



TRADE POLICY REVIEW

REPORT BY

THE PLURINATIONAL STATE OF BOLIVIA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by the Plurinational State of Bolivia is attached.

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.

Contents

1 INTRODUCTION	3
2 ECONOMIC AND INVESTMENT ENVIRONMENT.....	4
2.1 The economic, social, communitarian and productive model (MESCP)	4
2.1.1 Structural reforms	5
2.1.2 Economic performance	7
2.1.3 Social outcomes	9
2.2 Comprehensive planning system for the Plurinational State of Bolivia.....	9
2.3 Investment policy.....	10
2.4 Sectoral policies	11
2.4.1 Energy	11
2.4.2 Hydrocarbons.....	12
2.4.3 Mining	12
2.4.4 Agriculture and livestock.....	12
2.4.5 Public works.....	13
2.4.6 Tourism.....	13
3 TRADE ENVIRONMENT	14
3.1 External sector.....	14
3.1.1 Trade integration and preferential agreements	14
3.1.2 Bolivia's trade with the world	14
3.2 Trade policy.....	16
3.2.1 Facilitation of external trade.....	16
3.2.2 Measures to support the export sector (promotion programmes)	17
3.3 Bolivia and the WTO	17

Charts

Chart 2.1 Economic, social, communitarian and productive model.....	4
---	---

Tables

Table 3.1 Bolivia's trade balance with the world	14
Table 3.2 Trends in traditional and non-traditional exports.....	14
Table 3.3 Leading export markets, 2016	15
Table 3.4 Bolivia's trade balance with LAIA.....	15
Table 3.5 Trends in traditional and non-traditional exports to LAIA.....	15
Table 3.6 Bolivia's trade balance with the CAN.....	15
Table 3.7 Trends in traditional and non-traditional exports to the CAN.....	16
Table 3.8 Bolivia's trade balance with MERCOSUR	16
Table 3.9 Trends in traditional and non-traditional exports to MERCOSUR	16

1 INTRODUCTION

1.1. The Plurinational State of Bolivia was founded following the adoption of the New Political Constitution of the State in February 2009 as drafted by a Constituent Assembly established on the basis of a popular vote. It is the first constitution to be approved by the Bolivian people in a referendum and it establishes a new social and political pact; it casts off the former Republic of Bolivia and creates a new State: sovereign, free, independent, democratic, intercultural and decentralized with autonomies. Its foundations are the plurality and political, economic, legal, cultural and linguistic pluralism that frame the integrating process of forging the country's path towards "*Vivir Bien*" (Living Well).

1.2. Pursuant to Annex 3 of the Marrakesh Agreement, this report describes the trade policies and practices that Bolivia applied during the period 2006-2016. It sets out the environment in which they were developed, emphasizing the political and institutional structural reforms aimed at strengthening the new vision of the Plurinational State of Bolivia.

1.3. Since its previous trade policy review, starting in 2006 and for 11 consecutive years Bolivia has implemented the economic, social, communitarian and productive model (MESCP), whose main success has been sustained, steady economic growth. As a result there have been improvements in social indicators, such as rising employment and declining poverty and inequality.

1.4. The average growth in GDP in the period 2006-2016 was 5.0%, greater than the 3.4% recorded in the period 1995-2005; despite a challenging external environment, in 2014, 2015 and 2016 Bolivia experienced the fastest economic growth of all ten South American countries. Over the next few years we anticipate that the path of sustained growth will continue against a background of macroeconomic stability and prudent economic management.

1.5. Bolivia encourages the construction and reinforcement of deeper integration anchored in support, cooperation and solidarity. Through its participation in forums such as the Latin American Integration Association (LAIA), the Andean Community (CAN), the Bolivarian Alliance for the Peoples of Our America – Peoples' Trade Agreement (ALBA-TCP) and the Southern Common Market (MERCOSUR), to which it is an acceding country, it advocates dialogue and ties of friendship between our peoples as a means to achieving integration that goes beyond mere trade and instead incorporates exchanges in the fields of knowledge, technologies, energy, food production, finance, communications, health, and education, in order to build a culture of life and harmony with Mother Earth.

1.6. Over the past 11 years the State has implemented an investment policy in all sectors of the economy, promoting both public investment and private national and foreign investment. It also recognizes, protects, respects and provides for legal certainty in respect of economic organizations, regardless of whether they are community-driven, State, private or cooperative social organizations.

1.7. The investment policy provides legal certainty to investors through a predictable, development-oriented legal framework that helps to increase employment, national competitiveness and exports.

1.8. The Bolivian investment policy is reflected in the search for partners. Within the framework of the MESCP this process can help to develop strategic sectors as well as income- and employment-generating sectors. Worthy of note here is the work actively undertaken in recent years in international foreign-investment forums in order to demonstrate the potential and the advantages of investing in Bolivia.

2 ECONOMIC AND INVESTMENT ENVIRONMENT

2.1 The economic, social, communitarian and productive model (MESCP)

2.1. Since 2006 and for 11 consecutive years, in an attempt to construct a new country capable of recovering sovereignty, industrializing and exploiting natural renewable and non-renewable resources sustainably for the Bolivian people, the Plurinational State of Bolivia has been implementing and developing the economic, social, communitarian and productive model (MESCP).

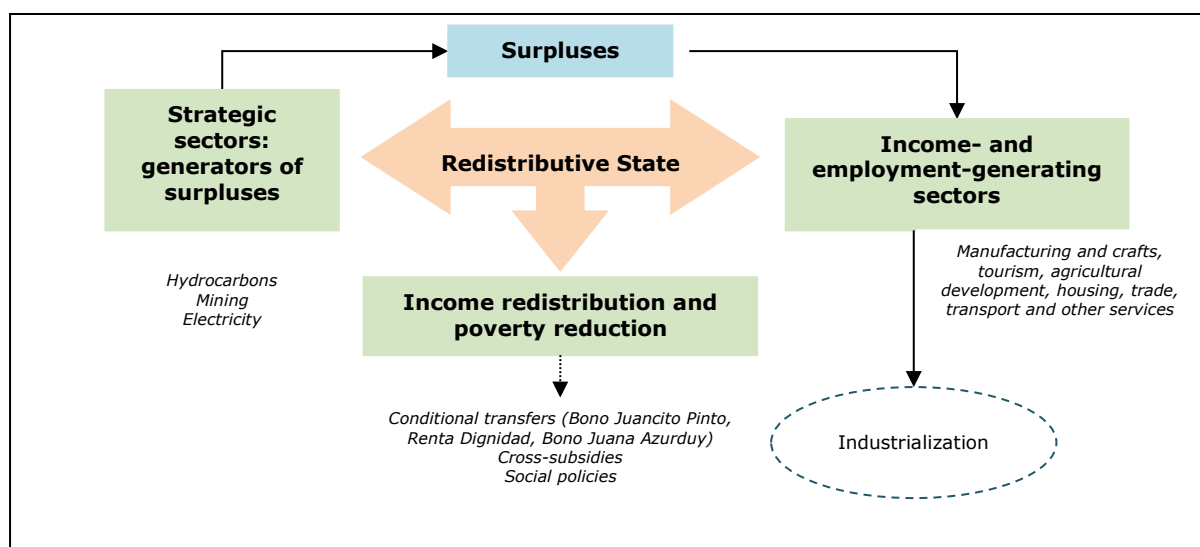
2.2. The MESCP is constructed on four pillars: (i) economic growth and development based on the exploitation of natural resources; (ii) appropriation of the economic surplus by the State; (iii) redistribution of the economic surplus especially among those with the fewest resources; and (iv) a vision for society, namely to eliminate poverty and reduce social inequalities.

