN Decision 486.[129] Pursuant to this Decision, inventions (products or processes) and utility models are protected by means of patents, whereas layout-designs of integrated circuits, industrial designs and trademarks have to be registered in order to be protected. Decision 486 defines the scope of protection and the reasons for which a patent or registration may not be obtained (Table A3.7).

3.152. The procedure for obtaining a patent or registration is similar. In both cases, the interested party must file an application with SENAPI, which, depending on the result of the formal and substantive examinations, grants or refuses the patent, accepts or rejects registration. An applicant may claim a right of priority when filing for a patent or registration.[130] Once the formal examination of the application has been completed, any person with a "legitimate interest" may contest the patent or registration application. SENAPI publishes applications and interested parties then have 60 days in which to oppose a patent application or 30 days in the case of an application for registration; these time-limits may be extended for one additional period. The applicant also has a similar period in which to present his arguments.[131]

3.153. SENAPI may take as a reference the conclusions of examinations conducted by foreign patent offices when conducting the substantive examination of a patent application.[132]

3.154. Layout-designs that have been commercially exploited abroad for over two years may not be registered in Bolivia.[133]

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[126] Chapter VII, Procedure for administrative appeals (Article 90 et seq.) of Supreme Decree No. 181 of 26 June 2009.

[127] Law on industrial privileges of 1916, General Law on trademarks and industrial and commercial registration of 1918 and Copyright Law No. 1322 of 1992.

[128] The Decisions may be viewed at: http://www.comunidadandina.org/Seccion.aspx?id=83.

[129] Online information from the CAN. Viewed at: http://www.comunidadandina.org/Seccion.aspx?id=83.

[130] Article 9 of Decision 486.

[131] Ibid., Articles 40-43, 95, 122 and 146-150.

[132] Ibid., Articles 38-49.

[133] Ibid., Article 97.

3.155. To register industrial designs and trademarks, the relevant international classifications are used, namely, the Locarno Classification and the Nice Classification.[134] Trade slogans, collective marks, certification marks, trade names and well-known marks must be registered as trademarks in order to be protected. Appellations of origin are registered as distinctive signs.

3.156. SENAPI processes patent applications within an average period of four years from the date of receipt. Over the period 2006-2016 (May), there were 4,524 patent applications, but only 955 patents were granted. Registration procedure is quicker; the average time needed to complete registration of an industrial design is six months and for a trademark it is five months. By July 2017, no application to register a layout-design had been received.

3.157. A patent or registration gives the owner the exclusive right to exploit it, which may be assigned by means of licensing contracts. For trademarks, these contracts must be registered with SENAPI, although registration is optional for patents or industrial designs.[135] A patent may be exploited without the owner's consent provided that this is not for commercial purposes.[136] SENAPI may also grant compulsory (non-exclusive) licences if a patent is not worked or for reasons of public interest, emergency or national security.[137] No compulsory licences have so far been granted. Nevertheless, the Constitution provides that "[t]he right to access medicines shall not be restricted by intellectual property rights and commercial rights (…)".[138]

3.158. Inventions are protected for 20 years as of the date of filing the patent application; the term of protection falls to ten years for utility models. Layout-designs and industrial designs are protected for ten years as of the date of filing the registration application. A trademark is protected for ten years as of the date on which registration is granted and may be renewed indefinitely for equal periods. SENAPI may, however, cancel registration of a trademark if it has not been used for three consecutive years.[139] Both patents and registration must be renewed each year (paying the corresponding fees), otherwise they expire.

3.159. Parallel imports of patented products are allowed, as are those of layout-designs, registered industrial designs and registered trademarks.[140]

3.160. Decision 486 also protects geographical indications, which are classified as appellations of origin (DO) or indications of source.[141] The procedure for protecting a DO may be initiated *ex officio* by SENAPI or at the request of an interested party. The declaration of protection does not expire for as long as the conditions on which it was based continue to exist. The declaration of protection obtained from SENAPI authorizes use of a DO for a term of ten years (renewable indefinitely).[142] Bolivia has five DOs (Quinua Real del Altiplano Sur de Bolivia, Indicación Geográfica Valle de Cinti (wine and singani), Singani, Ají de Chuquisaca and Quinua de Los Lípez).[143]

3.161. Undisclosed information automatically enjoys protection for as long as confidentiality is maintained.

3.162. By means of Administrative Resolution No. 017/2015 of 2015, SENAPI approved new internal procedural regulations for industrial property, whose purpose is to regulate aspects complementary to CAN Decision 486.

[134] Ibid., Articles 127 and 151.
[135] Ibid., Articles 57, 106, 133 and 162.
[136] Ibid., Article 53.
[137] Ibid., Articles 61-69.
[138] Article 41.
[139] Article 165 of Decision 486.
[140] Ibid., Articles 54, 101, 131 and 158.
[141] Ibid., Articles 201 and 221.
[142] Ibid., Articles 203-210.
[143] SENAPI (2015), *Memoria Institucional 2015*. Viewed at: http://www.senapi.gob.bo/snpPdfMemoriasAnuales/memoria2015.pdf.

3.3.7.2 Copyright and related rights

3.163. Decision 351 governs copyright and related rights and defines the criteria for enjoying protection (Table A3.7). No registration is required for literary, artistic and scientific works, as well as related rights, to be protected, although registration gives owners of rights greater security. Copyright gives the owner moral and economic rights. Economic rights allow the author to receive financial compensation for use of his work. Use of the protected works may be assigned by means of a licence. Works are protected throughout the lifetime of the author plus 50 years. Protection for performers, phonogram producers and broadcasting organizations is for at least 50 years. Parallel imports of works protected by copyright are not allowed.

3.3.7.3 New varieties of plants

3.164. New varieties of plants are protected by Decision 345, which defines the criteria and exceptions for protection (Table A3.7). New plant varieties are protected by means of a breeders certificate issued by INIAF. The exclusive right to exploit a new plant variety lasts for 20 to 25 years for vines and trees and from 15 to 20 years for other species. A protected variety may, however, be used without the breeder's consent, for example, for research purposes. In addition, a breeder may grant licences to exploit a protected variety. In exceptional circumstances affecting national security or the public interest, the State may declare a species to be freely available, giving the breeder fair compensation. Parallel imports of new plant varieties are not allowed.[144]

3.3.7.4 Provisions for enforcement of intellectual property rights

3.165. Claims of infringement of industrial property rights may be made to SENAPI through administrative channels or to the competent civil or criminal courts through judicial channels.[145] Copyright infringement is dealt with directly through judicial channels.

3.166. SENAPI is responsible for settling administrative matters relating to infringement of industrial property rights. In order to exercise the right to protection of industrial property, the owner must submit an appeal to SENAPI in writing.[146] SENAPI is empowered (either *ex officio* or at the request of the owner) to conduct inspections in order to determine the existence of the alleged infringement. The owner may request that preventive measures be imposed so as to guarantee the practical outcome of the proceedings initiated. Preventive measures may consist, *inter alia,* of prohibiting sale of the goods inspected or temporary closure of a commercial establishment.[147] If it is determined that infringement has occurred, SENAPI imposes definitive measures, which include withdrawal of the counterfeit goods from the market and prohibiting the re-export of goods bearing a counterfeit mark.[148]

3.167. During customs clearance, if the Customs considers that the goods inspected infringe intellectual property rights, it informs SENAPI. The Customs may, however, take measures only if the owner of the right so requests, it may not act *ex officio*. SENAPI may not act *ex officio* either, only at the request of the owner. In such cases, SENAPI may ask the Customs to suspend customs clearance of the goods bearing counterfeit marks for a period of ten days in order to verify whether they are the subject of the alleged infringement.[149]

3.168. SENAPI also has awareness-raising and dissemination activities concerning the importance of intellectual property rights. The purpose of these is to provide information on the intellectual property framework in the country so as to promote the development of micro and small enterprises, as well as that of the scientific, artistic and literary sectors, through the registration and protection of intellectual property.

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[144] Articles 17, 21, 25, 27 and 29 of Decision 345.

[145] Articles 238 and 257 of Decision 486 and WTO document IP/N/6/BOL/1 of 11 April 2001.

[146] The administrative procedure is governed by Article 238 of CAN Decision 486.

[147] The owner may request SENAPI to include certain definitive measures.

[148] Article 241 of Decision 486 and Articles 54-60 and 94 of SENAPI's internal procedural regulations for infringement proceedings. Viewed at: http://www.senapi.gob.bo/data1/images/ReglamentoInfracciones.pdf.

[149] Article 250 of Decision 486 and Article 105-116 of SENAPI's internal procedural regulations for infringement proceedings.

3.169. SENAPI's activities include cultural fairs, advertising campaigns, opening of intellectual property information centres, industrial designs and copyright competitions, seminars/workshops in educational centres, online courses and workshops to evaluate the use of property rights. In order to carry out these activities, SENAPI receives support from other government bodies such as the transparency unit in the MDPyEP, and regional organizations such as the CAN. It also collaborates closely with universities and associations such as the National Confederation of Professional Musicians (CONAMPROBOL), the Bolivian Society of Authors and Composers of Music (SOBODAYCOM), the Bolivian Association of Music Artists (ABAIEM) and the National Confederation of Micro and Small Businesses (CONAMYPE).

3.170. In addition to the general campaigns, specific measures have been taken to promote the protection of intellectual property. Since 2012, a support programme entitled *Tu Trabajo, Tu Esfuerzo, Tu Marca* (Your Work, Your Endeavour, Your Trademark) has been under way to encourage artisans and micro and small enterprises to register trademarks by granting them a 30% reduction in the registration fee.[150] Over the period 2013-2015, there were 117 applications and 89 registrations under the programme. In 2013, the Law on books was enacted, under which VAT and the transaction tax (IT) on the sale of Bolivian-produced and imported books fell to zero in order to promote access to books and discourage piracy.

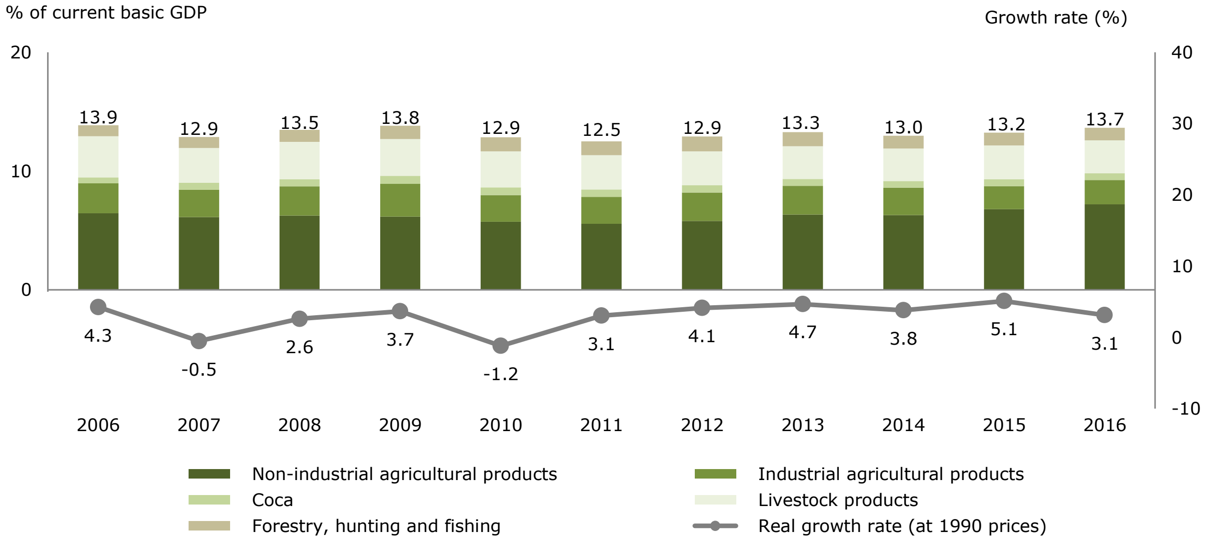
[150] MDPyEP Ministerial Resolution No. 138 of 2012.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1. During the period under review, the agricultural sector grew at an average annual rate of 2.8%. The sector's share of GDP remained stable during this period (2006-2016) (Chart 4.1). The sector comprises, by order of importance, the production of "non-industrial agricultural products", namely vegetables, cereals, fruits and tubers, followed by livestock products and "industrial agricultural products", in particular soya beans and sunflower seeds.

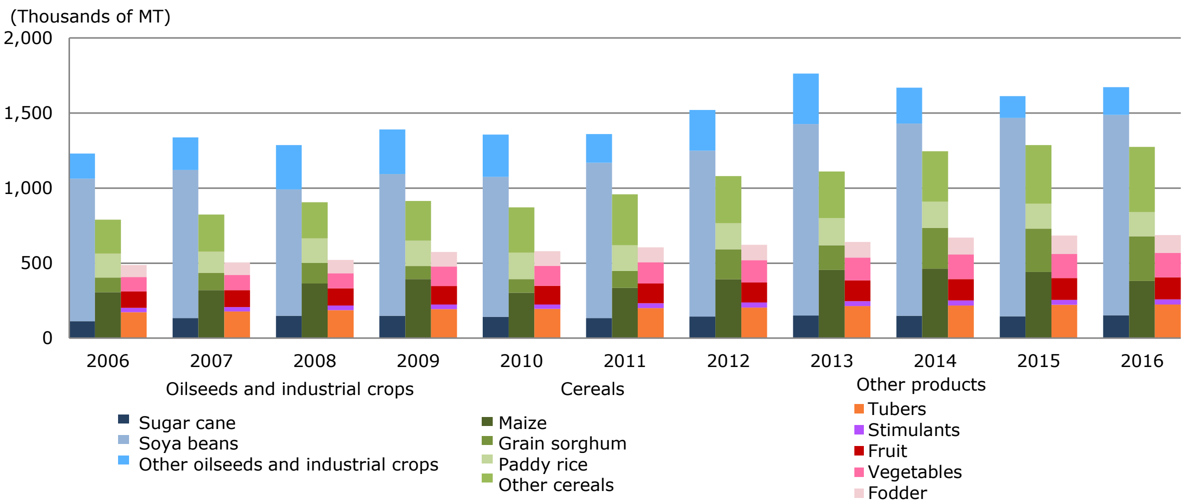
Chart 4.1 Main agricultural sector indicators, 2006-2016



Source: WTO Secretariat estimates, based on data provided by the authorities.

4.2. The Bolivian agricultural sector is relatively concentrated. Oilseeds, especially soya, and cereals represented 71.8% of agricultural output in 2016 (69.3% in 2006) (Chart 4.2). Other major products are sugar cane, tubers, vegetables and fruit. Soya beans are the main agricultural product, and output increased during the review period; the product is essentially destined for export. After soya beans the most important industrial crops are sugar cane, sunflower and sesame.

Chart 4.2 Agricultural output 2006-2016

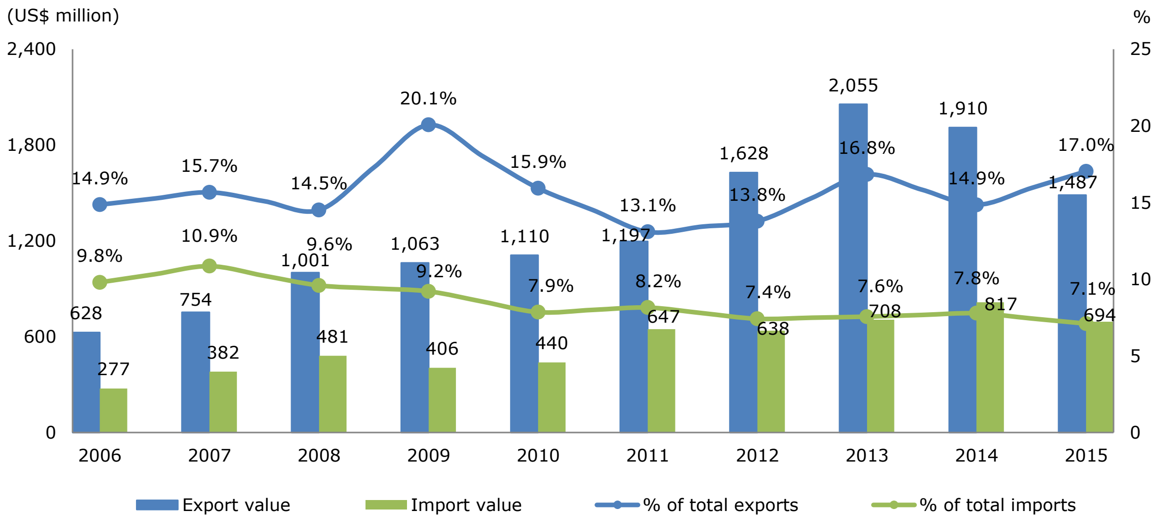


Source: WTO Secretariat estimates, based on data provided by the authorities and the Agro-Environmental and Production Observatory.

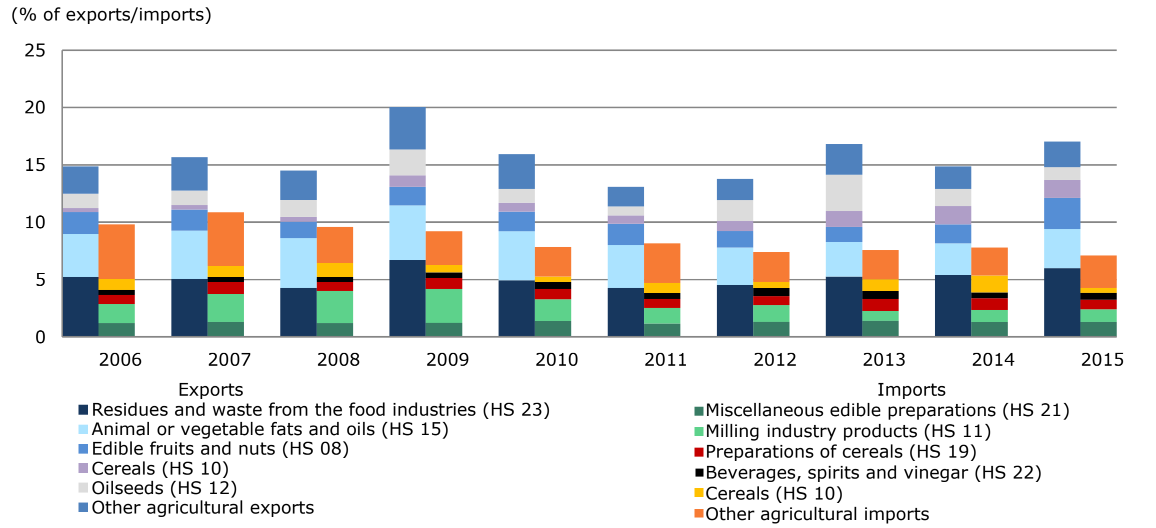
4.3. The Plurinational State of Bolivia is a net exporter of agricultural products, and its agricultural trade balance showed a surplus during the period under review, rising from US$351 million in 2006 to US$793 million in 2015, with a peak in 2014 at US$1,093 million (Chart 4.3(a)). Although agricultural exports represented only 17% (14.9% in 2006) of total goods exports, in value terms they rose from US$628 million in 2006 to US$1,487 million in 2015. Their composition has not changed significantly since 2006. The main export products are soya bean residues for animal feed, which accounted for 34.4% in 2015 and 33.7% in 2006, followed by animal or vegetable fats and oils. Agricultural imports in 2015 represented 7.1% of total goods imports, and consisted primarily of miscellaneous food preparations and milling industry products (Chart 4.3(b)).

Chart 4.3 Exports and imports of agricultural products, 2006-2015

(a) Total



(b) By HS chapter



Source: WTO Secretariat estimates, based on data provided by the authorities, the National Institute of Statistics (INE) and the Comtrade database.

4.4. Bolivia's rural development policy is framed by the Political Constitution of the State, the Law on the Communitarian Agricultural Production Revolution (Law No. 144 of 2011) and the Economic and Social Development Plan 2016-2020. Its fundamental objective is to achieve food sovereignty through the structural adjustment of the agricultural sector and the creation of public institutions that will provide the necessary support to guarantee these objectives.[1] Agricultural policy specifically seeks to guarantee the production of food and its supply at "fair prices", to which end the State may take whatever measures are necessary to ensure the supply of food to meet the needs of the Bolivian people.

4.5. With a view to achieving the goal of food sovereignty, the Government has established a number of overall guidelines that have spearheaded specific policies and programmes (Table 4.1).

Table 4.1 Summary of the overall guidelines of rural development policy

The production, processing and marketing of agricultural products, and of the inputs needed to produce them, shall be regulated.
Agreements on production and export volume targets shall be signed with the agricultural sector.
National agri-food production shall be protected, by regulating the export and import of agri-food products and inputs.
In the allocation of subsidies, preference shall be given to domestic producers over import subsidies.
Special provisions shall be established to ensure that agricultural products directly reach consumers at affordable prices, through State enterprises authorized to purchase local output at fair prices to the producers and the sale of these products to consumers.
Access to inputs, infrastructure, technical assistance and training shall be improved.
Provisions shall be established to control the production, import and marketing of genetically modified products.
Processing and industrialization shall be promoted in order to generate value added.
The system of accreditation of the health, quality and safety of food and the organic nature of agri-food products and inputs of animal and vegetable origin shall be strengthened.
Infrastructure construction and upgrading shall be promoted.
Food storage and conservation strategies shall be developed.
Strategic agri-food reserves shall be established to ensure the availability of strategic foods in the event of circumstances that could affect the normal operation of the trade and distribution process.
The consumption of domestic products shall be promoted through the use of the Social Seal certifying the use of local labour and inputs and the use of local products in state programmes such as the school meals programmes.
Research and innovation, as well as mechanization and the use of technology, shall be encouraged.
Credit mechanisms and an agricultural insurance scheme adapted to the needs of the agricultural sector shall be implemented.

Source: WTO Secretariat, on the basis of Law No. 144 of 29 June 2011.

4.6. In order to carry out the agricultural policies, the existing public institutions and State enterprises have been strengthened and new ones set up (Table 4.2). The Ministry of Rural Development and Lands (MDRyT), assisted by the Plurinational Council for the Economy and Production (COPEP), is responsible for designing and implementing policies in the rural sector. COPEP, which comprises the corresponding government authorities (the President of the Plurinational State and representatives of the MDRyT), representatives of the various communities and of the agri-business sector (such as the National Agriculture and Livestock Confederation), coordinates and helps to draft agricultural policies, and also follows them up and assesses them. The MDRyT, in coordination with COPEP, prepares the Five-Year Food Production Plans with their corresponding operational plans. The latest of these, the Comprehensive Development Plan for the Agricultural and Rural Sector (PSARDI), was drawn up in 2016 and adopted in 2017. The main policies set out in the Plan concern, *inter alia*: land tenure and territorial management of indigenous aboriginal farming communities; use of technology, land and water; agricultural and livestock health; and market development. The products identified in the Plan as priority products are wheat, soya beans, maize, potatoes, quinoa, coffee and vegetables, as well as animal products.

[1] Ministry of Development Planning (2016), *Plan de Desarrollo Económico y Social 2016-2020*. Viewed at: http://www.boliviawdc.org/images/publicaciones/PND.pdf.

Table 4.2 Institutions responsible for designing/implementing agricultural policy

Institution	Function
Ministry of Rural Development and Lands (MDRyT)	
National Agricultural Health and Food Safety Service (SENASAG)	Responsible for administering the Agricultural Health and Food Safety Regime
Agricultural Insurance Institute (INSA)	Responsible for regulating and implementing the "Pachamama" Universal Agricultural Insurance Scheme
Agro-Environmental and Production Observatory	Responsible for monitoring the availability and prices of the family basket of basic goods on the local and international markets
National Agricultural and Forestry Innovation Institute (INIAF)	Responsible for guaranteeing the conservation and administration of agro-biodiversity genetic resources
Ministry of Production Development and the Plural Economy	
Food Production Support Enterprise (EMAPA)	Responsible for supporting the food industry and agricultural and agro-industrial production
Seed Production Support Enterprise (EEPS)	Responsible for producing high-quality seeds and seed banks
Strategic Fertilizer Production Enterprise (EEPAF)	Responsible for producing fertilizers with priority for the production of organic fertilizers
Ministry of the Environment and Water	Responsible for the management of water resources, access to drinking water, sanitation and irrigation for food security, as well as the integrated management of the environment and ecosystems
Ministry of Development Planning	Responsible for supporting State institutions in the planning of plurinational public management, by implementing policies, strategies and instruments for State planning, public investment and financing, strengthening the role of the State and the various agents of the plural economy

Source: WTO Secretariat.

4.1.1 Measures affecting imports and exports

4.1.1.1 Measures affecting imports

4.7. The Bolivian Government implements an economic and social policy that is aimed at food security, and therefore considers it necessary to control exports and imports and the domestic marketing of the main products in the family shopping basket, as well as the inputs needed to guarantee that the domestic demand for food is met. In order to achieve these objectives, the Government uses a range of instruments, including trade policy measures, as necessary.[2] For example, if there were to be a shortfall in the production of specific foods and they had to be imported, tariffs could be temporarily lowered, or the products could only be exported if it was determined that there was a sufficient supply to satisfy domestic demand.[3]

4.8. The tariff protection given to the agricultural sector is higher than that for manufacturing. In 2017, the average applied tariff for agricultural products (13.3%) was higher than that for non-agricultural products (10.8%). On average, the highest duties for products, by WTO category, are specifically applied to beverages, alcoholic liquids and tobacco; coffee and tea; and dairy products, with tariffs of 25.2%, 15.9% and 15.0%, respectively (Table A3.2). The agricultural products that received the highest level of protection (40%) in 2017 are ground roasted coffee, not decaffeinated (HS 0901.21.20.00), some vegetables (HS 2004.90.00.00) and alcoholic beverages. The protection afforded to fish and fisheries products was 16.9% in 2017.

4.9. During the period under review, in some instances tariffs had to be lowered in order to satisfy domestic demand for certain foods, and to ensure sufficient supply of inputs needed to guarantee their production. For example, owing to a fall in the production of certain foods, in 2009 tariffs were temporarily cut to 0% for imports of live bovine animals (HS 01.02), fresh and frozen bovine meat (HS 02.01), wheat and meslin (HS 10.01), wheat flour (HS 1101.00.00.00) and fats and oils (HS 1516.10.00.00).[4] Likewise, in order to increase the area under agricultural production, from

[2] The Economic and Social Development Plan of the Republic 2006 established that the new approach of the strategic trade policy involved the rational and timely use of tariffs, prior licensing and import quotas to stabilize domestic production and the internal market with respect to international competition (Supreme Decree No. 29272 of 12 September 2007).
[3] Supreme Decree No. 0346 of 28 October 2009 and Supreme Decree No. 0026 of 6 March 2009.
[4] Idem.

2011 and for a period of five years tariffs were reduced to 0% on imports of agricultural machinery and equipment (ploughs, mowers, machinery for food preparation) and some agricultural inputs (seeds, cattle feed, vaccines and veterinary medicines).[5] In 2016 this measure was extended for another five years.[6]

4.10. Bolivia has bound all its tariff lines in the WTO. The tariff bindings range from 30% to 40%. All agricultural products, with the exception of live bovine animals (for reproduction) (HS 0102.10.00.00) and bovine animals for fighting (HS 0102.90.10.00) are bound at 40%.

4.11. Bolivia does not apply tariff quotas.

4.12. Imports of products that may affect human, animal or plant health need a sanitary or phytosanitary import permit as well as an import certificate. Imports of agricultural products require a sanitary certificate and in some cases (66 eight-digit HS tariff lines) a prior authorization is also needed; most of these goods are food industry products, such as fruit juices, water, including mineral and sparkling water, and ethyl alcohol, aguardiente spirits, liqueurs and other spirituous beverages.

4.13. Bolivia has not reserved the right to use special safeguards for agricultural products.

4.14. During the review period, Bolivia applied a temporary safeguard. In 2012 an exceptional temporary safeguard was imposed for a maximum period of 90 days on imports of fresh or chilled potatoes (HS 0701.90.00.00) and prepared or preserved potatoes (HS 2004.10.00.00).[7]

4.1.1.2 Measures affecting exports

4.15. As mentioned above, the Bolivian State implements a trade policy that seeks to guarantee that the supply of the basic products in the family shopping basket, *inter alia,* is sufficient to satisfy domestic needs. In order to achieve this objective, before exporting it is necessary to check the supply for the domestic market. Accordingly, when a technical assessment suggests that the domestic production of a food product is not sufficient to meet domestic demand, the export of that product may be prohibited or suspended temporarily[8], or quotas or other requirements prior to export may be imposed. After it has been verified that there are sufficient supplies for the domestic market at a "fair price", the export restrictions may be suspended.[9] Thus export restrictions vary according to the situation in the domestic market (Table 3.7). During the review period, measures of this kind affecting exports concerned the following agricultural and agro-industrial products: oil, bovine animals, rice, sugar and sugar cane, poultry meat and beef, sunflower seed and by-products, flour of cereals, seeds and wheat, hard yellow maize and maize by-products, fat (animal and/or vegetable), sorghum, soya beans, and wheat. According to the authorities, these measures affected 0.07% of the total tariff.

4.16. Prior authorization may be necessary in the case of both exports and imports of agricultural products, as the case may be. The type of authorization required varies according to the product to be exported and may consist in the delivery of a domestic supply and fair price certificate (CAIPJ), an export licence or an export permit.

4.17. The domestic supply and fair price certificate (CAIPJ) began to be used in 2008 as a prior requirement for the export of basic products, and especially for agricultural products (Table 3.8).[10] The CAIPJ is required to verify whether domestic production satisfies the domestic market and there is therefore an exportable surplus. The Ministry of Production Development and the Plural Economy issues the certificate in the light of the technical reports from the MDRyT verifying

[5] Supreme Decree No. 943 of 2 August 2011.
[6] Supreme Decree No. 2860 of 2 August 2016.
[7] Supreme Decree No. 1230 of 9 May 2012.
[8] Article 2 of Supreme Decree No. 0435 of 24 February 2010.
[9] Supreme Decree No. 29460 of 27 February 2008.
[10] Supreme Decree No. 29524 of 18 April 2008.

domestic supply at a fair price.[11] If there is a domestic supply shortfall, no CAIPJs are issued so as to prevent exports of the product.

4.18. In addition to the CAIPJ, Bolivia uses instruments such as export licences and permits to regulate exports of other products. An export licence is needed to export sugar cane and its main products or by-products, which is also issued by the Ministry of Production Development and the Plural Economy (Table 3.9). Licences, like the CAIPJ, are only issued once it has been determined that surpluses remain after the domestic market has been supplied, and in the case of sugar, that the mandatory buffer stock, equivalent to two months of domestic consumption, has been built up.[12]

4.19. During the period under review, price bands were introduced for some products that are also subject to export restrictions, such as soya beans[13] and rice.[14] The domestic market price is set below the world market price. In the case of soya by-products, since 2011 domestic prices have been set according to the requirements of domestic supply, and the domestic price rises as domestic supply needs are fulfilled.[15]

4.20. Exports of some agricultural products may be covered by the drawback customs procedure whereby the exporter is refunded all or part of the customs duty and other taxes, such as VAT and the ICE, that the exporter has paid on the inputs and other materials incorporated into the exported goods. The drawback may be carried out by various methods. In 2016, agricultural products were eligible for a drawback of 2% (eight ten-digit HS lines out of the total of 16 lines), 4% (89 ten-digit HS lines out of the total of 362 lines) or a refund calculated according to the determination method (Table A4.1).

4.21. The determination method is used for exports of a value exceeding US$3 million, and the drawback coefficient is calculated on the basis of an input-output matrix taking account of the average effective rate of the duty. In 2016, of the 37 products (37 ten-digit HS tariff lines) for which this method was used to calculate the drawback, 24 were agricultural products. The drawback coefficient varied between 0.01% and 1.99%; the lowest coefficient applying to agricultural products such as bananas and lemons. The number of agricultural products subject to this method did not vary substantially between 2014 and 2016, and 17 of these products have been subject to this drawback treatment since 2014. The drawback coefficients increased for vegetable preparations, meat and fish preparations and cereal preparations (Table A4.1(c)).

4.22. Of the products (87 ten-digit HS tariff lines) that were not eligible for the drawback procedure in 2016, 40 were agricultural products, some of which, such as soya beans and sugar, were also subject to export restrictions. Twenty of the agricultural products excluded from the drawback procedure needed a CAIPJ in order to be exported. The number of products excluded from the drawback procedure declined during the review period. In the case of agricultural products, the biggest decline was for cereals, oilseeds and fruits, and food industry products (Table A4.1(d)).

4.1.2 Rural sector support programmes

4.23. In addition to the general support programmes, Bolivia also implements sectoral programmes specifically for the agricultural sector, as well as specific programmes such as the "Pachamama" Universal Agricultural Insurance Scheme, in place since 2013, with the aim of raising agricultural productivity in general, as well as other single-product programmes such as the Dairy Production Complex Support Fund (PROLECHE) and the Sugar Cane Production Support Fund

[11] Supreme Decree No. 1283 of 4 July 2012; Circular No. 184/2015 of 9 September 2015; and Joint Ministerial Resolution No. 010.2017 of 18 April 2017.

[12] Supreme Decree No. 1554 of 10 April 2013; Joint Ministerial Resolution No. 080 of 21 May 2013; and Joint Ministerial Resolution No. 081 of 22 May 2013.

[13] Joint Ministerial Resolution No. 002.2011 of 29 June 2011. Viewed at: http://www.observatorioagro.gob.bo/menu/derecha/INFORMACION%20EN%20LINEA/documento/normativas/R_B_M/rbm%20002_2011.pdf.

[14] Supreme Decree No. 373 of 2 December 2009 and Supreme Decree No. 1163 of 14 March 2012.

[15] Joint Ministerial Resolution No. 010.2012 of 20 June 2012. Viewed at: http://www.observatorioagro.gob.bo/menu/derecha/INFORMACION%20EN%20LINEA/documento/normativas/R_B_M/rbm%20010_2012.pdf.

