

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/423

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Textiles Surveillance Body

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Report on Status of Restrictive Measures under Article 2:4

BOLIVIA

The Textiles Surveillance Body has received a memorandum submitted by Bolivia in justification of the restrictions on imports of textiles notified by Bolivia under Article 2:1.¹ The TSB has reviewed this memorandum, together with further information received on Bolivia's economy and development of its foreign trade and balance of payments, and has agreed to circulate this documentation to the Textiles Committee for information. The TSB concluded that Bolivia was not at this stage required to remove its restrictions and requested a report on the evolution of Bolivia's textile industry and its relationship to the restrictions in force by 1 January 1980.

¹This was circulated to the Textiles Committee in connexion with Bolivia's accession to the MFA as COM.TEX/W/54/Add.1.

COMMUNICATION FROM THE BOLIVIAN PERMANENT DELEGATION TO
THE CHAIRMAN OF THE TEXTILES SURVEILLANCE BOARD

Geneva, 16 January 1979

The Permanent Mission of the Republic of Bolivia to the United Nations Office and other International Organizations at Geneva presents its compliments to the Chairman of the Textiles Surveillance Board and has the honour to forward herewith a Memorandum concerning the situation in regard to customs duties and other charges established by the legislation and administrative provisions of Bolivia for the import of textile products into the Bolivian market.

The above-mentioned Memorandum also refers briefly to the general situation of Bolivian industry and, in particular, the textile industry.

The Bolivian Permanent Mission takes this opportunity to express to the Chairman of the Textiles Surveillance Board the renewed assurances of its highest consideration.

MEMORANDUM PRESENTED BY BOLIVIA UNDER ARTICLE 2:4
OF THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

One of the priority objectives of Bolivia's development strategy is to "promote the increase of wealth, utilization of natural resources and industrialization". It must be taken into account that Bolivia's industry is at a stage described as "of incipient development", characterized by the predominance of small production units that are basically oriented towards import substitution of non-durable consumer goods.

The situation outlined and others of a structural character, including the lack of a sea coast, typify Bolivia's "relatively less advanced economic development". This situation has been specifically recognized in the two most important integration agreements in which Bolivia participates - the Latin American Free-Trade Association (LAFTA) and the Cartagena Agreement (Andean Group).

In the past decade, Bolivia has undertaken an ambitious programme of industrialization on the basis of an integrated structure in the industrial, mining and agro-industrial sectors, capable of securing a linking of activities designed to utilize Bolivia's comparative advantages for entering the broadened markets of LAFTA and the Andean Group on competitive terms. The promotion of non-traditional exports falls within the context described.

SITUATION OF THE TEXTILE INDUSTRY

In general, Bolivia's textile industry can be considered small since it represents barely 3 per cent of that installed in the Andean Group. The structural problems besetting industry in a country at a relatively less advanced stage of economic development have also adversely affected Bolivia's textile industry.

In 1975, there were a total of 54,000 spindles and 1,600 looms established in fourteen plants, together with 700 knitting machines.

It should be noted that two establishments control 60 per cent of the spindles and 64 per cent of the looms, and produce 70 per cent of all cotton yarn products. The remaining twelve plants are small and account for 9,000 spindles. The equipment of the textile industry has been considered out of date.

For all these reasons, the Government has proposed the "reconversion of the industrial sector for textiles and made-up articles". This process will allow "a substitution that may even be total in the case of products based on cotton yarn. It is possible that the same may happen in respect of man-made fibres, although in this case the net substitution will be less because of the growing need to import the fibres concerned".

Modernization and rationalization of Bolivia's textile industry will certainly imply re-equipment, and accordingly the introduction has been recommended of high-yield direct-feed continuous cards, automatic cone frames and shuttleless looms. The implementation of new man-power training systems and new managerial and administrative techniques seems essential in the context of modernization of the textile industry.