2.3. Under the MESCP, the State plays an important role in steering the economy in its various roles – as planner, business-owner, investor, regulator, benefactor, promoter, banker, organizer, income-redistributor and others as may be necessary to achieve the goals established for society and the economy. This is a task that involves other players such as private business, the cooperative-social economy and the community-driven economy, which together make up the Plural Economy.

2.4. Since 2006 the Plurinational State of Bolivia has had a production-based approach because it is of the view that the wisest road to reducing poverty, unemployment and inequality lies in a broader production base and sound income redistribution. Accordingly, State enterprises are split into three groups related to the way that the economic model functions: (i) enterprises that generate an economic surplus; (ii) enterprises that generate income and employment; and (iii) enterprises in cross-cutting sectors that support production infrastructure, and production services.

2.5. A diagram of how the current model works shows that there are two economic sectors: the surplus-generating strategic sector, comprising hydrocarbons, mining and electricity; and the income- and employment-generating sector, or "industrial Bolivia" (including manufacturing and crafts, tourism, agricultural development, housing, commerce and transport services).

Chart 2.1 Economic, social, communitarian and productive model



2.6. Through active policies the State maximizes the economic surplus and uses it to the full by redistributing it across economic diversification, industrialization and poverty reduction.

2.1.1 Structural reforms

2.7. Every year since 2006 various economic, political and social measures have been approved that have become genuine historic landmarks in consolidating the objectives of development and wealth-distribution.

2.8. The increase in the State's economic and political strength, the establishment of public enterprises, and the fact that decisions on national economic activity are made by State bodies are all signs that the Plurinational State of Bolivia has recovered sovereignty over economic policy decisions.

2.9. Each year since 2006 the Ministry of the Economy and Public Finance and the Central Bank of Bolivia have jointly endorsed the sovereign Fiscal-Financial Programme for the conduct of short-term economic policy, replacing the Memorandums of Understanding that previous government administrations used to sign with the International Monetary Fund.

2.10. Since 2006 the new investment policy has focused chiefly on public investment, the instrument that delivers on the policies outlined in the Development Plans; however it does so without discarding private investment - an essential part of the production matrix. Private investment in Bolivia is now subject to better conditions as a result of Law No. 516 on Investment Promotion and Law No. 708 on Conciliation and Arbitration, which lay down provisions governing the legal relations between the State and national and foreign investors and provide for complaint mechanisms in accordance with international standards to guarantee investments in the country.

2.11. Over the past 11 years inflation in Bolivia has been controlled. In response to the adverse climate events that affected agricultural production in some years, as well as the speculation and external shocks that affected prices, the Government has applied various measures to safeguard the food supply on the domestic market.

2.12. Between 2007 and 2008, the adverse climate effects caused by the "El Niño" and "La Niña" phenomena, and the desire to control price speculation for products in the family shopping basket in order to guarantee domestic supply and safeguard food security in the country, led to the approval of economic measures such as the deferral to 0% of import duties on certain food products, and export controls.¹

2.13. In the domestic market, 2014 marked the start of "Fair Weight, Fair Price" farmers' markets where producers of basic foods sell directly to consumers. In 2007 the Food Production Support Company (EMAPA) was established to support agricultural production, help stabilize the market in agricultural products and market farmers' produce.²

2.14. Beginning in 2011, implementation of the water and irrigation programmes "More investment for water (MIAGUA)" and "More investment for irrigation (MIRIEGO)" has sought to increase agricultural production and productivity in rural areas, thereby ensuring food security and improving the population's living standards.

2.15. Additionally, Law No. 144 on the Communitarian Agricultural Production Revolution of 26 June 2011 promotes the processing and marketing of agricultural and forestry products from the various players in the plural economy, with priority given to organic output in harmony and balance with Mother Earth.

2.16. Together with the implementation of policies on monetary, fiscal, foreign exchange and supply matters, these production measures have contributed to maintaining price stability in the national economy.

2.17. The MESCP emphasizes the adoption of measures that enhance the domestic market as a foundation for boosting demand for goods produced in the sector that generates income and employment. The aim of the Economic and Social Development Plan 2016-2020, whose sixth pillar

¹ Supreme Decrees Nos. 29339 of 14 November 2007, 29229 of 15 August 2007, 29460 of 27 February 2008.

² Supreme Decree No. 29230 of 15 August 2007.

is "Sovereignty over Production and Diversification", is to build production capacity while diversifying and empowering the manufacturing and agro-industrial sector.

2.18. Similarly, since regaining control over economic policy decisions in 2006, a new, sustainable public debt policy has applied as part of the Fiscal-Financial Programme which coordinates policy on monetary, foreign exchange, fiscal, external trade, and balance-of-payments matters in order to achieve economic growth targets. This policy ensures that the public investment set out in the Development Plans will be implemented without putting the country's fiscal and macroeconomic stability at risk.

2.19. In addition to encouraging price and exchange-rate stability, it is the role of the Central Bank of Bolivia to maintain the currency's purchasing power for the benefit of economic and social development.

2.20. The monetary policy adopted in Bolivia has intermediate quantity targets, with limits on the expansion of net domestic credit and targets for minimum gains or maximum losses in net international reserves.

2.21. Under the MESCP the objectives of exchange-rate policy are as follows: (i) to contribute to macroeconomic stability by helping to keep inflation low and stable; (ii) to maintain a competitive real exchange rate over time in relation to our chief trading partners; and (iii) to contribute to the policy of Bolivianization (de-dollarization) of financial assets.

2.22. Financial policy is part of the Law on Financial Services³ which (i) assigns a role in the financial system to the State; (ii) protects consumers of financial services; (iii) sets out a new plural structure for the financial system and a social function for financial institutions; (iv) pays special attention to the productive rural sector and promotes access to social housing; and (v) ensures the stability and solvency of the financial system.