(PROCAÑA) (Table 4.3). The law also provides that the State may subsidize production in the event of emergency, price surges, natural disasters, insecurity and food shortages, *inter alia*.[16]

Table 4.3 Some agricultural sector support programmes, 2016

Programme	Programme description/scope	Disbursement
Support for nationally inclusive agricultural and non-agricultural enterprises	Management of natural resources Investment in economic assets and enterprises Financial inclusion	n.a.
Improvement of market access	Institutional support Evaluation Transfers to producers organizations (operating costs)	n.a.
Community investment in rural areas	Strengthening communities Monitoring and evaluation Transfers to producers organizations (operating costs)	n.a.
Implementation of the national soil rehabilitation and management programme	Pre-investment	n.a.
National Vegetable Production Programme	Introduction of new technologies	Bs 69.5 million
National Fruit Programme	Strengthening production Strengthening marketing	Bs 2 million
Implementation of the Programme to Enhance Potato Production from Winter and Early Sowings in Bolivia	Strengthening production Implementation of irrigation systems Strengthening marketing	Bs 124 million
National Tomato Programme	Improving supply Strengthening production Introduction of new technologies	Bs 15.4 million
Implementation of the Programme to Enhance Cocoa Production	Support for fruit production Post-harvest Organizational reinforcement	n.a.
Implementation of the Programme for the Sustainable Development of Cattle Farming in Bolivia	Cattle containment centre Technology innovation and transfer Genetic improvement centre	Bs 50 million
National Smaller Ruminants Programme	Genetic improvement Management of native grasslands Financial services	Bs 69.5 million

n.a. Not available.

Source: Supreme Decree No. 2299 of 18 March 2015; and information provided by the authorities.

4.24. The policy of subsidizing the production and marketing of agricultural products and by-products at "fair prices" is designed to support above all the small and medium-sized indigenous and aboriginal farming communities' production, throughout the national territory, as well as the supply of food at "fair prices". The subsidy policy is implemented through the Food Production Support Enterprise (EMAPA).[17]

4.25. EMAPA is a strategic national public enterprise that is responsible for supporting the food industry and agricultural and agro-industrial production; it is also tasked with implementing measures to boost output of foods in which the country has a shortfall, in order to guarantee food security.[18] It also seeks to contribute to the stabilization of the prices of agricultural and agro-industrial products and their marketing on the domestic and external markets.

4.26. EMAPA was set up to support producers of rice, wheat, maize and soya beans in particular; it stores the output of grains, which it sells on to consumers, and in part payment provides inputs (certified seeds, agricultural tools, pesticides, fertilizers, etc.) to producers. It also provides free technical assistance and training for small and medium-sized producers.[19]

4.27. EMAPA subsidizes the production of some basic foods through its "fair price" marketing scheme. EMAPA buys in products at prices 15% above those established at the storage centres or

[16] Supreme Decree No. 0286 of 10 September 2009, Supreme Decree No. 2641 of 30 December 2015 and Law No. 769 of 17 December 2015.
[17] Supreme Decree No. 0255 of 19 August 2009 and Supreme Decree No. 2641 of 30 December 2015.
[18] Supreme Decree No. 29230 of 15 August 2007, Supreme Decree No. 255 of 19 August 2009 and Supreme Decree No. 1120 of 11 January 2012.
[19] Online information from the Ministry of Production Development and the Rural Economy. Viewed at: http://www.produccion.gob.bo/content/id/18.

the equivalent. If the price at the storage centre is below the production cost, EMAPA pays the producer a "fair price", equivalent to the sum of the production cost and a margin of up to 15% of the cost. EMAPA also establishes a marketing price that is based on a price band whose limits are the EMAPA cost price and the market price weighted by city minus 10%.[20] During the review period, price bands were established for rice, wholemeal flour and soya beans and soya products (Table 3.19).[21] When the product is subject to a domestic supply quota, the price band varies according to the level of domestic supply; as sales on the domestic market increase, so does the price (Tables 3.19 and 3.20). Products whose prices are regulated can only be imported by EMAPA.

4.28. In order to safeguard the interests of raw milk producers as well as end consumers, the Ministry of Production Development and the Plural Economy and the MDRyT, through PRO BOLIVIA, regulate the prices of raw milk and some dairy products. To this end they annually establish price bands to determine the producer price for raw milk and some "selected" dairy products to the end consumer.[22]

4.29. The Government may also sign supply agreements with the various industries in order to ensure that they have a supply of inputs at a fixed price. Thus, between 2011 and 2014, EMAPA supplied the bakery industry with an agreed volume of flour at price fixed in an agreement between the Government and the National Bakers Confederation.[23] In addition, as a measure primarily in support of small and medium-sized farmers, EMAPA markets a range of agricultural products through its "fair price" sales channels; these include rice and rice products, wheat flour and products, and maize and maize products, as well as other products where there is a shortage on the local market.[24]

4.30. As in other sectors of the economy, a number of State enterprises also participate in the agricultural sector, most of which were set up during the period under review (Table A3.6). These enterprises operate, for example, in the sugar, dairy, seeds and fertilizer industries. Although according to the authorities the purpose of these enterprises is to ensure fair prices for both producers and consumers, as well as to ensure food security, their shares in their respective markets is relatively low, so that it is unlikely that they have the power to influence them. For example, the Empresa Azucarera San Buenaventura has a 1.26% share of the sugar market, while the Empresa de Lácteos de Bolivia (LACTEOSBOL) has a 4% share of the dairy market. Likewise, the Empresa Pública de Abonos y Fertilizantes, which imports and markets fertilizers in the country, imports a volume equivalent to 1.29% of demand, and the seed output of the Empresa de Semillas represents 1.88% of domestic production.[25]

4.31. In 2008, the Government established INSUMOS BOLIVIA, under the Ministry of Production and Microenterprises, now the Ministry of Production Development and the Plural Economy, for the purpose of marketing (by purchasing on the domestic market and/or importing) "high impact" (essential) goods and inputs for production, as well as exporting high value-added products.[26] Since 2016, INSUMOS BOLIVIA has been responsible for importing maize, wheat flour, certified rice seed and agro-chemicals, which are not covered by the procedures established in the current regulations, which it clears through customs at the border with their means of transport.[27] INSUMOS BOLIVIA is financed by a trust fund set up within the Ministry of Production Development and the Plural Economy in order to buy, sell, market and export foods and

[20] Supreme Decree No. 255 of 19 August 2009.
[21] Joint Ministerial Resolution No. 002.2011 of 29 June 2011. Viewed at: http://www.observatorioagro.gob.bo/menu/derecha/INFORMACION%20EN%20LINEA/documento/normativas/R_B_M/rbm%20002_2011.pdf; Supreme Decree No. 373 of 2 December 2009; and Supreme Decree No. 1163 of 14 March 2012.
[22] Law No. 204 of 15 December 2011 and Joint Ministerial Resolution No. 005/2012 of 18 May 2012. Viewed at: http://www.observatorioagro.gob.bo/menu/derecha/INFORMACION%20EN%20LINEA/documento/normativas/R_B_M/rbm%20005_2012.pdf.Seal.
[23] Supremo Decree No. 0771 of 17 January 2011 and Supreme Decree No. 1116 of 21 December 2011.
[24] Online information from the Ministry of Production Development and the Rural Economy. Viewed at: http://www.produccion.gob.bo/content/id/18.
[25] Information provided by the authorities.
[26] Supreme Decree No. 29727 of 1 October 2008.
[27] Supreme Decree No. 2295 of 18 March 2015 and Supreme Decree No. 2857 of 2 August 2016.

manufactured products.[28] In 2017, the only product imported by INSUMOS BOLIVIA is cement; it exports canned palm hearts and ethyl alcohol.

4.32. Government procurement policy is also used as a policy to support domestic production. For its support programmes, the MDRyT may use direct contracting for procurement on the domestic market of works, goods and services intended solely and exclusively for agricultural and piscicultural production, giving preference to the purchase/contracting of products/services of national origin; this is consistent with the rural policy aimed at promoting the consumption of products of national origin.[29] Consumption of domestic products is promoted through the supplementary school meals and nursing mothers subsidy programmes, which give priority to the use of domestic products. In addition, the use of the Social Seal certifies the use of local labour and inputs, and the "*Compro y Como Boliviano*" (Buy Bolivian) programme encourages the consumption of local products.[30]

4.33. The Dairy Production Complex Support Fund (PROLECHE) was created in 2011 to promote the development of the dairy sector and the consumption of dairy products in order to contribute to food security. Its financing is destined primarily for small milk producers and dairy processing industries that have "fair price" certification and process mass-consumption products. The funds are used to enable the dairy industry to buy milk at a "fair price" from the producer and sell it on to the consumer at a "fair price". These prices are regulated by means of a price band (Table 3.19). The Fund is used to subsidize the gap between the producer price and the sale price to the consumer. The industries that receive this type of support must sell their entire output on the domestic market.

4.34. PROLECHE is financed by the receipts from the beer marketing withholding tax (RCC) and the imported alcoholic beverage withholding tax (RIBA), and a contribution from the dairy product industries (Table 4.4). The total amount payable by the domestic beer industry under the RCC is determined according to the volume of litres produced and marketed by the beer company. The total amount payable on account of the RIBA is determined on the basis of the volume of litres imported. The contribution of the dairy enterprises is progressive: as from 2013, the total contribution of dairy producers must be equivalent to at least 40% of the direct annual transfers of the Fund to the enterprises, and will rise annually by at least 5%. The contribution of each enterprise must be progressive and proportional to the volume of its operations measured by its annual real production. Between December 2011 and December 2012 only enterprises that accounted for more than 50% of total milk production were obliged to pay the contribution; in 2013 this obligation was extended to enterprises with at least 3% of the country's total milk production, and as of 2014 the contribution became mandatory for all enterprises.[31]

Table 4.4 Rates of the beer marketing withholding tax and imported alcoholic beverage withholding tax

(Bs/litre)

Type of withholding tax	Description	Rate
Marketing of domestic and imported beer	Beer	0.10
Alcoholic beverage imports	Wine of fresh grapes, including fortified wines; grape must	0.40
	Vermouth and other wine of fresh grapes, flavoured with plants or aromatic substances	0.40
	Other fermented beverages (e.g. cider, perry, mead); mixtures of fermented beverages and non-alcoholic beverages, n.e.s.	0.75
	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80%; spirits, liqueurs and other spirituous beverages (e.g. pisco, singani, grappa and the like, whisky, rum, gin, geneva, vodka and other liqueurs and spirits)	1.30

Note: The rates included in the table are considered ceiling rates that may be modified by Supreme Decree.

Source: Law No. 204 of 15 December 2011 and Supreme Decree No. 1207 of 25 April 2012.

[28] Supreme Decree No. 1561 of 17 April 2013.
[29] Supreme Decree No. 2299 and Law No. 144 of 26 June 2011.
[30] Law No. 144 of 26 June 2011.
[31] Law No. 204 of 15 December 2011.

4.35. Sugar cane production is regulated in Bolivia. The State regulates activities and relations in the production, processing and marketing of the sugar cane agricultural sector and sugar cane agro-industrial sector, as well as the marketing of the main sugar cane products and by-products, in order to guarantee domestic supply. The National Sugar Cane Centre (CENACA) was set up for this purpose.[32] CENACA promotes development and innovation in sugar cane production, as well as the control and monitoring of the main products and by-products. The Sugar Cane Production Complex Support Fund (PROCAÑA), created in 2012, funds CENACA and in turn is financed, among other sources, by the sugar production withholding tax (RPA), which is determined according to sugar cane output in quintales (46 kg), and the withholding tax on direct production of alcohol (RPDA), which is determined on the basis of monthly alcohol production in litres (Table 4.5).

Table 4.5 Rates of the sugar production withholding tax and the withholding tax on direct sugar-cane alcohol production

(Bs/litre)

Type of withholding	Rate
Sugar production	0.20
Direct sugar-cane alcohol production	0.007

Source: Supreme Decree No. 1554 of 10 April 2013.

4.36. The Financial Services Law provides that the financial system must supply financial products and services to the rural sector in order to promote sustainable rural development, giving priority to activities for the processing, industrialization and marketing of renewable natural resources. It stipulates that financial intermediation entities must establish a savings and loan scheme and other related and complementary financial services applying specialized financial technology for rural families, rural production organizations, artisans, cooperatives, producers associations and micro, small and medium-sized communitarian farming enterprises.[33]

4.37. In 2017, the Production Development Bank (BDP) established a trust fund to provide credit for micro, small and medium-sized producers that process and market their products in the poultry farming, wine growing and producing, sugar cane, organic quinoa, certified seed and grain sectors, as well as in "production infrastructure". The capital may be used to finance investments or operations. The amount of the loan is set according to the borrower's payment capacity and investment plan. Loans are in domestic currency and the interest rate is determined according to the rates established in each trust fund.[34] In addition, the BDP grants loans to approved Intermediary Credit Institutions (ICI), and through its credit window makes available to the sector short, medium and long-term resources to finance producers supplying the local market as well as export-oriented producers.[35]

4.38. According to the Political Constitution, one of the objectives of rural development policy is to protect agricultural and agro-industrial production against natural disasters and climatic and geological hazards and damage. Accordingly, in 2012-2013 the Government began to implement the "Pachamama" Universal Agricultural Insurance Scheme through the Agricultural Insurance Institute (INSA). Among other things, the INSA is tasked with designing insurance policies that are geared to the specific characteristics of each region and type of producer, and also with administering them.[36] The INSA also administers the subsidy for the agricultural insurance premium. The subsidy may cover the entirety of the premium in the case of the poorest producers for cover of losses caused by climatic and natural events, pests and diseases. In this first stage, the insurance covers producers working up to three hectares, and the amount of compensation is Bs 1,000 per hectare lost or severely damaged.

4.39. The "Pachamama" Universal Agricultural Insurance Scheme is primarily aimed at protecting the agricultural production of small farmers living in the poorest municipalities in order to promote food security and the possible creation of surpluses for marketing. The support given through the agricultural insurance enables producers, through compensation for loss, to ensure the continuity

[32] Law No. 307 of 13 November 2012 and Supreme Decree No. 1554 of 10 April 2013.
[33] Law No. 393 of 21 August 2013.
[34] Online information from the Production Development Bank. Viewed at: https://www.bdp.com.bo/credito_sectoria.php.
[35] Online information from the Production Development Bank. Viewed at: https://www.bdp.com.bo/credito_agropecuario.php.
[36] Articles 30 and 33 of Law No. 144 of 26 June 2011.

of their agricultural activity. Between 2013 and 2016, 445,000 producers were covered by the insurance scheme, with some 789,000 hectares insured, and 85,000 producers received compensation. The products insured include alfalfa, oats, barley, beans, maize, potatoes, quinoa and wheat.

4.2 Mining and energy

4.2.1 Mining

4.40. Historically, mining has played a fundamental role in the Bolivian economy. It is one of the main export sectors, and contributed 7.2% of GDP in 2016 (Chart 4.4). During the period under review, growth in the sector fluctuated with the swings in international prices. For example, in 2011 it grew by 56.3%, largely reflecting the rise in international prices of a number of the most exported metals, and the expansion of the San Cristóbal mine in the country's largest zinc and lead mining deposit.

4.41. Mining is concentrated primarily on the extraction of zinc and lead, followed by tin. Together these three minerals accounted for over 95% of production in 2016 (Chart 4.5). Other minerals extracted in smaller volumes are wolfram and copper.

4.42. Bolivia possesses one of the largest lithium reserves in the world, in the Salar de Uyuni. It is estimated that 50% of the world's lithium reserves are on Bolivian territory.[37] Lithium is a raw material of high strategic importance, as it is used in the manufacture of high-tech products (such as batteries of mobile telephones and electric vehicles). In August 2016, Bolivia exported its first shipment of 10 tonnes of lithium carbonate.[38] According to the authorities, during 2016 progress was also made in developing products such as battery grade lithium carbonate, potassium chloride, potassium sulphate and magnesium chloride.

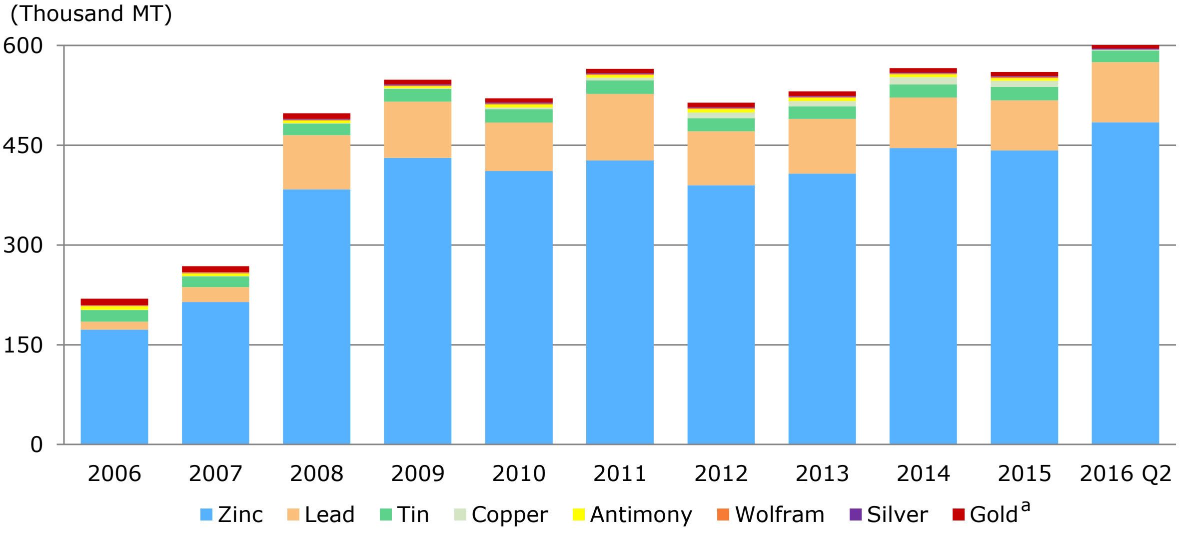
Chart 4.4 Main mining sector indicators, 2006-2016

Source: WTO Secretariat estimates, based on data provided by the authorities.

[37] Ministry of Mining and Metallurgy (2016), *Plan Sectorial de Desarrollo Integral Minero Metalúrgico,* p. 94.

[38] Online information from the Bolivian Mining Corporation (COMIBOL). Viewed at: http://www.comibol.gob.bo/index.php/component/content/article/24-noticias-inicio/805-proyecto-del-litio-comienza-a-generar-ingresos-a-bolivia.

Chart 4.5 Mining output, 2006-2016



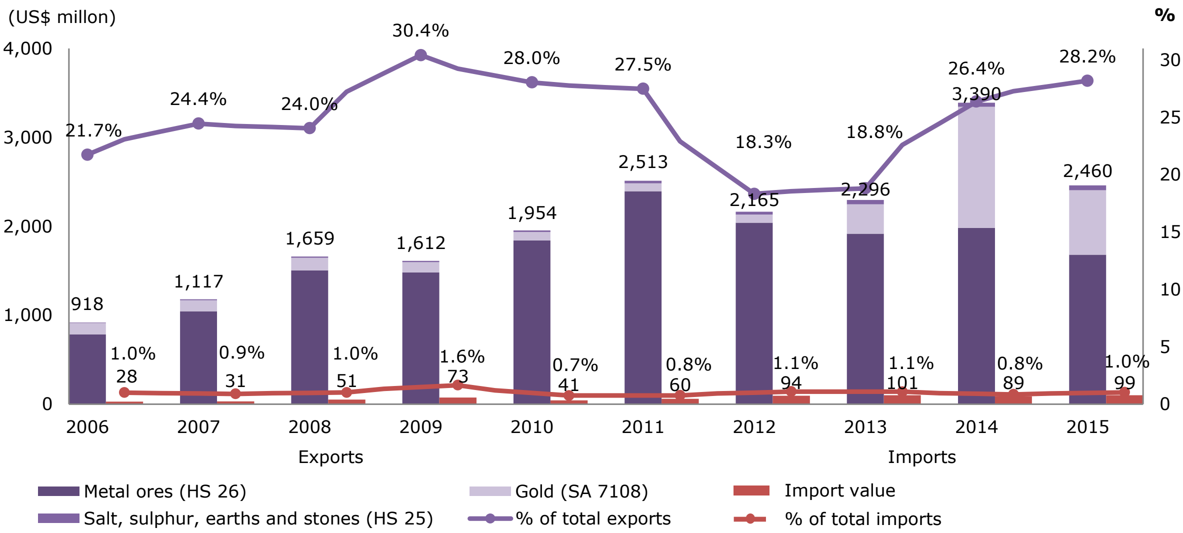
a Based on information from Empresas Mineras Medianas and FENCOMIN, and in fine gold kilos.

Source: WTO Secretariat estimates, based on data provided by the authorities and the INE.

4.43. Bolivia is a net exporter of minerals; the mining trade balance rose from US$890 million in 2006 to US$2,361 million in 2015. Minerals represented 28.2% of total exports of goods in 2015 (Chart 4.6). Bolivia is currently one of the world's leading producers of zinc, a product that represented 68% of total exports of minerals in 2015. In contrast, imports of minerals are minimal, accounting for about 1% of total imports in both 2006 and 2015.

4.44. The National Registration and Control Service for the Marketing of Minerals and Metals (SENARECOM) is tasked with oversight of metal and mineral exports.[39] The single form for mineral and metal exports (M-03) is required to export certain minerals and their products; it is issued by SENARECOM, which is thus able to keep a register of exports (Table A3.4).[40] In principle all metals and minerals whose exploitation is permitted may be exported; the sole exception is "bolivianite", exports of which in the raw state are prohibited until 2019.[41]

Chart 4.6 Exports and imports of mineral products, 2006-2015



Source: WTO Secretariat estimates, based on data provided by the authorities and the Comtrade database.

[39] Articles 87 and 88 of the Law on mining and metallurgy of 28 May 2014.
[40] Article 12 of Supreme Decree No. 29165 of 13 June 2007.
[41] Bolivianite (a variety of quartz) may only be exported as a cut gem (Law No. 3998 of 2009).

4.45. Mining operations are carried out by State and private enterprises and mining cooperatives.[42] Private enterprises account for most of the extraction of minerals. In 2016, according to information provided by the authorities, they extracted 70% of total production, followed by the mining cooperatives and the State mining companies. The cooperatives operate on a small scale using artisanal extraction methods and labour-intensive technologies.[43] The number of cooperatives rose from 911 in 2006 to 1,805 in 2016.[44]

4.46. The Bolivian Mining Corporation (COMIBOL) is the biggest State enterprise operating in the sector.[45] COMIBOL has five subsidiaries, which were set up during the period under review. There is also another public enterprise (Empresa Siderúrgica del Mutún), which is the only one that is not attached to COMIBOL. COMIBOL's main objectives are to promote diversification of the sector, transformation of the mining production system, industrial development and the generation of economic surpluses.[46]

4.47. The Ministry of Mining and Metallurgy (MMM) is responsible for the direction, supervision, oversight and promotion of development of the mining and metallurgy sector. Its functions include: (i) formulating, implementing, supervising and monitoring development policies for all mining activities[47]; (ii) proposing standards, and drafting technical regulations and ensuring compliance with them; (iii) monitoring the State entities operating in the sector; (iv) establishing the official prices of minerals for their subsequent sale and payment of the corresponding royalties; and (v) promoting investment in the sector.[48] The Ministry of Energy, created in 2017, is responsible for supervision of the energy sector, which includes technology relating to the exploitation of lithium and nuclear energy.[49]

4.48. The Mining and Metallurgy Sector Development Plan 2016-2020, based on the Economic and Social Development Plan (PDES) 2016-2020 and the Patriotic Agenda 2025, establishes mining sector policy. It states that, given the existence of reserves and deposits that have not yet been exploited, Bolivia has great geological potential. Nevertheless, the Plan indicates that there is a need to improve both the productivity of the industry and the management of the public enterprises, and also to promote industrialization and diversification of the sector. Medium and long-term policy for the sector includes, among other things: (i) a rise in exploration in order to increase reserves; (ii) promotion of investment; (iii) raising productivity; (iv) promotion of industrialization; and (v) bringing operators into the formal sector and strengthening marketing control mechanisms.[50]

4.49. The Mining Administration Jurisdictional Authority (AJAM) is the regulatory authority for the sector. It is responsible for the direction, control and monitoring of mining activities as well as for administering the Mining Register.[51] Among other responsibilities, the AJAM is tasked with processing and granting prospection and exploration licences and mining contracts, and may also extinguish any right relating to mining activity.[52]

4.50. There were a number of changes in the legal framework for the mining sector during the review period. The sector was regulated by the Mining Code (Law No. 1777 of 1997) from 1997 until 2014, when the Law on mining and metallurgy was enacted.[53] However, between 1997 and 2014 there were also some legislative changes that affected mining activity. For example, until 2007 Bolivian legislation stipulated that mining activities could be carried out by any natural or

[42] Article 369 of the Political Constitution of the State.
[43] Supreme Decree No. 29272 of 12 September 2007 (Development Plan 2006-2011), p. 157.
[44] Information provided by the Bolivian authorities.
[45] Article 61, paragraph I, of the Law on mining and metallurgy.
[46] Ibid., paragraph II.
[47] The mining sector production chain includes the following activities: search, prospection, exploration, exploitation, beneficiation, smelting, refining, marketing and industrialization. Article 10 of the Law on mining and metallurgy.
[48] Articles 74-78 of Supreme Decree No. 29894 of 7 February 2009.
[49] Supreme Decree No. 3058 of 22 January 2017.
[50] Information provided by the authorities.
[51] The Mining Register includes all official documents subject to mandatory registration: authorizations, new mining contracts, old contracts that must be adapted, licences and administrative and judicial decisions concerning mining matters. Article 56 of the Law on mining and metallurgy.
[52] Articles 131 and 44 of the Law on mining and metallurgy.
[53] Law No. 535 on mining and metallurgy of 28 May 2014.

legal person (national or foreign) who applied for a concession and paid the corresponding fees.[54] In 2007, the entire national territory was declared a national mining reserve (RFM).[55] The State, as administrator of this reserve, granted COMIBOL powers to exploit and administer the RFM, without prejudice to existing rights and concessions. In 2010, the existing concessions were transformed into special temporary authorizations (ATEs), and COMIBOL also granted rights to mining operators under RFM lease agreements.[56]

4.51. The 2014 Law on mining and metallurgy eliminated the RFM and the regime of granting mining concessions, but did not cancel the ATEs or RFM lease agreements. As from 2014, those interested in participating in mining activities in lands over which the State or State-owned enterprises have title must sign a mining partnership contract with COMIBOL. This type of contract does not grant the signatory mining rights[57], but it does provide for a share in the profits generated. The contracting parties may negotiate the distribution of profits and the form of payment, but the Law provides that the State's share of the profits cannot be less than 55%.[58] It also stipulates that every new mining partnership contract must be approved by law.[59]

4.52. Moreover, since 2016, COMIBOL may sign mining production contracts with private or cooperative entities to authorize the development of activities in areas over which it has mining rights. These contracts, which must also be approved by law, have a validity period of 15 years, which is renewable. In the contracts signed between a private entity and COMIBOL, COMIBOL negotiates the level of its earnings, calculated on the gross value of sales. In the case of contracts with mining cooperatives, COMIBOL's earnings are calculated taking account of the social nature of the cooperatives.[60]

4.53. Persons interested in operating in free mining areas, in other words areas over which the State does not have title, may do so through an administrative mining contract. Unlike the mining partnership contract, the administrative mining contract recognizes and grants mining rights to the operator. Administrative mining contracts are granted by the AJAM and approved by law for a period of 30 years. The mining rights granted under these contracts may not be transferred.[61]

4.54. Pursuant to the Law on mining and metallurgy, the ATEs and RFM lease agreements must be converted into mining partnership contracts or administrative mining contracts.[62]

4.55. Prospection and exploration activities require a licence issued by the AJAM. Licences are granted for a five-year period (renewable for three years) and may cover a surface area of up to 500 cuadrículas.[63] The holder of a prospection and exploration licence will have preference for the signing of an administrative mining contract.[64] The Law on mining and metallurgy lays down the requirements for obtaining a prospection and exploration licence.[65]

4.56. Private enterprises may request a mining partnership contract or administrative mining contract to extract any mineral or metal whose extraction is not explicitly subject to a prohibition or legal reservation. The State may reserve the right exclusively to exploit the minerals or metals that have been declared strategic, such as lithium, radioactive minerals and rare earths. In 2017, the lithium mining enterprise Empresa Pública Nacional Estratégica de Yacimientos de Litio Bolivianos (YLB) was created, with exclusive rights for all activities relating to the evaporite resources of potassium chloride and lithium carbonate. Accordingly, YLB has exclusive rights to

[54] UDAPE (2015), *Diagnósticos sectoriales: Minería,* p. 8. Viewed at: www.udape.gob.bo/portales_html/diagnosticos/diagnostico2015/index.html.
[55] Supreme Decree No. 29117 of 1 May 2007.
[56] Supreme Decree No. 726 of 6 December 2010.
[57] The former mining concession contracts involved the constitution of a real right of ownership over the concession and as such could be sold, transferred, inherited or mortgaged.
[58] Article 148 of the Law on mining and metallurgy.
[59] Ibid., Article 132.
[60] Law No. 845 of 24 October 2016.
[61] Articles 131, 136 and 142 of the Law on mining and metallurgy.
[62] Ministerial Resolution No. 0294/2016 of the Ministry of Mining and Metallurgy.
[63] The cuadrícula is the unit of measurement used in the Bolivian mining sector. It has a surface area of 25 hectares. Article 14 of the Law on mining and metallurgy describes the method of calculation of the subterranean portion of the cuadrícula.
[64] Article 156 of the Law on mining and metallurgy.
[65] Ibid., Article 157.

extract these minerals and to produce and market lithium (lithium chloride, lithium sulphate, lithium hydroxide and lithium carbonate) and potassium (potassium chloride, potassium nitrate, potassium sulphate, and derivative and intermediate salts).[66] Again, under the Law on mining and metallurgy only State enterprises may exploit radioactive minerals and rare earths.[67]

4.57. Enterprises operating in this sector are liable for the following taxes: (i) corporate profits tax (IUE); (ii) value added tax (VAT); and (iii) the corporate profits surtax (AA-IUE), corresponding to 12.5% of annual net profits.

4.58. Like all other enterprises, mining companies are subject to the payment of the IUE, at a rate of 25%, on net profits. In some cases the amount paid for mining royalties may be deducted from the IUE.[68] The 12.5% AA-IUE is a "windfall profits" tax levied on the additional net profits generated during conditions of favourable mineral and metal prices. The AA-IUE is applied when the sale price of a product equals or exceeds the official price stipulated by law.[69] Mining cooperatives are not subject to the payment of the AA-IUE given that they are productive units of a social nature. Enterprises engaged in the extraction of minerals or metals that also carry out smelting, refining and/or industrialization of the raw materials are only subject to 60% of the AA-IUE. Both State and private enterprises that begin an activity under an administrative mining contract are eligible for this incentive.[70]

4.59. The mining royalty, which replaced the complementary mining tax, is an *ad valorem* tax applied to the gross sales value of a mineral or metal. This value is determined according to the official minimum price established fortnightly by the MMM on the basis of the average of daily international prices.[71] The mining royalty rate is 2.5%; however, in some cases the rate is determined on the basis of the mineral or metal concerned or of the official price of the mineral. In the latter case, the higher the price, the higher the royalty rate (Table A4.2). In the case of boron minerals, which are governed by the Law on boron oxide, the mining royalty rate is lower when the mineral is sold on the domestic market.[72] In addition, when minerals and metals are sold on the domestic market they pay 60% of the mining royalty. In order to promote smelting, refining and industrialization of minerals and metals, State mining enterprises and new enterprises that engage in exploitation as well as smelting, refining and industrialization of minerals and metals under a new administrative contract are eligible for a 40% discount in the mining royalty rate payable.[73]

4.2.2 Hydrocarbons

4.60. The hydrocarbons sector, one of the most important for the Bolivian economy, is governed by the Political Constitution of the State, the new Hydrocarbons Law (Law No. 3058 of 17 May 2005) and the Supreme Decree on the nationalization of hydrocarbons (Supreme Decree No. 28701 of 1 May 2006). The Constitution (promulgated in 2009) modified the hydrocarbons ownership regime and stipulates that "they are, in whatever state or form they exist, the inalienable and imprescriptible property of the Bolivian people".[74] Accordingly, since 2009 the State has exercised rights of ownership on behalf of the people and is alone empowered to market hydrocarbons. With the entry into force of the new Hydrocarbons Law, the legislation that previously governed the sector (Law No. 1689 of 30 April 1996) lapsed. This regulatory shift took place as a result of the measures approved through the "binding referendum on gas" held in 2004. Among the measures adopted by means of the referendum were: the repeal of the previous Hydrocarbons Law (Law No. 1689 of 1996), the nationalization of hydrocarbons and the attribution

[66] Law No. 928 of 27 April 2017.
[67] Article 27 of the Law on mining and metallurgy.
[68] Article 101 of the Mining Code (as amended by Law No. 3787 of 24 November 2007).
[69] Law No. 535 of 28 May 2014.
[70] Article 224 of the Law on mining and metallurgy.
[71] The average for each fortnightly price fixing is calculated on the basis of the lowest of the daily prices for cash transactions registered on the following international metals exchanges or specialized bulletins: Metal Bulletin (antimony, wolfram and iron ore), London Metal Exchange (grade A copper, tin, lead and zinc) and London Stock Exchange (gold and silver) (Article 7 of Supreme Decree No. 29577 of 21 May 2008).
[72] Supreme Decree No. 27799 of 20 October 2004 and Law No. 535 of 28 May 2014.
[73] Articles 224 and 227 of Law No. 535 of 28 May 2014.
[74] Article 359 of the Political Constitution of the State. Under the former Constitution of 1994, only hydrocarbon deposits were the property of the State, and not extracted hydrocarbons.

of new powers to the State oil and gas company Yacimientos Petrolíferos Fiscales Bolivianos (YPFB).