The forthcoming installation of a modern cotton-yarn plant at Santa Cruz de la Sierra should be seen as part of the above-mentioned modernization process. The new plant will allow the utilization of abundant raw materials and inputs of domestic origin, will raise the level of production and will allow exports to third markets to begin. It must be borne in mind that Bolivia is engaged in a vigorous promotion programme for non-traditional exports, in order to overcome its traditional dependency on a few mineral products.

REGIONAL LEGAL FRAMEWORK

It should be noted, though briefly, that under the provisions of the Cartagena Agreement the member countries of the Andean Group (Bolivia, Colombia, Ecuador, Peru and Venezuela) have agreed to implement a common external tariff through a process of gradual approximation. In the version proposed to the governments, this instrument envisages some maximum and minimum levels of protection to foster production in the Andean sub-region. The harmonization also covers quasi-tariff instruments.

The common external tariff aims to afford adequate protection to "sub-regional producing activities" in order to encourage rational allocation of Andean resources with a view to common development objectives. The common external tariff also provides for special treatment in favour of Bolivia and Ecuador (special tariff régimes, longer deadlines). The Andean Group grants certain advantages to Bolivia to allow it to overcome obstacles deriving from its situation as a land-locked country.

INTERNAL LEGAL FRAMEWORK

Bolivia's textile industry receives State protection. This is made effective, in part, through the customs duties established in the import tariff which lays down in Section XI the duties applicable on "textiles and textile articles". The scope of these duties is shown in the tables annexed hereto.

In general it may be noted that, like other products, textiles imported to Bolivia are subject to a régime that provides for:

- import prohibition
- prior licensing
- special authorization
- free import

Import prohibition. - This measure covers the following textile products:

- fine animal hair, yarn, woven or knitted fabrics, clothing and clothing accessories, of vicuña.
- Stockings, socks, of man-made fibres.
- Men's and boys' outer garments of wool, cotton and synthetic fibres.

Prior licensing. - (Licence granted by the Ministry of Industry and Commerce)

- Cotton, not carded or combed.
- Yarn of synthetic and acrylic textile fibres.
- Yarn of pile or chenille and narrow woven fabrics of synthetic fibres.
- Non-woven fabrics.
- Special gloves for the protection of workers.

SUMMARY

Because of the structural difficulties that Bolivia has to face, including its lack of a sea-coast, the national authorities have decided to implement an economic and social development strategy that includes a rapid industrialization process through the opening of access to the broader regional and sub-regional markets offered by the Andean Group in particular and by LAFTA.

The industrial development projects include, in particular, regionalization and modernization of the textile industry through a set of progressive measures. It must be taken into account that Bolivia's textile industry represents barely 3 per cent of that of the Andean Group as a whole.

The installation of a cotton-spinning plant constitutes a first step toward modernization of the textile industry. The new project will imply an increase in non-traditional exports, undertaken by the Government to overcome Bolivia's traditional external dependency on the export of mineral products.

Bolivia's accession to the Arrangement Regarding International Trade in Textiles implies recognition by the Bolivian Government that this international instrument, established within the more general legal and economic framework of GATT, constitutes the appropriate multilateral instance for the orderly regulation of international trade in textile products.

In the view of the Bolivian authorities, as explained on the occasion when the Textiles Committee approved the accession of Bolivia, the instrument more commonly known as the Multi-Fibre Arrangement takes account of the importance for the economic and social development of developing countries of an increase and "diversification of their export earnings".

Similarly, the Multi-Fibre Arrangement recognizes that: "A principal aim in the implementation of this Arrangement shall be to further the economic and social development of developing countries and secure a substantial increase in their export earnings from textile products and to provide scope for a greater share for them in world trade in these products."

Bolivia believes that its entry into a general framework of international regulation of trade in textile products should be seen in the perspective of the provisions of Article 1:3 of the Multi-Fibre Arrangement, quoted in the preceding paragraph.