2.23. Various measures were taken in the social field to combat poverty and inequality, and to improve the living standards and quality of life of the Bolivian population, especially for the most vulnerable.

2.24. In 2006 the *Bono Juancito Pinto* voucher programme⁴ was introduced as an incentive to enrol, attend and complete the academic year for primary-age schoolchildren in educational establishments run by the public sector or the Catholic Church. In 2014 the bond's⁵ coverage was expanded to secondary education, thus embracing all students in the school system. The bond comprises an annual payment of US\$29 to students.

2.25. The universal old-age pension benefit *Renta Dignidad* (Dignity Pension Programme)⁶ was introduced in 2008 in order to provide a dignified old age for people over the age of 60 whether or not they have access to the contributory pensions system. The annual benefit is US\$379 for people who receive a contributions-based pension and US\$474 for those who do not.

2.26. In 2009 the *Bono Juana Azurduy* incentive⁷ was established in order to encourage full health checks for pregnant women, and for boys and girls who have no social insurance, in order to reduce levels of maternal and child mortality and chronic malnutrition in children. The bond consists of a payment of US\$265 to pregnant women and children up to the age of two years.

2.27. The literacy programme "Yes, I can", was created in 2006 in order to eradicate illiteracy, an aim that was achieved in 2008 when Bolivia was declared free of illiteracy. As a follow-up, the National Post-Literacy Programme "Yes, I can go on"⁸ was established in 2009 to provide primary education to the newly literate and to everyone over 15 years of age who had dropped out of or had no access to education.

³ Law No. 393 of 21 August 2013.

⁴ Supreme Decree No. 28899 of 26 October 2006.

⁵ Supreme Decree No. 2141 of 9 October 2014.

⁶ Law No. 3791 of 28 November 2007.

⁷ Supreme Decree No. 66 of 3 April 2009.

⁸ Supreme Decree No. 04 of 11 February 2009.

2.28. The main feature of the country's wage policy was steady increases in the National Minimum Wage and above-inflation increases in the basic wage for the various sectors of the economy, thus increasing Bolivian families' purchasing power. Additionally, the policy was applied in an inversely proportional fashion. This means that workers on lower wages received higher wage rises.

2.29. With regard to pensions, in December 2010 Law No. 065 on Pensions was promulgated, chiefly with the aim of ensuring and facilitating access by Bolivian men and women to the long-term social security system. Its main benefits include a reduction in the retirement age and the creation of a solidarity pension that increases the retirement pension for workers who earned low incomes during their working lives.

2.30. In order to provide skilled but resource-poor, mainly inexperienced, professionals and young people with opportunities, the national Government set up the employment programmes "My First Decent Job (MPED)" in 2009 and the "Employment Support Programme (PAE)" in 2012. In 2017 the Employment Plan was approved; it aims to provide incentives to recruit young people regardless of their experience, by improving the terms under which they can be employed.

2.1.2 Economic performance

2.31. The recovery of control by the State⁹ of strategic businesses in the hydrocarbons, electricity, telecommunications, drinking water and airport services sectors brought economic and social benefits for the Bolivian population.

2.32. In 11 years of government, public investment has become an important lever of economic activity, leading to a reduction in the road and production infrastructure deficit and covering the population's basic needs.

2.33. Total investment as a percentage of GDP rose from 14.3% in 2005 to 20.8% in 2016, with a particularly noticeable change in patterns of public and private investment. The public-investment-to-GDP ratio rose from 6.1% in 2005 to 13.0% in 2016, with the result that for the second successive year, Bolivia is the highest-ranking South American country for public investment. Meanwhile private investment rose significantly, from US\$783 million in 2005 to US\$2,652 million in 2016, as reflected in the growth in the entrepreneurial base from 64,632 businesses in 2005 to 284,271 in 2016 (a rise of 340%).

2.34. The average growth in GDP over the period 2006-2016 was 5.0%, higher than the 3.4% recorded between 1995 and 2005. The peak, at 6.8%, occurred in 2013, while the lowest growth was in 2009 (3.4%), although in that year Bolivia still topped the growth table among the ten South American economies despite the challenging environment of international crisis and falling international commodity prices. This situation recurred in 2014 (5.5%), 2015 (4.9%) and 2016 (4.3%).

2.35. Nominal GDP rose from US\$9,574 million in 2005 to US\$34,053 million in 2016, resulting in a rise in per capita income from US\$1,037 in 2005 to US\$3,100 in 2016, allowing international bodies to upgrade Bolivia's classification from "poor country" to "medium-income country".

2.36. Between 2006 and 2016, Bolivian exports averaged US\$8,195 million, an increase of 456% on the period 1995-2005 when the figure was US\$1,473 million. Of particular note was the growth in natural gas exports and the rise in the share of manufacturing. Imports over the same reference period grew by 263%, from an average of US\$1,925 million to US\$6,998 million, led by raw materials and capital goods (77% share on average), in line with the economic policies to strengthen the production base.

2.37. During this period, the balance of payments current account posted an average surplus of US\$617 million, in the main reflecting significant trade surpluses and the greater flow of workers' remittances.

⁹ To date, the international arbitration processes involved in the recovery of State control over strategic businesses have resulted in favourable terms for all parties.

2.38. Turning to gross foreign direct investment, the implementation of the MESCP consolidated Bolivia's position as an attractive destination for foreign investment: between 2006 and 2016 the average figure was US\$1,218 million, higher than that for the period between 1995 and 2005 (US\$719 million). Also worthy of note is the fact that in its report on foreign direct investment in Latin America and the Caribbean 2015, ECLAC singled out Bolivia as an attractive country for investment because in 2013 and 2014 it out-performed all other countries in the region in terms of profitability.

2.39. In 2016, net international reserves (NIR) rose to US\$10,081 million: six times higher than the figure of US\$ 1,714 million recorded in 2005. In 2016 NIR represented 30% of GDP and continued to be among the highest in the region during the period under review, reflecting the financial strength of the Bolivian external sector.

2.40. In 2005 there was a debit balance in international investment equivalent to 75% of GDP. Since 2008 the balance has been in surplus and has remained so for nine consecutive years; in 2016 the figure was 0.8% of GDP.

2.41. Between 2006 and 2016 the exchange rate moved in line with fundamentals.¹⁰ In the first few years of that period the Bolivian boliviano (Bs) appreciated moderately in relation to the US dollar, and it has remained stable in recent years. The exchange rate fluctuates within a band ranging between Bs 6.85 for buying and Bs 6.97 for selling.¹¹

2.42. Exchange rate policy in Bolivia helped to consolidate the domestic market, anchor expectations and de-dollarize debt in the economy, the latter being the key factor in recovering control of monetary policy instruments.