4.61. The Ministry of Hydrocarbons and Energy (MHE) is responsible for implementing national hydrocarbons policy as well as policies relating to their domestic and international trade as stipulated in the Hydrocarbons Law.[75] The National Hydrocarbons Agency (ANH) was set up in 2009 under the MHE, to replace the Hydrocarbons Supervisory Authority as the sector's regulatory authority.[76] The ANH is responsible for regulating, supervising and monitoring all activities in the sector[77], and also for granting the necessary titles authorizing operations in the sector.[78] Other powers of the ANH include: (i) authorizing hydrocarbon imports (for the importation of hydrocarbons by private entities by means of an administrative resolution once all the legal and technical requirements have been fulfilled)[79]; (ii) setting tariffs and prices for the different activities in the sector; and (iii) ensuring that there is an adequate supply of fuels and other derivatives to satisfy domestic demand in the country.[80]

4.62. Until 2005 the YPFB had an administrative function, but it acquired new powers in 2009 when it became a strategic national public enterprise. It has exclusive powers to carry out all activities relating to the extraction and production of hydrocarbons and to market hydrocarbons on behalf of the State. The YPFB represents the State in the conclusion of contracts to carry out various activities in the sector.[81] The powers entrusted to the YPFB include: (i) the negotiation and administration of "petroleum contracts" (i.e. any contract for production sharing, operation and partnership entered into by the YPFB on behalf of the State with national or foreign public, mixed or private enterprises; these must be approved by the Legislative Assembly); (ii) monitoring of exploration and exploitation activities, ensuring optimization of production and protection of deposits; (iii) monitoring of the quantity and quality of hydrocarbons extracted for tax purposes; and (iv) negotiation and administration of export contracts.[82]

4.63. One of the objectives of the national hydrocarbons policy (PNH) is to promote the processing and marketing of value-added products. To this end, in 2008 the Bolivian Hydrocarbons Industrialization Enterprise (EBIH) was set up, operating under the supervision of the MHE and YPFB[83], for the primary purpose of promoting the processing of hydrocarbons in order to increase exports of higher value-added products such as petrochemicals.[84]

4.64. Bolivia intends to use the resources generated by the hydrocarbons sector to promote innovation and greater diversification of the economy. The main objectives of the PNH for the medium and long term are, among others: (i) to transform the sector into one of the main drivers of sustainable development in the country; (ii) to exercise direction and control of the sector through the State system; (iii) to guarantee supplies to meet the domestic demand for hydrocarbons, thus contributing to energy security; and (iv) to promote the processing and export of value-added hydrocarbons.[85] In addition, the Bolivian Hydrocarbons Strategy includes among its objectives the expansion of the pipeline transport network for hydrocarbons and strengthening Bolivia's position as the South American gas hub.[86]

4.65. In order to ensure that the State would exercise direction and control over the sector and have a majority shareholding in the companies (one of the objectives of the PNH), in 2006 the shares of private enterprises in the hydrocarbons sector were nationalized.[87] The nationalization

[75] Law No. 3058 of 17 May 2005 and Articles 58-60 of Supreme Decree No. 29894 of 7 February 2009.
[76] Article 138 of Supreme Decree No. 29894 of 7 February 2009 (Organization of the Executive Branch).
[77] Article 365 of the Political Constitution of the State.
[78] Article 25 of the Hydrocarbons Law.
[79] Supreme Decree No. 28419 of 21 October 2005.
[80] The ANH's powers are governed by Law No. 1600 of 28 October 1994 (on the regulation of supervisory authorities for various production sectors) and Articles 24 and 25 of the Hydrocarbons Law.
[81] Article 22 of the Hydrocarbons Law.
[82] Ibid., Article 22, paragraph IV.
[83] The EBIH was created by Supreme Decree No. 29511 of 9 April 2008. See also Article 363 of the Political Constitution of the State.
[84] Article 2 of Supreme Decree No. 29511 of 9 April 2008.
[85] Article 11 of the Hydrocarbons Law.
[86] Ministry of Hydrocarbons and Energy (2008), *Estrategia Boliviana de Hidrocarburos*. Viewed at: http://www2.hidrocarburos.gob.bo/index.php/estrategia-boliviana-de-hidrocarburos.html.
[87] Supreme Decree No. 28701 of 1 May 2006.

process was confined to the transfer of shares and did not include the transfer of assets or infrastructure. The shares of six private companies, five domestic and one foreign (Air BP Bolivia S.A.) were transferred free of charge to the YPFB (Table 4.6).

4.66. Moreover, as of 1 May 2006 private companies had to deliver their entire hydrocarbon production to the YPFB.[88] A transitional grace period of 180 days (from May to October 2006) was established for the deposits of natural gas and petroleum whose average certified production was greater than 100 million cubic feet in 2005; these delivered only 82% of the production value.[89] During the transition period the exploitation concessions that had been awarded also had to be renegotiated.[90]

Table 4.6 Nationalization of shares of hydrocarbons sector enterprises

Supreme Decree No.	Enterprise concerned	Effects of the Decree
28701 of 1 January 2006	Chaco S.A. Andina S.A. Transredes S.A. CLHB S.A. Petrobras Bolivia Refinación S.A.	Nationalization of shares as necessary to achieve 50%+1
29128 of 12 May 2007	Petrobras Bolivia Refinación S.A.	Acquisition of 100% of share capital
29542 of 1 May 2008	CLHB S.A.	Acquisition of 100% of share capital
111 of 1 May 2009	Air BP Bolivia S.A.	Acquisition of 100% of share capital

Source: Social and Economic Policy Analysis Unit (UDAPE).

4.67. The Hydrocarbons Law stipulates that hydrocarbons are a strategic resource for Bolivia's economic development.[91] Accordingly, all activities relating to hydrocarbons production (exploration, exploitation, marketing, transport, storage, refining and industrialization) are reserved to the State, which may carry them out itself, through autonomous State entities, or through contracts with private companies or joint ventures for a limited period of time. However, the Hydrocarbons Law gives explicit priority to the State with regard to the import and export of hydrocarbons and hydrocarbon derivatives and refined products.[92]

4.68. The Hydrocarbons Law contained new provisions concerning exploration contracts. The national territory was divided into blocks; the area of a contract consists of traditional and non-traditional blocks.[93] Some areas were reserved for the exclusive use of the YPFB (100 areas in 2017) and an international public tender system was established for the remaining blocks.[94] Exploration contracts are granted for periods of up to seven years for the traditional blocks and ten years for non-traditional blocks, both renewable for seven years, under certain conditions.[95]

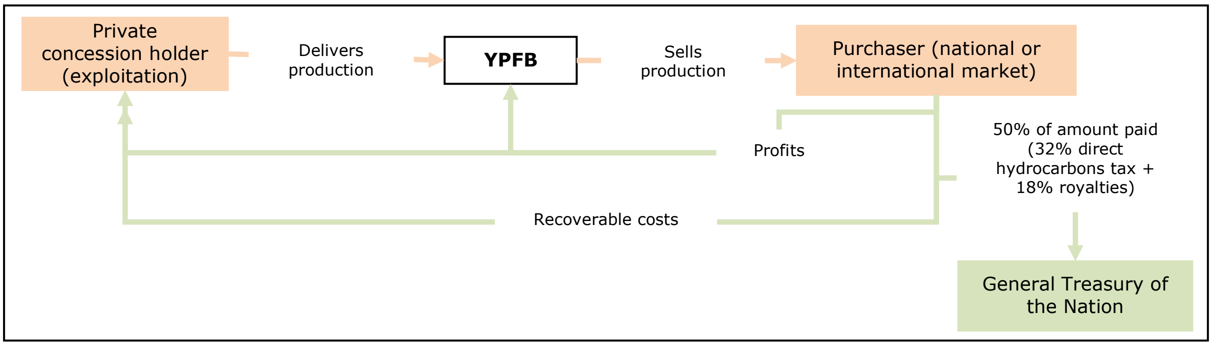
4.69. The Constitution of 2009 established that permits are granted by means of service contracts.[96] Under this type of contract, the private operator receives a previously agreed remuneration in exchange for the extraction of the hydrocarbons.[97]

4.70. Exploitation contracts are granted by international public tender and signed for a maximum period of 40 years.[98] The requirements for participation in tenders are laid down in the Regulations on tenders for hydrocarbon exploration and/or exploitation areas.[99]

[88] Ibid., Article 2.
[89] Ibid., Article 4.
[90] Ibid., Article 3, first paragraph.
[91] Article 4 of the Hydrocarbons Law.
[92] Ibid., Article 17.
[93] A traditional block is one in an area for which geological information is available and where commercially exploited hydrocarbons production exists. A non-traditional block is one in an area for which geological information does not exist and there is no hydrocarbons production.
[94] UDAPE (2015), *Diagnósticos sectoriales: Hidrocarburos.* Viewed at: http://www.udape.gob.bo/portales_html/diagnosticos/diagnostico2015/index.html.
[95] Exploration periods have three phases and include a progressive mechanism for the return of the territory covered by the bid (for example, in the case of traditional blocks, at least 20% of the original total must be returned at the end of the third year and at least 30% of the original total at the end of the fifth year, and 100% at the end of the seventh year.) This obligation is enforced only when there is no discovery. Extension of the exploration permit requires a declaration of commercial discovery by the operator (Articles 34-38 of the Hydrocarbons Law).
[96] Article 362 of the Political Constitution of the State and Article 78 of the Hydrocarbons Law.
[97] Article 78 of the Hydrocarbons Law.

4.71. The Hydrocarbons Law created a new system of remuneration for service providers. Private operators must deliver the entire volume of hydrocarbons extracted to the YPFB, which is responsible for selling them both domestically and on the international market. The sales contracts signed by the YPFB (called supply agreements) stipulate, besides the agreed prices, the form of payment, which indicates that the purchaser must pay directly to the Government the State's share of the value of the audited production (at least 50% of the value of the hydrocarbon production). This amount consists of: (i) the direct hydrocarbons tax (IDH) (32%) and (ii) royalties (18%) levied on the audited output.[100] Once the deductions have been made, the private operator receives from the purchaser the remaining balance, which is divided into "recoverable costs" (operating costs plus amortization of investment) and profits. The YPFB also retains a percentage of the profits that varies according to the terms of the service supply contract (Chart 4.7).[101] A Regulation lays down the criteria for the calculation of the recoverable costs and YPFB participation in the profits earned.[102] The Hydrocarbons Law establishes that the YPFB must publish half-yearly the calculation methods and total amount of recoverable costs of the period.[103]

Chart 4.7 System of remuneration for hydrocarbons sales



Source: Hydrocarbons Law.

4.72. A construction and operating licence from the ANH is required in order to provide hydrocarbon transport services (by pipeline). Licensed companies must provide free access without discrimination to users for utilizing the infrastructure. The (pipeline) transport service charges are regulated by the ANH.[104] A licence issued by the ANH is also needed to provide storage services. The ANH regulates the prices of the storage service, setting maximum profit margins based on economic and technical criteria.[105] An operating licence is required to provide natural gas distribution services; the ANH awards these licences through public tenders.[106]

4.73. The ANH issues operating licences for the distribution of bottle LPG and the marketing of natural gas for vehicles (GNV) and liquid fuels. A concession also granted by the ANH is necessary for the network distribution of natural gas.

4.74. The ANH regulates the sales prices of hydrocarbons and hydrocarbon derivatives on the domestic market (Table 4.7). It publishes the final prices by means of an Administrative Resolution. Supreme Decree No. 29510 of 2008 and amendments thereto define the methodology

[98] Ibid., Article 65.
[99] Supreme Decree No. 28398 of 6 October 2005.
[100] The royalties include: the departmental royalty (11%), the national compensatory royalty (1%), and (iii) a contribution to the General Treasury of the Nation (6%). These three components already existed prior to the reform and were included in the new Hydrocarbons Law.
[101] YPFB (2016), *Contratos Petroleros*, p. 9. Viewed at: http://www.ypfb.gob.bo/es/transparencia/contratos-petroleros.html.
[102] The Regulation on recoverable costs (Supreme Decree No. 29504 of 9 April 2008) establishes the requirements for costs to be considered as recoverable, based on technical parameters and the past trend of costs in the extractive industry. It also provides a system of accelerated depreciation of assets.
[103] Law on the sustainable development of the hydrocarbons sector (Law No. 3740 of 31 August 2007).
[104] Supreme Decree No. 29018 of 31 January 2007 approving the Regulation on hydrocarbon transport by pipeline.
[105] Article 103 of the Hydrocarbons Law.
[106] Ibid., Article 104, and Supreme Decree No. 1996 of 10 May 2014.

used to calculate the sale price of natural gas, which is fixed by an Administrative Resolution.[107] Supreme Decree No. 24914 of 1997 spells out the methodology used to calculate the sale price of petroleum derivatives (gasoline, kerosene, A1 jet fuel for domestic and international use, diesel oil and fuel oil). The sale price of these products varies according to the price of equivalent products on the international market.[108] The domestic prices of liquefied petroleum gas (LPG) and GNV on the domestic market are also regulated.[109]

Table 4.7 Regulated hydrocarbons tariffs

	Natural gas	Crude petroleum	LPG	Refined petroleum products
Sale	Yes	Yes	Yes	Yes
Storage	n/a	n/a	Yes	Yes
Pipeline transport	Yes	Yes	Yes	Yes
Other types of transport	n/a	n/a	Yes	Yes
Network distribution	Yes	n/a	n/a	n/a
Distribution	Yes	n/a	Yes	Yes

n/a Not applicable.

Source: Information provided by the authorities.

4.75. A study by the Social and Economic Policy Analysis Unit (UDAPE) of 2015 indicates that the Bolivian State uses price controls of refined petroleum products, primarily diesel oil, gasoline and to a lesser extent LPG, as a support measure.[110] According to the authorities, these measures are adopted to guarantee domestic market supply and price stability.

4.76. Imports of refined petroleum products are subject to the payment of VAT and the special tax on hydrocarbons and hydrocarbon derivatives (IEHD) in addition to customs duties. The applied MFN tariff for crude petroleum and almost all petroleum products is 10%. The IEHD is levied on hydrocarbons and hydrocarbon products whether locally produced in the country or imported.[111] The tax has a specific maximum rate, which is updated annually according to the value of the Housing Promotion Unit (UFV). The maximum rate is currently Bs 7.42 per litre (or equivalent measurement unit according to the product).[112] The ANH also establishes specific additional tax rates for each type of hydrocarbon or hydrocarbon product, which may not exceed the maximum rate (Table 4.8).[113]

Table 4.8 Tariffs and IEHD-specific levy

HS Code	Description	MFN Tariff (%)	IEHD rate (Bs/litre)
2710.12.11.00	Aviation gasoline not containing tetraethyl lead	10	1.85
2710.12.13.10	Gasoline not containing tetraethyl lead, for motor vehicle engines, with an anti-knock index (RON) of less than 87	10	1.23
2710.12.13.20	Gasoline not containing tetraethyl lead, for motor vehicle engines, with an anti-knock index (RON) of 87 or more but less than 90	10	1.23
2710.12.13.30	Gasoline not containing tetraethyl lead, for motor vehicle engines, with an anti-knock index (RON) of 90 or more but less than 95	10	1.23
2710.12.13.40	Gasoline not containing tetraethyl lead, for motor vehicle engines, with an anti-knock index (RON) of more than 95	10	2.18
2710.12.19.00	Other gasoline not containing tetraethyl lead	10	2.18
2710.12.20.10	Aviation gasoline containing tetraethyl lead	10	1.85
2710.12.20.90	Other gasoline containing tetraethyl lead	10	1.85
2710.19.14.00	Kerosene	10	0.29
2710.19.15.00	Kerosene-type jet fuel for jet and turbine engines (domestic jet fuel)	10	0.32

[107] Supreme Decree No. 29510 of 9 April 2008 was amended by Supreme Decree No. 1719 of 11 September 2013.
[108] Supreme Decree No. 24914 of 5 December 1997.
[109] Supreme Decree No. 28121 of 16 May 2005 and Supreme Decree No. 29629 of 2 July 2008.
[110] UDAPE (2015), *Diagnósticos sectoriales: Hidrocarburos.* Viewed at: http://www.udape.gob.bo/portales_html/diagnosticos/diagnostico2015/index.html.
[111] Law No. 843 of 22 December 1994 (Tax Law).
[112] National Tax Service, Board of Directors Resolution No. 10-0038-16 of 23 December 2016.
[113] Tax Law and Supreme Decree No. 24055 of 29 June 1995.

HS Code	Description	MFN Tariff (%)	IEHD rate (Bs/litre)
2710.19.15.00	Kerosene-type jet fuel for jet and turbine engines (international jet fuel)	10	4.24
2710.19.21.00	Gas oil (diesel fuel)	0	1.25
2710.19.22.00	Fuel oil	10	0.39
2710.19.33.00	Electrical insulation oils	10	0.39
2710.19.34.00	Lubricating greases	10	0.39
2710.19.36.00	Oil for hydraulic transmission	10	0.39
2710.19.38.00	Other lubricating oils	10	0.39
2711.11.00.00	Liquefied natural gas	10	n/a
2711.21.00.00	Natural gas in gaseous state	10	n/a

n/a Not applicable.

Source: Supreme Decree No. 29777 of 5 November 2008 and Administrative Resolution RAR-ANH-ULGR No. 0023/2015.

4.77. The YPFB is the only enterprise authorized to import or export hydrocarbons.[114]

4.78. Bolivia implements a number of incentive programmes to promote hydrocarbons production (Table 4.9). Most of these programmes provide monetary compensation that varies according to the extraction area and world crude prices. The incentives for crude petroleum production in existing fields, in both traditional and non-traditional blocks, are financed through the issuance of tax credit notes (NOCREs)[115]; while incentives for crude petroleum production from new reserves, non-commercial discoveries of accumulations and/or reactivated closed fields are funded by resources from the Hydrocarbons Exploration and Exploitation Investment Promotion Fund (FPIEEH).[116] There is also a non-monetary incentive for the production of condensed natural gas in dry, marginal or small fields[117], which consists in the priority allocation of natural gas markets for the eligible producer.[118]

Table 4.9 Incentives for hydrocarbon production

Legal basis	Beneficiaries	Incentives
Law No. 767 of 11 December 2015	Any national or foreign producer	• Incentive of between US$30 and US$55 per barrel for the production of natural gas condensate from new reserves (for periods of up to 25 years). • Incentive of between US$0 and US$30 for the production of natural gas condensate from existing reserves (for periods of up to 10 years). • The amounts of the incentive vary according to the extraction zone and the international crude oil price.
		• Incentive of between US$30 and US$55 per barrel of petroleum extracted from petroleum reserves discovered as of December 2015 and destined for the domestic market. • The amount of the incentive varies according to the extraction zone and the fluctuation of the international crude oil price.
Supreme Decree No. 1202 of 18 April 2012	Any national or foreign producer	• Flat-rate incentive of US$30 per barrel of petroleum extracted from a new petroleum reserve.

Source: WTO Secretariat.

4.79. There are also tax incentives for the implementation of projects for industrialization, construction of gas pipelines and household installations, as well as projects aimed at switching energy sources giving preference to natural gas (Table 4.10).

[114] Information provided by the authorities.

[115] Law 840 of 27 September 2016.

[116] The FPIEEH is financed by 12% of the IDH before this is distributed to departmental governments, municipalities, public universities, *Fondo Indígena* (Indigenous Fund), *Renta Dignidad* and the General Treasury of the Nation.

[117] Law No. 767 of 11 December 2015 defines a dry field as one that contains "hydrocarbons in gaseous form in the reservoir that do not condense at the surface or generate a minimum quantity of liquid"; a marginal field as one that has produced 90% or more of its proven reserves; and small field as one whose audited hydrocarbon production does not exceed 3,500 barrels per day.

[118] The terms of this incentive are established in Supreme Decree No. 2830 of 6 July 2016 (Regulations implementing Law No. 767 of 11 December 2015).

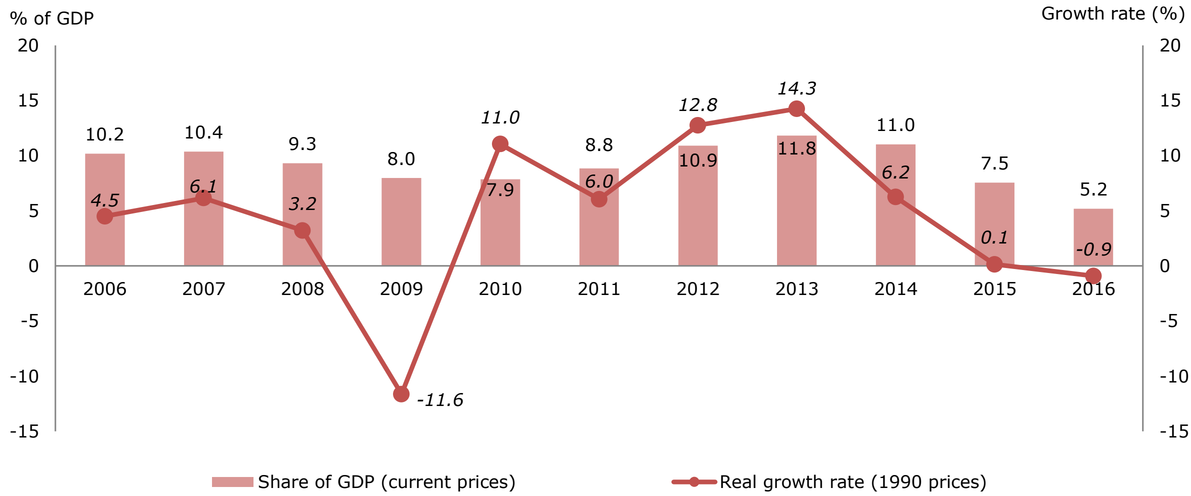
4.80. The hydrocarbons sector's share in GDP at current prices declined from 10.2% in 2006 to 5.2% in 2016, and the sector's annual growth has fluctuated with the swings in international market prices (Chart 4.8). Hydrocarbons, led by natural gas, are Bolivia's main export product.

Table 4.10 Tax benefits for hydrocarbon industrialization investment

Beneficiaries	Other types of incentive or comments	Legal basis
Projects for industrialization, gas pipeline networks, household installations and energy matrix switch	Exemption from customs duties and VAT for imports of goods, equipment, materials and machinery for hydrocarbon industrialization projects, and for imports of inputs for pipeline construction for the installation of household gas. Exemption from the IUE (maximum 8 years) as of start-up of operations. Exemption from payment of property tax (IPBI) (maximum 5 years).	Law No. 3058 of 17 May 2005
Hydrocarbons sector enterprises	Petroleum production incentive (US$30/barrel). Priority is given in the allocation of the incentive to exports of natural gas extracted from small and/or marginal fields.	Supreme Decree No. 1202 of 2012
Public enterprises in the hydrocarbons sector	Incentive for petroleum exploration and production increases, in order to reduce imports of petroleum products.	Law No. 233 of 13 April 2012
New mining and hydrocarbons production undertakings	New production undertakings with a minimum capital of Bs 1 million can deduct losses from taxed profits obtained in the 5 years immediately following the date of start-up of operations.	Article 48 of Law No. 843

Source: Information provided by the authorities.

Chart 4.8 Main indicators of the hydrocarbons sector, 2006-2016



Source: WTO Secretariat estimates, based on data provided by the authorities.

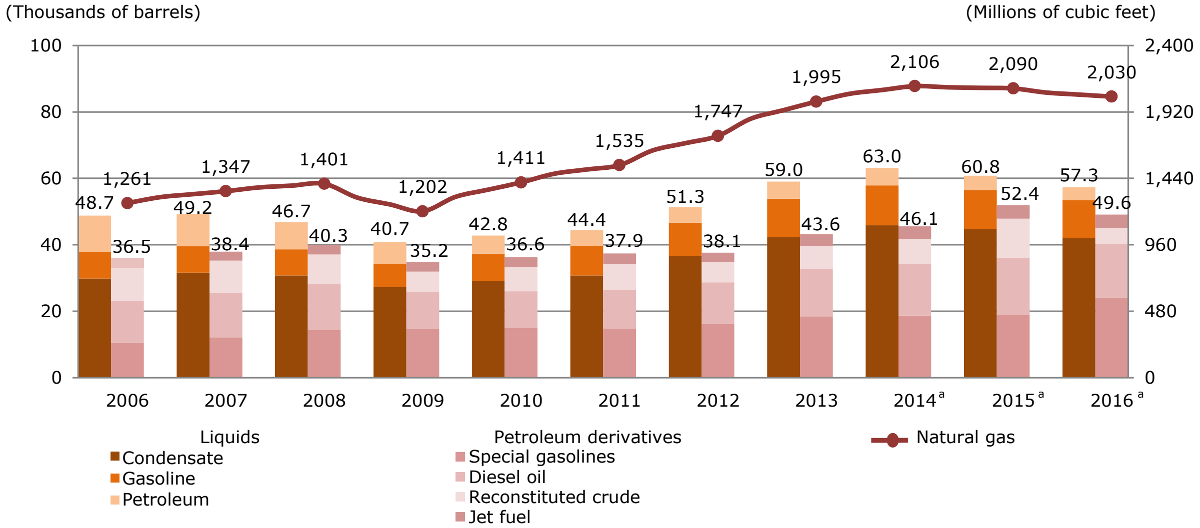
4.81. During the period 2006-2016, natural gas production increased except in 2009, 2015 and 2016, when it decreased. The average annual growth rate was 4.9% (Chart 4.9). According to information provided by the authorities, nine enterprises, including some multinational enterprises, are extracting natural gas in the country. The State participates in natural gas exploitation through two YPFB subsidiaries which together account for about 20% of total output.[119] Bolivia is a net exporter of natural gas and its markets are Brazil[120] and Argentina (Chart 4.10). The YPFB recently negotiated contracts for the export of natural gas to other countries.[121]

[119] YPFB (2014), *Informe Enero a Diciembre 2014, Vicepresidencia de Administración, Contratos y Fiscalización*, p. 101. Viewed at: http://www.ypfb.gob.bo/es/transparencia/informes-tecnicos.html.

[120] The export contract with Brazil (entitled "GSA" and signed in 1996) expires in 2019 and the two countries are preparing to negotiate an extension.

[121] Information provided by the authorities.

Chart 4.9 Audited daily production of hydrocarbons, 2006-2016

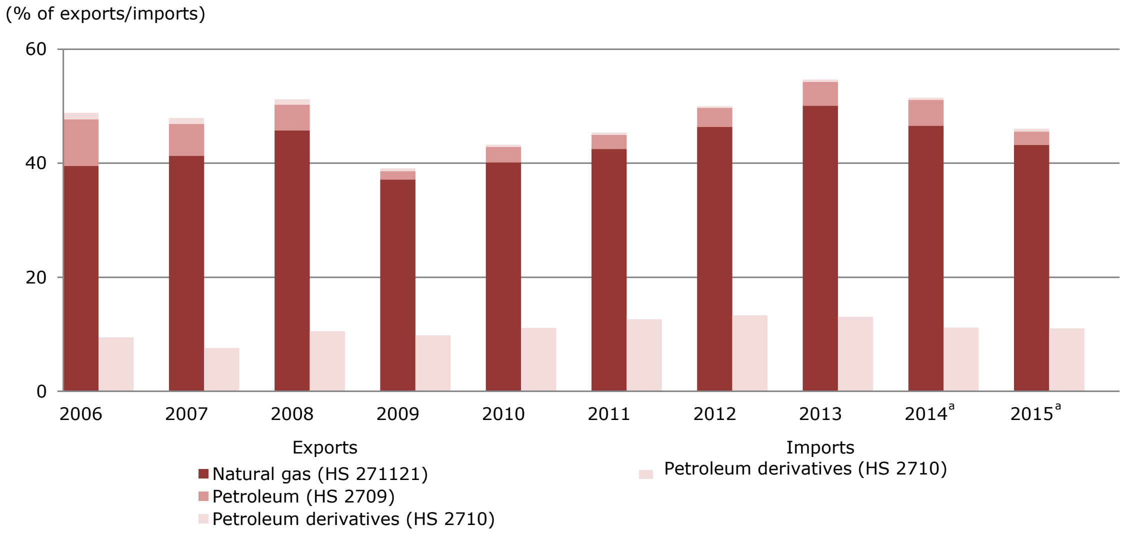


a Preliminary figures and data at June 2016.

Source: WTO Secretariat estimates, based on data provided by the authorities.

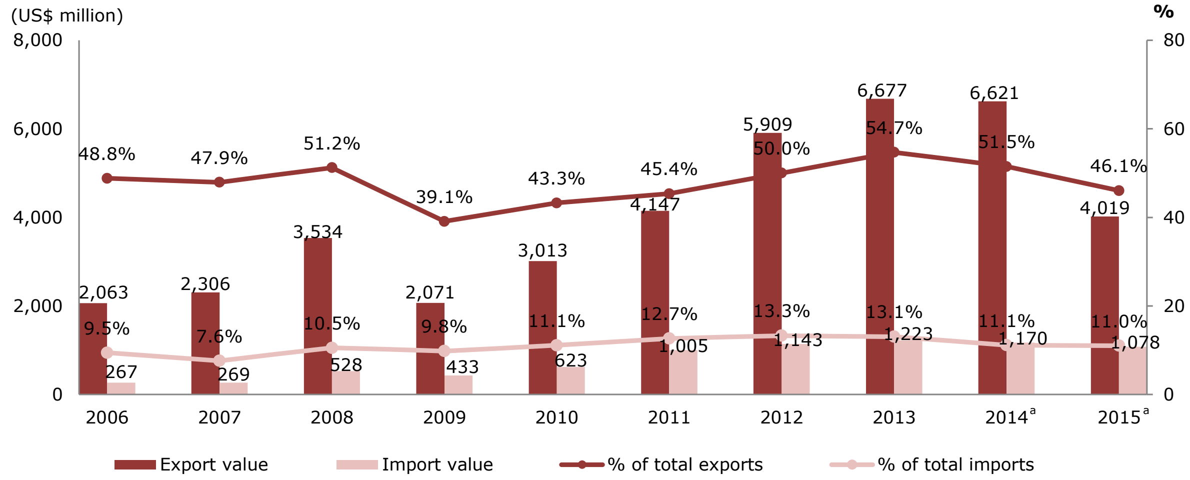
Chart 4.10 Hydrocarbon exports and imports, 2006-2015

(a) By HS chapter



a Preliminary figures.

(b) Total exports and imports



a Preliminary figures. Include crude oils of petroleum or bituminous minerals; oils of petroleum or bituminous minerals other than crude oils; and liquid or gaseous natural gas.

Source: WTO Secretariat estimates, based on data provided by the authorities, INE and Comtrade database.

4.82. During the period under review, output of liquid hydrocarbons (petroleum, condensate, audited gasoline and petroleum) showed positive but uneven growth, rising from an average output of 48,757 barrels per day (BPD) in 2006 to an average of 57,316 BPD in 2016 (Chart 4.9). In July 2017, nine enterprises were extracting crude oil and condensate, two of which were State enterprises.[122] At the same date, Bolivia had three refineries: two are State-owned, refining 95% of crude oil and producing all petroleum derivatives (gasoline, diesel oil, jet fuel, kerosene and LPG).[123] Bolivia is a net importer of petroleum derivatives (Chart 4.10). The YPFB, on behalf of the State, is the sole importer of refined petroleum products.

4.83. Bolivia has opened a number of LPG plants using natural gas with a view to exporting it: LPG exports started up in 2013.

4.2.3 Electricity

4.84. The electricity, gas and water sector's contribution to GDP increased during the review period, rising from 4% in 2006 to 5.3% in 2016.[124] Between 2006 and 2016, Bolivia increased its power generating capacity, in particular from thermal sources. At the end of 2016, Bolivia had an installed capacity that enabled 2,446 MW of electricity to be generated through the National Interconnected System (SIN) (87.9%) and by the isolated systems and self-generators (12.1%).[125] In 2015, most of the electricity was generated from thermal sources (80%), followed by hydroelectric sources (19.6%) and non-conventional renewable energy sources (NCREs) (0.4%) (Table 4.11). Generation using renewables is still in the early stages, but the Government expects the use of these sources to continue to increase. Between 2006 and 2016, in addition to sufficient electricity to meet domestic demand, Bolivia produced surpluses (Table 4.11). Hence one of the Government's main objectives is to export electricity.[126]

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[122] ANH (2015), *Anuario Estadístico,* p. 23. Viewed at: http://www.anh.gob.bo/index.php?N=publicaciones.

[123] MHE (2008), *Estrategia Boliviana de Hidrocarburos*. Viewed at: http://www2.hidrocarburos.gob.bo/index.php/estrategia-boliviana-de-hidrocarburos.html; and YPFB (2014), *Informe Enero a Diciembre 2014, Vicepresidencia de Administración, Contratos y Fiscalización*. Viewed at: http://www.ypfb.gob.bo/es/transparencia/informes-tecnicos.html.

[124] Information provided by the authorities.

[125] AE (2016), *Anuario Estadístico 2015*, p. 17. Viewed at: http://www.ae.gob.bo/aewebmobile/main?mid=1&cid=80.

[126] Online information from the AE. Viewed at: http://www.ae.gob.bo/docfly/app/webroot/uploads/ARCH-NOTICIAS2-cpelaez-2017-01-25-notisector5.pdf.

Table 4.11 Electricity sector indicators, 2006 and 2011-2016

(GWh)

	2006	2011	2012	2013	2014	2015	2016
Gross generation							
Hydroelectric	2,131	2,324	2,323	2,517	2,235	2,463	1,716
Thermal	2,375	4,287	4,617	4,832	5,646	6,002	7,009
Renewables					9	12	35
Total	4,506	6,611	6,940	7,349	7,890	8,477	8,760
Sale of electricity to end users							
Residential	1,744	2,324	2,447	2,601	2,806	2,992	3,157
General	810	1,136	1,183	1,268	1,381	1,492	1,580
Industrial	1,272	1,639	1,790	1,882	2,016	2,112	2,134
Mining	313	644	630	644	641	685	698
Other	134	204	261	238	181	191	204
Street lighting	215	287	303	328	367	403	429
Total	4,489	6,233	6,614	6,962	7,392	7,875	8,201

Source: Central Bank of Bolivia (BCB) (various years), *Anuario Estadístico de la Autoridad de Fiscalización y Control Social de Electricidad*.