TABLE I - 9.1: TARIFFS ON TEXTILES

Item	Description	Unit	Customs duty		Additional per unit	Service charged %	Commission of customs agencies
			Specific/peaos/kg. \$b	Ad val.%			
51.01	The entire heading - Yarn of man-made fibres (continuous), for industry	--	--	0	0	5	1
51.03	The entire heading - Yarn of man-made fibres, put up for retail sale	--	15	20	0	5	1
53.01.01	Sheep's or lambs' wool, not carded or combed, greasy	--	--	5	0	8	1
53.01.02	Sheep's or lambs' wool, decarded or degreased	--	--	5	0	8	1
53.03.01	Ponchos, blouses, of sheep's or lambs' wool	--	--	5	0	8	1
53.07.01	Yarn of combed sheep's or lambs' wool - unbleached	--	--	15	0	8	1
53.11.00	The entire heading - woven fabrics of sheep's or lambs' wool	--	150	20	50	8	1
55.06	Cotton yarn, put up for retail sale	--	--	50	--	8	1
55.09	Woven fabrics of cotton, unbleached	--	70	10	15	8	1
56.01	The entire heading - man-made fibres (discontinuous)	--	--	0	0	8	1
56.04	The entire heading likewise, plus waste and miscellaneous items	--	--	0	0	8	1
56.05.01	Yarn of polyamion	--	--	2	--	8	1
56.05.03	Yarn of polyester	--	--	2	--	8	1
56.05.11	Yarn of acrylic fibres (0.50-25.1 specif.)	--	--	5	--	8	1

Item	Description	Unit	Customs duty		Additional per unit	Service charged %	Commission of customs agencies
			Specific/pesos/kg. \$b	Ad val.%			
56.05.51	Yarn of viscose rayon	--	--	2	--	8	1
56.07.01	Woven fabric for the manufacture of typewriter ribbons	--	10	10	--	8	1
56.07.79	Other	--	90	10	15	8	1
57.10	The entire heading - woven fabrics of jute	--	--	26	--	8	1
57.11	The entire heading - woven fabrics of other vegetable textile fibres	--	--	40	--	8	1
58.01	Carpets, carpeting and rugs, knotted	--	80	10	10	8	1
58.04	The entire heading - woven pile fabrics and chenille fabrics	--	90	10	15	8	1
59.08.00-03	Fabrics imitating leather	--	25	10	30	8	1
60.03	The entire heading - stockings, socks and the like	--	110	10	20	8	1
60.04	Under garments, knitted or crocheted	--	150	20	40	8	1
60.04	Outer garments, knitted or crocheted	--	150	30	40	8	1
61.01	The entire heading - men's outer garments	--	160	20	40	8	1
61.02	The entire heading - women's outer garments	--	150	30	40	8	1
61.04	The entire heading - women's and girls' under garments	--	160	20	40	8	1
62.01	Travelling rugs and blankets	--	60	10	10	8	1

9. TRADE BALANCE OF BOLIVIA^{1/}

(In US\$ million)

EXTERNAL TRADE	1969	1970	1971	1972	1973	1974	1975 ^{2/}	1976 ^{2/}	1977 ^{2/}
Exports f.o.b.	172.3	190.2	181.1	201.2	260.5	556.4	444.7	563.0	623.9
Index base 1970 = 100	90.6	100.0	95.2	105.8	137.0	292.5	233.8	296.0	328.0
Imports c.i.f.	165.0	159.2	169.6	185.4	229.4	390.0	557.9	587.6	665.9
Index base 1970 = 100	103.6	100.0	106.5	116.5	144.1	245.0	350.4	369.1	418.3
Balance	7.3	31.0	11.5	15.8	31.1	166.4	- 113.2	- 24.6	- 42.0

^{1/} Figures adjusted to take account of implementation costs, not including estimated contraband.

^{2/} Preliminary figures.