2.43. Since implementation of the MESCP in 2006, the non-financial public sector (SPNF) has been well balanced as a result of the diversification of revenue sources and a higher tax take, the prioritizing of capital expenditure over current expenditure, and the austerity policy for spending. As a result there were successive fiscal surpluses, averaging 1.8% of GDP, until fiscal year 2013. In the last three years there have been controlled deficits as a result of greater public investment.

2.44. The soundness of the financial system is reflected in the substantial growth in deposits, from US\$3,711 million in 2005 to US\$22,041 million in 2016 owing to the significant rise in the population's income. Similarly, lending by financial institutions rose from US\$3,360 million in 2005 to US\$19,651 million in 2016 as a result of the buoyant economy.

2.45. The bolivianization¹² of deposits and placements rose by 15.6% and 7.5% in 2005 to 84.3% and 97.0% in 2016, respectively. The profits of the financial system rose from US\$44 million in 2005 to US\$314 million in 2016.

2.46. Implementation of the public debt sustainability policy has left Bolivia with broad scope for access to greater external finance. In December 2016, the balance of external public debt as a percentage of GDP stood at 21.3%, far below the level of 51.6% recorded in 2005 and the limits set by international bodies.

2.47. Between 2006 and 2016, as a result of prudent fiscal management and positive macroeconomic results, the main international ratings agencies uprated their assessment of Bolivia's sovereign risk to a historic high.

2.48. Standard & Poor's raised its risk assessment for Bolivia, from a low of B "Negative" in 2003 to BB "Stable" in 2016, a rating it has maintained since 2014; Fitch Ratings also upped its rating for Bolivia from B "Stable" in 2004 to BB "Stable" in 2016; and Moody's increased its rating for the country from B3 "Stable" in 2003 to Ba3 "Negative" in 2016.

¹⁰ The macroeconomic fundamentals behind exchange rate movements in Bolivia are sustained economic growth, high levels of international reserves, and other financial buffers to cushion domestic or external shocks.

¹¹ This range relates to transactions between financial entities and their clients.

¹² "Bolivianization" is the ratio of deposits (credits) in the national currency to total deposits (credits).

2.49. The Bolivian Treasury (TGN) debt over the last ten years has been noteworthy for responsible and prudent management which has reduced vulnerabilities and ensured stability and sustainability of domestic liabilities. The balance of the TGN domestic debt in 2016 was 12.7% of GDP, far below the 30.8% of GDP recorded in 2005. Domestic debt is now traded on more favourable currency terms, with long maturity dates and low interest rates.

2.1.3 Social outcomes

2.50. One of the main planks of the MESCP is to eradicate poverty through income redistribution and its implementation has indeed resulted in considerable reductions in moderate and extreme poverty throughout the country.

2.51. Moderate poverty fell from 60.6% in 2005 to 39.4% in 2016, a drop of 21.2 percentage points, and extreme poverty was cut by more than half, from 38.2% in 2005 to 18.3% in 2016. The millennium goal to reduce extreme poverty to 24.1% in 2015 was achieved early, in 2011 (21%). It should be highlighted that Bolivia obtained the greatest poverty reduction of all the neighbouring countries and as a result ceased to be the poorest among them, an achievement that was noted by various international bodies.

2.52. Bolivia has made significant progress in reducing income inequality. Between 2005 and 2016, the Gini coefficient fell from 0.60 to 0.46, signifying an improvement in income distribution. Additionally, whereas in 2005 the income of the richest 10% of the population was 128 times greater than the income of the poorest 10%, in 2016 it was only 46 times greater.

2.53. In education, the drop-out rate for regular basic education fell between 2005 and 2016. At primary level it dropped from 4.5% to 2.0%, and at secondary from 7.8% to 4.7%.

2.54. Maternal mortality, one of the main health challenges, also fell significantly. Between 2000 and 2011, it dropped from 187 to 160 deaths per 100,000 births. Chronic malnutrition in children under three years of age fell from 32% in 2003 to 18% in 2012, meeting the target set as one of the Millennium Development Goals.

2.55. As a result of the literacy programme, in 2008 the United Nations Educational, Scientific and Cultural Organization (UNESCO) declared Bolivia free of illiteracy. Illiteracy rates fell from 13.3% in 2001 to 2.8% in 2016.

2.56. Over the past 11 years, urban open unemployment has fallen considerably, from 8.1% in 2005 to 4.5% in 2016, making Bolivia the country with the lowest unemployment in the region. This is the result of the rise in demand for labour generated by a buoyant economy, record levels of public investment, the opening of new businesses, and the employment programmes developed by the national government.

2.57. The *Renta Dignidad* pension programme has improved the living standards of households that include older adults, with the following results¹³: (i) it has raised the income of households that include older adults by 16.4%; (ii) it has raised per capita income by 15.4% compared to households not in receipt of the *Renta Dignidad*; (iii) it has reduced the percentage of poor households that include older adults by 13.5 percentage points.

2.2 Comprehensive planning system for the Plurinational State of Bolivia

2.58. In 2006, the Government of the Plurinational State of Bolivia drew up and implemented the "National Development Plan: A Dignified, Sovereign, Democratic and Productive Bolivia that will provide the foundations for Living Well" (NDP 2006-2011). The Plan launched a process of dismantling colonialism and neoliberalism and constructing a new society based on a plurinational, community-minded State. This was achieved by means of four strategies: (i) a socio-communitarian strategy (*Bolivia Digna* (Bolivia with Dignity)); (ii) a social power strategy (*Bolivia Democrática* (Democratic Bolivia)), (iii) an economic production strategy (*Bolivia*

¹³ UDAPE (2013), *El Impacto de la Renta Dignidad: Política de Redistribución del Ingreso, Consumo y Reducción de la Pobreza en Hogares con Personas Adultas Mayores*, July.

Productiva (Productive Bolivia)); and (iv) sovereign international relations (*Bolivia Soberana* (Sovereign Bolivia)).¹⁴

2.59. Later, the Patriotic Agenda 2025¹⁵ continued the policies and strategies launched in 2006 while consolidating the progress made during the process of change. The Agenda builds on the General Economic and Social Development Plan of the Plurinational State of Bolivia - the document that sets the course for the General Economic and Social Development Plan (PDES) 2016-2020.

2.60. The Patriotic Agenda 2025 rests on 13 pillars, each of which represents a number of actions that must be achieved in order to attain the goals of a full, inclusive, participatory State.

2.61. Part of the Patriotic Agenda 2025, the PDES¹⁶ lays down the general guidelines for the country's full development towards *Bien Vivir*, including the action to be taken by public, private and community stakeholders generally.