4.85. The sector continues to be governed by the 1994 Electricity Law and its 13 implementing regulations.[127]

4.86. Since 2017, the Ministry of Energy, which replaced and took over some of the functions of the Ministry of Hydrocarbons and Energy, is the sector's governing body and, among other things: (i) formulates, implements and assesses energy sector policies (Box 4.1); (ii) promotes the incorporation of new sustainable and renewable generation technologies; and (iii) sets coverage targets at national level for the short and medium term.[128] The Ministry of Energy has two Vice-Ministries, one for Electricity and Alternative Energies and the other for Advanced Energy Technologies (devoted to the development of the lithium-related industry and nuclear energy).

Box 4.1 Policy for the energy sector

The Patriotic Agenda 2025 and the Economic and Social Development Plan 2016-2020 outline the objectives of electricity policy in Bolivia, as contained in the Electricity Plan 2025, the Bolivia Energy Universalization Plan 2010-2025 and the Alternative Energies Development Plan 2025.

The most important challenges facing the electricity sector include: (i) universal access to the electricity supply service (the objective being to achieve 87% coverage in 2020 and 100% in 2025); (ii) diversification of the sources of power generation, with special emphasis on renewables; and (iii) expansion of the infrastructure in order to generate the electricity needed to meet domestic demand and produce surpluses for export.

Source: Information provided by the authorities.

4.87. The Authority for the Supervision and Social Control of Electricity (AE) is the sector's regulatory body. The AE was established in 2009, to take over the functions of the former Electricity Supervisory Authority and operates under the supervision of the Ministry of Energy.[129] The AE is responsible for granting authorizations to operate in the sector, as well as for approving and publishing prices and maximum tariffs.[130] In its capacity as the regulatory body, the AE is responsible for supervising and monitoring activities and services in the sector and for consumer protection, as well as for investigating and sanctioning any anti-competitive behaviour.[131]

4.88. Under the Electricity Law, any foreign enterprise wishing to participate in the generation, transmission or distribution of electricity must open a subsidiary by establishing a public limited company domiciled in Bolivia.[132] There is no other limitation on foreign participation in the sector. However, as a consequence of the nationalizations carried out between 2009 and 2012, foreign participation in the sector is practically non-existent.

[127] Law No. 1604 of 21 December 1994.
[128] Article 62 of Supreme Decree No. 29894 of 7 February 2009.
[129] The reform was implemented by Supreme Decree No. 71 of 9 April 2009.
[130] Article 12 of the Electricity Law.
[131] Article 51 of Supreme Decree No. 71 of 9 April 2009.
[132] Article 10 of the Electricity Law.

4.89. Between 2009 and 2012, the Bolivian authorities nationalized the shares of the companies operating in the energy sector, which became subsidiaries of the National Electricity Company (ENDE) (Table 4.12). ENDE participates in all the sector's activities.[133] It also has the exclusive right to export electricity[134] and accounts for 81% of generation, 86% of transmission and 54% of distribution.

4.90. Bolivia has a National Interconnected System (SIN) for the generation, transmission and distribution of electricity, together with isolated systems. The SIN connects the departments of La Paz, Oruro, Potosí, Cochabamba, Beni, Chuquisaca, Santa Cruz and Tarija, which are partially integrated, while in some rural areas of the department of Pando there are isolated systems.[135]

4.91. In the isolated systems, vertical integration of the operators is permitted, so that the latter can both generate and distribute electricity.[136] In the case of the SIN, the Electricity Law prohibits vertical integration of the operators and also stipulates the maximum share of the installed capacity (35%) that any single generator may own.[137] ENDE and its subsidiaries are exempt from this requirement.

4.92. To operate in the sector, Bolivian and foreign companies require, as appropriate: a licence (generation and transmission); an authorization known as a *título habilitante* (distribution activities and any isolated system activity); or a provisional licence (generation and transmission).[138] *Títulos habilitantes* are granted for a period of 40 years and licences for an indefinite period.[139] The Regulations on Concessions, Licences and Provisional Licences (RCLLP) determine the procedure and the technical and administrative requirements for obtaining each type of authorization.[140] In some cases, related with distribution and generation on a small scale or from renewable sources, neither licences nor *títulos habilitantes* are required.[141]

Table 4.12 Nationalizations in the electricity subsector, 2006-2016

Supreme Decree No.	Company affected by the measure	Market	Shareholder	Effect of the measure
289 of 9 September 2009	Corani S.A. Valle Hermoso S.A. Guaracachi S.A.	Generation	Pension Fund Managers (PFM)	Transfer, free of charge, of all the PFMs' shares in favour of ENDE
493 of 1 May 2010	Corani S.A.	Generation	Inversiones Ecoenergy Bolivia S.A Carlson Dividend Facility S.A	Transfer of blocks of shares in favour of ENDE in 2010. Payment of compensation in 2011
	Valle Hermoso S.A.	Generation	The Bolivian Generating Company LLC	Transfer of blocks of shares in favour of ENDE in 2010. Payment of compensation in 2011
	Guaracachi S.A.	Generation	Guaracachi America Inc.	Transfer of blocks of shares in favour of ENDE in 2010. Payment of compensation in 2011
494 of 1 May 2010	Empresa de Luz y Fuerza Eléctrica Cochabamba (ELFEC S.A.)	Distribution	Luz del Valle Inversiones S.A	Transfer of shares in favour of ENDE, which obtained 92.12% ownership
1214 of 1 May 2012	Transportadora de Electricidad S.A.	Transmission	Red Eléctrica Internacional SAU	Transfer of the entire package of shares in favour of ENDE

[133] Supreme Decree No. 29644 of 16 July 2008.
[134] Article 3 of Supreme Decree No. 29644 of 16 July 2008.
[135] Information provided by the authorities.
[136] Article 20 of the Electricity Law.
[137] Ibid., Articles 69 and 15.
[138] Ibid., Articles 22 and 23.
[139] Article 10 of Supreme Decree No. 24043 of 28 June 1995.
[140] Supreme Decree No. 24043 of 28 June 1995.
[141] Article 4 of the Regulations (RCLLP) lists the cases in which neither a licence nor a concession is required: (i) generation of electricity for the use of third parties, if the installed power is less than 300 kW; (ii) the self-generation of electricity for the exclusive use of the generator, if the installed power is less than 2,000 kW; (c) the output generated from renewable natural resources, if the installed power is less than 300 kW; (d) the distribution of self-generated electricity where that distribution does not constitute a public service; and (e) any integrated activity carried out in isolated systems, if the installed power is less than 300 kW.

Supreme Decree No.	Company affected by the measure	Market	Shareholder	Effect of the measure
1448 of 29 December 2012	Electropaz S.A. ELFEC S.A. CADEB S.A. EDESER S.A.	Distribution Distribution Technical support Generation/ Transmission/ Distribution	Iberbolivia de Inversiones S.A.	Transfer of the entire package of shares in favour of ENDE

Source: WTO Secretariat, UDAPE, and ENDE.

4.93. In general, to obtain a licence it is necessary to submit an application to the AE. However, in some cases the AE is required to issue a public call for tenders, for example: (i) if more than one application for the same purpose is received within a period of 30 days; (ii) if a concession has lapsed or a licence has been revoked; (iii) if the projects have been identified or are under consideration by the State, or (iv) if the term of a concession has expired.[142] Concessions and licences are subject to the payment of royalties, determined in proportion to the amount of the investment. Licences granted for the generation of electricity from renewable sources and provisional licences are exempt from the payment of royalties.

4.94. The wholesale electricity market (MEM) is administered by the National Load Dispatching Committee (CNDC), which is under the supervision of the AE.[143] The MEM consists of various operators which carry out electricity buying, selling and transport transactions within the SIN, namely, generating companies (12), transmission companies (four, of which two are private), distributing companies (ten, of which three are private) and unregulated consumers, i.e. those whose demand exceeds 1 MW (six).[144] State participation in the MEM is substantial; out of the 12 generators four are public enterprises and account for around 75% of installed capacity, while out of the ten distributors seven are State-owned and distribute 63% of the electricity.[145]

4.95. On the MEM, transactions are carried out by means of contracts and spot operations. The great majority of MEM transactions are carried out on the spot market. Contract sales are sales at prices and in quantities agreed between the operators, whereas on the spot market transactions are concluded at the regulated price in effect at the time of sale, which is determined on an hourly basis.[146]

4.96. The MEM Stabilization Fund (FEM), set up in 2003, continued to operate during the review period. The mechanism makes it possible to counteract the effects of variations in the buying and selling prices on the MEM and/or in distribution prices.[147]

4.97. Some tariffs are regulated by the AE. The Prices and Tariffs Regulations (RPT) of 2001 lay down the procedure and the method for calculating electricity service tariffs.[148] The prices and tariffs are calculated by the distributors on the basis of the method specified in the RPT and subsequently approved by the AE. In the isolated systems all the prices and tariffs are regulated, whereas in the SIN only some of them are.[149] The prices regulated in the SIN include: (i) the prices of power and energy transfers among generators and between generators and distributors when not part of a supply contract; (ii) the ceiling prices for using transmission and distribution facilities; (iii) the ceiling prices for supplying distribution companies; and (iv) the ceiling prices for

[142] Article 24 of Supreme Decree No. 24043 of 28 June 1995.
[143] Article 12 of the Electricity Law.
[144] Article 1 of Supreme Decree No. 26093 of 18 December 2001 (Regulations on electricity market operations).
[145] UDAPE (2015), *Diagnósticos sectoriales: Electricidad*, p. 8. Viewed at: http://www.udape.gob.bo/portales_html/diagnosticos/diagnostico2015/index.html; online information from the National Load Dispatching Committee. Viewed at: http://www.cndc.bo/agentes/lista_agentes.php; and information provided by the authorities.
[146] UDAPE (2009), *El Sector Eléctrico*, p. 3. Viewed at: http://www.udape.gob.bo/portales_html/diagnosticos/documentos/TOMO%20II%20SECTOR%20EL%C3 per cent89CTRICO.pdf; and AE (2016), *Anuario Estadístico 2015*, p. 81. Viewed at: http://www.ae.gob.bo/aewebmobile/main?mid=1&cid=80.
[147] Supreme Decree No. 27302 of 23 December 2003.
[148] Supreme Decree No. 26094 of 2 March 2001.
[149] Article 45 of the Electricity Law.

supplying regulated consumers. Unregulated consumers (those with a demand volume in excess of 1 MW) negotiate and contract directly with the electricity suppliers.[150]

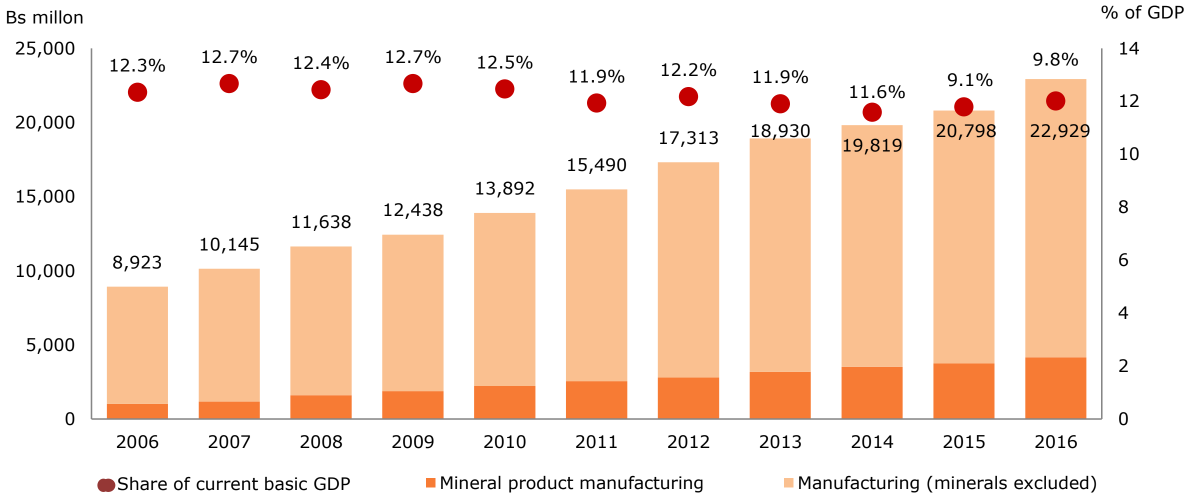
4.98. In 2016, the average end-user tariff was 9.27 US cents per kWh.[151] However, preferential rates are also established for some types of end consumer. In 2005, the *Tarifa Verde* (Green Tariff) – a preferential electricity tariff for electricity consumed outside peak hours – was introduced for the benefit of tenant farmers and agricultural producers.[152] This tariff is only used by some distributors in two departments (Cochabamba and Santa Cruz). In addition, in 2006, the *Tarifa Dignidad* (Dignity Tariff) was established. This is a preferential tariff (equivalent to 75% of the average tariff in force) for lower-income residential customers whose consumption does not exceed 70 kWh/month (if supplied through the SIN) or 30 kWh/month (if supplied through isolated systems). This programme is financed by the operators belonging to the MEM.[153] The use of the Dignity Tariff was extended indefinitely in 2014.[154] In 2016, around one million users benefited from this programme.[155]

4.99. During the review period, several incentives for promoting investment and production in the electricity sector were implemented. In 2012, the notion of "compensation for location" was introduced for the benefit of generating companies that use natural gas and install themselves in areas where there is little electricity production owing to the climatic or geographical conditions. The electricity generators receive assistance proportional to the losses they might suffer.[156] Moreover, in 2014, a special remuneration scheme was introduced for operators generating electricity from renewable sources.[157]

4.3 Manufacturing

4.100. The contribution of the sector (petroleum refining excluded) to national GDP remained relatively stable during the period 2006-2016; however, growth has been variable since 2006 (Chart 4.11). The contribution of mineral processing to the manufacturing sector increased from 9.5% in 2006 to 14.8% in 2016; this is the activity whose growth has shown the greatest variation (Chart 4.12).

Chart 4.11 Principal manufacturing sector indicators[a], 2006-2016

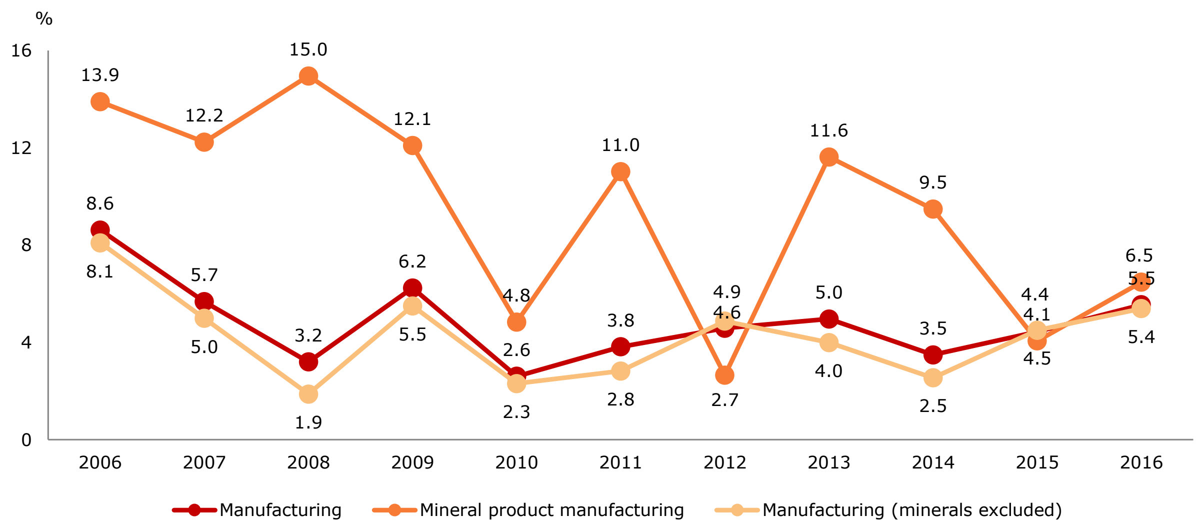


a Petroleum refining excluded.

Source: WTO Secretariat estimates, based on data provided by the authorities.

[150] Ibid., Article 2.
[151] AE (2016), *Anuario estadístico 2015,* p. 140. Viewed at: http://www.ae.gob.bo/aewebmobile/main?mid=1&cid=80.
[152] Law No. 3008 of 22 March 2005.
[153] Article 2 of Supreme Decree No. 28653 of 21 March 2006.
[154] Supreme Decree No. 1948 of 31 March 2014.
[155] AE (2016), *Memoria Institucional,* p. 446. Viewed at: http://www.ae.gob.bo/aewebmobile/main?mid=1&cid=80.
[156] Supreme Decree No. 1301 of 25 July 2012.
[157] Supreme Decree No. 2048 of 2 July 2014.

Chart 4.12 Real manufacturing sector[a] growth rates, 2006-2016



a Petroleum refining excluded.

Source: WTO Secretariat estimates, based on data provided by the authorities.

4.101. In 2015, the manufacturing sector employed 10.3% of the Bolivian labour force. According to information provided by the authorities, industry is the third-ranking generator of employment, after the agricultural sector and commerce (wholesale and retail sales). Manufacturing is concentrated mainly on the production of food products, textiles, wood, and articles of jewellery.

4.102. Bolivia is a net importer of manufactures. Imports accounted for 80% of total goods imported in 2015 and there was no substantial variation in their share during the period 2006-2016. The composition of imports has not varied either. The main imported manufactures are cars and transport vehicles; machinery; and agrochemicals.[158]

4.103. The Ministry of Production Development and the Plural Economy (MDPyEP) formulates and implements the policy for promoting development of the manufacturing sector contained in the Sectoral Development Plan 2014-2018. The Plan's main objectives are to promote industrialization and, above all, the production of manufactured goods with higher value added for the international market, with a focus on micro, small and medium-sized enterprises. One of the targets set in the Plan is to raise manufacturing's share of GDP to 16.2% by 2020. The Plan also identifies the main challenges facing the sector, which include low productivity, difficulty in obtaining access to credit and a concentration of goods available for export in products with little value added.

4.104. As in other sectors of the economy, several public enterprises at central government level also participate in the manufacturing sector, most of them set up during the review period (Table A3.6). State enterprises are operating in, for example, the paperboard (7% of domestic production) and paper (47%) industries, whereas in the cement and glass industries public enterprises have not yet begun operations. State enterprises operating in the sector that are considered to be "production enterprises" come under the service for the development of public production enterprises (SEDEM) (section 3.3.5). Public enterprises in the manufacturing sector have their own regulatory framework and hence are not subject to supervision by the Business Control Authority (AEMP); however, according to the authorities, they do not receive any preferential treatment. To support State enterprises, the Fund for Productive Industrial Revolution (FINPRO) was established in 2012, as a trust fund for financing State enterprises engaged in raw materials processing and food manufacturing.[159]

4.105. The average applied MFN tariff for manufactured products (non-agricultural products, excluding petroleum, WTO definition) is 10.8%, less than the average MFN tariff of 11.1%.

[158] Comtrade database.
[159] Law No. 232 of 9 April 2012.

Manufactured products (by WTO category) with above-average tariff protection are: clothing (40%); textiles (17.9%); leather, rubber, footwear and travel goods (14.1%); and wood, wood pulp, paper and furniture (13.9%). Prior authorization is required in order to import certain goods, a measure that affects 719 ten-digit HS tariff lines, of which 671 correspond to manufactured goods (section 3.1.5). Some of the products that require prior authorization, such as clothing and textiles and footwear, also benefit from tariff protection that is much greater than the average. In the case of footwear, which has 40% tariff protection, the inputs used in the manufacturing process (rubber or plastic soles and heels, in-soles and parts of footwear) are subject to a 5% tariff and can be imported without prior authorization. These policies would appear to indicate that the production of footwear in the country is being promoted, as the tariff applied to the end product is much higher than that applied to the inputs used in its manufacture.

4.106. In 2017, there were 70 manufacturers, mainly engaged in metallurgy and agro-industry, eligible for the temporary admission for inward processing (RITEX) procedure (section 3.2.4). Exports of manufactures produced by companies eligible for the RITEX amounted to US$658 million in 2006, when they accounted for 16.1% of total exports, whereas in 2016 they amounted to US$ 815 million (11.5% of total exports).

4.107. According to Bolivia's economic, social, communitarian and productive model, the manufacturing sector is considered to be a source of income and employment. Although there appear to be no support measures targeted specifically at this sector, the authorities maintain that they support a higher level of industrialization by means of various instruments designed for that purpose. For example, the Financial Services Law establishes minimum portfolio levels for financial intermediation entities and Supreme Decree No. 1842 requires commercial banks to devote at least 25% of their portfolio to the production sector (section 3.3.1.1).[160]

4.4 Services

4.4.1 Financial services

4.108. One of the goals of the economic, social, communitarian and productive model is to strengthen the country's external financial independence. Accordingly, the Economic and Social Development Plan 2016-2020 seeks to deepen the social role of the Bolivian financial system so that its services contribute to the comprehensive development of the population, and one of its objectives is that 75% of municipalities should have financial services by 2020.[161] Likewise, the Patriotic Agenda states that 100% of municipalities should have financial coverage by 2025.[162]

4.109. The Political Constitution of the State frames financial policy and provides that the State shall: regulate the financial system according to criteria of equality of opportunity, solidarity, equitable distribution and redistribution; give priority to the demand for financial services from the sectors of micro and small enterprises, crafts, commerce, services, community organizations and production cooperatives; and promote the creation of non-bank financial institutions for socially productive investment.[163]

4.110. The financial operations of natural or legal persons, whether Bolivian or foreign, enjoy the right to confidentiality, except in legal proceedings where there is a presumption that financial offences have been committed, in which wealth is being investigated, as well as in the other cases provided for by law. The bodies empowered by law to investigate such cases have the authority to look into such financial operations without need of judicial authorization.[164]

4.111. The Financial Services Law of 2013[165] regulates the banking sector and is designed to protect and satisfy the needs of consumers, and promote universal access to financial services and transparency of the financial system, as well as its stability and solvency. The Bolivian financial

[160] Law No. 393 of 21 August 2013.
[161] Ministry of Development and Planning (2016), *Plan de Desarrollo Económico y Social: En el Marco del Desarrollo Integral para Vivir Bien 2016-2020*, La Paz.
[162] Supreme Decree No. 3033 of 28 December 2016.
[163] Article 331 of the Political Constitution of the State.
[164] Ibid., Article 333.
[165] Law No. 393 of 21 August 2013 repealing Law No. 1488 on banks and financial institutions of 14 April 1993.

system is divided into three major categories: financial entities wholly or majority owned by the State; private financial intermediaries; and enterprises providing complementary financial services.[166] Table 4.13 shows the number of entities in each of these categories at June 2017. Currently, two banks are branches of foreign banks and act as commercial banks. In addition to these entities, there are also the enterprises of the Bolivian insurance market (section 4.4.1.2).

4.112. The Financial Stability Council (CEF), the governing body of the financial system[167], is made up of officials from the following institutions: Ministry of the Economy and Public Finance (MEyFP) as chair; Ministry of Development Planning; Central Bank of Bolivia (BCB); Financial System Supervisory Authority (ASFI); and the Pensions and Insurance Oversight and Control Authority (APS). The powers of the CEF include: proposing and implementing financial policies to guide and promote the operation of the financial system; issuing recommendations on regulation of the prudential framework; and proposing rules and measures that have to be implemented by the ASFI, the APS and the BCB for the development and integration of the financial system.

Table 4.13 Financial entities, June 2017

	Type of entity (number)
Wholly or majority State-owned financial entities	Banco Unión (1)
	Banco de Desarrollo Productivo (1)
	Public development finance entities (0)
Private financial intermediation entities	Private development banks (0)
	Commercial banks (13)
	SME banks (2)
	Open cooperatives (30)
	Cooperative societies undergoing compliance process (37)
	Housing entities (7)
	Development finance institutions (7)
	Development finance institutions undergoing compliance process (2)
	Community finance entities (0)
Enterprises providing complementary financial services	Financial leasing companies (3)
	Factoring companies (0)
	General bonded warehouses (2)
	Clearing and settlement houses (1)
	Credit information bureaus (2)
	Transporters and couriers (2)
	Electronic card administration companies (2)
	Exchange houses (164)
	Mobile payment service companies (1)
	Money transfers and remittance enterprises (7)

Source: Information provided by the Bolivian authorities.

4.4.1.1 Banks

4.113. Banks[168] and the other financial entities listed in Table 4.13 are regulated by the ASFI, which replaced the Banking and Financial Institutions Supervisory Authority (SBEF) in 2009.[169] It is responsible for issuing licences for the provision of financial intermediation services as well as complementary financial services. The licence sets out, among other things, the business name of the licence holder, the type of financial entity and the corresponding restrictions on its operations.[170] The founding partners or associates or shareholders of a financial entity may be

[166] Article 151 of Law No. 393 of 21 August 2013.
[167] Ibid., Article 9.
[168] "Bank" may only be used as the first word in the name or business name of a financial entity for development banks, the public bank, commercial banks and SME banks. No other financial entity may use this name. Article 151 of Law No. 393.
[169] The ASFI was created by Supreme Decree No. 29894 of 7 May 2009. Pursuant to Article 332 of the Political Constitution of the State, the ASFI is a body of public law with jurisdiction throughout Bolivian territory. The President of the State appoints the head of the ASFI from a list proposed by the Plurinational Legislative Assembly.
[170] Article 150 of Law No. 393 of 21 August 2013.

natural or legal persons of proven solvency and fitness who have demonstrated the legitimate origins of the capital they put into the company.[171]

4.114. Priority is given to Bolivian investment over foreign investment in financial activities. All foreign investment in financial activities is subject to the jurisdiction, laws and authorities of Bolivia, and no one may invoke exceptional status or diplomatic considerations in order to obtain more favourable treatment. When evaluating an authorization for a foreign financial entity to open a branch in Bolivian territory, the ASFI takes account of the entity's potential contribution to the development of trade and financial relations with the country where the foreign financial entity is domiciled.[172] The representative offices of foreign financial entities, duly authorized by the ASFI, may only carry out promotional activities for financial services and business in the country. They may not engage in financial intermediation activities.[173]

4.115. The State-owned or majority State-owned financial entities are: Banco Unión, which is a first-tier public bank[174]; Banco de Desarrollo Productivo (Production Development Bank (BDP)), which was established in 2007 as a second-tier bank and has been a first-tier bank since June 2015, carrying out activities to encourage and promote development of the production sector either directly or through third parties[175]; and public development finance entities (none of which has been set up to date) for the purpose of promoting development of the production sectors in the country's departments, regions and municipalities by providing financial and technical support. These entities must at all times maintain a minimum paid-up capital in bolivianos for an amount equal to a specified equivalent in Housing Promotion Units (Unidades de Fomento a la Vivienda (UFV))[176]: 30 million UFV for Banco Unión; 30 million UFV for the BDP; and 18 million UFV for public development finance entities.[177]

4.116. Private financial intermediation entities may be: private development banks, which are public limited companies whose purpose is to provide financial and technical support for development of the production sector and ancillary activities; commercial banks, which provide financial services to the public in general[178]; SME banks, which provide specialized financial services for micro, small and medium-sized enterprises, and whose loan portfolio for other segments is therefore restricted[179]; housing finance entities, which primarily provide loans for the purchase, construction, remodelling and extension of housing or for land purchase; community finance entities, set up to fund the economic activities of their members and of other producers on promotional terms; savings and loan cooperatives, which may be open or member-based[180]; and development finance institutions, which are non-profit-making organizations authorized to engage in financial intermediation and provide comprehensive financial services, which include social management and contributing to the sustainable development of small farmers in micro and small business.[181]

4.117. In addition, there are complementary financial service enterprises, such as financial leasing companies, general bonded warehouses and foreign exchange houses, among others (Table 4.13).

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[171] Ibid., Article 152.

[172] Ibid., Article 160.

[173] Ibid., Article 161.

[174] The State has owned more than 97% of the capital of Banco Unión since 2010.

[175] The BDP is a joint public limited company of Bolivia (80%) and the Andean Development Corporation (20%).

[176] The UFV has existed since 7 December 2001 and is a CPI-based price index. The BCB calculates and publishes the value of the UFV daily. Despite their title, the use of UFVs is not confined to financing housing. They are employed in operations, contracts and legal acts of all kinds in domestic currency (bolivianos).

[177] Article 165 of Law No. 393 of 21 August 2013.

[178] Commercial banks must be set up as public limited companies, have at least five partners (natural and/or legal persons) and have a minimum capital of 30 million UFV.

[179] SME banks must be set up as public limited companies, have at least five partners (natural and/or legal persons) and have a minimum capital of 18 million UFV. SME banks may lend to large companies up to a maximum limit of 30% of their loan portfolio.

[180] The former may provide financial services to their members and to the general public, while confining their lending operations solely to their members, whereas member-based savings and loan cooperatives are authorized to carry out savings and loan operations exclusively with their members.

[181] There are currently member-based savings and loan cooperatives and development finance institutions which are undergoing a compliance process in order to obtain an operating licence, for which they must fulfil all the requirements laid down by the ASFI within a specified time-frame.

4.118. The founders of a private financial intermediation entity may not be less than five natural persons and/or individual or collective legal persons who have not been declared unfit. In the case of member-based savings and loan cooperatives, the founders may not be less than ten natural persons and legal non-profit-making persons; and not less than 20 non-profit-making legal or natural persons in the case of open savings and loan cooperatives.[182] Depending on their nature, private financial intermediation entities, with the exception of savings and loan cooperatives, must maintain at all times a minimum paid-up capital in domestic currency equivalent to: 30 million UFV for a private development bank and a commercial bank; 18 million UFV for an SME bank; 2 million UFV for a housing finance entity; 1.5 million UFV for a development finance institution; and 500,000 UFV for a community finance entity.[183]

4.119. The BCB may grant credit to financial intermediation entities for renewable periods of 90 days to meet their liquidity needs. The central bank and the public entities and institutions do not recognize the debts of private banks or financial entities. These banks and entities have the obligation to contribute to and build up a savers' protection fund, which will be used to protect the savings of natural and legal persons deposited with financial intermediation entities. Financial intermediation activities, the provision of financial services and any other activity related to the management, use and investment of savings, are matters of public interest and may only be exercised with prior authorization from the State, in accordance with the law.[184] Law No. 393 also establishes that the State may regulate by law the participation of foreign shareholders in financial intermediation entities.

4.120. The Financial Services Law provides for a high degree of State intervention in management of the banking system. In particular, the Executive Branch may establish ceiling interest rates for loans to the production and social housing sectors, as well as minimum interest rates for deposits (section 1.2.3).[185] The ASFI also sets minimum and maximum portfolio levels for financial entities in the social housing and productive sectors[186]; determines whatever temporary preventive measures it considers necessary for financial entities; indicates the degree of growth and expansion of coverage that financial entities must satisfy; annually sets the percentage of profits that financial entities must devote to ensure compliance with their social function; and where a financial entity displays accumulated losses, shortcomings in the constitution of provisions or reserves or any similar circumstance, and in order to ensure solvency, the ASFI may prohibit the distribution of dividends and order that profits be reinvested.

4.121. The State's aim is that the Bolivian banking system should facilitate access to credit and grant better financing terms for the production and rural sectors. Minimum levels of credit that financial entities must achieve and maintain (Table 3.12) as well as geographical coverage targets have therefore been set. Both the commercial banks and the SME banks exceeded their mandatory minimum lending targets in 2016 (section 3.3.1.1).

4.122. The net flow of disbursed portfolio lending in 2015-2016 hit a historical high. Reflecting the expansionary monetary policy and the consequent abundance of liquidity, nominal (non-regulated) loan and deposit interest rates in domestic and foreign currency have fallen in recent years, as have intermediation costs (section 1.2.3).

4.123. At March 2017, 39% of production-sector loans granted by the commercial banks, SME banks, cooperatives and housing finance entities went to manufacturing, followed by construction (25%) and agriculture (24%) (Table 4.14). The proportion of non-performing loans (NPL) in total production-sector loans fell from 1.81% in 2013 to 1.38% in May 2017, owing partly to the measures taken to promote credit for this sector.

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[182] Article 153 of Law No. 393 of 21 August 2013.
[183] Ibid., Article 217.
[184] Article 331 of the Political Constitution of the State.
[185] "Interest rates on lending shall be regulated by the Executive Branch at central State level by means of a Supreme Decree, establishing, for financing for the production sector and social housing, maximum limits within which financial entities may negotiate agreements with their clients within the framework of the provisions of this Law" (Article 59 of Law No. 393 of 21 August 2013). The Executive Branch also sets minimum limits for interest rates on deposits.
[186] Article 66 of Law No. 393 of 21 August 2013.

Table 4.14 Production-sector portfolio and proportion of non-performing loans of the financial system, May 2017

(US$ million and %)

	Financial system[a]	Share (%)	NPL (%)
Agriculture and livestock	1,891	24.0	0.93
Hunting, forestry and fishing	32	0.0	1.02
Crude oil and natural gas extraction	21	0.0	0.85
Metallic and non-metallic minerals	90	1.0	1.80
Manufacturing	3,045	39.0	1.33
Electricity, gas and water production and distribution	261	3.0	0.06
Construction	1,981	25.0	1.91
Intellectual production	11	25.0	1.95
Tourism	515	7.0	1.88
Total production-sector portfolio	**7,847**	**100.0**	**1.38**

a The data include information on commercial banks, SME banks, cooperatives and housing finance entities.

Source: Information provided by the Bolivian authorities.