10. IMPORTS ACCORDING TO USE OR ECONOMIC DESTINATION

		(In US\$ million)					
		1974	1975	1976	1977	%	
		(e)	(e)	(e)	(e)	of total	
			%	%	%	%	
		of total	of total	of total	of total	of total	
1.	CONSUMER GOODS	90.4	23.2	118.7	21.4	5.7	20.5
	(a) Non-durable consumer goods	52.7	13.5	62.7	11.3	64.9	10.5
	(b) Durable consumer goods	37.7	9.7	56.0	10.1	61.8	10.0
2.	RAW MATERIALS AND INTERMEDIATE PRODUCTS	119.6	30.7	195.8	35.3	219.3	35.5
	(a) Fuels and related products	4.0	1.0	6.1	1.1	6.2	1.0
	(b) Raw materials and intermediate products for agriculture	12.3	3.2	18.9	3.4	21.6	3.5
	(c) Raw materials and intermediate products for industry	103.3	26.5	170.8	30.8	191.5	31.0
3.	CAPITAL GOODS	177.2	45.4	235.7	42.5	267.5	43.3
	(a) Construction materials	19.8	5.1	25.5	4.6	29.1	4.7
	(b) Capital goods for agriculture	6.0	1.5	8.3	1.5	9.9	1.6
	(c) Capital goods for industry	70.4	18.0	96.2	17.7	111.2	18.0
	(d) Transport equipment	81.0	20.8	103.7	18.7	117.4	19.0
4.	MISCELLANEOUS	2.8	0.7	4.4	0.8	4.3	0.7
	TOTAL c.i.f. ² VALUE	390.0	100.0	554.6	100.0	617.9	100.0
	Adjustments ^{1/}	-	-	33.0	-	48.0	-
	Total adjusted c.i.f. value	390.0	-	587.6	-	665.9	-
	Deduction for freight, insurance etc.	-66.0	-	-75.3	-	-86.9	-
	Addition for contraband	40.0	-	50.0	-	65.0	-
	TOTAL VALUE f.o.b.	364.0	-	562.3	-	644.0	-

(e) Estimated by the Central Bank of Bolivia.

^{2/} Including imports of wheat flour etc.

Source: National Statistical Institute.

11. IMPORTS BY ECONOMIC ZONES

(In thousand dollars and tons)