2.62. Implementation of the PDES strengthens the Plurinational State as a leading player in the social, economic and political aspects of the country, providing macroeconomic stability and deepening the processes that are transforming the production matrix through greater diversification, regional energy integration, and stronger measures to build rounded human beings and encourage support for different ways of life.

2.63. The PDES enables the vision set out in *Bien Vivir* to be strengthened under plurinational public management and encourages the country to continue to progress with consolidation of the MESCP, which sets out the various forms of economic organization, giving the private sector a larger role, emphasizing small and medium-sized producers, and helping to diversify the production matrix.

2.64. Another challenge of the PDES is to continue to strengthen a stable macroeconomic environment while striving to consolidate the conditions in which the country can become a regional hub for both energy integration and roads. It aims to give a significant and definitive boost to economic diversification, industrialization and the generation of higher, sustainable, stable revenues from energy, hydrocarbons, agriculture, mining and tourism.

2.65. Additionally, the Plan seeks to deepen progress in social policies and in the eradication of extreme poverty, including greater and better access to education and healthcare, and to make the human right to basic services a reality.

2.3 Investment policy

2.66. Over the past 11 years Bolivia has undergone a process of deep-seated political, economic and social change that has conclusively charted a new course for national life, stability and growth.

2.67. Pursuant to the principles set forth in the Constitution, following the recovery of Bolivian ownership of strategic resources and the completion of socially and economically justified nationalizations in exchange for fair compensation for investors under specific rules approved by the Bolivian State, it is now time to implement the new approach to national and foreign investment in Bolivia in accordance with the MESCP.

2.68. Over the past 11 years, Bolivia has boosted and enhanced its policy to attract national and foreign investment by ensuring economic, political and social stability. Based on the constitutional mandates, it has designed a new Law on Investment Promotion that lays the foundations of the legal and institutional framework for this strategic State objective.¹⁷

¹⁴ Supreme Decree No. 29272 of 12 September 2007.

¹⁵ Approved by Law No. 650 of 19 January 2015.

¹⁶ Approved by Law No. 786 of 9 March 2016.

¹⁷ Supreme Decree No. 2645 of 6 January 2016 establishes the Directorate-General of Investment Promotion and the Plural Economy, an agency of the Vice-Ministry of Strategic State Planning, with responsibility for coordinating and consolidating management of investment promotion by rolling out an institutional structure to promote, attract and retain FDI.

2.69. Gross foreign direct investment (FDI) in Bolivia rose despite the nationalization of strategic businesses that began in 2006. In that year, gross FDI was US\$582 million; in 2016 the figure had doubled to US\$1,084 million¹⁸, the equivalent of 86% growth.

2.70. Between 2006 and 2016, aiming to promote national and foreign private investment and re-investment, and thus increase capital inflows in order to maintain economic growth and improve the country's social indicators, the Plurinational State of Bolivia approved specific sectoral rules as part of the strategic plan for sectors of production. Accordingly, the hydrocarbons, energy, mining, tourism, industry and services sectors have maintained and enhanced their attractiveness to national and foreign private investment.

2.71. Law No. 516 on Investment Promotion of 4 April 2014¹⁹ invites the national and foreign private sector to roll out economic activities in strategic and non-strategic sectors by offering general and specific investment incentives that are consistent with the State's role in the economy and the new plural economic model, in order to address the challenges currently posed by production and industrialization, both of which require a continuous flow of investment associated with technology transfer and knowledge generation.

2.72. Concerned to increase and enhance its production base, Bolivia enacted Law No. 466 on Public Enterprises of 26 December 2013, which allows private capital to participate in public enterprises by establishing mechanisms for partnership with private bodies and allowing the establishment of mixed State enterprises and mixed enterprises; additionally, the regulations allow strategic joint investment alliances between public and private enterprises.

2.73. Law No. 516 provides for the following mechanisms for investment: commercial companies, public enterprises, mixed enterprises in which the State has a majority shareholding in strategic sectors, and contracts or other instruments for joint investment.

2.74. On 25 June 2015, Law No. 708 on Conciliation and Arbitration was promulgated, safeguarding legal certainty within the State as an alternative method for resolving disputes concerning contractual and extra-contractual relations. Under this Law, the Bolivian State provides for a legal framework for legal relations between the State and national and foreign private investors and for legal relations between investors in the different forms of economic organization.

2.75. All these rules recognize the principle of legal certainty. They also provide that relations between the State and investors are subject to clear, precise, defined rules, and that those relations must develop in conditions of independence, mutual respect and equity within a framework of State sovereignty and dignity.

2.76. The legal certainty that Bolivia provides is based on the Political Constitution of the State, which provides for a plural economy, guarantees private property, recognizes national and foreign private investment and also guarantees State ownership as well as communal or collective ownership. Accordingly, the State responsibly discharges its role in respect of national or foreign private investment in Bolivia.

2.4 Sectoral policies

2.4.1 Energy

2.77. The Government's energy policies had a significant impact on the electricity sector, making it possible in 2008 to re-organize the National Electricity Company (ENDE) and, between 2010 and 2012, take back control of the generation, transmission and distribution companies, and also to implement measures to increase the population's access to electricity.

2.78. In the medium and long term the industry intends to change the energy matrix by prioritizing power generation from renewable sources (hydroelectricity, wind, sun, geothermal and

¹⁸ Preliminary data, Central Bank of Bolivia APEC-BCB, *Reporte de Balanza de Pagos y Posición de Inversión Internacional 2016* (compiled in accordance with BPM6).

¹⁹ Law on Investment Promotion repealing Law No. 1182 (the former Law on Investment).

biomass), which will deliver significant power surpluses for export, making Bolivia the region's energy hub.

2.79. Additionally, as part of the process to industrialize our evaporite resources, work is under way to exploit and industrialize potassium and lithium salts. In the medium and longer term, the plan is to construct and operate industrial plants producing potassium chloride, lithium carbonate and lithium batteries that will produce value-added products for national and international markets.

2.4.2 Hydrocarbons

2.80. The State oil and gas company (YPFB) has consolidated its place in the hydrocarbons sector, as a strategic company owned by the Bolivian State. It is involved in the entire production chain for hydrocarbons, laying down conditions, volumes and prices for the domestic market as well as for export and industrialization, prioritizing supply for the domestic market, and exporting surpluses.

2.81. As a result of industrialization and the commencement of operations at liquid separation plants, Bolivia has not only become self-sufficient in liquid petroleum gas (LPG) production, but also began to export it in 2013, thereby generating higher economic returns which, when added to returns on exports of natural gas, have contributed to the country's sustainable development.

2.82. In order to pursue the policy of industrialization further, in 2017 an ammonia and urea plant will be put into production, and there are plans to construct a propylene and polypropylene plant to generate value-added products primarily for export.