4.124. According to the Economic and Social Development Plan 2016-2020, by 2020 60% of the commercial banks portfolio should be with the production and social housing sectors (37.5% in 2014), and in the same year 50% of the SME banks portfolio should be with micro, small and medium-sized enterprises (33.8% in 2014), 50% of the housing finance entities portfolio should be for housing projects (10.8% in 2014), and 75% of all municipalities should be covered by financial services.[187]

4.125. According to the IMF, the Bolivian banking system is relatively solid: financial deepening has grown, with the credit-to-GDP indicator rising from 31% in 2006 to 58% in 2016 and the deposits-to-GDP indicator rising from 37% in 2006 to 63% in 2016; "bolivianization", i.e. loans in the domestic currency, increased and attained 97% at the end of 2016; deposits from the public in domestic currency reached 84% in 2016 (at the end of 2005, about 93% of credit operations had been denominated in US dollars); the non-performing loan (NPL) rate declined from 10.1% in 2005 to 1.5% in 2016, one of the lowest in the region, despite the high growth of lending to the private sector; and financial system profits have been high, with a return on equity (ROE) of 13.5% in 2016.

4.126. The Bolivian banks are also applying the Basel II and III principles. According to the authorities, a capital buffer has been built up that may be used when the economic growth trend turns down; the financial entities disclose information that enables market participants to evaluate their exposure and risk management quality, and the ASFI has wider regulatory and supervisory responsibilities.

4.127. Nevertheless, the IMF considers that there are some risks for the Bolivian banking system, for example strong credit growth could cause liquidity difficulties for some banks, especially the smallest, and also affect credit quality as loans become harder to recover.[188]

4.128. Bolivia has commitments on banking services under the WTO General Agreement on Trade in Services (GATS) which guarantee market access and national treatment for commercial presence in the country. The presence of natural persons is conditional upon the existence of a contract with the company that has a commercial presence in the country. Bolivia did not assume any commitments on modes of supply 1 or 2, or on market access or national treatment.[189]

4.4.1.2 Insurance

4.129. The legal framework governing insurance and pensions consists of: the Insurance Law (No. 1883 of 25 June 1998) and its implementing Regulations (Supreme Decree No. 25201 of

[187] Ministry of Development and Planning (2016), *Plan de Desarrollo Económico y Social: En el Marco del Desarrollo Integral para Vivir Bien 2016-2020*, La Paz.
[188] IMF (2016), *2016 Article IV Consultation – Press Release; Staff Report; and Statement by the Executive Director for Bolivia*, Country Report No. 16/387. Viewed at: http://www.imf.org/external/country/BOL.
[189] Document WTO GATS/SC/12/Suppl.2 of 26 February 1998.

16 October 1998); the Pensions Law (No. 065 of 10 December 2010); the Public Entities and Enterprises Insurance and Bonding Law (No. 365 of 23 April 2013) and its implementing Regulations (Supreme Decree No. 2036 of 18 June 2014); and the Commercial Code of 1977.

4.130. Insurance and reinsurance companies are regulated by the Pensions and Insurance Oversight and Control Authority (APS), under the responsibility of the Ministry of the Economy and Public Finance. The APS supervises all regulatory aspects of the insurance sector, including the issuance, modification and cancellation of authorizations to operate. It also authorizes mergers, oversees compliance with solvency margins and technical reserves, and imposes sanctions where necessary, as well as proposing technical rules to the Executive Branch and giving opinions on the sector's regulations. The APS keeps the register of brokers and reinsurers operating in the Bolivian market and investigates and sanctions conduct involving conflict of interest.[190]

4.131. At 30 April 2017, the Bolivian insurance market comprised 16 insurance entities, nine of which for personal insurance (three with foreign capital and six with Bolivian capital), and seven general insurance and bond insurance companies (one with foreign participation and six with Bolivian capital). At present, there are also 72 foreign reinsurers registered to take reinsurance from the established companies, and 21 registered and authorized foreign reinsurance brokers. Moreover, 32 national insurance and six national reinsurance brokerage firms are established and registered in the country.

4.132. Any national or foreign insurance, reinsurance or bond insurance company must constitute and maintain minimum paid-up capital in bolivianos of 750,000 SDR (equivalent to US$1 million). Foreign insurance companies may set up in Bolivia only through a subsidiary established as a public limited company. Aside from the standard requirements for setting up a public limited company, the Insurance Law requires a technical and economic feasibility study, a certified copy of the company's articles of incorporation, the audited opening balance, and the policy registration record.

4.133. All national and foreign insurance and reinsurance companies that offer services in the country must be set up as public limited companies in order to apply for authorization from the APS to commence activities. However, foreign reinsurers may offer services in Bolivia under the cross-border trade and consumption abroad modes, without being incorporated in the country, but subject to registration with the APS. Insurance companies may freely place insurance outside Bolivia with reinsurers whose international risk rating is equal to or higher than that of BBB and provided they are supervised in their country of origin.[191]

4.134. Insurance or reinsurance companies must be exclusively engaged in providing insurance in one of the following forms: general insurance, bond insurance or personal insurance. The personal insurance mode excludes general insurance and bond insurance. Insurance and reinsurance brokers must be set up in the form of public limited companies or limited liability companies, in the first case, and exclusively as public limited companies in the latter case.[192] Foreigners that have no permanent residence in Bolivia may not act as insurance agents.[193] Public health insurance is the responsibility of the State.

4.135. Insurance and reinsurance companies must invest through stock market mechanisms. There are no restrictions, except that: no more than 5% of the investments may be in securities of issuers related to the insurance company; no more than 10% may be in fixed income securities of a company or interrelated group of companies; no more than 20% may be in a single issuer; and the investments may not amount to more than 20% of the assets of any one issuer. The BCB periodically sets the ceiling on investment in securities of issuers established outside Bolivia, which may not exceed 50% of the resources to be invested.[194]

4.136. Insurance and reinsurance companies are free to set their rates.[195] Policies issued by insurers and reinsurers must be registered with the APS and are supervised by the latter.[196] The

[190] Article 43 of the Insurance Law of 25 June 1998.
[191] Articles 13 and 44 of the Insurance Law of 25 June 1998.
[192] Ibid., Article 21.
[193] Ibid., Article 20.
[194] Ibid., Article 35.
[195] Ibid., Articles 13 and 15.

APS regulates insurance contracts in order to ensure equity between the insurance companies and those insured.

4.137. Each month, insurers providing general and bond insurance must allocate not more than 2% of net premiums to finance the operations of the APS. Likewise, insurers providing personal accident insurance, pension insurance and mandatory traffic accident insurance contribute not more than 1% of the net premiums received.

4.138. The total amount of premiums paid increased at an annual average rate of 10% between 2006 and 2016, to reach US$467 million. The net premiums retained (total premiums paid minus premiums assigned to reinsurance) also grew by an annual average of 10% over this period to reach US$235 million.

4.139. As a proportion of the total value of premiums in 2016, life insurance premiums amounted to 43%, followed by automobile insurance (17%) and fire and allied insurance (11%). As regards the premiums paid for insurance in general in 2016, the strongest growth was in premiums paid for compliance with contractual obligations and/or rights (19%) and services provided (15%), while the largest increase in the total of personal insurance premiums in 2016 was for individual short-term life (43%) and personal accident (26%).

4.140. Under the GATS, Bolivia has commitments in the insurance sector that allow market access and national treatment for reinsurance services in modes of supply 1 and 2. For reinsurance intermediation services, market access for cross-border supply is given, together with consumption abroad and commercial presence, while market access for commercial presence is given to insurance intermediaries. The investigation, adjustment and settlement of claims relating to the supply of insurance are guaranteed market access under all modes of supply and national treatment for modes 1 and 2.[197]

4.4.1.3 Securities

4.141. The ASFI supervises entities operating in the securities market.[198] At 31 May 2017, the Bolivian securities market consisted of 65 investment funds, 13 investment fund management companies with Bolivian capital, three securitization companies, one of which has foreign shareholders, 90 issuers registered in the Securities Market Register (RMV), of which 29 with foreign participation, and 11 stockbrokers (one with foreign shareholders).

4.142. The total amount traded on the Bolivian Stock Exchange (BBV) grew by 598% during the period 2006-2016 to reach US$11,750 million in 2016 (34.5% of GDP). The leading instruments in generating this trading volume were fixed-term deposits, which represented 73.5% of the total in 2016.

4.143. Law No. 1834 of 31 March 1998 regulates the securities market and determines what constitutes public offering, defining securities and the forms in which they are issued. The Law also gives foreign investors access to the Bolivian securities market, but they must be registered in the RMV within the ASFI. It also allows investment funds established outside Bolivia to participate in the Bolivian securities market.[199] Authorization and registration of foreign securities is subject to special rules issued by the ASFI. Foreign enterprises wishing to take part in the BBV must be registered in the RMV through a branch and, *inter* alia, submit certification issued by the competent authorities in the country where the head office is located attesting that the company is not in the process of being liquidated.

4.144. There are limits on investment for investment funds established outside Bolivia. Open-ended investment funds may invest abroad up to 30% of the value of their portfolio; the limit is 50% in the case of closed investment funds. The resources from individual retirement funds

[196] Ibid., Article 43.
[197] WTO document GATS/SC/12/Suppl.2 of 26 February 1998.
[198] ASFI Resolution No. 043/2009 of 30 June 2009.
[199] Article 91 of Law No. 1834.

administered by pension fund managers may be invested in financial instruments outside Bolivia up to a limit of 60% per fund.[200]

4.145. In 2011, the BBV signed a cooperation agreement with the Inter-American Development Bank's Multilateral Investment Fund (FOMIN-IDB-MIF) to initiate a project for the inclusion of SMEs in the capital market. The purpose of the project is to help SMEs to access the securities market as a source of financing and thus also strengthen and broaden the Bolivian securities market. On 4 February 2016, the regulations on results-based bonds (*bonos participativos*) were adopted and came into force as a means of helping SMEs to access the capital market.[201]

4.146. Bolivia has undertaken commitments on the securities sector under the GATS, providing national treatment, with some restrictions on market access, for the commercial presence of companies in the trade-related securities sector, participation in issues of securities, advisory services, settlement and clearing services, and risk and credit analysis services.[202]

4.4.2 Telecommunications

4.147. During the period under review, a new law was promulgated to regulate the provision of telecommunications services in Bolivia and adapt the sector's legal framework to the Political Constitution of the State adopted in 2009. In 2011, the General Law on telecommunications and information and communication technologies (Law No. 164 of 8 August 2011) entered into force, replacing the 1995 Telecommunications Law.[203] The provisions of Law No. 164 are implemented through a number of regulations (Table 4.15).

Table 4.15 Legal framework of the telecommunications sector

Year	Instrument	Description
2011	Law No. 164	General Law on telecommunications and information and communication technologies
2015	Law No. 769	Amendment to Law No. 164 (amending provisions on the National Social Inclusion Telecommunications Programme (PRONTIS))
2012	Supreme Decree No. 1391	General Regulations implementing Law No. 164
2013	Supreme Decree No. 1828	Amendment to the General Regulations implementing Law No. 164
2014	Supreme Decree No. 2104	Amendment to the General Regulations implementing Law No. 164
2012	Ministerial Resolution No. 323	Regulations on telecommunications licences
2015	Ministerial Resolution No. 305	Amendment to Ministerial Resolution No. 323 (amending provisions on the *licencia de habilitación específica* (specific authorization)
2012	Ministerial Resolution No. 351	Regulations on invoicing, collection and disconnection
2013	Ministerial Resolution Nº 013	Regulations implementing the National Social Inclusion Telecommunications Programme (PRONTIS)
2013	Ministerial Resolution No. 062	Regulations on interconnection and access to and shared use of infrastructure
2013	Ministerial Resolution No. 088	Regulations on the tariff regulation regime for public telecommunications and information and communication technology services
2013	Supreme Decree No. 1793	Regulations implementing Law No. 164 for the development of information and communication technologies

Source: Information provided by the authorities.

4.148. Law No. 164 introduced a number of changes in the telecommunications sector (Table 4.16). These include: (a) broadening of the Law's scope to include postal services; (b) creation of a new type of authorization (*título habilitante*) to provide services; (c) limitation on foreign participation in the provision of broadcasting services; (d) inclusion of consumer protection provisions; and (e) design of a programme to promote universal access.

4.149. The Ministry of Public Works, Services and Housing was created in 2006. Through the Vice-Ministry of Telecommunications, the Ministry formulates, implements and supervises

[200] Article 140 of the Pensions Law (No. 065 of 10 December 2010).
[201] Resolution No. 075/2016. These regulations will be included in the compilation of securities market rules.
[202] Document WTO GATS/SC/12/Suppl.2 of 26 February 1998.
[203] Law No. 1632 of 5 July 1995.

telecommunications policy.[204] In 2009 the Telecommunications and Transport Regulatory and Supervisory Authority (ATT) was set up[205], replacing the Telecommunications Supervisory Authority (SITTEL). The ATT is the regulatory authority for the sector, under the responsibility of the Ministry of Public Works, Services and Housing.[206] The Ministry supervises the activities of the ATT.

Table 4.16 Main changes introduced in Law No. 164 of 2011

	Law No. 1632 of 1995	Law No. 164 of 2011
Amendments	Law No. 2328 of 2002 Law No. 2342 of 2002	Law No. 769 of 2015
Scope	Telecommunications services Broadcasting services	Telecommunications services Broadcasting services Postal services
Type of authorization	Concession	Different types of *titulo habilitante*: (i) single; (ii) specific; (iii) for broadcasting; (iv) for private networks; (v) for value-added services; (vi) for the provision of satellite services
	Method of award: public tender	Method of award: submission of an application
	Duration: maximum 40 years	Duration: 5 or 15 years, according to the type, renewable once
Use of the radio spectrum	Licence for frequency use Method of award: public tender Duration: maximum 20 years	*Título habilitante* for frequency use Method of award: public tender Duration: 15 years, renewable once
Restrictions on market access	None	Restrictions on foreign participation in the provision of broadcasting services
Price controls	Yes	Yes
Competition	Includes competition provisions which the regulatory authority implements	Includes competition provisions which the regulatory authority implements
Consumer protection	No provisions	Includes provisions on the rights and obligations of consumers and operators
Universal access	Concession agreements included clauses obliging operators to provide services in rural areas. The regulator contributed to the National Regional Development Fund, under which projects were financed in areas of social interest that were not profitable for private operators	Creates the National Social Inclusion Telecommunications Programme (PRONTIS)
Other provisions	Regime of exclusivity granted to ENTEL and local telephony cooperatives, which ended in 2001	No other provisions

Source: WTO Secretariat.

4.150. The National Telecommunications Company (ENTEL), which was privatized in the 1990s, was renationalized in 2008 (section 3.3.5).[207] As a result, the State, through ENTEL, has again become the main provider of telecommunications end-services.

4.151. Law No. 164 stipulates that broadcasting licences may not be granted to foreign natural or legal persons. Foreign investment in broadcasting companies may not exceed 25%, unless otherwise specified by the State through agreements or treaties (section 2.4).[208] Before Law No. 164 was enacted, concessions to operate a broadcasting company were granted exclusively to Bolivian nationals and commercial companies set up by Bolivian nationals. The

[204] Supreme Decree No. 29894 of 7 February 2009; and online information viewed at: https://www.oopp.gob.bo/vmtel.

[205] Law No. 164 amended the name of the body originally created as the Agency for the Supervision and Social Control of Telecommunications and Transport.

[206] Supreme Decree No. 71 of 9 April 2009; and UDAPE (2015), *Diagnóstico Sectoriales – Telecomunicaciones.* Viewed at: http://www.udape.gob.bo/portales_html/diagnosticos/diagnostico2015/TOMO%20VI%20-%20SECTOR%20TELECOMUNICACIONES.pdf.

[207] Supreme Decree No. 29544 of 1 May 2008.

[208] Article 28 of Law No. 164.

companies could not be subsidiaries or branches of foreign enterprises, and the capital had to be effectively paid up by the partners.[209]

4.152. Policy on public telecommunications services has two objectives: (a) to promote universal access, i.e. ensure that the entire population has access to services, which is the purpose of the National Social Inclusion Telecommunications Programme (PRONTIS), the Strategic Social Inclusion Telecommunications and ICT Plan[210], and the National Broadband Plan[211]; and (b) to promote universal service, which consists in ensuring that services are provided to all users on an equal footing irrespective of their location, and maintaining a specified quality level and an affordable price. The ATT periodically monitors the provision of services.[212]

4.153. The PRONTIS programme, which is financed by contributions from ATT and operators, began in 2012 to finance projects to build the necessary infrastructure to provide telecommunications services in rural and social-interest areas.[213] The operators' contribution amounts to 1%-2% of gross income. This is a mandatory contribution, except for providers of broadcasting services and providers of telecommunications services in rural areas.[214] In order to carry out these projects, the Vice-Ministry of Telecommunications signs contracts with ENTEL or, if ENTEL cannot implement them, organizes public tenders for the other operators established in Bolivia.[215] A number of projects are currently being funded by PRONTIS, such as the installation of mobile telephony antennas or the creation of community telecentres.[216] So far no private enterprise has participated in these projects.

4.154. Authorization from the ATT is needed to provide telecommunications services. Since 2011, an authorization known as a *título habilitante* has been required, and not a concession as was the case previously; existing concessions will be converted into *títulos habilitantes*.[217] The type of *título habilitante* required varies according to the service provided. There are six types: (a) single; (b) specific; (c) for broadcasting; (d) for private networks; (e) for value-added services; and (f) for the provision of satellite services. When use of the radio spectrum is necessary in order to provide a service, a *título habilitante* for frequency use is also required.

4.155. Holders of the single authorization (*título habilitante único)* have the right to provide a range of end services. However, should they wish to provide an additional service not mentioned in the original *título habilitante*, they need a specific authorization to provide the additional service. Depending on the service concerned, these authorizations may be for national or local coverage. They are issued upon submission of an application to the ATT, and are granted, according to their nature, for a period varying between five and 15 years, renewable once. For example, single authorizations are valid for 15 years.

4.156. The ATT issues the single authorization after checking the documentation submitted by the applicant and after the latter has paid the inspection and regulation fee, in an amount calculated by the ATT according to the business plan submitted by the company. In general, payment of the fee is mandatory, including for ENTEL. However, companies that apply for a single authorization to provide services in rural areas are exempted. Once this authorization has been obtained, the supervision and regulation fee continues to be paid annually. The annual rate corresponds to 0.5% or 1% of gross income, according to the type of services offered and/or the persons to whom they are offered.

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[209] Article 43 of Law No. 1632 of 5 July 1995.

[210] Ministerial Resolution No. 089 of 9 April 2015.

[211] Online information viewed at: https://www.oopp.gob.bo/vmtel/index.php/informacion_institucional/Plan-Nacional-de-Banda-Ancha,1025.html.

[212] ATT Bulletin No. 1 of April 2014. Viewed at: http://descargas.anh.gob.bo/Anh/PubAtt.pdf.

[213] External funds (grants and funds from international cooperation) also contribute to the budget of PRONTIS.

[214] Articles 36 and 65-68 of Law No. 164 (Article 67 was amended by Law No. 769 of 2015); Articles 184-198 of the General Regulations implementing Law No. 164; and online information viewed at: https://www.oopp.gob.bo/vmtel/index.php/informacion_institucional/PRONTIS,1002.html.

[215] Ministerial Resolutions No. 160 of 23 June 2014 and No. 13 of 23 January 2013.

[216] For further information, see: https://www.oopp.gob.bo/vmtel/index.php/informacion_institucional/PRONTIS,1002.html.

[217] Law No. 164 of 8 August 2011.

4.157. The method of granting the *título habilitante* for frequency use is different from the method used for the other types of authorization, and varies according to whether they are for a private or public enterprise. In the case of private companies, they are granted by public tender (this method was also used in 2011), whereas the ATT automatically grants them to public companies such as ENTEL. They are valid for 15 years, renewable once. Before 2011, licences for frequency use were granted for a maximum period of 20 years. A frequency use fee has to be paid annually, as determined by the ATT on the basis of a specified formula.[218]

4.158. Law No. 164 and the Andean Community (CAN) regulations govern competition in the telecommunications sector.[219] The ATT is the authority responsible for implementing the provisions of Law No. 164 that relate to competition.[220]

4.159. Law No. 164 prohibits anticompetitive practices (vertical and horizontal agreements), economic concentrations and unfair business practices. While horizontal agreements are prohibited *per se*, vertical agreements are illegal only where the provider has a dominant position in the relevant market under investigation. Pursuant to Law No. 164, in the telecommunications sector an enterprise has a dominant market position if it receives 40% of the gross income collected in that market.[221] However, this criterion does not alone determine a dominant position; in addition, the company's gross income must be equal to or more than ten percentage points of the gross income earned by the second competitor in the market.[222] During the review period, operators were found to exist with a dominant position in the markets for fixed telephony, international long-distance services (ENTEL) and public telephony; consequently, the tariffs for these services are regulated by means of ceilings. Some anticompetitive practices were recently also found to exist in connection with advertising.[223]

4.160. The ATT initiates investigations on alleged anticompetitive practices either on its own initiative or in response to a complaint. When anticompetitive practices are found to exist, the ATT will impose remedial measures, for example by regulating the operator's tariffs.[224] In the case of other kinds of anticompetitive practice, the operator may be directed to modify or discontinue the alleged practice and/or could be fined. With regard to economic concentrations, in the first instance tariff ceilings are imposed on operators. During the review period, various investigations were carried out in connection with the imposition of below-cost tariffs (signal distribution service operators) and the use of advertising (mobile service operators).

4.161. The protection afforded to users of telecommunications services has been strengthened since 2006. For example, operators are obliged to maintain the balances on prepaid cards for two months and to allow the balance to be carried over into the following month.[225] This is an important measure as users of prepaid services account for 90% of the Bolivian mobile telephony market.[226]

4.162. During the period under review, tariffs for telecommunications services continued to be regulated. The Regulations on the tariff regulation regime for public telecommunications and information and communication technology services were introduced in 2013. Under these Regulations, the ATT regulates the tariffs of all operators, by means of a system of tariff caps which are adjusted in line with the consumer price index and a productivity factor determined by the ATT. In addition to setting consumer rates, the ATT also regulates interconnection and international termination charges. Operators must communicate their tariffs to the ATT. Operators may offer discounts (of 25% or 50%) to their customers in certain time bands.

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[218] Articles 29-35, 63 and Transitional Provisions of Law No. 164, General Regulations implementing Law No. 164, Ministerial Resolution No. 323 (Regulation on the issuing of telecommunications licences) of 30 November 2012, and Ministerial Resolution No. 012 of 14 January 2013.

[219] Article 61 of Law No. 164 and Article 173 of the General Regulations implementing Law No. 164.

[220] Article 61 of Law. No. 164.

[221] Average percentage of the earnings during the previous consecutive 12 months.

[222] Article 123 of the General Regulations implementing Law No. 164.

[223] Information provided by the authorities.

[224] Article 124 of the General Regulations implementing Law No. 164 and Ministerial Resolution No. 088 of 29 April 2013 (Regulations on the tariff regulation regime for public telecommunications and information and communication technology services).

[225] Article 120 of the General Regulations implementing Law No. 164.

[226] ATT (2014), *Memoria Institucional*. Viewed at: https://att.gob.bo/sites/default/files/archivospdf/Memoria%20Institucional%202014.pdf.

4.163. Local telephony cooperatives establish their rates according to a tariff "basket", each with its own particular characteristics. Each "basket" must be in line with the current price ceilings. This requirement applies only to rates for users located in the urban centres of the areas in which the cooperatives operate.[227]

4.164. The State must guarantee access to telecommunications services through "mechanisms for the democratization of opportunities for all sectors of society and especially for those with lower incomes and special needs".[228] Accordingly, since January 2015 there has been a "solidarity" tariff for prepaid mobile telephone services, which enables persons suffering from some disability to receive a preferential rate of Bs 0.80 per minute for a maximum consumption of Bs 50.[229] The normal mobile telephone rate varies according to the operator between Bs 0.90/min and Bs 1.35/min, with a special reduced rate ranging from Bs 0.40/min to Bs 0.45/min.

4.165. In 2017, national and international long-distance services continue to be provided under the multi-carrier mode, which enables users to select the operator of their choice. Each operator has a number which the user must enter before making the call.[230]

4.166. Number portability for mobile telephone services is expected to be implemented by the end of 2017. The company that will administer the central portability system will be selected by public tender.[231]

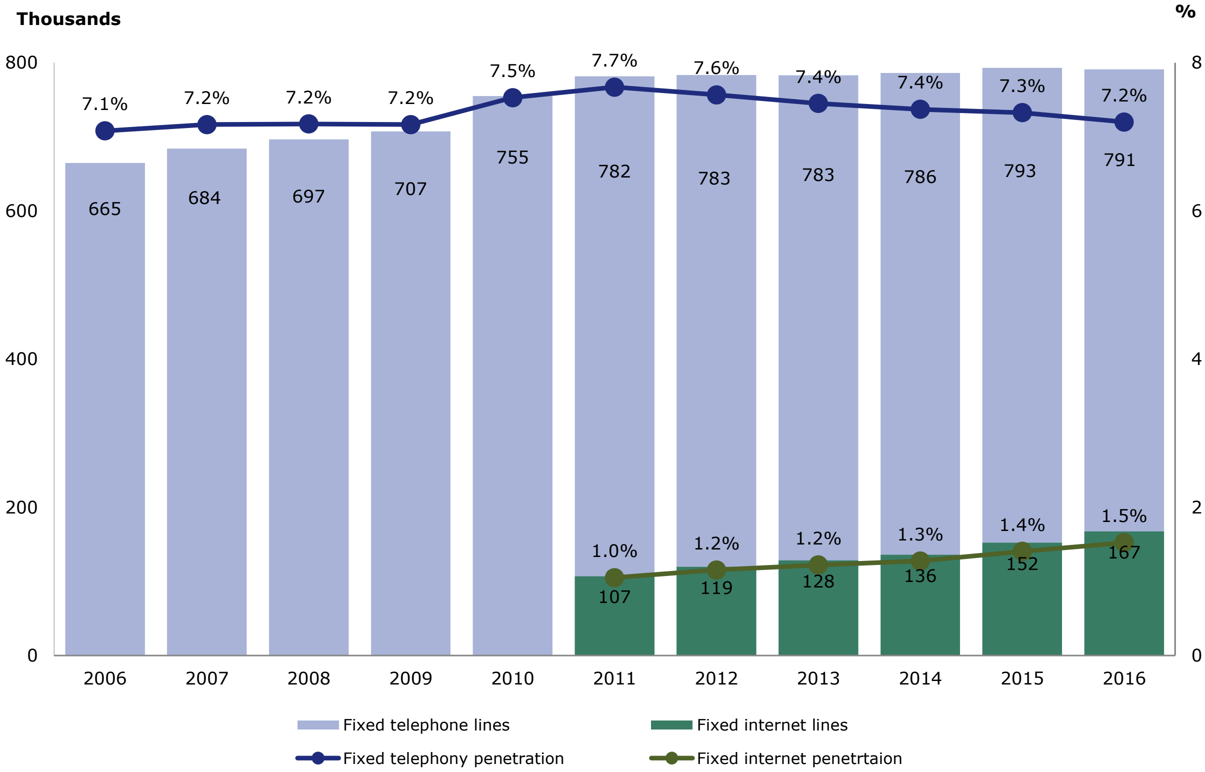
4.167. At present (2017) the main providers of end-user services are ENTEL and two private companies, Telecel (operating under the name Tigo) and NuevaTel (operating under the name VIVA).[232] In 2016, ENTEL had 44% of the market, followed by Telecel with 39% and NuevaTel with 17%. ENTEL provides fixed and mobile telephone services (as well as public telephone services). Telecel and NuevaTel are mobile telephone operators. The three operators provide services throughout the national territory.[233] Besides the three main operators, 15 local telephony cooperatives provide services in the areas where they are located. The cooperatives provide fixed telephony and internet services as well as public telephone services.[234] The telecommunications cooperatives do not currently have the authorization (*título habilitante*) to provide mobile services.

4.168. Telephony penetration rates indicate that the use of mobile services has become widespread in Bolivia, whereas increasingly less use is made of fixed telephony services (Chart 4.13). Mobile telephony penetration increased from 29% to 91% between 2006 and 2016, with an average growth rate of 12% over the period. Penetration of mobile internet services has also increased since 2011, reaching 59% in 2016, with an average growth rate of 41% during 2011-2016. Next-generation mobile technology (4G), the use of which is spreading in Bolivia, will help to achieve greater access to mobile internet.[235] Fixed telephony penetration rose between 2006 and 2016 at an average rate of 0.2%, which in turn affects penetration of fixed internet services (1.5% in 2016). Work is under way to develop the fibre-optic network and join up the national network to the international network, in order to promote access to fixed internet services and improve the speed and quality of connections.

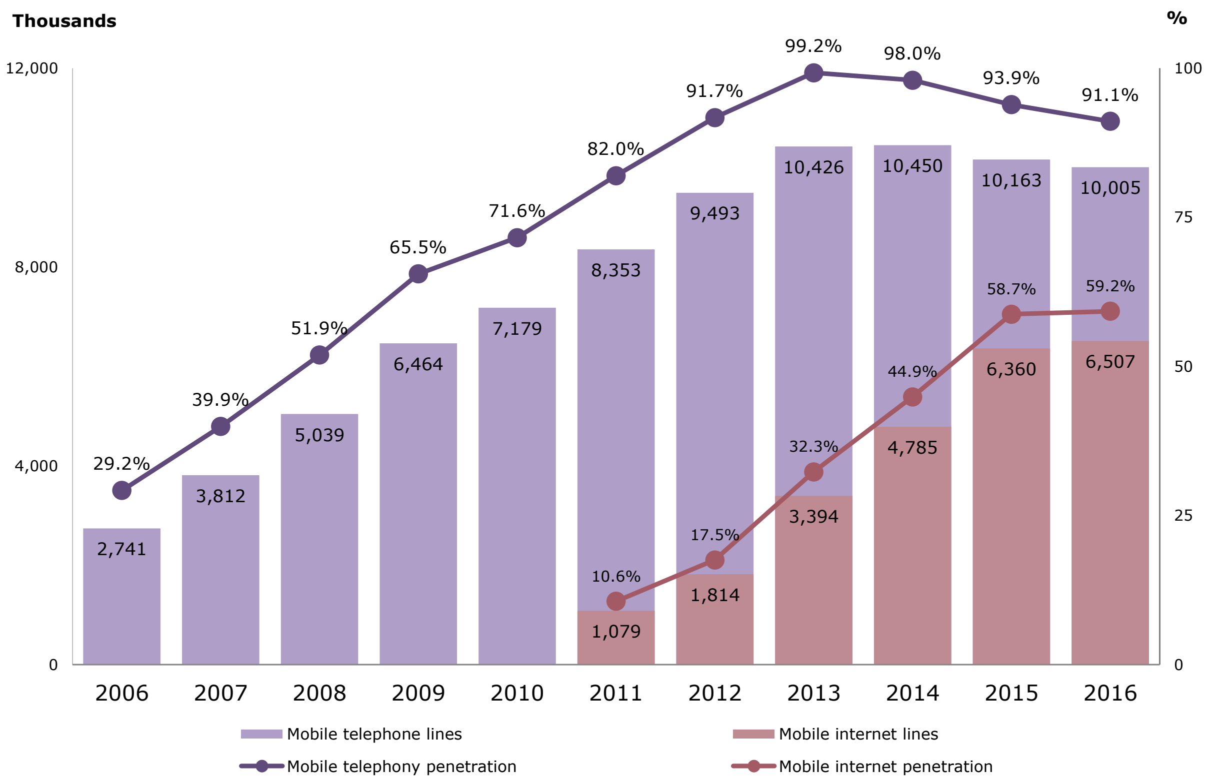
[227] Ministerial Resolution No. 088 of 29 April 2013 (Regulations on the tariff regulation regime for public telecommunications and information and communication technology services).
[228] Article 72 of Law No. 164.
[229] Online information viewed at: https://www.oopp.gob.bo/index.php/noticias/A-partir-del-15-de-enero-rige-la-Tarifa-Solidaria-en-Telefona-Mvil-Prepago-para-Personas-con-Discapacidad,1132.html.
[230] UDAPE (2015),*Diagnóstico Sectoriales – Telecomunicaciones*. Viewed at: http://www.udape.gob.bo/portales_html/diagnosticos/diagnostico2015/TOMO%20VI%20-%20SECTOR%20TELECOMUNICACIONES.pdf.
[231] Supreme Decree No. 2498 of 26 August 2015, Supreme Decree No. 3004 of 30 November 2016, and online information from the ATT. Viewed at: https://www.att.gob.bo/content/la-att-impulsando-la-portabilidad-num%C3%A9rica.
[232] Telecel is a subsidiary of a foreign group while NuevaTel is a private Bolivian company.
[233] Online information from the ATT. Viewed at: https://www.att.gob.bo/content/operadoras-servicios-p%C3_per_centBAblicos.
[234] Online information from the Association of Andean Community Telecommunications Enterprises. Viewed at: http://www.aseta.org/documentos/BOLIVIAsector.pdf.
[235] ATT (2014), *Memoria Institucional*. Viewed at: https://att.gob.bo/sites/default/files/archivospdf/Memoria%20Institucional%202014.pdf.

Chart 4.13 Penetration of telecommunications services and number of lines, 2006-2016

(a) Fixed telephony services



(b) Mobile telephony services



Source: Information provided by the authorities.

4.169. Bolivia has undertaken commitments under the GATS in the main telecommunications markets. These guarantee market access for mode of supply 2 and national treatment for modes of supply 1, 2 and 3. Market access for cross-border supply and commercial presence is allowed with some restrictions; in particular, in long-distance services, reverse-charge calls are not allowed and commercial presence is required for data transmission services. National treatment and market access for foreign natural persons are subject to an employment contract with a company that has a commercial presence in Bolivia.[236]

4.4.3 Transport

4.4.3.1 General features

4.170. Transport services (together with storage and communications services) accounted for 11.8% of GDP in 2016. The Bolivian transport network consists of 81,000 km of roads. The arterial highway network or "basic road network", which connects the main cities, carries 80% of road traffic and is administered by the Bolivian Highway Board. The other roads are administered by the departments and municipalities. The rail network (3,700 km) is divided into two systems, the Andean and Oriental systems, which are not connected. The country also has navigable waterways. Bolivia is connected, by canal, with the Paraguay-Paraná Waterway, with access to the sea. Bolivia also has three international airports. Pipeline transport is one of the country's most important means of transport.