	1973 (e)		1974 (e)		1975 (e)		1976 (e)		1977 (e)	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
LAFEA	198.6	61,140	227.9	135,262	275.6	191,668	320.3	182,471	323.2	195,536
Argentina	135.2	34,422	156.9	58,300	167.6	80,316	166.5	73,286	166.5	80,780
Brazil	38.3	16,386	40.2	60,511	57.3	79,882	80.3	61,018	82.7	65,250
Chile	14.8	2,354	15.8	3,800	29.5	10,566	45.7	21,765	45.9	22,142
Mexico	0.9	501	1.3	546	1.4	820	1.0	2,187	1.1	2,320
Paraguay	0.6	245	0.3	132	0.4	350	0.1	61	0.1	79
Uruguay	0.3	373	0.2	225	0.6	470	6.4	1,947	6.0	1,578
Andean Group										
Colombia	2.2	3,283	6.0	7,100	9.1	9,834	3.7	4,896	3.4	5,120
Ecuador	0.4	250	0.4	345	0.7	432	0.2	400	0.3	457
Peru	5.3	3,186	6.2	4,183	8.1	8,678	10.3	15,451	10.8	16,178
Venezuela	0.6	140	0.6	120	0.9	320	6.1	1,461	6.4	1,632
CACM	-	-	0.1	115	0.2	150	0.2	844	0.2	850
Canada	4.3	2,241	6.0	6,375	8.1	7,247	4.0	4,327	4.0	4,835
United States	60.3	49,522	75.6	103,121	109.0	139,561	90.8	128,817	100.4	182,255
COMECON	2.9	2,039	4.1	1,173	6.8	4,080	6.1	7,618	6.3	7,459
TOTAL	44.5	41,552	69.6	62,322	112.5	92,243	50.5	92,331	50.6	95,455
EEC	16.8	20,405	35.1	31,112	51.7	43,231	24.7	49,373	24.9	52,083
F.R. Germany	4.0	2,029	7.0	3,114	10.8	8,120	0.7	7,089	0.6	5,137
Belgium	2.0	2,216	4.2	5,102	8.1	10,243	3.6	5,040	3.9	5,935
France	10.8	5,979	13.3	9,619	24.6	5,215	8.3	6,983	8.0	6,102
Netherlands	10.0	7,925	9.1	10,002	16.2	13,616	9.5	14,992	10.0	20,595
United Kingdom	0.7	2,930	0.8	3,321	1.0	11,761	3.3	8,632	2.8	5,578
Italy	0.2	59	0.1	52	0.1	60	0.4	22	0.4	25
Luxembourg										
EFTA	6.2	11,436	6.4	14,375	12.5	17,343	11.9	32,852	10.3	24,484
Sweden	2.0	4,199	2.5	5,540	5.6	6,722	5.1	20,081	3.0	10,703
Switzerland	0.8	3,096	0.9	5,695	1.0	6,333	1.0	8,951	1.8	10,659
Other EFTA	3.4	4,141	3.0	3,140	5.9	4,289	5.8	3,820	5.5	3,122
Rest of Western Europe	1.1	3,465	1.3	2,412	1.8	3,827	1.5	7,725	1.7	6,434
TOTAL	22.6	25,067	22.5	56,748	52.7	90,946	57.8	80,777	59.2	86,027
Asia	21.2	23,295	21.4	55,128	50.7	88,276	55.8	74,393	56.9	79,493
Japan	1.4	1,862	1.1	1,620	2.0	2,670	2.0	6,384	2.3	6,534
Other	18.7	7,337	15.0	8,069	18.4	10,831	17.0	16,638	14.1	14,565
Rest of the world	359.2	203,800	428.5	389,962	597.8	557,896	560.1	554,600	570.0	617,900
TOTAL										

Source: National Statistical Institute.

(e) Estimated distribution - Central Bank of Bolivia.

12. COMPOSITION OF BOLIVIAN EXPORTS
C.I.F. VALUES

(In US\$ million)

PRODUCTS	1973	1974	1975 ^{2/}	1976 ^{2/}	1977 ^{2/}
TRADITIONAL	292.9	580.4	458.4	534.4	625.3
Minerals	225.9	387.3	(x) 304.5	(x) 366.9	490.5
Crude petroleum	48.9	163.9	111.4	112.6	67.4
Natural and liquid gas	18.1	29.2	42.5	54.9	67.4
NON-TRADITIONAL	45.4	70.1	63.0	38.6	32.3
Chestnuts	1.5	2.1	2.2	2.2	2.6
Coffee	5.9	4.3	7.0	13.1	18.7
Leather	-	0.3	0.6	2.5	1.5
Cotton seed	1.4	0.4	-	0.1	-
Rubber	1.1	1.9	2.3	2.4	4.0
Sugar	12.4	21.9	17.4	39.7	12.6
Cotton fibre	9.7	22.0	18.1	12.0	17.7
Wood	7.7	12.9	11.1	10.0	12.0
Meat	3.1	0.2	-	-	-
Bovine cattle	0.7	0.3	0.8	2.1	3.0
Other ^{1/}	1.9	3.3	3.5	4.5	10.7
TOTAL	338.3	650.5	521.4	623.0	708.1

^{1/} Includes: quinine bark, wool, tobacco, pyrethrum, beverages etc.

^{2/} Preliminary

(x) Not including "toll" exports.