2.4.3 Mining

2.83. The mining and metallurgy sector is one of the strategic pillars of the Plurinational State of Bolivia, and since 2006 a different approach from that of the previous economic model has been taken to its development.

2.84. As a result of the promulgation of the new Constitution in 2009 and the Law on Mining and Metallurgy²⁰, the State recovered its leading role in the management and administration of mining and metallurgical resources, consolidating the strategic vision of the mining sector at all stages of the chain of production, helping to develop the sector, transforming the production matrix and generating surpluses for the country. The success of these policies is borne out by the powerful growth of the public mining enterprises.

2.85. Enhancements to the smelting and refining projects in the industrialization phase made Bolivia one of the top ten producer countries in the world.²¹ In the short term, in order to generate value-added products derived from iron, it is planned to open a steel plant in Mutún in addition to the zinc smelting and refining plant, and to prospect and work seven new deposits that will increase the country's mineral reserves. This will in turn increase mining revenues and generate more employment.

2.4.4 Agriculture and livestock

2.86. The agriculture and livestock development sector seeks to ensure food security and sovereignty through diversified, organic production with extensive opportunities to expand in line with existing potential in harmony with Mother Earth. To that end, over the last 11 years, mechanisms for distribution and access have been introduced under policies to encourage fairness in land tenure. These have resulted in the development of sectoral production and diversification, higher incomes for producers and the generation of surpluses, further boosting production capacities.

2.87. Aware that it is essential to increase the area of agricultural and livestock production in order to achieve substantial improvements in the supply of food and to export value-added food,

²⁰ Law No. 535 on Mining and Metallurgy of 28 May 2014.

²¹ World Metal Statistics and U.S.G.S Mineral Commodity Summaries.

the implementation of the PDES will see by 2020 an expansion of activity in this sector within a framework of more integrated production systems that safeguard the regenerative ability of the environment and the natural world.

2.88. The Government will continue its capacity-building efforts for producers in the plural economy, especially small farmers, and to expand its own capacity to support the sector through oversight and regulation activities and the provision of financial and non-financial services.

2.4.5 Public works

2.89. One of the priorities in this sector is national integration through various modes of transport appropriate to the features of Bolivian territory, whether in the form of road, river, air or rail transport. Over the past 11 years the State has backed substantial public investment, especially in the three road integration corridors: (i) integration to the north (Pando–Beni), (ii) east-west integration (Cochabamba–La Paz–Oruro–Santa Cruz); and (iii) integration to the south (Chuquisaca–Potosí–Tarija). The sums involved between 2006 and 2014 amounted to US\$3,255 million (for 2,494.5 km), significantly higher than the period 2001-2005 when they totalled US\$639 (for 885 km).

2.90. In communications, the launch of the Túpac Katari Satellite on 20 December 2013 and its subsequent entry into operation on 1 April 2014 brought Bolivia into the space age. This event is making it possible to expand coverage of telecommunications services and close the gaps in digital technology, IT and communications in the rural areas of the country.

2.91. By 2020, significant strides should have been made in integrating the country by various means: road, rail, air and river, creating favourable conditions that will drive development of production, regional management of the country and population flows between the various regions.

2.92. Rail transport will again have a strategic place within that framework, given the importance that Bolivia attaches to the construction of the Bi-oceanic Integration Rail Corridor and the ensuing benefits it would deliver as a major route for regional integration.

2.4.6 Tourism

2.93. The country has found an unrivalled opportunity to project its image as a tourist destination through organizing and hosting international events through the Dakar Rally, whose impact has generated over US\$397 million in the four years since the competition began passing through Bolivian territory (2014-2017), benefitting the communities and regions concerned and generating over 15,430 jobs.

2.94. In order to increase the contribution made by tourism to socio-economic development and improve the quality of life of the country's most vulnerable social groups the "Tourism Revitalization" National Community Tourism Programme (PNTC) has invested US\$19.5 million in the following areas: Madidi/Pampas, the Yungas, Lake Titicaca, Sajama and Uyuni/Eduardo Abaroa Reserve, raising foreign-exchange earnings from US\$502 million in 2011 to US\$711 million in 2016.

2.95. The chief future challenges facing the sector lie in better exploitation of the country's tourism potential, in order to boost the sector's contribution to the economy in general, and particularly to generating and invigorating local employment. The PDES therefore pays special attention to increasing the flow of international tourism into the country, without neglecting tourism promotion on the domestic market, especially community tourism.

2.96. Future activities will thus focus on the promotion of tourism on international and national markets, projecting an image of the country as a highly attractive base for national and international tourism, through international advertising campaigns in international newspapers. The goal is to expand hotel capacity and coverage of basic services in prime regions for tourism, including the construction of State-owned and joint-venture hotels; promote tourism to recognized cultural, historic and natural heritage sites; and encourage more community tourism, among other aspects.

3 TRADE ENVIRONMENT

3.1 External sector

3.1.1 Trade integration and preferential agreements

3.1. Bolivian trade policy aims to achieve complementarity and reciprocity in trade.

3.2. Bolivia currently participates in the most significant processes of political and economic integration in the region. It is a member of the Community of Latin America and Caribbean States (ECLAC), the Union of South American Nations (UNASUR), the Latin American Integration Association (LAIA), the Andean Community (CAN), the Bolivarian Alliance for the Peoples of Our America - Peoples' Trade Agreement (ALBA-TCP) and is in the process of accession to the Southern Common Market (MERCOSUR).

3.3. It has signed four economic complementarity agreements (ACEs): ACE No. 22 with Chile, ACE No. 36 with MERCOSUR, ACE No. 47 with Cuba and ACE No. 66 with Mexico. The CAN acts as the framework for trade relations with Peru, Colombia, and Ecuador. Bolivia has also signed a Peoples' Trade Agreement for Productive Economic Complementarity with Venezuela, and has a schedule of products that enjoy reciprocal preference with Panama.

3.4. ECAs are also under negotiation with El Salvador, Panama and Guatemala, with a view to strengthening trade integration with Central America.

3.5. Bolivia supports ECLAC's initiative to generate a regional tariff preference across all the Community's members, to be coordinated through the LAIA.

3.6. Bolivia enjoys trade preferences under the Generalized Systems of Preferences (GSP) with countries outside the region such as New Zealand, the European Union, Switzerland, the Russian Federation, Norway, Belarus, Japan, Canada and the United States.

3.7. It has also signed trade and economic cooperation agreements with the Russian Federation, Belarus and Viet Nam; these are aimed at establishing intergovernmental cooperation and information exchange in production sectors of mutual interest.