4.171. As the country has no coastline, transport costs can be high, with adverse effects on the competitiveness of exports and the cost of imports.

4.172. The Vice-Ministry of Transport, in the Ministry of Public Works, Services and Housing, designs and implements transport policy, while the regulatory body for all modes of transport is the ATT.

4.173. The General Transport Law allows foreign companies to provide international transport services in accordance with the international agreements in force or, failing that, by means of an authorization issued by the competent authority, for example, the Directorate-General of Civil Aviation or the Bolivian Highway Board.[237] Cabotage is prohibited in all modes of transport.[238]

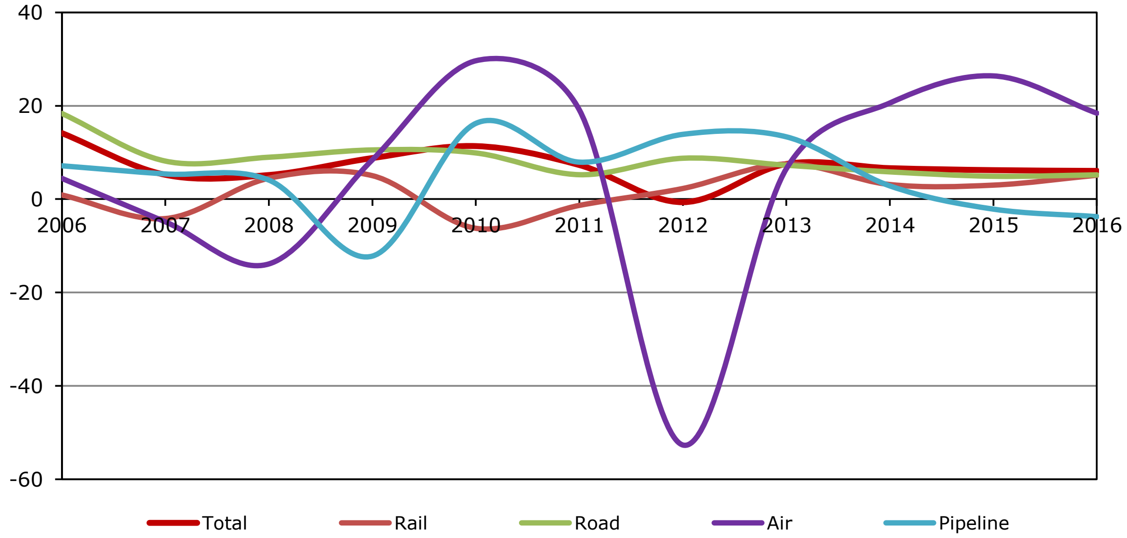
4.174. Within the framework of the Economic and Social Development Plan 2016-2020, various priorities have been established for promoting development of the sector: (i) to progress with territorial integration, by developing modes of transport adapted to the characteristics of the terrain; (ii) to establish a new authority responsible for managing and administering rail transport; (iii) to build new roads or improve existing ones; and (iv) to support the construction of the Bi-Oceanic Integration Rail Corridor, which will cross through Bolivian territory to link the Port of Santos in Brazil with the Port of Ilo in Peru.[239] The construction of a cargo terminal to facilitate trade flows along the Paraguay-Paraná Waterway is also under consideration.[240]

4.175. In general, growth in the transport sector has remained stable, with a tendency to increase, except in the case of air transport, when in 2012 an airline company failed (Chart 4.14).[241]

[236] WTO document GATS/SC/12/Suppl.1 of 11 April 1997.
[237] Article 95 of Law No. 165 of 16 August 2011.
[238] Ibid., Article 96.
[239] Ministry of Development Planning (2015), *Plan de Desarrollo Económico y Social 2016-2020*, pp. 79-80. Viewed at: www.planificacion.gob.bo/pdes.
[240] Information provided by the authorities.
[241] Information provided by the authorities.

Chart 4.14 Growth of transport, by mode[a], 2006-2016

(Base year 1990)



a Where appropriate, passenger and goods transport is taken into account.

Source: INE.

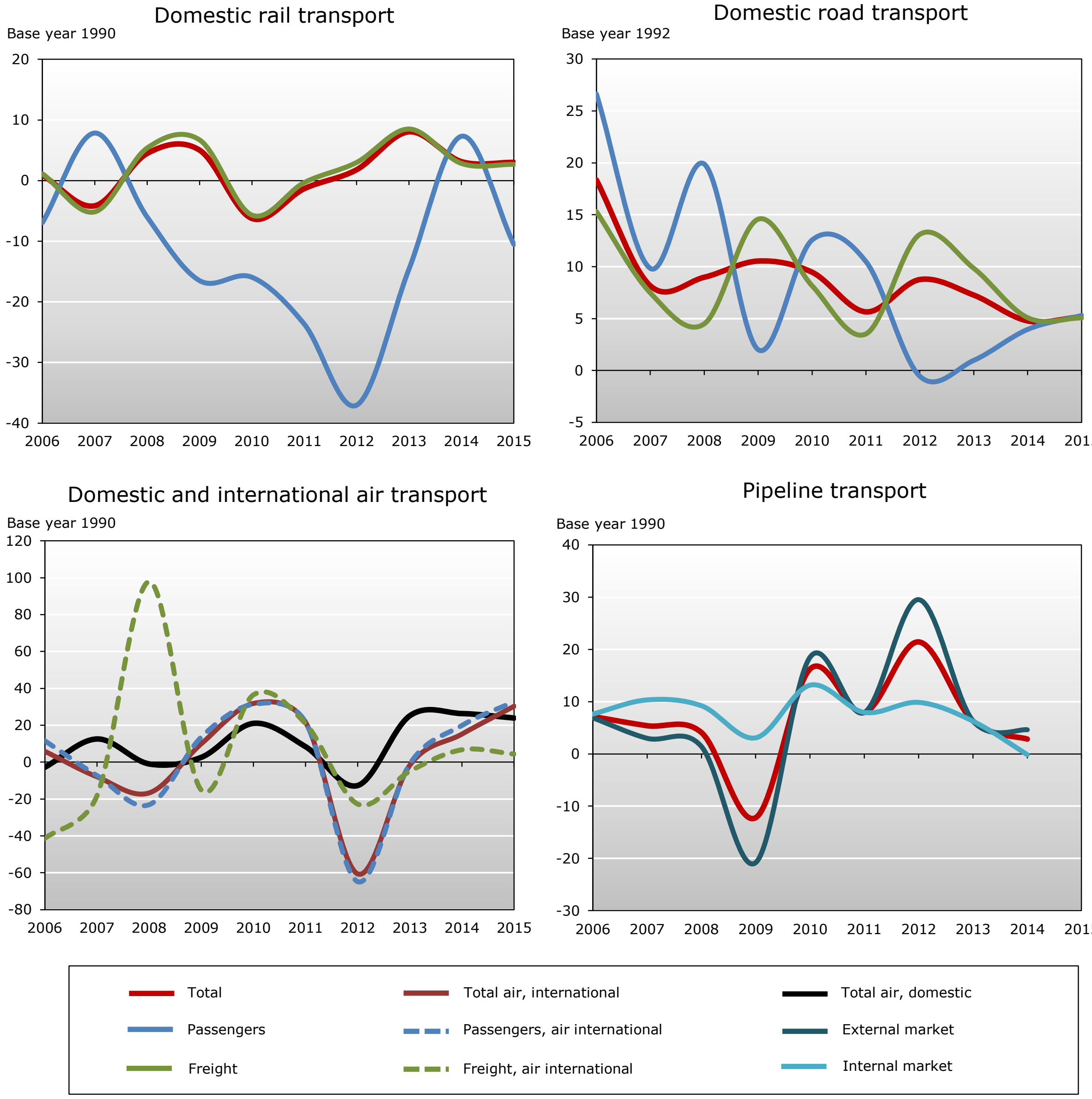
4.176. In 2016, 81.6% of goods exports were transported by pipeline, 10.7% by road, 3.9% by rail, 3.6% by river, and 0.2% by air. The high percentage for pipeline transport is due to the fact that hydrocarbons account for a significant proportion of Bolivian exports (section 1.3.1.1). To provide pipeline transport services it is necessary to obtain an authorization from the ANH, which also regulates the tariffs (section 4.4.3). Imports enter mainly by road. In 2016, 84.8% of goods entered Bolivian territory by road and the rest by rail (5.9%), river (8.1%) and air (1.2%).[242]

4.177. Since 2006, there have been large annual fluctuations in the different modes of transport by type of user (Chart 4.15). The transport of both goods and passengers by road displayed the greatest volatility during the review period, with a tendency to decline (especially in the case of passenger transport). The transport of passengers by rail also declined between 2007 and 2013, when it began to recover. Air transport also tended to be unstable, with a significant fall in 2012, which also mainly affected passenger transport and, according to the authorities, was due to the failure of one of the main private operators. Pipeline transport fell most sharply in 2009, as a consequence of the decline in hydrocarbons exports, after which there was a recovery.

4.178. Bolivia has not undertaken any specific commitments in the transport sector under the GATS, but does have a list of Article II (MFN) exemptions. The exemptions apply to the road transportation of passengers and freight and to maritime and multi-modal freight transportation. The exemptions relate to provisions on national treatment in agreements on international transportation of passengers and freight (applicable to all countries with which Bolivia has bilateral or multilateral treaties in force) and to preferential treatment concerning access to maritime freight transportation for operators from the CAN countries.[243]

[242] Information provided by the authorities.
[243] WTO document GATS/EL/12 of 15 April 1994.

Chart 4.15 Annual variation in transport, according to type of service or market, 2006-2015



Source: INE.

4.4.3.2 Air transport

4.179. The provision of air transport services is governed by Law No. 2902 of 29 October 2004.

4.180. The Telecommunications and Transport Regulatory and Supervisory Authority (ATT) is responsible for regulating air transport and other types of transport across Bolivian territory. The Bolivian Directorate-General of Civil Aviation (DGAC) is responsible for authorizing the provision of air services and establishing air safety standards, while the Airports and Airport Air Navigation Auxiliary Services Authority (AASANA) is responsible for air traffic control and the administration of the public airports, except for the three international airports, which are administered and operated by the company Servicios de Aeropuertos Bolivianos S.A. (SABSA), which was nationalized in 2013.[244]

4.181. To provide air transport services in Bolivia it is necessary to possess an air operator's certificate and an operating permit or failing that, an authorization, all of which are issued by the DGAC. Domestic airlines must have an air operator's certificate, which is granted for an indefinite period of time; this certifies that the airline has the technical capacity to provide the service. Bolivia recognizes air operator's certificates issued abroad.[245] Operating permits are granted to domestic airlines provided they obtain an air operator's certificate and to foreign airline companies that so request, if there is an air transport agreement between the country/territory of origin and Bolivia (Table A4.3). If there is no air transport agreement, the DGAC will grant the foreign airline an authorization, provided that the service is found to be necessary and useful. Operating permits and authorizations are granted for a maximum period of five years, with the possibility of renewal.[246] Cabotage is prohibited.[247]

4.182. The State-owned enterprise Boliviana de Aviación (BoA) is the airline company that carries most passengers on domestic (78%) and international (22%) flights. In July 2017, three other airlines were operating in the internal market and another 12 companies were providing international air transport services.[248]

4.183. The ATT regulates and approves the maximum reference tariffs for aviation services (landing, parking, and boarding bridge) at the three airports owned by Bolivia. The aviation service tariffs charged at the international airports are published.[249] The ATT has to approve the tariffs for aviation services.[250]

4.184. Bolivia's three international airports are: El Alto (in La Paz), Viru Viru (in Santa Cruz) and Jorge Wilstermann (in Cochabamba). The three airports all provide for passenger transit and Viru Viru and Jorge Wilstermann airports have cargo terminals.

[244] Supreme Decree No. 1494 of 18 February 2013; and online information from SABSA. Viewed at: http://www.sabsa.aero.
[245] Information provided by the authorities.
[246] Articles 86, 92-94 and 111 of Law No. 2902 of 29 October 2004.
[247] Ibid., Article 90.
[248] DGAC press releases. Viewed at: http://www.dgac.gob.bo/AeroNoticias/2017/019_2017.pdf and http://www.dgac.gob.bo/AeroNoticias/2017/020_2017.pdf.
[249] See: http://www.sabsa.aero/tarifarios.aspx.
[250] Article 121 of Law No. 2902 of 29 October 2004.

5 APPENDIX TABLES

Table A1. 1 Balance of payments, 2006-2016[a]

(US$ million)

	2006	2007	2008	2009	2010[b]	2011[b]	2012[b]	2013[b]	2014[b]	2015[b]	2016 T2[b]
I. Current account	1,293	1,506	1,991	746	766	77	1,970	749	20	-1,923	-950
1. Trade balance[c]	1,036	918	1,444	415	812	431	2,676	2,014	1,674	-1,384	-897
Exports f.o.b.	3,952	4,504	6,525	4,960	6,402	8,358	11,254	11,698	12,306	8,302	3,117
Imports c.i.f.[d]	-2,916	-3,586	-5,081	-4,545	-5,590	-7,927	-8,578	-9,684	-10,632	-9,686	-4,014
2. Services (net)	-168	-189	-200	-209	-263	-369	-342	-627	-1,032	-535	-296
3. Income (net)	-397	-489	-536	-674	-864	-1,161	-1,629	-1,908	-1,707	-1,173	-319
Interest received (BCB and private sector)	199	332	306	195	86	102	125	151	149	140	100
Interest due[e]	-234	-208	-195	-130	-105	-142	-118	-153	-175	-196	-110
Other investment income (net)	-389	-641	-678	-766	-863	-1,148	-1,649	-1,916	-1,690	-1,128	-317
Compensation of employees (net)	26	27	30	28	19	27	13	11	10	10	8
4. Transfers	822	1,266	1,284	1,213	1,081	1,175	1,266	1,270	1,084	1,169	562
Official, excluding HIPC	238	216	181	181	137	184	219	172	25	116	60
HIPC relief grants	56	13	14	13	13	8	9	6	4	3	1
Private	528	1,038	1,089	1,018	931	983	1,038	1,091	1,056	1,050	501
II. Capital and financial account	303	472	378	-29	917	977	542	-177	-109	-734	157
1. Public sector	262	105	231	238	263	537	651	-458	1,101	838	378
Capital transfers	1,804	1,171	0	77	0	0	0	0	0	0	0
Medium-term and long-term loans (net)	-1,566	-1,069	239	138	278	597	688	1,050	528	656	304
Outlays	257	322	413	381	538	777	1,135	1,243	759	1,032	442
Amortization due[f]	-1,823	-1,391	-174	-243	-260	-180	-446	-193	-231	-376	-138
Other public capital (net)	24	3	-8	23	-14	-60	-37	-1,509	573	182	74
2. Private sector	42	367	147	-266	653	440	-109	282	-1,210	-1,572	-221
Capital transfers	9	9	10	33	-7	6	6	6	5	5	2
Foreign direct investment (net)	278	362	508	426	672	859	1,060	1,750	648	503	303
Portfolio investment (net)	25	-30	-208	-154	90	186	-360	-429	-561	-917	-129
Net medium-term and long-term private debt[g]	-22	-69	59	-124	-112	53	-133	-26	243	64	36
Net short-term foreign assets[h]	-92	114	-92	-265	-7	41	79	-6	-180	16	21
Other net capital	-156	-20	-129	-183	18	-705	-761	-1,013	-1,366	-1,243	-455

a This series follows the fifth edition of the IMF's Balance of Payments Manual (BPM5), which was used by the Bolivian authorities until the second quarter of 2016. The data differ from that presented in Table 1.7, which are based on the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6).

b Preliminary figures.

c Not including estimates for smuggled goods.

d Adjusted to take into account the temporary importation of aircraft.

e Includes HIPC and MDRI relief in the form of stock reduction. MDRI relief is recorded as of 2006.

f As from 2005, actual and approved amortization.

g Excludes intra-company loans recorded as FDI.

h Foreign assets of banks and non-bank financial institutions, and short-term debt of banks, non-bank financial institutions and the rest of the private sector.

Source: Central Bank of Bolivia.

Table A1. 2 Merchandise exports by HS section and main HS chapter, 2006-2016

(US$ million and %)

HS section and chapter			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[a]	2016[a]
Total exports (US$ million)			**4,088**	**4,822**	**6,933**	**5,400**	**6,966**	**9,146**	**11,815**	**12,252**	**12,899**	**8,726**	**7,096**
			(% of exports)										
01		**Live animals; animal products**	0.3	0.3	0.1	0.2	0.3	0.1	0.2	0.4	0.5	0.5	0.5
	02	Meat and edible meat offal	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
	04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	0.3	0.2	0.1	0.2	0.3	0.1	0.2	0.3	0.4	0.4	0.4
02		**Vegetable products**	4.3	4.3	4.3	6.0	4.6	4.0	4.7	6.5	5.2	5.8	6.6
	08	Edible fruit and nuts; peel of citrus fruit or melons	2.0	1.8	1.5	1.6	1.7	1.9	1.5	1.3	1.7	2.7	3.1
	10	Cereals	0.4	0.4	0.4	1.0	0.8	0.7	0.9	1.4	1.6	1.6	1.3
	12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	1.3	1.3	1.5	2.3	1.2	0.8	1.8	3.2	1.5	1.1	1.5
03		**Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes**	4.0	4.4	4.4	4.9	4.3	3.7	3.3	3.1	2.8	3.4	4.5
04		**Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes**	6.8	6.9	5.9	9.3	6.7	5.1	5.4	7.0	6.3	7.2	9.5
	19	Preparations of cereals, flour, starch or milk; pastrycooks' products	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2
	22	Beverages, spirits and vinegar	0.6	0.6	0.6	0.9	0.8	0.5	0.4	0.7	0.5	0.7	0.7
	23	Residues and waste from the food industries; prepared animal fodder	5.5	5.2	4.3	6.7	4.9	4.3	4.5	5.3	5.4	6.0	8.0
05		**Mineral products**	69.8	69.5	73.1	67.3	70.0	71.9	67.6	70.7	67.5	66.1	57.7
	25	Salt; sulphur; earths and stone; plastering materials, lime and cement	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.6	0.6
	26	Ores, slag and ash	19.2	21.8	21.7	27.5	26.4	26.2	17.3	15.7	15.4	19.3	26.1
	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	50.4	47.5	51.2	39.5	43.3	45.4	50.0	54.5	51.7	46.2	31.0
06		**Products of the chemical or allied industries**	0.6	0.6	0.7	0.8	1.5	1.0	2.1	0.8	0.5	0.7	0.6
	28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	0.4	0.4	0.5	0.5	1.2	0.8	1.6	0.5	0.3	0.4	0.3
07		**Plastics and articles thereof**	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0

HS section and chapter			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[a]	2016[a]
08	**Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)**		0.8	0.8	0.5	0.3	0.5	0.6	0.4	0.5	0.5	0.5	0.6
	41	Raw hides and skins (other than furskins) and leather	0.7	0.7	0.4	0.3	0.5	0.6	0.4	0.5	0.5	0.5	0.5
09	**Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork**		2.1	2.1	1.4	1.5	1.4	0.8	0.5	0.5	0.5	0.6	0.6
	44	Wood and articles of wood; wood charcoal	2.1	2.1	1.4	1.5	1.4	0.8	0.5	0.5	0.5	0.6	0.6
10	**Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard; paper and paperboard and articles thereof**		0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	**Textiles and textile articles**		1.7	1.5	1.8	1.2	1.3	0.6	0.6	0.4	0.5	0.4	0.2
	51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1
	60	Knitted or crocheted fabrics	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
	61	Articles of apparel and clothing accessories, knitted or crocheted	1.0	0.6	0.4	0.7	0.6	0.4	0.3	0.2	0.2	0.2	0.1
	62	Articles of apparel and clothing accessories, not knitted or crocheted	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.0	0.0
12	**Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair**		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
	64	Footwear, gaiters and the like; parts of such articles	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	65	Headgear and parts thereof	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
	66	Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	**Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware**		0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
	68	Articles of stone, plaster, cement, asbestos, mica or similar materials	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1

HS section and chapter			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[a]	2016[a]
	69	Ceramic products	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.1
	70	Glass and glassware	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	**Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin**		5.2	4.3	3.4	3.8	4.0	6.7	11.4	6.8	12.3	11.0	14.2
15	**Base metals and articles of base metal**		3.3	4.1	3.7	4.0	4.6	4.8	3.0	3.1	3.1	3.3	4.5
	74	Copper and articles thereof	0.2	0.2	0.1	0.1	0.1	0.3	0.3	0.2	0.2	0.2	0.2
	80	Tin and articles thereof	3.0	3.7	3.4	3.8	4.2	4.3	2.5	2.7	2.7	2.9	4.2
16	**Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles**		0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1
17	**Vehicles, aircraft, vessels and associated transport equipment**		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,0
	88	Aircraft, spacecraft, and parts thereof	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,0
18	**Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments**		0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
20	**Miscellaneous manufactured articles**		0.4	0.6	0.4	0.3	0.3	0.1	0.1	0.1	0.1	0.2	0.1
	94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates	0.4	0.6	0.4	0.3	0.3	0.1	0.1	0.1	0.1	0.2	0.1
21	**Works of art, collectors' pieces and antiques**		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other			**1.8**	**2.1**	**2.6**	**2.8**	**2.0**	**1.1**	**1.5**	**1.4**	**0.8**	**0.9**	**1.1**

a Preliminary.

Source: Information provided by the authorities.

Table A1. 3 Merchandise imports by HS section and main HS chapter, 2006-2016

(US$ million and %)

HS section and chapter			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[a]	2016[a]
Total imports (US$ million)			**2,926**	**3,588**	**5,100**	**4,577**	**5,604**	**7,936**	**8,590**	**9,699**	**10,674**	**9,766**	**8,515**
			(% of imports)										
01	**Live animals; animal products**		0.6	0.4	0.4	0.5	0.4	0.4	0.5	0.5	0.4	0.5	0.6
	04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	0.4	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
	03	Fish and crustaceans, molluscs and other aquatic invertebrates	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
02	**Vegetable products**		4.5	5.5	4.9	4.2	2.9	2.8	2.5	2.4	3.0	2.1	2.9
	11	Products of the milling industry; malt; starches; inulin; wheat gluten	1.6	2.4	2.8	2.9	1.9	1.4	1.4	0.8	1.0	1.1	1.5
	10	Cereals	0.9	0.9	1.2	0.6	0.5	0.9	0.6	1.0	1.5	0.4	0.8
	12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	1.6	1.9	0.6	0.3	0.2	0.3	0.3	0.2	0.2	0.2	0.3
	08	Edible fruit and nuts; peel of citrus fruit or melons	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
03	**Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes**		0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
04	**Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes**		3.9	4.3	3.8	4.2	4.4	4.9	4.3	4.4	4.2	4.4	5.1
	21	Miscellaneous edible preparations	1.2	1.3	1.2	1.2	1.4	1.2	1.3	1.4	1.3	1.3	1.6
	19	Preparations of cereals, flour, starch or milk; pastrycooks' products	0.8	1.0	0.8	0.9	0.9	0.8	0.8	1.0	1.0	0.8	0.9
	22	Beverages, spirits and vinegar	0.4	0.4	0.4	0.5	0.6	0.5	0.7	0.6	0.5	0.6	0.6
05	**Mineral products**		9.9	8.6	11.6	11.4	12.7	14.5	15.6	13.9	12.5	12.2	10.2
	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	9.6	8.2	11.4	11.0	12.3	14.0	15.0	13.4	12.0	11.6	9.6
	25	Salt; sulphur; earths and stone; plastering materials, lime and cement	0.3	0.4	0.3	0.4	0.4	0.5	0.6	0.5	0.5	0.6	0.7
06	**Products of the chemical or allied industries**		12.7	12.7	13.2	13.7	13.3	10.7	11.1	10.8	10.0	10.7	11.4
	38	Miscellaneous chemical products	3.7	3.7	3.8	4.5	3.9	2.9	3.1	3.4	3.1	3.3	3.3
	30	Pharmaceutical products	2.2	2.0	1.6	2.0	2.3	1.9	1.7	1.6	1.6	1.9	2.2
	33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1.6	1.6	1.5	1.6	1.7	1.4	1.5	1.4	1.3	1.3	1.6
07	**Plastics and articles thereof**		7.8	7.7	6.8	6.2	6.6	5.9	6.6	6.5	6.2	6.5	7.0
	39	Plastics and articles thereof	5.7	5.6	5.1	4.7	5.1	4.5	4.7	4.6	4.4	4.7	5.3
	40	Rubber and articles thereof	2.1	2.2	1.7	1.5	1.6	1.4	1.8	1.9	1.7	1.8	1.8

HS section and chapter			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[a]	2016[a]
08		**Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)**	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
09		**Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork**	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4
10		**Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard; paper and paperboard and articles thereof**	3.6	3.5	3.7	3.1	3.7	2.6	2.1	1.9	1.9	2.2	2.3
	48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	3.0	2.9	2.9	2.6	2.8	2.2	1.6	1.6	1.5	1.7	1.7
	49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	0.5	0.6	0.8	0.5	0.9	0.4	0.5	0.3	0.4	0.5	0.4
11		**Textiles and textile articles**	3.7	3.4	2.6	2.3	2.9	2.9	3.0	2.8	2.4	2.4	2.5
	55	Man-made staple fibres	1.2	1.1	0.8	0.7	0.9	0.8	0.7	0.6	0.5	0.5	0.5
	52	Cotton	0.7	0.6	0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.4
	61	Articles of apparel and clothing accessories, knitted or crocheted	0.3	0.3	0.3	0.2	0.4	0.4	0.4	0.4	0.3	0.3	0.3
	62	Articles of apparel and clothing accessories, not knitted or crocheted	0.3	0.3	0.2	0.2	0.3	0.3	0.4	0.3	0.3	0.3	0.3
	60	Knitted or crocheted fabrics	0.1	0.1	0.1	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.3
12		**Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair**	0.7	0.7	0.7	0.7	1.0	1.1	1.3	1.2	1.2	1.4	1.3
	64	Footwear, gaiters and the like; parts of such articles	0.7	0.7	0.6	0.6	0.9	1.1	1.3	1.1	1.1	1.4	1.3
13		**Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware**	1.2	1.1	1.0	1.3	1.4	1.2	1.2	1.2	1.1	1.3	1.6
	69	Ceramic products	0.4	0.4	0.4	0.5	0.6	0.6	0.5	0.5	0.5	0.6	0.7
	70	Glass and glassware	0.6	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.4	0.5	0.6
14		**Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin**	0.8	0.7	1.1	1.7	0.7	0.4	0.8	0.7	0.5	0.6	0.6

HS section and chapter			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[a]	2016[a]
15	**Base metals and articles of base metal**		11.4	11.3	12.1	12.2	11.8	10.9	10.4	9.9	10.5	9.8	9.9
	72	Iron and steel	4.9	5.4	6.3	6.0	5.7	5.2	4.8	4.7	5.0	4.5	4.7
	73	Articles of iron or steel	4.5	3.8	3.8	4.4	4.1	4.0	3.8	3.4	3.8	3.5	3.0
	82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	0.6	0.6	0.5	0.5	0.7	0.6	0.7	0.6	0.5	0.6	0.9
	76	Aluminium and articles thereof	0.7	0.7	0.7	0.6	0.5	0.5	0.5	0.6	0.5	0.6	0.6
16	**Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles**		22,1	21.0	20.0	20.9	21.9	22.9	22.7	25.1	26.2	25.4	23.4
	84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	16.3	14.5	14.2	15.1	15.7	16.8	16.7	19.3	20.1	17.6	15.5
	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	5.8	6.5	5.9	5.8	6.2	6.1	6.0	5.8	6.1	7.8	7.9
17	**Vehicles, aircraft, vessels and associated transport equipment**		12.5	15.3	14.7	13.8	12.2	14.7	12.8	14.0	14.7	15.2	15.0
	87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	12.4	15.1	14.2	12.6	11.0	13.7	12.3	13.2	12.4	13.6	13.6
	88	Aircraft, spacecraft, and parts thereof	0.1	0.1	0.4	1.0	1.2	0.9	0.4	0.7	2.2	1.1	1.4
	86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.1
18	**Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments**		2.4	1.6	1.5	1.8	1.8	1.7	1.7	1.7	2.2	2.0	2.2
	90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	2.3	1.5	1.5	1.7	1.7	1.6	1.6	1.6	2.1	1.9	2.1
19	**Arms and ammunition; parts and accessories thereof**		0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.1

HS section and chapter			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[a]	2016[a]
20	**Miscellaneous manufactured articles**		1.4	1.3	1.1	1.4	1.6	1.6	2.5	2.4	2.4	2.5	2.8
	94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates	0.7	0.6	0.5	0.7	0.8	0.8	1.0	1.0	1.0	1.1	1.1
21	**Works of art, collectors' pieces and antiques**		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

a Preliminary.

Source: Information provided by the authorities.

Table A1. 4 Merchandise exports by trading partner, 2006-2016

(US$ million and %)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[a]	2016[a]
Total exports (US$ million)	**4,088**	**4,822**	**6,933**	**5,400**	**6,966**	**9,146**	**11,815**	**12,252**	**12,899**	**8,726**	**7,096**
	(% of exports)										
America	**76.6**	**73.8**	**74.0**	**69.4**	**71.3**	**71.6**	**81.2**	**80.0**	**79.5**	**71.8**	**62.8**
United States	8.8	8.6	7.0	8.7	9.9	9.6	14.8	9.9	15.6	12.1	13.6
Other America	67.8	65.3	66.9	60.7	61.4	62.0	66.4	70.1	63.9	59.7	49.2
Brazil	38.2	36.3	43.6	30.9	34.6	33.1	31.0	32.9	29.8	28.0	19.3
Argentina	9.1	8.8	7.1	8.0	7.9	11.6	17.9	20.5	19.7	16.9	11.4
Colombia	3.9	3.3	3.1	5.4	3.3	2.8	3.5	5.3	5.0	6.3	8.7
Peru	5.7	4.7	4.0	5.3	5.6	5.0	5.3	5.3	4.2	3.6	4.8
Ecuador	0.3	0.4	0.2	0.7	0.9	1.0	1.9	1.2	0.8	1.3	1.0
Canada	1.2	2.2	1.3	1.3	1.3	2.1	1.3	1.3	1.6	1.2	1.5
Chile	1.5	1.2	1.1	1.4	1.2	1.6	1.9	1.3	0.8	0.9	1.1
Venezuela, Bolivarian Republic of	4.9	5.0	3.6	5.4	4.9	3.1	2.6	1.3	1.0	0.6	0.2
Paraguay	0.7	0.6	0.8	0.3	0.3	0.3	0.2	0.3	0.5	0.4	0.5
Europe	**11.2**	**11.6**	**8.7**	**12.3**	**12.5**	**12.4**	**8.1**	**8.4**	**6.9**	**8.9**	**10.8**
EU	6.0	8.2	6.3	9.2	9.9	8.9	5.7	7.0	6.1	8.4	10.6
Belgium	1.5	2.7	2.3	3.5	5.5	4.1	2.8	2.0	1.8	3.2	4.6
Netherlands	0.8	1.2	1.0	1.4	0.9	0.6	0.3	1.6	0.9	1.2	1.3
Spain	0.3	0.6	0.7	1.8	0.9	1.0	0.5	0.9	0.7	1.0	1.4
United Kingdom	1.9	2.2	1.3	1.4	1.5	1.7	0.9	0.9	1.0	0.9	1.1
Italy	0.6	0.6	0.3	0.3	0.4	0.4	0.5	0.6	0.6	0.8	0.6
EFTA	5.2	3.3	2.3	3.1	2.4	3.4	2.3	1.4	0.8	0.5	0.1
Switzerland	5.1	3.3	2.3	3.1	2.4	3.3	2.3	1.4	0.7	0.4	0.1
Other Europe	0.1	0.0	0.1	0.0	0.1	0.2	0.1	0.1	0.0	0.1	0.1
Russian Federation	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Africa	**0.1**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
South Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Middle East	**0.0**	**0.0**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.7**	**3.1**
United Arab Emirates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	2.8
Asia	**11.9**	**14.4**	**17.2**	**17.4**	**15.0**	**14.4**	**9.6**	**10.1**	**12.5**	**17.4**	**21.2**
China	0.9	1.2	1.9	2.4	3.0	3.7	2.7	2.6	3.4	5.3	6.7
Japan	9.2	8.4	3.1	5.6	6.6	5.9	3.7	3.4	3.4	4.7	5.9
Other Asia	1.8	4.7	12.2	9.4	5.4	4.8	3.2	4.0	5.7	7.4	8.6
Republic of Korea	1.2	4.1	11.7	9.2	5.3	4.6	3.0	3.3	3.8	4.3	5.4
India	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	2.3	1.7
Australia	0.1	0.1	0.1	0.7	1.0	1.4	1.0	1.3	1.0	1.0	2.0
Malaysia	0.4	0.4	0.3	0.1	0.0	0.0	0.0	0.4	0.4	0.4	0.2
Singapore	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.8	0.3	0.8
Viet Nam	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Other countries	**0.0**	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**

a Preliminary.

Source: Information provided by the authorities.

Table A1. 5 Merchandise imports by trading partner, 2006-2016

(US$ million and %)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[a]	2016[a]
Total imports (US$ million)	**2,925.8**	**3,588.0**	**5,100.2**	**4,577.4**	**5,603.9**	**7,935.7**	**8,590.1**	**9,699.0**	**10,674.1**	**9,766.4**	**8,515.1**
	(% of imports)										
America	**70.5**	**68.4**	**69.5**	**70.9**	**68.6**	**64.7**	**64.6**	**59.0**	**55.8**	**56.9**	**56.4**
United States	11.8	11.3	10.8	13.7	13.0	11.2	10.9	12.4	11.7	10.6	9.8
Other America	58.7	57.0	58.6	57.2	55.6	53.5	53.7	46.5	44.1	46.3	46.6
Brazil	20.1	20.0	18.1	17.2	18.0	17.6	17.7	16.5	15.6	16.5	17.5
Argentina	15.5	16.4	14.3	13.7	12.7	12.2	12.4	10.5	10.8	11.8	10.5
Peru	6.5	6.3	6.9	7.0	6.9	6.0	6.5	6.2	6.1	6.2	6.9
Chile	8.1	6.3	6.9	5.4	5.0	3.9	4.5	5.9	4.1	4.6	4.1
Mexico	1.7	1.7	2.2	2.1	2.3	2.4	2.8	2.9	2.8	2.8	2.6
Colombia	2.2	2.0	2.2	2.2	2.1	2.5	1.9	1.9	1.7	2.0	2.3
Paraguay	0.8	1.2	0.9	0.6	0.6	0.7	1.0	0.8	0.9	0.8	0.7
Canada	0.8	0.6	1.0	1.1	1.1	0.5	0.7	0.6	0.9	0.6	0.6
Ecuador	0.3	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.5	0.5
Uruguay	0.2	0.3	0.4	0.4	0.5	0.3	0.4	0.4	0.5	0.4	0.5
Europe	**9.9**	**9.6**	**8.7**	**9.4**	**9.6**	**9.4**	**10.2**	**14.3**	**13.6**	**12.6**	**11.7**
EU	9.5	9.3	8.5	9.1	9.2	9.1	9.5	12.8	13.0	12.1	10.7
Germany	2.3	2.4	1.8	2.1	2.0	1.8	1.9	2.5	2.0	2.4	2.1
Spain	1.4	1.5	1.1	1.0	1.3	1.3	1.1	2.0	2.4	1.8	1.5
Italy	0.9	0.9	0.9	1.0	1.2	1.2	2.0	1.3	1.8	1.8	1.2
France	1.1	0.8	1.1	0.9	1.6	0.6	0.7	1.0	1.8	1.4	1.9
Sweden	1.9	1.9	1.9	2.1	1.1	2.1	1.1	2.2	1.8	1.2	1.0
Netherlands	0.2	0.2	0.2	0.2	0.3	0.2	0.7	1.5	0.8	0.7	0.2
EFTA	0.4	0.3	0.2	0.3	0.3	0.3	0.6	1.5	0.6	0.5	1.0
Switzerland	0.4	0.2	0.2	0.3	0.3	0.3	0.6	1.4	0.6	0.4	0.9
Other Europe	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.2	0.3	0.3
Turkey	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Russian Federation	0.1	0.0	0.0	0.1	0.1	0.1	0.2	0.1	0.3	0.2	0.2
Africa	**0.2**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.3**	**0.5**	**0.4**	**0.4**
South Africa	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Middle East	**0.2**	**0.2**	**0.2**	**0.2**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Israel	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Asia	**19.0**	**21.6**	**21.5**	**19.2**	**21.4**	**25.5**	**24.7**	**26.0**	**29.4**	**29.6**	**31.0**
China	7.8	8.7	8.7	9.1	11.6	14.0	15.1	15.0	17.7	17.9	19.9
Japan	8.4	10.0	9.8	7.0	5.9	7.5	4.5	5.1	4.9	5.2	4.9
Republic of Korea	0.8	0.6	0.6	0.6	0.8	0.9	0.9	1.1	1.6	1.9	1.1
Thailand	0.2	0.4	0.4	0.4	0.5	0.7	0.8	0.9	1.1	1.3	1.5
India	0.5	0.6	0.5	0.7	1.0	1.0	1.0	1.1	1.6	1.3	1.3
Chinese Taipei	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.6	0.5	0.4	0.4
Indonesia	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.3	0.4	0.4
Other	**0.0**	**0.0**	**0.0**	**0.1**	**0.0**	**0.1**	**0.1**	**0.2**	**0.2**	**0.2**	**0.3**

a Preliminary.

Source: Information provided by the authorities.

Table A3. 1 Customs procedures for imports, 2017

Customs procedures	General Customs Law (LGA) and its implementing regulations (RLGA)
Importation for consumption: Goods imported from foreign territories or free zones may remain in the customs territory on a permanent basis. This procedure entails the full payment of import duties and compliance with customs formalities.	LGA Article 88 RLGA Article 132
Admission of goods with exemption from duties: Applicable to goods of any kind that are imported for specific purposes and in particular cases, under international treaties, agreements or contracts concluded by the Bolivian State through which an exemption is granted.	LGA Article 91 RLGA Article 133
Re-importation in the same state: Goods that have been exported temporarily, which have been in free circulation or which are compensating products, may be imported for consumption free of customs duties, provided that they have not undergone any manufacturing, processing or repair whilst abroad.	LGA Article 96 RLGA Article 135
Special customs procedures	
Customs transit **International customs transit**: Allows the transport of goods, under customs control, from one customs post to another, in a single operation in the course of which the goods cross one or more international borders. International customs transit operations are governed by the rules and procedures established in the international agreements or conventions signed by the Bolivian State and ratified by the National Congress. **National customs transit**: Allows the transport of goods, under customs control and authorization, from the warehouses of an internal customs post to those of another internal customs post, within national territory.	LGA Article 102 RLGA Article 144
Transhipment: The movement of goods, under customs control, from one means of transport to another, or to the same means of transport in a separate journey, whether or not the goods are landed, for the purpose of continuing to their destination.	LGA Article 112 RLGA Articles 151-152
In-bond warehouse: Allows imported goods to be stored under customs administration control in places designated for this purpose, without payment of customs duties, for a certain period.	LGA Article 113 RLGA Articles 153-154(b)
Temporary admission of goods for re-export in the same state: Allows certain goods to enter national customs territory with suspension of import duties, where they are to be re-exported within a certain period without having undergone any modification, other than normal wear and tear.	LGA Article 124 RLGA Articles 163 and 166
Temporary admission for inward processing (RITEX): Allows certain goods to enter national customs territory with suspension of customs duties, where they are to be re-exported within a certain period, after having been subjected to manufacturing, processing or repair.	LGA Article 127 RLGA Articles 168-175 and 178
Replacement of goods duty-free: Allows goods to be imported free of import duties in a volume equivalent to the goods which, after being imported, have been processed, manufactured or incorporated into goods intended for definitive export.	LGA Article 129 RLGA Articles 179 and 181
Special procedures	
Free zone: Part of national territory that is considered to be outside the national customs territory, meaning that goods entering these zones are not subject to customs duties or normal customs control.	LGA Article 134 RLGA Article 238

Source: Information provided by the authorities.

Table A3. 2 Summary of the MFN tariff, 2017

Product description	MFN				Bound tariff[a] (%)
	Number of lines	Average (%)	Range (%)	Coefficient of variation (CV)	
Total	**7,607**	**11.1**	**0 - 40**	**0.8**	**30 - 40**
HS 01-24	1,257	14.5	0 - 40	0.4	30 - 40
HS 25-97	6,350	10.5	0 - 40	0.9	30 - 40
By WTO category					
Agricultural products	1,040	13.3	0 - 40	0.5	30 - 40
- Animals and animal products	130	12.5	0 - 20	0.5	30 - 40
- Dairy products	36	15.0	10 - 20	0.3	40 - 40
- Fruit, vegetables and garden produce	300	14.4	5 - 40	0.3	40 - 40
- Coffee and tea	32	15.9	5 - 40	0.4	40 - 40
- Cereals and cereal preparations	139	11.2	5 - 20	0.3	40 - 40
- Oilseeds, fats and oils and their products	116	11.6	0 - 20	0.4	40 - 40
- Sugar and confectionary	28	13.6	5 - 20	0.4	40 - 40
- Beverages, alcohol and tobacco	75	25.2	10 - 40	0.5	40 - 40
- Cotton	8	10.6	10 - 15	0.2	40 - 40
- Other agricultural products n.e.s.	176	9.2	0 - 20	0.5	40 - 40
Non-agricultural products (including petroleum)	6,567	10.8	0 - 40	0.9	30 - 40
- Non-agricultural products (excluding petroleum)	6,532	10.8	0 - 40	0.9	30 - 40
- - Fish and fish products	302	16.9	5 - 20	0.3	40 - 40
- - Mineral products and metals	1,099	9.0	0 - 40	0.5	40 - 40
- - Chemicals and photographic products	1,582	6.7	0 - 20	0.5	40 - 40
- - Wood, wood pulp, paper and furniture	373	13.9	0 - 40	0.7	40 - 40
- - Textiles	692	17.9	5 - 40	0.5	40 - 40
- - Clothing	255	40.0	40 - 40	0.0	40 - 40
- - Leather, rubber, footwear and travel articles	211	14.1	0 - 40	0.8	40 - 40
- - Non-electrical machinery	789	4.0	0 - 20	1.0	30 - 40
- - Electrical machinery	403	7.2	0 - 20	0.6	40 - 40
- - Transport equipment	261	7.1	0 - 20	0.6	30 - 40
- - Non-agricultural products n.e.s.	565	11.3	0 - 40	0.6	40 - 40
- Petroleum	35	9.3	0 - 15	0.3	40 - 40
By ISIC sector[b]					
Agriculture and fishing	511	12.2	0 - 20	0.4	30 - 40
Mining	109	6.4	0 - 15	0.4	40 - 40
Manufacturing	6,986	11.1	0 - 40	0.8	30 - 40
By HS section					
01 Live animals; animal products	444	15.1	0 - 20	0.4	30 - 40
02 Vegetable products	431	12.1	0 - 40	0.4	40 - 40
03 Fats and oils	66	12.3	5 - 20	0.4	40 - 40
04 Prepared foodstuffs, etc.	316	17.5	5 - 40	0.5	40 - 40
05 Mineral products	198	7.0	0 - 15	0.4	40 - 40
06 Products of the chemical or allied industries	1,486	6.2	0 - 20	0.5	40 - 40
07 Plastics and rubber	311	9.5	0 - 20	0.4	40 - 40
08 Raw hides and skins, leather	78	16.5	5 - 40	0.7	40 - 40
09 Wood and articles of wood	145	13.8	5 - 40	0.5	40 - 40
10 Pulp of wood, paper, etc.	197	10.0	0 - 20	0.5	40 - 40
11 Textiles and textile articles	936	23.6	5 - 40	0.5	40 - 40
12 Footwear and headgear	55	27.0	5 - 40	0.5	40 - 40
13 Articles of stone	172	12.1	5 - 20	0.3	40 - 40
14 Precious stones, etc.	59	12.6	5 - 40	0.6	40 - 40
15 Base metals and articles of base metal	699	9.1	0 - 20	0.5	40 - 40
16 Machinery and mechanical appliances	1,212	5.2	0 - 20	0.8	30 - 40
17 Vehicles, aircraft, vessels and associated transport equipment	273	7.2	0 - 20	0.6	30 - 40
18 Precision instruments	280	7.7	0 - 20	0.7	40 - 40
19 Arms and ammunition	69	16.9	10 - 20	0.2	40 - 40
20 Miscellaneous manufactured articles	173	19.4	5 - 40	0.6	40 - 40
21 Works of art, etc.	7	20.0	20 - 20	0.0	40 - 40
By stage of processing					
First stage of processing	958	11.0	0 - 40	0.5	30 - 40
Semi-processed products	2,512	8.8	0 - 20	0.6	40 - 40
Fully processed products	4,137	12.6	0 - 40	0.9	30 - 40

a The tariff bindings are in the HS 2007 nomenclature; the applied tariff is in the HS 2017 nomenclature.
b ISIC (Rev.2), excluding electricity (one line).

Source: WTO Secretariat estimates based on data provided by the authorities.

Table A3. 3 Drawback procedure, 2014-2016

(a) Tariff headings eligible for a tariff refund of 4% of the f.o.b. export value

HS section and chapter	Number of headings			
	2014	2015	2016	2014-2016[a]
Total	**376**	**359**	**362**	**221**
01 - Live animals, animal products	2	2	1	0
02 - Vegetable products	40	43	45	27
06 - Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	4	2	2	2
07 - Edible vegetables and certain roots and tubers	6	3	4	2
08 - Edible fruit and nuts; peel of citrus fruit or melons	7	8	7	5
09 - Coffee, tea, maté and spices	10	11	11	8
10 - Cereals	2	4	3	1
11 - Products of the milling industry; malt; starches; inulin; wheat gluten	4	4	5	3
12 - Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	5	8	11	4
13 - Lac; gums, resins and other vegetable saps and extracts	0	1	0	0
14 - Vegetable plaiting materials; vegetable products not elsewhere specified or included	2	2	2	2
04 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	42	48	39	25
16 - Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	0	2	0	0
17 - Sugars and sugar confectionery	4	4	3	1
18 - Cocoa and cocoa preparations	6	7	6	5
19 - Preparations of cereals, flour, starch or milk; pastrycooks' products	9	10	8	8
20 - Preparations of vegetables, fruit, nuts or other parts of plants	6	7	6	3
21 - Miscellaneous edible preparations	7	9	10	3
22 - Beverages, spirits and vinegar	10	9	6	5
05 - Mineral products	2	1	1	1
06 - Products of the chemical or allied industries	24	27	31	12
07 - Plastics and articles thereof	13	14	17	6
08 - Raw hides and skins, leather, furskins and articles thereof; saddlery and harness	13	15	15	12
09 - Wood and articles of wood; wood charcoal	11	8	7	6
10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof	10	7	12	6
11 - Textiles and textile articles	149	138	133	87
51 - Wool, fine or coarse animal hair; horsehair yarn and woven fabric	4	3	4	3
52 - Cotton	5	2	6	1
53 - Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	1	1	0	0
54 - Man-made filaments	2	3	2	1
55 - Man-made staple fibres	2	1	0	0
56 - Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	1	2	1	1
57 - Carpets and other textile floor coverings	2	0	1	0
58 - Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	1	1	1	1
60 - Knitted or crocheted fabrics	2	2	2	0
61 - Articles of apparel and clothing accessories, knitted or crocheted	68	70	67	48
62 - Articles of apparel and clothing accessories, not knitted or crocheted	50	42	39	26
63 - Other made up textile articles; sets; worn clothing and worn textile articles; rags	11	11	10	6

HS section and chapter	Number of headings			
	2014	2015	2016	2014-2016[a]
12 - Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith	10	9	10	8
13 - Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	19	20	16	13
14 - Natural or cultured pearls, precious or semi-precious stones, precious metals	4	1	1	1
15 - Base metals and articles of base metal	6	5	8	3
16 - Machinery and mechanical appliances; electrical equipment; parts thereof	7	4	5	1
17 - Vehicles, aircraft, vessels and associated transport equipment	0	0	1	0
18 - Optical, photographic, cinematographic, measuring, checking or precision instruments and apparatus	6	4	6	4
20 - Miscellaneous manufactured articles	15	11	12	8
21 - Works of art, collectors' pieces and antiques	3	2	2	1

(b) Tariff headings eligible for a tariff refund of 2% of the f.o.b. export value

HS section and chapter	Number of headings			
	2014	2015	2016	2014-2016[a]
Total	**32**	**29**	**16**	**8**
02 - Vegetable products	8	10	5	5
06 - Coffee, tea, maté and spices	1	0	0	0
07 - Edible vegetables and certain roots and tubers	2	3	2	2
08 - Edible fruit and nuts; peel of citrus fruit or melons	1	3	1	1
11 - Products of the milling industry; malt; starches; inulin; wheat gluten	1	1	0	0
12 - Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	3	3	2	2
04 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	2	1	3	1
18 - Cocoa and cocoa preparations	0	0	2	0
19 - Preparations of cereals, flour, starch or milk; pastrycooks' products	1	1	1	1
20 - Preparations of vegetables, fruit, nuts or other parts of plants	1	0	0	0
06 - Products of the chemical or allied industries	9	4	1	0
07 - Plastics and articles thereof	2	1	1	1
11 - Textiles and textile articles	6	9	1	0
52 - Cotton	0	1	0	0
54 - Man-made filaments	1	1	0	0
60 - Knitted or crocheted fabrics	0	1	0	0
61 - Articles of apparel and clothing accessories, knitted or crocheted	2	6	1	0
62 - Articles of apparel and clothing accessories, not knitted or crocheted	1	0	0	0
63 - Other made up textile articles; sets; worn clothing and worn textile articles; rags	2	0	0	0
12 - Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith	1	0	0	0
13 - Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	1	1	1	0
16 - Machinery and mechanical appliances; electrical equipment; parts thereof	1	1	1	0
18 - Optical, photographic, cinematographic, measuring, checking or precision instruments and apparatus	1	1	1	1
20 - Miscellaneous manufactured articles	1	1	2	0

(c) Tariff headings eligible for a tariff refund according to specific coefficients

HS section and chapter	2014		2015		2016		2014-2016[a]	
	No. of headings	Average	No. of headings	Average	No. of headings	Average	No. of headings	% change
Total	**34**	**0.46**	**38**	**0.54**	**37**	**0.47**	**29**	**8.2**
02 - Vegetable products	15	0.04	15	0.04	17	0.04	11	2.4
06 - Coffee, tea, maté and spices	2	0.04	1	0.04	1	0.04	1	0.0
07 - Edible vegetables and certain roots and tubers	5	0.04	5	0.04	5	0.04	3	0.0
08 - Edible fruit and nuts; peel of citrus fruit or melons	3	0.02	3	0.02	5	0.02	3	0.0
10 - Cereals	1	0.04	1	0.04	1	0.04	1	0.0
11 - Products of the milling industry; malt; starches; inulin; wheat gluten	1	0.04	1	0.04	1	0.04	1	0.0
12 - Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	3	0.05	4	0.07	4	0.07	2	0.0
03 - Animal or vegetable fats and oils	1	0.12	1	0.12	1	0.13	1	8.3
04 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	5	0.22	6	0.23	6	0.25	5	15.2
22 - Beverages, spirits and vinegar	1	0.02	1	0.02	1	0.02	1	0.0
16 - Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	1	0.12	1	0.12	1	0.13	1	8.3
19 - Preparations of cereals, flour, starch or milk; pastrycooks' products	2	0.43	2	0.45	2	0.50	2	16.3
20 - Preparations of vegetables, fruit, nuts or other parts of plants	1	0.12	2	0.17	2	0.19	1	16.7
06 - Products of the chemical or allied industries	7	1.63	7	1.69	7	1.72	7	6.0
34 - Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, "dental waxes" and dental preparations with a basis of plaster	1	0.11	1	0.12	1	0.13	1	18.2
36 - Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	6	1.88	6	1.95	6	1.99	6	5.9
09 - Wood and articles of wood; wood charcoal	1	0.03	1	0.03	1	0.03	1	0.0
11 - Textiles and textile articles	1	1.34	4	1.38	1	1.57	1	17.2
60 - Knitted or crocheted fabrics	0		2	1.38	0		0	
61 - Articles of apparel and clothing accessories, knitted or crocheted	1	1.34	2	1.38	1	1.57	1	17.2
13 - Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	1	0.11	1	0.12	1	0.13	1	18.2
14 - Natural or cultured pearls, precious or semi-precious stones, precious metals	1	0.02	1	0.02	1	0.02	1	0.0
16 - Machinery and mechanical appliances; electrical equipment; parts thereof	1	0.90	1	0.93	1	1.05	1	16.7
20 - Miscellaneous manufactured articles	1	0.03	1	0.03	1	0.03	0	

(d) Tariff headings subject to specific legislation

HS section and chapter	Number of headings					
	2014	2015	2016	2014-2016[b]	Form M-03 required	SENARECOM control
Total	**64**	**43**	**47**	**32**	**49**	**3**
05 - Mineral products	27	23	24	18	29	0
25 - Salt; sulphur; earths and stone; plastering materials, lime and cement	13	10	13	7	15	0
26 - Ores, slag and ash	14	13	11	11	14	0
06 - Products of the chemical or allied industries	5	2	2	2	2	1
28 - Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	3	2	2	2	2	1
34 - Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, "dental waxes" and dental preparations with a basis of plaster	1	0	0	0	0	0
38 - Miscellaneous chemical products	1	0	0	0	0	0
13 - Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	0	0	1	0	0	0
14 - Natural or cultured pearls, precious or semi-precious stones, precious metals	10	6	6	4	11	0
15 - Base metals and articles of base metal	22	12	14	8	7	2
72 - Iron and steel	2	0	2	0	0	0
73 - Articles of iron or steel	1	0	0	0	0	0
74 - Copper and articles thereof	7	4	3	3	1	1
75 - Nickel and articles thereof	0	0	1	0	0	0
76 - Aluminium and articles thereof	3	4	3	2	0	0
78 - Lead and articles thereof	1	1	2	0	2	0
79 - Zinc and articles thereof	1	0	0	0	0	0
80 - Tin and articles thereof	3	3	3	3	2	0
81 - Other base metals; cermets; articles thereof	4	0	0	0	2	1

(e) Tariff headings not eligible for tariff refunds

HS section and chapter	Number of headings				
	2014	2015	2016	2014-2016[c]	CAIPJ required
Total	**101**	**98**	**87**	**71**	**20**
01 - Live animals; animal products	12	11	12	9	3
02 - Meat and edible meat offal	5	5	4	4	3
04 - Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	6	5	5	4	0
05 - Products of animal origin, not elsewhere specified or included	1	1	3	1	0
02 – Vegetable products	14	10	8	7	8
10 - Cereals	9	6	6	5	4
12 - Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	5	4	2	2	4
03 - Animal or vegetable fats and oils	5	5	5	5	4
04 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	10	8	7	6	5
17 - Sugars and sugar confectionery	3	2	1	1	3
18 - Cocoa and cocoa preparations	1	1	1	1	0
22 - Beverages, spirits and vinegar	1	1	1	1	0
23 - Residues and waste from the food industries; prepared animal fodder	5	4	4	3	2
05 - Mineral products	7	6	5	5	0
06 - Products of the chemical or allied industries	1	1	1	0	0
38 - Miscellaneous chemical products	0	1	0	0	0
28 - Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	1	0	1	0	0
07 - Plastics and articles thereof	2	2	2	2	0
08 - Raw hides and skins, leather, furskins and articles thereof; saddlery and harness	22	22	19	16	0
41 - Raw hides and skins (other than furskins) and leather	22	21	18	16	0
43 - Furskins and artificial fur; manufactures thereof	0	1	1	0	0
09 - Wood and articles of wood; wood charcoal	13	14	11	10	0
10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof	2	1	2	1	0
11 - Textiles and textile articles	8	7	6	6	0
51 - Wool, fine or coarse animal hair; horsehair yarn and woven fabric	7	7	6	6	0
52 - Cotton	1	0	0	0	0
15 - Base metals and articles of base metal	4	10	9	4	0
72 - Iron and steel	3	5	5	3	0
74 - Copper and articles thereof	0	1	1	0	0
76 - Aluminium and articles thereof	1	1	1	1	0
81 - Other base metals; cermets; articles thereof	0	3	2	0	0

HS section and chapter	Number of headings				
	2014	2015	2016	2014-2016[c]	CAIPJ required
16 - Machinery and mechanical appliances; electrical equipment; parts thereof	1	1	0	0	0
84 - Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	1	0	0	0	0
85 - Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	0	1	0	0	0

a Number of headings that benefited from drawback throughout the period.
b Number of headings that were subject to specific legislation throughout the period.
c Number of headings that were not eligible throughout the period.

Source: WTO Secretariat, on the basis of Joint Ministerial Resolutions No. 014.2014, No. 011.2015 and No. 004.2016.

Table A3. 4 Tariff subheadings requiring form M-03 for export clearance

Code	Product description
2501.00	**Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free-flowing agents; sea water**
2501.00.10.00	- Table salt
2501.00.20.00	- Sodium chloride, of a purity of not less than 99.5%, whether or not in aqueous solution
	- Other:
2501.00.91.00	- - Denatured
2501.00.92.00	- - For animal feeds
2501.00.99.00	- - Other
2502.00.00.00	**Unroasted iron pyrites**
2503.00.00.00	Sulphur of all kinds, other than sublimed sulphur, precipitated sulphur and colloidal sulphur
25.04	**Natural graphite**
2504.10.00.00	- In powder or in flakes
2504.90.00.00	- Other
25.05	**Natural sands of all kinds, whether or not coloured, other than metal-bearing sands of Chapter 26**
2505.10.00.00	- Silica sands and quartz sands
2505.90.00.00	- Other
25.06	**Quartz (other than natural sands); quartzite, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape**
2506.10.00.00	- Quartz
2506.20.00.00	- Quartzite
25.08	**Other clays (not including expanded clays of heading 68.06), andalusite, kyanite and sillimanite, whether or not calcined; mullite; chamotte or dinas earths**
2508.10.00.00	- Bentonite
2508.30.00.00	- Fire-clay
2508.40.00.00	- Other clays
2508.50.00.00	- Andalusite, kyanite and sillimanite
2508.60.00.00	- Mullite
2508.70.00.00	- Chamotte or dinas earths
2509.00.00.00	**Chalk**
25.11	**Natural barium sulphate (barytes); natural barium carbonate (witherite), whether or not calcined, other than barium oxide of heading 28.16**
2511.10.00.00	- Natural barium sulphate (barytes)
2511.20.00.00	- Natural barium carbonate (witherite)
25.13	**Pumice stone; emery; natural corundum, natural garnet and other natural abrasives, whether or not heat-treated**
2513.10	- Pumice stone:
2513.10.00.10	- - Crude or in irregular pieces, including crushed pumice ("bimskies")
2513.10.00.90	- - Other
2513.20.00.00	- Emery, natural corundum, natural garnet and other natural abrasives
2514.00.00.00	**Slate, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape**
25.15	**Marble, travertine, ecaussine and other calcareous monumental or building stone of an apparent specific gravity of 2.5 or more, and alabaster, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape**
	- Marble and travertine:
2515.11.00.00	- - Crude or roughly trimmed
2515.12.00.00	- - Merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape
2515.20.00.00	- Ecaussine and other calcareous monumental or building stone; alabaster
25.16	**Granite, porphyry, basalt, sandstone and other monumental or building stone, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape**
	- Granite:
2516.11.00.00	- - Crude or roughly trimmed
2516.12.00.00	- - Merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape
2516.20.00.00	- Sandstone
2516.90.00.00	- Other monumental or building stone

Code	Product description
25.17	**Pebbles, gravel, broken or crushed stone, of a kind commonly used for concrete aggregates, for road metalling or for railway or other ballast, shingle and flint, whether or not heat-treated; macadam of slag, dross or similar industrial waste, whether or not incorporating the materials cited in the first part of the heading; tarred macadam; granules, chippings and powder, of stones of heading 25.25 or 25.16, whether or not heat-treated**
2517.10.00.00	- Pebbles, gravel, broken or crushed stone, of a kind commonly used for concrete aggregates, for road metalling or for railway or other ballast, shingle and flint, whether or not heat-treated
2517.20.00.00	- Macadam of slag, dross or similar industrial waste, whether or not incorporating the materials cited in subheading 2517.10
2517.30.00.00	- Tarred macadam
	- Granules, chippings and powder, of stones of heading 25.15 or 25.16, whether or not heat-treated:
2517.41.00.00	- - Of marble
2517.49.00.00	- - Other
25.18	**Dolomite, whether or not calcined or sintered, including dolomite roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape; dolomite ramming mix**
2518.10.00.00	- Dolomite, not calcined or sintered
2518.20.00.00	- Calcined or sintered dolomite
2518.30.00.00	- Dolomite ramming mix
25.19	**Natural magnesium carbonate (magnesite); fused magnesia; dead-burned (sintered) magnesia, whether or not containing small quantities of other oxides added before sintering; other magnesium oxide, whether or not pure**
2519.10.00.00	- Natural magnesium carbonate (magnesite)
2519.90	- Other:
2519.90.10.00	- - Fused magnesia
2519.90.20.00	- - Magnesium oxide, whether or not chemically pure
2519.90.30.00	- - Dead-burned (sintered) magnesia, whether or not containing small quantities of other oxides added before sintering
25.20	**Gypsum; anhydrite; plasters (consisting of calcined gypsum or calcium sulphate) whether or not coloured, with or without small quantities of accelerators or retarders**
2520.10.00.00	- Gypsum; anhydrite
2520.20.00.00	- Plasters
2521.00.00.00	**Limestone flux; limestone and other calcareous stone, of a kind used for the manufacture of lime or cement**
25.22	**Quicklime, slaked lime and hydraulic lime, other than calcium oxide and hydroxide of heading 28.25**
2522.10.00.00	- Quicklime
2522.20.00.00	- Slaked lime
2522.30.00.00	- Hydraulic lime
25.23	**Portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers**
2523.10.00.00	- Cement clinkers
	- Portland cement:
2523.21.00.00	- - White cement, whether or not artificially coloured
2523.29.00.00	- - Other
2523.30.00.00	- Aluminous cement
2523.90.00.00	- Other hydraulic cements
25.28	**Natural borates and concentrates thereof (whether or not calcined), but not including borates separated from natural brine; natural boric acid containing not more than 85% of H3BO3 calculated on the dry weight**
2528.00.10.00	- Natural sodium borates and concentrates thereof (whether or not calcined)
2528.00.90.00	- Other
26.01	**Iron ores and concentrates, including roasted iron pyrites**
	- Iron ores and concentrates, other than roasted iron pyrites
2601.11.00.00	- - Non-agglomerated
2601.12.00.00	- - Agglomerated
2601.20.00.00	- Roasted iron pyrites
2602.00.00.00	**Manganese ores and concentrates, including ferruginous manganese ores and concentrates with a manganese content of 20% or more, calculated on the dry weight**
2603.00.00.00	**Copper ores and concentrates**
2604.00.00.00	**Nickel ores and concentrates**
2605.00.00.00	**Cobalt ores and concentrates**
2606.00.00.00	**Aluminium ores and concentrates**
2607.00.00.00	**Lead ores and concentrates**

Code	Product description
2608.00.00.00	**Zinc ores and concentrates**
2609.00.00.00	**Tin ores and concentrates**
2610.00.00.00	**Chromium ores and concentrates**
2611.00.00.00	**Tungsten ores and concentrates**
26.12	**Uranium or thorium ores and concentrates**
2612.10.00.00	- Uranium ores and concentrates
2612.20.00.00	- Thorium ores and concentrates
26.13	**Molybdenum ores and concentrates**
2613.10.00.00	- Roasted
2613.90.00.00	- Other
2614.00.00.00	**Titanium ores and concentrates**
26.15	**Niobium, tantalum, vanadium or zirconium ores and concentrates**
2615.10.00.00	- Zirconium ores and concentrates
2615.90.00.00	- Other
26.16	**Precious metal ores and concentrates**
2616.10.00.00	- Silver ores and concentrates
2616.90	- Other:
2616.90.10.00	- - Gold ores and concentrates
2616.90.90.00	- - Other
26.17	**Other ores and concentrates**
2617.10.00.00	- Antimony ores and concentrates
2617.90.00.00	- Other
2618.00.00.00	**Granulated slag (slag sand) from the manufacture of iron or steel**
2619.00.00.00	**Slag, dross (other than granulated slag), scalings and other waste from the manufacture of iron or steel**
26.20	**Slag, ash and residues (other than from the manufacture of iron or steel) containing metals, arsenic or their compounds**
	Containing mainly zinc:
2620.11.00.00	- - Hard zinc spelter
2620.19.00.00	- - Other
	Containing mainly lead:
2620.21.00.00	- - Leaded gasoline sludges and leaded anti-knock compound sludges
2620.29.00.00	- - Other
2620.30.00.00	- Containing mainly copper
2620.40.00.00	- Containing mainly aluminium
2620.60.00.00	- Containing arsenic, mercury, thallium or their mixtures, of a kind used for the extraction of arsenic or those metals or for the manufacture of their chemical compounds
	Other:
2620.91.00.00	- - Containing antimony, beryllium, cadmium, chromium or their mixtures
2620.99.00.00	- - Other
2802.00.00.00	**Sulphur, sublimed or precipitated; colloidal sulphur**
28.04	**Hydrogen, rare gases and other non-metals**
2804.50	- Boron; tellurium:
2804.50.10.00	- - Boron
2804.50.20.00	- - Tellurium
	Silicon:
2804.61.00.00	- - Containing by weight not less than 99.99% of silicon
2804.69.00.00	- - Other
2804.70	- Phosphorus:
2804.70.10.00	- - Red or amorphous phosphorus
2804.70.90.00	- - Other
2804.80.00.00	- Arsenic
2804.90	- Selenium:
2804.90.10.00	- - Powdered
2804.90.90.00	- - Other
28.05	**Alkali or alkaline-earth metals; rare earth metals, scandium and yttrium, whether or not intermixed or interalloyed; mercury**
	Alkali or alkaline-earth metals:
2805.11.00.00	- - Sodium
2805.12.00.00	- - Calcium
2805.19.00.00	- - Other
2805.30.00.00	- Rare-earth metals, scandium and yttrium, whether or not intermixed or interalloyed
2805.40.00.00	- Mercury
2810	**Oxides of boron; boric acids**
2810.00.10.00	- Orthoboric acid
2810.00.90.00	- Other
28.15	**Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium**
	- Sodium hydroxide (caustic soda)