3.1.2 Bolivia's trade with the world

3.8. Bolivia's trade with the world has grown significantly since 2006.

Table 3.1 Bolivia's trade balance with the world

(US\$ million)

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 ^a	2016 ^a
Exports ^b	4,232	4,890	7,058	5,486	7,052	9,215	11,991	12,372	13,034	8,912	7,228
Imports	2,926	3,588	5,100	4,577	5,604	7,936	8,590	9,699	10,674	9,766	8,515
Trade balance	1,306	1,302	1,958	909	1,448	1,280	3,401	2,673	2,360	-855	-1,287

a Preliminary.

b Includes re-exports and personal effects.

Source: Author, using data from the National Institute of Statistics (INE).

3.9. As a result of the favourable external environment over the period 2006-2014 the country was able to triple the value of its exports compared to 2005-2006. Despite the fall in the last two years following the drop in international prices, exports are still high.

Table 3.2 Trends in traditional and non-traditional exports

(US\$ million)

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 ^a	2016 ^a
Non-traditional	967	1,137	1,443	1,417	1,550	1,549	2,160	2,493	2,291	1,842	1,826
Traditional	3,122	3,685	5,490	3,983	5,416	7,597	9,654	9,759	10,608	6,883	5,270

a Preliminary.

Source: Author, using data from the INE.

3.10. The main non-traditional exports are from the soy complex, followed by ethyl alcohol, jewellery, quinoa, banana, beans, chia and others. The main traditional exports include natural gas and minerals such as zinc, silver, tin, gold, lead, and copper.

3.11. The leading destinations for Bolivian exports are countries in the region followed by the United States and the European Union. The share of non-traditional exports to the latter two destinations is worthy of note.

Table 3.3 Leading export markets, 2016^a

(US\$ million)

Country	(US\$million)	Share
Brazil	1,368	19%
United States	965	14%
Argentina	808	11%
Colombia	621	9%
China	479	7%
Japan	417	6%
Korea, Republic of	386	5%
Peru	341	5%
Belgium	324	5%
United Arab Emirates	200	3%
Australia	140	2%
Remainder	1,048	15%
Total	7,096	100%

a Preliminary.

Source: Author, using data from the INE.

Table 3.4 Bolivia's trade balance with LAIA

(US\$ million)

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 ^a	2016 ^a
Exports ^b	2,773	3,032	4,556	3,236	4,235	5,512	7,773	8,457	8,118	5,175	3,449
Imports	1,689	2,018	2,933	2,563	3,044	4,178	4,541	4,444	4,598	4,453	3,904
Trade balance	1,084	1,013	1,623	673	1,191	1,334	3,232	4,013	3,520	723	-455

a Preliminary.

b Includes re-exports and personal effects.

Source: Author, using data from the INE.

Table 3.5 Trends in traditional and non-traditional exports to LAIA

(US\$ million)

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 ^a	2016 ^a
Non-traditional	579	704	979	988	1,041	1,023	1,530	1,689	1,546	1,178	1,198
Traditional	2,115	2,296	3,491	2,202	3,134	4,446	6,149	6,720	6,496	3,927	2,180

a Preliminary.

Source: Author, using data from the INE.

Table 3.6 Bolivia's trade balance with the CAN

(US\$ million)

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 ^a	2016 ^a
Exports ^b	422	412	525	623	699	821	1,292	1,463	1,314	1,007	1,054
Imports	264	311	487	439	524	695	755	823	879	845	828
Trade balance	159	101	38	184	174	127	537	640	435	162	226

a Preliminary.

b Includes re-exports and personal effects.

Source: Author, using data from the INE.

Table 3.7 Trends in traditional and non-traditional exports to the CAN

(US\$ million)

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 ^a	2016 ^a
Non-traditional	273	317	409	521	498	528	967	1,243	1,184	939	988
Traditional	132	87	96	94	189	282	295	208	101	43	48

a Preliminary.

Source: Author, using data from the INE.

Table 3.8 Bolivia's trade balance with MERCOSUR

(US\$ million)

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 ^a	2016 ^a
Exports ^b	2,216	2,459	3,876	2,442	3,361	4,430	6,165	6,775	6,619	4,045	2,274
Imports	1,127	1,408	1,973	1,772	2,105	2,973	3,157	2,759	2,970	2,877	2,495
Trade balance	1,089	1,052	1,903	670	1,256	1,457	3,008	4,017	3,649	1,168	-222

a Preliminary.

b Includes re-exports and personal effects.

Source: Author, using data from the INE.

Table 3.9 Trends in traditional and non-traditional exports to MERCOSUR

(US\$ million)

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 ^a	2016 ^a
Non-traditional	259	325	490	387	452	406	441	322	254	152	127
Traditional	1,904	2,119	3,333	2,027	2,876	4,002	5,676	6,425	6,328	3,858	2,105

a Preliminary.

Source: Author, using data from the INE.

3.2 Trade policy

3.12. As part of its trade policy, Bolivia has implemented various mechanisms to facilitate and promote trade.

3.2.1 Facilitation of external trade

3.13. Under the Bolivian customs regime²², goods can be cleared at the border on their means and/or units of transport within a maximum period of 24 hours; the result of this expedited process for homogenous, easily identified goods is that between April 2015 and May 2017 on average 57% of goods were cleared in less than four hours, chiefly imports of iron, cement and products of the milling industry.

3.14. There is also a prior clearance system under which the goods may be declared prior to their arrival on the customs territory; once the import declaration has been accepted, customs duties are paid; the declaration remains subject to selective or random checks at the border customs post when the goods are presented. This procedure helps to save time and storage costs.

3.15. The authorized economic operator (AEO) programme aims to strengthen the relationship between customs and the private sector in the aim of facilitating external trade. It has been in place since 20 March 2015, in the form of simplified customs procedures, for external trade operators, customs brokers and/or international carriers.

3.16. The Single Customs Modernization System (SCMS), incorporating electronic/digital signatures, paperless procedures, electronic notifications, automated processes etc., helps to facilitate procedures performed by external trade operators and national customs officers.

²² Supreme Decree No. 2295 of 18 March 2015, as amended and supplemented by Supreme Decree No. 2357 of 13 May 2015.

3.2.2 Measures to support the export sector (promotion programmes)

3.17. Export promotion activity takes the form of support measures, especially for micro, small and medium-sized exporters, through participation in world fairs, organization of fairs, international exhibitions and trade missions to external markets, in order to foster and promote export growth and diversification for higher-value-added products.

3.18. This activity directly benefits micro, small and medium-sized export businesses or potential exporters whose economic activities are in priority areas.

3.19. Under the temporary admission for inward processing (RITEX) procedure, raw materials and intermediate goods can be imported temporarily with suspension of payment of customs duty (VAT, ICE, GA)²³ in order to undergo a production process to alter, develop or assemble them into a final good for export.

3.20. Raw materials and intermediate goods are granted temporary admission by customs for a maximum, non-extendable period of 360 calendar days counted from the date of the declaration of temporary admission. It should be noted that businesses are included in the RITEX scheme for an indefinite period.

3.21. The free zones regime has been in force in Bolivia since 1987 and there are currently six such zones where industrial activities involving goods and services are performed under special taxation, customs and external trade rules.

3.22. Under the rules, the goods that enter the free zones are not subject to payment of: GA, IVA, ICE, IEHD and IT. However, both concessionaires and users of free zones are subject to IUE. The free zones are as follows:

- Industrial La Paz – in the city of El Alto.
- Industrial Winner – in the city of Santa Cruz de la Sierra.
- Industrial Puerto Suarez – in the municipality of Puerto Suarez.
- Industrial Patacamaya – in the municipality of Patacamaya.
- Industrial Oruro – Patacamaya Oruro.
- Commercial and Industrial Cobija (ZOFRACOBIA) – in the department of Pando.

3.23. The key objectives of industrial free zones are to contribute to and increase national productivity by generating greater value-added, and productive, sustainable employment, prioritizing attraction of national and foreign investment in order to develop highly productive industrial processes that combine safety, technology, care for the environment and good business practices.

3.24. Bolivia is an active member of the World Organisation for Animal Health (OIE), the Codex Alimentarius, and the International Plant Protection Convention (IPPC). It holds the following certifications: certificate as a country "free of foot-and-mouth disease", "rinderpest free status", certificate as a country free of African horse sickness, and certificate as free of Peste des petits ruminants (PPR).

3.3 Bolivia and the WTO

3.25. Since 2006 Bolivia has participated at the WTO from the perspective of the MESCP and the "Bien Vivir" (Living Well) paradigm, allowing it to take a constructive but critical approach to the multilateral trading system in order to achieve a fairer, balanced system that takes account of the different development levels and encourages complementary trade among Members.

3.26. Bolivia considers that the multilateral rules governing international trade are tools that help to improve countries' economies by expanding and diversifying trade of developing and least developed countries while reducing poverty and social exclusion through a rules-based multilateral system that makes for predictability in world trade. Bolivia therefore firmly believes that

²³ Value-added tax (VAT), specific consumption tax (ICE), customs duty (GA), special tax on hydrocarbons and hydrocarbon derivatives (IEHD), transaction tax (IT) and corporate profits tax (IUE).

development should always be the focus of the WTO's work and accordingly attaches high importance to inclusiveness, the rule of consensus and the search for compromise among Members.

3.27. The MESCP is consistent with the international trade rules because it provides incentives for every aspect of complementary trade and is consistent with advancing and supporting the completion of the Doha Development Agenda (DDA) while seeking to achieve sustainable development in harmony with Mother Earth and Living Well. Therefore Bolivia is of the view that any WTO initiative should take the DDA as a benchmark and comply with the flexibilities afforded to developing countries whether as individual Members or as groups such as the Group of Small, Vulnerable Economies.

3.28. Progress is being made towards ratification of the Agreement on Trade Facilitation and the amendment to the Protocol to the TRIPS Agreement.

3.29. At the WTO, Bolivia participates in the G-20, the G-33, the Group of Small, Vulnerable Economies (SVE), and other similar groups.

3.30. The G-20 is seeking the elimination of trade-distorting domestic support and export subsidies and is requesting better access to markets, especially those of developed countries.

3.31. As part of the G-33 we aim to defend countries' rights to retain discretion to implement public policies that ensure food security and sovereignty, rural development and the well-being of small farmers and their families.

3.32. The aim of the Group of Small, Vulnerable Economies is to negotiate the Members' development policy space within the multilateral trading system.

3.33. In view of Bolivia's enormous potential as an agricultural exporter, there is an increasingly pressing need for significant reform of world trade in agriculture. The Uruguay Round produced rather unbalanced results in favour of developed countries that maintain a highly distorted agricultural trading environment. That is why in the agricultural negotiations, in line with the Doha Development Declaration (DDD), Bolivia supports the proposals that promote special and differential treatment (S&D) for developing countries and aim to make it effective in practice.

3.34. In view of the conditions in our country, Bolivia is encouraging the opening of new markets, provided that that very process does not require LDCs and small, vulnerable economies to make linear cuts in tariffs, given that S&D should also be part of the negotiations. We emphasize, however, that until Bolivia can overcome the existing asymmetries, it will not undertake further market access commitments.

3.35. Bolivia supports all initiatives that will allow the forthcoming Ministerial meetings of the WTO to consolidate the implementation of most-favoured-nation (MFN) liberalization for tropical products in view of the fact that this is a key aspect of the Doha Development Round (DDR).

3.36. For non-agricultural products (NAMA), the negotiations must take full account of the provisions of paragraph 16 of the DDD, including compliance with the principle of less than full reciprocity. They must also take fully into account the special needs and interests of developing and least developed countries in expectation of commitments to greater openness on the part of developed countries in conformity with the agreement in paragraph 24 of the Hong Kong Ministerial Declaration of 2005.

3.37. In this field we seek to achieve flexibilities for developing countries to promote public policies that will drive industrial development in the various priority sectors named in the PDES 2016-2020.

3.38. Bolivia acknowledges the multilateral negotiations on trade in services and does not support initiatives that seek to advance plurilateral commitments which could in the long term be required of all WTO Members; Bolivia is also against including rules in the agreements under negotiation that would prevent the domestic regulation of some sectors. Bolivia is of the view that basic

services should not be measured against commercial criteria because they are human rights and cannot be the subject of private business or of liberalization rules that lead to privatization.

3.39. Turning to intellectual property, in accordance with the Constitution, Bolivia does not support any proposal in the multilateral arena that moves toward the patentability of life; Bolivia is also of the view that international agreements related to that topic should be in harmony with nature, safeguard biodiversity and prohibit forms of private appropriation for the exclusive use and exploitation of plants, animals, micro-organisms and any living matter. To that end, in the period under review Bolivia submitted two communications to revise Article 27.3(b) of the Agreement on Trade-Related Intellectual Property Rights (TRIPS).

3.40. Bolivia considers that no negotiations should commence on other areas until there are outcomes on development and the imbalances emerging from the outcomes of the Uruguay Round have been remedied. While distortions in world trade persist, it would be wholly unfair to ask developing countries, especially the small economies, to undertake new market access commitments or tariff reductions. Accordingly, S&D should be a key aspect of any existing or future WTO agreement; and that treatment should not be based only on time-frames but on the acquisition of the capacity to implement those agreements.

3.41. Bolivia encourages and supports initiatives aimed at improving the WTO decision-making process to make it more democratic, transparent and participatory, because it considers that it is of the utmost importance for the Organization to have Member-led processes in which fundamental decisions are taken by all and not just by one group of countries.