Code	Product description
2815.11.00.00	- - Solid
2815.12.00.00	- - In aqueous solution (soda lye or liquid soda)
2815.20.00.00	- Potassium hydroxide (caustic potash)
2815.30.00.00	- Peroxides of sodium or potassium
28.17	**Zinc oxide; zinc peroxide**
2817.00.10.00	- Zinc oxide
2817.00.20.00	- Zinc peroxide
28.21	**Iron oxides and hydroxides; earth colours containing 70% or more by weight of combined iron evaluated as Fe2O3**
2821.10	- Iron oxides and hydroxides:
2821.10.10.00	- - Oxides
2821.10.20.00	- - Hydroxides
2821.20.00.00	- Earth colours
28.24	**Lead oxides; red lead and orange lead**
2824.10.00.00	- Lead monoxide (litharge, massicot)
2824.90.00.00	- Other
28.25	**Hydrazine and hydroxylamine and their inorganic salts; other inorganic bases; other metal oxides, hydroxides and peroxides**
2825.20.00.00	- Lithium oxide and hydroxide
2825.50.00.00	- Copper oxides and hydroxides
2825.80.00.00	- Antimony oxides
2825.90	- Other:
2825.90.40.00	- - Calcium oxide and hydroxide
2825.90.90.00	- - Other
28.27	**Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides**
2827.20.00.00	- Calcium chloride
	Other chlorides:
2827.31.00.00	- - Of magnesium
2827.39	- - Other:
2827.39.10.00	- - - Of copper
	- - - Other:
2827.39.90.90	- - - - Other
	- - - Other:
2827.41.00.00	- - Of copper
28.29	**Chlorates and perchlorates; bromates and perbromates; iodates and periodates**
	- Chlorates:
2829.11.00.00	- - Of sodium
2829.19	- - Other:
2829.19.10.00	- - - Of potassium
2829.19.90.00	- - - Other
2829.90	- Other:
2829.90.10.00	- - Perchlorates
28.33	**Sulphates; alums; peroxosulphates (persulphates)**
	- Other sulphates:
2833.25.00.00	- - Of copper
28.36	**Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate**
2836.40.00.00	- Potassium carbonates
2836.50.00.00	- Calcium carbonate
	- Other:
2836.91.00.00	- - Lithium carbonates
28.40	**Borates; peroxoborates (perborates)**
2840.11.00.00	- - Anhydrous
2840.19.00.00	- - Other
2840.20.00.00	- Other borates
2840.30.00.00	- Peroxoborates (perborates)
28.43	**Colloidal precious metals; inorganic or organic compounds of precious metals, whether or not chemically defined; amalgams of precious metals**
2843.10.00.00	- Colloidal precious metals
	- Silver compounds:
2843.21.00.00	- - Silver nitrate
2843.29.00.00	- - Other
2843.30.00.00	- Gold compounds
2843.90.00.00	- Other compounds; amalgams
71.03	**Precious stones (other than diamonds) and semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded precious stones (other than diamonds) and semi-precious stones, temporarily strung for convenience of transport**

Code	Product description
7103.10	- Unworked or simply sawn, cleaved or bruted:
7103.10.10.00	- - Emeralds
7103.10.20.00	- - Ametrine (bolivianite)
7103.10.90.00	- - Other
	- Otherwise worked:
7103.99.00	- - Other:
7103.99.10.00	- - - Ametrine (bolivianite)
7103.99.90.00	- - - Other
71.05	**Dust and powder of natural or synthetic precious or semi-precious stones**
7105.10.00.00	- Of diamonds
7105.90.00.00	- Other
71.06	**Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form**
7106.10.00.00	- Powder
	Other:
7106.91	- - Raw:
7106.91.10.00	- - - Not alloyed
7106.91.20.00	- - - Alloyed
7106.92.00.00	- - Unwrought
7107.00.00.00	**Base metals clad with silver, not further worked than semi-manufactured**
71.08	**Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form**
	Non-monetary:
7108.11.00.00	- - Powder
7108.12.00.00	- - Other unwrought forms
7108.13.00.00	- - Other semi-manufactured forms
7108.20.00.00	- Monetary
7109.00.00.00	**Base metals or silver, clad with gold, not further worked than semi-manufactured**
71.12	**Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap containing precious metal or precious metal compounds, of a kind used principally for the recovery of precious metal**
7112.30.00.00	- Ash containing precious metal or precious metal compounds
7112.91.00.00	- - Of gold, including metal clad with gold but excluding sweepings containing other precious metals
7112.92.00.00	- - Of platinum, including metal clad with platinum but excluding sweepings containing other precious metals
7112.99.00.00	- - Other
72.01	**Pig iron and spiegeleisen in pigs, blocks or other primary forms:**
7201.10.00.00	- Non-alloy pig iron containing by weight less than 0.5% of phosphorus
7201.20.00.00	- Non-alloy pig iron containing by weight more than 0.5% of phosphorus
7201.50.00.00	- Alloy pig iron; spiegeleisen
72.03	**Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps, pellets or similar forms; iron having a minimum purity by weight of 99.94%, in lumps, pellets, or similar forms**
7203.10.00.00	- Ferrous products obtained by direct reduction of iron ore
7203.90.00.00	- Other
72.06	**Iron and non-alloy steel in ingots or other primary forms (excluding iron of heading 72.03)**
7206.10.00.00	- Ingots
7206.90.00.00	- Other
72.07	**Semi-finished products of iron or non-alloy steel**
	Containing less than 0.25% by weight of carbon
7207.11.00.00	- - Of rectangular (including square) cross-section, the width measuring less than twice the thickness
7207.12.00.00	- - Other, of rectangular (other than square) cross-section
7207.19.00.00	- - Other
7207.20.00.00	- Containing 0.25% or more by weight of carbon
7402.00	**Unrefined copper; copper anodes for electrolytic refining**
7402.00.10.00	- Blister copper
7402.00.20.00	- Other, unrefined
7402.00.30.00	- Copper anodes for electrolytic refining
74.03	**Refined copper and copper alloys, unwrought**
	Refined copper:
7403.11.00.00	- - Cathodes and sections of cathodes
7403.12.00.00	- - Wire-bars
7403.13.00.00	- - Billets
7403.19.00.00	- - Other
	Copper alloys:
7403.21.00.00	- - Copper-zinc base alloys (brass)

Code	Product description
7403.22.00.00	- - Copper-tin base alloys (bronze)
7403.29	- - Other copper alloys (other than master alloys of heading 74.05):
7403.29.10.00	- - - Copper-nickel base alloys (cupro-nickel) or copper-nickel-zinc base alloys (nickel silver)
7403.29.90.00	- - - Other
78.01	**Unwrought lead**
7801.10.00.00	- Refined lead
	Other:
7801.91.00.00	- - Containing by weight antimony as the principal other element
7801.99.00.00	- - Other
7802.00.00.00	Lead waste and scrap
80.01	**Unwrought tin**
8001.10.00.00	- Tin, not alloyed
8001.20.00.00	- Tin alloys
8002.00.00.00	**Tin waste and scrap**
8003.00	**Tin bars, rods, profiles and wire**
8003.00.10.00	- Bars, rods and wire of tin alloys, for welding
8003.00.90.00	- Other
81.01	**Tungsten (wolfram) and articles thereof, including waste and scrap**
8101.10.00.00	- Powders
	Other:
8101.94.00.00	- - Unwrought tungsten, including bars and rods obtained simply by sintering
8101.96.00.00	- - Wire
8101.97.00.00	- - Waste and scrap
8101.99.00.00	- - Other
8106.00	**Bismuth and articles thereof, including waste and scrap**
	- Unwrought bismuth; powders:
8106.00.11.00	- - Needles
8106.00.19.00	- - Other
8106.00.20.00	- Waste and scrap
8106.00.90.00	- Other
81.10	**Antimony and articles thereof, including waste and scrap:**
8110.10.00.00	- Unwrought antimony; powders
8110.20.00.00	- Waste and scrap
8110.90.00.00	- Other

Source: Ministerial Resolution No. 123 of 17 May 2012 and Ministerial Resolution No. 225 of 22 November 2013.

Table A3. 5 Various support programmes, 2017

Beneficiaries	Exemption from tariffs and VAT for importers	Tax exemptions				Other types of incentives or comments	Legislation
		VAT	IUE[a]	IT[b]	IPBI[c]		
Enterprises in the Special Economic Export and Tourism Area of the Tropic of Cochabamba. Export enterprises in the Santibáñez industrial park. Enterprises engaged in export activities at the Jorge Wilsterman airport (e.g. cold treatment)	√		√	√	√	• Exemption from tariffs and VAT for importers of industrial plants and capital goods • Flat-rate tax of 3% for minor imports (such as raw materials, inputs and other materials) • Exemption from IUE for ten years • Exemption from IPBI for up to three years	Law No. 3420 of 2006
Enterprises in free zones	√			√		• Activities within the free zone are not subject to payment of the special tax on hydrocarbons and their by-products or the special consumption tax	Law No. 2779 of 2016
Enterprises in the municipality of Yacuiba	√		√		√	• Exemption from tariffs and VAT for machinery imports • Flat-rate tax of 3% for minor imports • Exemption from IUE for ten years • Exemption from IPBI for up to three years • Allowances for purchasing land	Law No. 3810 of 2007
Importing enterprises						• Tariff temporarily reduced (to 0%) for imports of certain products	Supreme Decree (DS) No. 2860 of 2016
Enterprises exporting manufactured goods (with value added) to the Venezuelan market						• Export financing through a trust	DS No. 0196 de 2009
Micro and small enterprises that export goods or supply goods to the State						• Credit is provided for the production of goods for export with value added or for the production of goods for State use	DS No. 0808 of 2011 (as amended by DS No. 2301 of 2015 and DS No. 2682 of 2016)
Enterprises in the production sector						• Preferential interest rate for working capital (maximum annual interest rate of 6% for large and medium-sized enterprises, 7% for small enterprises, and 11.5% for micro enterprises)	DS No. 2055 of 2014
Enterprises in the production sector						• Up to 50% of loans are guaranteed	DS No. 2136 of 2014
Enterprises in the production sector, in particular micro and small enterprises						• Granting of unconventional guarantees (e.g. agricultural insurance)	DS No. 2264 of 2015
Enterprises in the agricultural sector						• Incentives of Bs 80/bag of maize (46 kg) until 31 December 2016 and Bs 75/bag of maize until 31 December 2017	DS No. 2856 of 2016
Enterprises generating alternative energy in the department of Pando	√					• Suspension of profits tax for five years • Suspension of tariffs and VAT on imports of machinery and equipment for five years	Law No. 3152 of 2005

Beneficiaries	Exemption from tariffs and VAT for importers	Tax exemptions				Other types of incentives or comments	Legislation
		VAT	IUE[a]	IT[b]	IPBI[c]		
Enterprises in the hydrocarbons sector	√		√		√	• Exemption from tariffs and VAT on imports of goods, equipment, materials and machinery to be used in projects for the industrialization of hydrocarbons and natural gas networks, with a view to the transformation of the energy matrix • Exemption from IUE (maximum eight years) as of the commencement of operations • Exemption from IPBI (maximum five years)	Law No. 3058 of 2005
Enterprises in the hydrocarbons sector						• Oil production incentive (US$30/barrel) • When assigning the incentive, priority is given to exports of natural gas extracted from small and/or marginal fields	DS No. 1202 of 2012
Public enterprises in the hydrocarbons sector						• Tax credit	Law No. 233 of 2015
Enterprises in the hydrocarbons sector						• Incentive for the production of crude oil and natural gas condensates in non-traditional areas: the amount varies (US$35-US$55/barrel) depending on the area of extraction and is adjusted to the international price of crude oil; applies only where production is intended for the domestic market; for the production of natural gas condensates, the incentive is maintained for a maximum of 25 years • Incentive for the production of crude oil and natural gas condensates in traditional areas: the amount varies (US$30-US$50/barrel) depending on the area of extraction and is adjusted to the international price of crude oil; applies only where production is intended for the domestic market; for the production of natural gas condensates, the incentive is maintained for a maximum of 20 years • Incentive for the production of natural gas condensates in fields in operation in 2015: the amount varies (from US$0-US$30/barrel), applies to traditional areas, and is adjusted to the international price of crude oil; applies only where production is intended for the domestic market; for the production of natural gas condensates, the incentive is maintained for a maximum of ten years • Incentive for the production of natural gas condensates in marginal or small fields or new deposits of dry gas: priority assignment of export markets	Law No. 767 of 2015
Enterprises in the mining sector						• 40% reduction in the corporate profits surtax (AA-IUE) for companies engaged in the mining of minerals and metals, the production processes of which include the subsequent smelting, refining and/or industrialization of raw materials • In order to promote the smelting, refining and industrialization of minerals, State mining enterprises and new mining enterprises engaged in smelting, refining and industrialization under an administrative mining contract, pay only 60% of the mining royalty	Article 224 of Law No. 535 of 2014 (Law on Mining)

Beneficiaries	Exemption from tariffs and VAT for importers	Tax exemptions				Other types of incentives or comments	Legislation
		VAT	IUE[a]	IT[b]	IPBI[c]		
						• 60% of the mining royalty is payable where minerals and metals are sold on the domestic market	Article 227 of the Law on Mining
						• Deduction of up to 25% of the mining royalty from the IUE where the official price of each metal or mineral at the time when the mining royalty is paid is lower than the prices established in Law No. 3787 of 2007	Article 101 of Law No. 3787 of 2007
						• The AA-IUE (12.5%) will only apply where the prices of the minerals and metals are equal to or higher than those established in Law No. 3787 • The AA-IUE does not apply to mining cooperatives established in the country • 60% of the AA-IUE will be applied to companies producing metals or non-metallic minerals with value added	Article 102 of Law No. 3787 of 2007
Enterprises in the tourism sector						• IPBI rebate	Law No. 2074 of 2000
Enterprises in the tourism sector located in the city of El Alto	√		√		√	• Flat-rate tax of 3% for minor imports (raw materials, inputs and other materials)	Law No. 2685 of 2004
Enterprises in the tourism sector located in the municipalities of Sucre, Yotala, Tarabuco, Tomina, Camargo, Sopachuy and Villa Serrano		√	√		√		Law No. 2745 of 2004
Enterprises in the tourism sector located in the department of Tarija	√					• Exemption from municipal tax	Law No. 2848 of 2004

a Corporate profits tax (IUE).
b Transaction tax (IT).
c Property tax (IPBI).

Note: The production sector includes agriculture and livestock; hunting, forestry and fishing; hydrocarbon and mineral extraction; the manufacturing industry; electricity production and distribution; and construction.

Source: Information provided by the authorities.

Table A3. 6 State enterprises in 2017

Sector	State participation (%)	Creation
Food		
Empresa Azucarera San Buenaventura (EASBA)[a]	100	Supreme Decree (DS) No. 637 of 2010
Empresa Boliviana de Almendras y Derivados (EBA) [a]	100	DS No. 225 of 2009
Empresa Estratégica de Apoyo a la Producción de Alimentos (EMAPA)	100	DS No. 29230 of 2007
Empresa Estratégica de Producción de Abonos y Fertilizantes (EEPAF)[a]	100	DS No. 1310 of 2012
Empresa Estratégica de Producción de Semillas (EEPS)[a]	100	DS No. 1311 of 2012
Empresa Pública Productiva Apícola (PROMIEL)[a]	100	DS No. 1447 of 2012
Lácteos de Bolivia (LACTEOSBOL)[a]	100	DS No. 29254 of 2007
Construction		
Empresa Estratégica Boliviana de Construcción y Conservación de Infraestructura Civil (EBC)	100	DS No. 1020 of 2011
Electricity		
ENDE Tecnología (Compañía Administradora de Empresas Bolivia (CADEB))	93.49	DS No. 1448 of 2014
Compañía Eléctrica Central Bulo Bulo	99	DS No. 29888 of 2009
Distribuidora de Electricidad La Paz (DELAPAZ)	92.84	DS No. 1448 of 2012
ENDE del Beni (Empresa de Distribución Eléctrica Larecaja (EDEL))	99.99	DS No. 9644 of 2008
Empresa de Luz y Fuerza Eléctrica de Cochabamba (ELFEC)	92	DS No. 1178 of 2012
ENDE Oruro (Empresa de Luz y Fuerza Eléctrica de Oruro (ELFEO))	92.84	DS No. 1448 of 2013
ENDE Servicios y Construcción (Empresa de Servicios EDESER (EDESER))	89.39	DS No. 1448 of 2015
ENDE Corani (Empresa Eléctrica Corani (CORANI))	97.94	DS No. 0493 of 2011
ENDE Guaracachi (Empresa Eléctrica Guaracachi (GUARACACHI))	99.83	DS No. 0493 of 2010
ENDE Corporación (Empresa Nacional de Electricidad (ENDE))	100	DS No. 29644 of 2008
Empresa Río Eléctrico (RIOELEC)	98	DS No. 0493 of 2012
ENDE Valle Hermoso (Empresa Valle Hermoso (V-HERMOSO))	99.87	DS No. 0493 of 2012
ENDE Andina S.A.M (ENDE-Andina)	60	DS No. 29224 of 2007
ENDE Transmisión (Transportadora de Electricidad (TDE))	99.93	DS No. 1214 of 2012
Hydrocarbons		
Compañía Logística de Hidrocarburos Boliviana (CLHB)	100	DS No. 29554 of 2008
Empresa Boliviana de Industrialización de Hidrocarburos (EBIH)	99	DS No. 368 of 2009
Empresa Engarrafadora de Gas (FLAMAGAS)	98	n.a.
Gas Trans Boliviano (GTB)	51	DS No.29586 of 2008
Yacimientos Petrolíferos Fiscales Bolivianos (YPFB)	100	DS No. 28701 of 2006
YPFB Andina (YPFB-A)	50.41	DS No. 28701 of 2006
YPFB Aviación (ABBSA)	100	DS No. 111 of 2009
YPFB Chaco (YPFB-C)	99.3	DS No. 29888 of 2009
YPFB Petroandina (YPFB-P)	60	DS No. 29217 of 2008
YPFB Refinación (YPFB-R)	99.99	DS No. 29128 of 2006
YPFB Transierra (TRANSIERRA)	77.93	DS No. 28701 of 2006
YPFB Transporte (YPFB-T)	98.56	DS No. 29586 of 2008
Energy		
Yacimientos de Litio Bolivianos (YLB)	100	Law No. 928 of 2017
Manufacturing		
Cartones de Bolivia (CARTONBOL) [a]	100	DS No. 29256 of 2007
Corporación de las Fuerzas Armadas para el Desarrollo Nacional (COFADENA)	100	DS No. 10576 of 1972
Empresa Pública Nacional Estratégica Cementos de Bolivia (ECEBOL)[a]	100	DS No. 29667 of 2008
Empresa Pública Productiva Envases de Vidrio de Bolivia (ENVIBOL)[a]	100	DS No. 2329 of 2015
Empresa Pública YACANA (YACANA)	100	DS No. 1979 of 2014
Papeles de Bolivia (PAPELBOL)[a]	100	DS No. 29255 of 2007
Mining		
Corporación Minera de Bolivia (COMIBOL)	100	Law No. 535 of 2014 DS No. 31196 of 1952
Empresa Metalúrgica Vinto (VINTO-NAL)	100	DS No. 29026 of 2007
Empresa Minera Colquiri (COLQUIRI)	100	DS No. 1264 of 2012
Empresa Minera Corocoro (COROCORO)	100	DS No. 1269 of 2012
Empresa Minera Huanuni (HUANUNI)	100	DS No. 28901 of 2006

Sector	State participation (%)	Creation
Empresa Minera Karachipampa (KARACHIPAMPA)	100	DS No. 1451 of 2013
Empresa Siderúrgica del Mutún (ES-MUTUN)	100	DS No. 29696 of 2008
Logistics services and storage		
Depósitos Aduaneros Bolivianos (DAB)	100	DS No. 29694 of 2008
Tecnology		
Empresa Pública Quipus (QUIPUS)[a]	100	DS No. 1759 of 2013
Telecommunications		
Agencia Boliviana Espacial (ABE)	100	DS No. 599 of 2010
Bolivia TV (BTV)	100	DS No. 78 of 2009
DATACOM	99.99	DS No. 29544 of 2008
Empresa Nacional de Telecomunicaciones (ENTEL)	97	DS No. 29544 of 2008
ENTEL Dinámica Digital (ENTEL DD)	99.99	Commercial Code
Transport		
Administración de Servicios Portuarios Bolivia (ASP-B)	100	DS No. 2406 of 2015
Boliviana de Aviación (BoA)	100	DS No. 29318 of 2007
Empresa Estatal de Transporte por Cable Mi Teleférico (MI TELEFERICO)	100	DS No. 1980 of 2014
Empresa Naviera Boliviana (ENABOL)	100	Decree Law No. 16174 of 1979
Servicios de Aeropuertos Bolivianos (SABSA)	100	DS No. 1494 of 2014
Transportes Aéreos Bolivianos (TAB)	100	DS No. 15091 of 1977
Tourism		
Empresa Estatal Boliviana de Turismo (BOLTUR)	100	DS No. 2005 of 2014

n.a. Not available.

a Production enterprises.

Source: Information provided by the authorities.

Table A3. 7 Protection of intellectual property rights

	Scope	Term	Exceptions
Patents			
	New inventions involving an inventive step and capable of industrial application	20 years from the filing date of the application	The following are not patentable: (a) inventions contrary to public order; (b) inventions that can harm health, human, animal or plant life, and the environment; (c) plants, animals and essentially biological processes for the production of plants and animals, other than non-biological or microbiological processes; and (d) therapeutic or surgical methods for the treatment of humans or animals, as well as diagnostic methods applied to human beings or animals.
Utility models			
	New utility models	10 years from the filing date of the application	The following are not patentable: (a) three-dimensional works; (b) architectural works; (c) objects of a purely aesthetic nature; (d) procedures and materials excluded from patent protection.
Layout-designs of integrated circuits			
	Original layout-designs	10 years from the last day of the year in which the first commercial exploitation occurred abroad or from the filing of the application for registration	Where composed of one or more elements in common use in the integrated circuit industry, a layout-design is considered original if the combination of those elements meets the criterion of originality.
Industrial designs			
	New industrial designs	10 years from the filing date of the application	The following are not eligible for registration: (a) industrial designs contrary to morality or public order; (b) industrial designs the appearance of which is dictated solely by technical or functional considerations.
Trademarks			
	Signs capable of graphic representation, which distinguish goods and services on the market	10 years from the date of registration, renewable for successive 10-year periods	There are 16 reasons why a trademark cannot be registered, e.g. a sign that contains or consists of an appellation of origin or a geographical indication cannot be registered as a trademark (for further information, see Article 135 of Decision No. 486).
Appellations of origin (AO)			
	The name of a country, region or specific locality, or a name that relates to a specific geographical area, used to designate a product originating therein, the quality, reputation or other characteristics of which are exclusively or essentially attributable to the geographical environment in which it is produced	For as long as the conditions that led to the appellation exist	The following types of names are not eligible for registration as an AO: (a) common or generic indications; (c) those contrary to morality or public order; (d) those that are misleading as to the geographical provenance, nature, mode of manufacture, quality, reputation or other characteristics of the products in question.

Scope	Term	Exceptions
Undisclosed information		
Relates to the nature, characteristics or purpose of goods, to production methods, or to the methods of distributing or marketing goods or supplying services	For as long as the confidentiality requirements remain in place	Industrial secrets are not deemed to cover any information that is obvious to a person skilled in the art or that has to be disclosed by legal provision or court order.
Plant varieties		
New, uniform, distinct and stable plant varieties	From the date of issue of the certificate, 20 to 25 years for vines and trees, and 15 to 20 years for other species	
Copyright and related rights		
Literary, artistic and scientific works that may be reproduced or disclosed	Life of the author plus 50 years Performers are granted protection for at least 50 years from the first performance or from when the fixation was made The term of protection for phonogram producers is at least 50 years from the first fixation Broadcasting organizations are granted protection for at least 50 years from the first broadcast	

Source: WTO Secretariat based on Decisions No. 345, No. 351 and No. 486.

Table A4. 1 Agricultural products subject to the drawback procedure, 2014-2016

(a) Tariff headings eligible for a tariff refund of 4% of the f.o.b. export value

HS section and chapter	Number of headings			
	2014	2015	2016	2014-2016[a]
Total	**376**	**359**	**362**	**221**
Agricultural total	**86**	**95**	**89**	**53**
01 - Live animals; animal products	2	2	1	0
02 - Vegetable products	40	43	45	27
06 - Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	4	2	2	2
07 - Edible vegetables and certain roots and tubers	6	3	4	2
08 - Edible fruit and nuts; peel of citrus fruit or melons	7	8	7	5
09 - Coffee, tea, maté and spices	10	11	11	8
10 - Cereals	2	4	3	1
11 - Products of the milling industry; malt; starches; inulin; wheat gluten	4	4	5	3
12 - Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	5	8	11	4
13 - Lac; gums, resins and other vegetable saps and extracts	0	1	0	0
14 - Vegetable plaiting materials; vegetable products not elsewhere specified or included	2	2	2	2
04 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	42	48	39	25
16 - Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	0	2	0	0
17 - Sugars and sugar confectionery	4	4	3	1
18 - Cocoa and cocoa preparations	6	7	6	5
19 - Preparations of cereals, flour, starch or milk; pastrycooks' products	9	10	8	8
20 - Preparations of vegetables, fruit, nuts or other parts of plants	6	7	6	3
21 - Miscellaneous edible preparations	7	9	10	3
22 - Beverages, spirits and vinegar	10	9	6	5
06 - Products of the chemical or allied industries	2	2	4	1
29 - Organic chemicals	1	0	0	0
33 - Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1	2	2	1
38 - Miscellaneous chemical products	0	0	2	0

(b) Tariff headings eligible for a tariff refund of 2% of the f.o.b. export value

HS section and chapter	Number of headings			
	2014	2015	2016	2014-2016[a]
Total	**32**	**29**	**16**	**8**
Agricultural total	**13**	**13**	**8**	**6**
02 - Vegetable products	8	10	5	5
07 - Edible vegetables and certain roots and tubers	2	3	2	2
08 - Edible fruit and nuts; peel of citrus fruit or melons	1	3	1	1
09 - Coffee, tea, maté and spices	1	0	0	0
11 - Products of the milling industry; malt; starches; inulin; wheat gluten	1	1	0	0
12 - Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	3	3	2	2
04 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	2	1	3	1
18 - Cocoa and cocoa preparations	0	0	2	0

HS section and chapter	Number of headings			
	2014	2015	2016	2014-2016[a]
19 - Preparations of cereals, flour, starch or milk; pastrycooks' products	1	1	1	1
20 - Preparations of vegetables, fruit, nuts or other parts of plants	1	0	0	0
06 - Products of the chemical or allied industries	3	2	0	0
33 - Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1	0	0	0
38 - Miscellaneous chemical products	2	2	0	0

(c) Tariff headings eligible for a tariff refund according to specific coefficients

HS section and chapter	2014		2015		2016		2014-2016[a]	
	No. of headings	Average	No. of headings	Average	No. of headings	Average	No. of headings	% change
Total	**34**	**0.46**	**38**	**0.54**	**37**	**0.47**	**29**	**8.2**
Agricultural total	**21**	**0.09**	**22**	**0.10**	**24**	**0.10**	**17**	**8.0**
02 - Vegetable products	15	0.04	15	0.04	17	0.04	11	2.4
07 - Edible vegetables and certain roots and tubers	5	0.04	5	0.04	5	0.04	3	0.0
08 - Edible fruit and nuts; peel of citrus fruit or melons	3	0.02	3	0.02	5	0.02	3	0
09 - Coffee, tea, maté and spices	2	0.04	1	0.04	1	0.04	1	0.0
10 - Cereals	1	0.04	1	0.04	1	0.04	1	0
11 - Products of the milling industry; malt; starches; inulin; wheat gluten	1	0.04	1	0.04	1	0.04	1	0.0
12 - Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	3	0.05	4	0.07	4	0.07	2	0
03 - Animal or vegetable fats and oils	1	0.12	1	0.12	1	0.13	1	8.3
15 - Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	1	0.12	1	0.12	1	0.13	1	8.3
04 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	5	0.22	6	0.23	6	0.25	5	15.2
16 - Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	1	0.12	1	0.12	1	0.13	1	8.3
19 - Preparations of cereals, flour, starch or milk; pastrycooks' products	2	0.43	2	0.45	2	0.50	2	16.3
20 - Preparations of vegetables, fruit, nuts or other parts of plants	1	0.12	2	0.17	2	0.19	1	16.7
22 - Beverages, spirits and vinegar	1	0.02	1	0.02	1	0.02	1	0.0

(d) Tariff headings not eligible for tariff refunds

HS section and chapter	Number of headings				
	2014	2015	2016	2014-2016[b]	CAIPJ required
Total	**101**	**98**	**87**	**71**	**20**
Agricultural total	**52**	**44**	**40**	**34**	**20**
01 - Live animals; animal products	12	11	12	9	3
02 - Meat and edible meat offal	5	5	4	4	3
04 - Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	6	5	5	4	0
05 - Products of animal origin, not elsewhere specified or included	1	1	3	1	0
02 – Vegetable products	14	10	8	7	8
10 - Cereals	9	6	6	5	4
12 - Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	5	4	2	2	4
03 - Animal or vegetable fats and oils	5	5	5	5	4
15- Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	5	5	5	5	4
04 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	10	8	7	6	5
17 - Sugars and sugar confectionery	3	2	1	1	3
18 - Cocoa and cocoa preparations	1	1	1	1	0
22 - Beverages, spirits and vinegar	1	1	1	1	0
23 - Residues and waste from the food industries; prepared animal fodder	5	4	4	3	2
08 - Raw hides and skins, leather, furskins and articles thereof; saddlery and harness	5	6	4	3	0
41 - Raw hides and skins (other than furskins) and leather	5	5	3	3	0
43 - Furskins and artificial fur; manufactures thereof	0	1	1	0	0
11 - Textiles and textile articles	6	4	4	4	0
51 - Wool, fine or coarse animal hair; horsehair yarn and woven fabric	5	4	4	4	0
52 - Cotton	1	0	0	0	0

a Number of headings that benefitted from drawback throughout the period.
b Number of headings that were not eligible throughout the period.

Source: WTO Secretariat, on the basis of Joint Ministerial Resolutions No. 014.2014, No. 011.2015 and No. 004.2016.

Table A4. 2 Mining royalties

Mineral	Official price (US$)	Rate (%)
Gold in its natural state, pre-concentrated, waste and scrap, concentrated, precipitated, amalgams, granules, bullion or molten bars, and refined ingots		
	Per troy ounce	
	>700	7
	400-700	0.01 (official price (OP)
	<400	4
Gold from refractory sulphide minerals the production of which requires advanced technology		
	Per troy ounce	
	>700	5
	400-700	0.00667 (OP) + 0.33333
	<400	3
Gold in its natural state or in flakes from marginal fields given over to small-scale mining		
	Per troy ounce	
	>700	2.5
	400-700	0.005 (OP) – 1
	<400	1
Silver in pre-concentrates, concentrates, complexes, precipitates, bullion or molten bars, and refined ingots		
	Per troy ounce	
	>8	6
	4-8	0.75 (OP)
	<4	3
Zinc, concentrate or metallic		
	Per fine pound	
	>0.94	5
	0.475-0.94	8.60215 (OP) – 3.08602
	<0.475	1
Lead, concentrate or metallic		
	Per fine pound	
	>0,6	5
	0.3-0.6	13.33333 (OP) – 3
	<0.3	1
Tin, concentrate or metallic		
	Per fine pound	
	>5	5
	2.5-5	1.6 (OP) – 3
	<2.5	1
Antimony, concentrate, trioxide or metallic		
	Per fine metric tonne	
	>3,800	
	1,500-3,800	
	<1,500	
Wolfram, concentrate or metallic		
	Per fine metric tonne	
	>24,000	5
	8,000-24,000	0.00025 (OP) – 1
	<8,000	1
Copper, concentrate or metallic		
	Per fine pound	
	>2.0	5
	0.7-2.0	3.0769 (OP) – 1.1538
	<0.7	1
Bismuth, concentrate or metallic		
	Per fine pound	
	>10	5
	3.5-10	0.61538 (OP) – 1.15385
	<3.5	1

Mineral	Rate (%)
Iron ore	
Concentrates and lumps	4
Pellets	3
Sponge iron and pig iron	2
Tantalum, barytes and limestone in any form	3.5
Precious or semi-precious stones	
Precious stones and metals	5
Semi-precious stones	4
Indium and rhenium in any form	5
Evaporite resources	
Lithium carbonate	3
Potassium chloride	3
Other by-products and derivatives	3
Sodium chloride	2.5
Boron minerals	
Unprocessed ulexite	5
Calcined ulexite	3

Source: Article 227 of Law No. 535 on Mining and Metallurgy.

Table A4. 3 Main provisions of bilateral air transport agreements

	Signature	Fifth freedom	Seventh freedom	Cabotage[a]	Cooperation clause[b]	Airline designation clause	Withholding clause			Pricing clause					Capacity clause			Exchange of statistics
							Substantial ownership and effective control	Principal place of business	Community of interest	Dual approval	Dual disapproval	Country of origin	Zone pricing	Free pricing	Predetermination	Bermuda I	Free determination	
Germany	1968	Yes	No	No	No	Multiple	√			√					√			Yes
Argentina	2004	Yes	No	No	No	Multiple	√			√					√			Yes
Brazil	1951	Yes	No	No	No	Multiple	√			√						√		No
Chile	1993	No	No	No	No	Multiple	√				√				√			Yes
Colombia	2004	No	No	No	Yes	Multiple	n.a.	n.a.	n.a.			√					√	No
Costa Rica	1995	No	No	No	No	Multiple	n.a.	n.a.	n.a.		√				√			Yes
Cuba	1994	No	No	No	No	Multiple	n.a.	n.a.	n.a.	√					√			Yes
Ecuador	1991	Yes	No	No	No	Multiple	√			√					√			Yes
Spain	1974	Yes	No	No	No	Single	√			√					√			Yes
United States	1988	Yes	No	No	No	Multiple	√			n.a.	n.a.	n.a.	n.a.	n.a.	√			No
Mexico	1993	Yes	No	No	No	Multiple	n.a.	n.a.	n.a.	√					√			Yes
Netherlands with respect to Aruba	2001	Yes	No	No	No	Multiple	√				√				√			Yes
Panama	1977	No	No	No	No	Multiple	√			√					√			Yes
Paraguay	1958	No	No	No	No	Multiple	√			√					√			No
Peru	1960	No	No	No	No	Multiple	√			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	No
Switzerland	1997	Yes	No	No	No	Single	√					√			√			Yes
Uruguay	1975	Yes	No	No	No	Multiple	√			√					√			Yes

n.a. Not available.

a Where cabotage rights are subject to approval by the aeronautical authorities, they appear as not granted.

b For example, code-share agreements.

Source: WTO Secretariat and information provided by the authorities.