13. EXPORTS BY ECONOMIC ZONES (In thousand dollars & thousand tons)

	1973 (e)		1974 (e)		1975 (e)		1976 (e)		1977 (e)	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
LAPTA	3,496.7	103,211	3,357.0	210,613	3,106.5	186,945	3,118.6	212,490	2,946.5	188,860
Argentina	2,518.8	55,500	2,675.9	114,186	2,784.6	134,966	2,728.6	139,548	2,733.3	141,762
Brazil	391.0	18,752	135.1	28,351	111.6	18,476	115.6	20,313	111.1	20,510
Chile	310.3	17,216	241.9	27,069	31.2	5,774	38.5	9,876	37.0	8,773
Mexico	0.4	1,676	0.8	2,151	0.4	881	2.5	4,962	0.2	2,492
Paraguay	38.0	1,302	35.0	4,315	0.6	511	0.4	300	1.0	77
Uruguay	-	-	0.1	701	8.9	4,088	27.0	7,862	23.1	5,211
Andean Group										
Colombia	0.4	1,696	0.5	2,855	0.2	1,352	0.7	3,228	0.4	3,985
Ecuador	-	-	119.9	14,696	133.8	13,200	64.0	8,945	-	12
Peru	237.8	7,069	147.8	16,262	35.0	7,447	139.9	17,256	40.3	5,551
Venezuela	-	-	-	27	-	170	1.4	200	0.1	485
CACH	-	1	-	10	-	12	-	14	-	15
Canada	0.2	28	1.5	250	1.0	240	1.2	260	1.3	250
United States	274.6	92,356	452.4	200,145	354.9	160,699	375.7	214,085	380.3	243,289
COMECON	2.5	11,813	4.0	30,427	3.0	28,986	3.4	29,525	4.9	50,153
EEC	61.6	97,463	51.0	136,057	36.7	97,918	54.0	116,877	55.7	163,599
F.R. Germany	4.4	13,349	10.8	32,636	5.5	17,602	8.7	21,110	9.4	25,551
Belgium	6.2	10,485	7.8	18,886	2.1	9,753	4.5	9,796	3.1	10,085
France	19.6	4,922	3.4	2,977	2.6	2,733	4.7	8,724	4.9	9,938
Netherlands	3.5	5,590	4.7	5,817	5.7	12,648	11.7	20,485	3.6	35,329
United Kingdom	27.4	62,185	23.5	75,644	20.6	54,420	23.8	56,200	34.6	82,279
Italy	0.5	934	0.8	2,097	0.2	762	0.6	562	0.1	416
Luxembourg	-	-	-	-	-	-	-	-	-	-
EFTA	6.5	10,692	7.0	29,359	6.2	21,258	10.0	22,858	12.5	28,095
Sweden	-	34	-	-	-	-	-	-	-	12
Switzerland	6.5	10,658	7.0	29,359	6.2	21,258	10.0	22,858	12.5	28,083
Other EFTA	-	-	-	-	-	-	-	-	-	-
Rest of Western Europe	1.3	3,168	1.4	9,034	1.0	6,797	1.0	6,001	1.2	12,477
Asia	23.4	19,494	30.6	32,456	19.1	18,315	26.0	20,560	25.8	20,962
Japan	23.4	19,194	30.6	32,456	19.1	18,315	26.0	20,560	25.7	20,466
Other	-	-	-	-	-	-	-	-	0.1	496
Rest of the World	0.2	74	1.6	144	1.8	250	1.3	320	1.4	400
TOTAL	3,867.0	338,300	3,906.5	650,495	3,530.2	521,420	3,591.2	622,990	3,429.6	708,100

(e) Estimated distribution - Central Bank of Bolivia
Source: National Statistical Institute

Letter to the Chairman, TSB from the Bolivian Permanent Mission

Geneva, 19 March 1979

The Bolivian Permanent Mission presents its compliments and in connexion with the report presented by it to the Textiles Surveillance Body (TEX.SB/363) on the status of restrictive measures under Article 2:4, has pleasure in forwarding herewith a supplementary note to that report, outlining in summary form the economic situation of Bolivia on the basis of the objectives of its five-year economic and social development plan and including data on foreign trade and the balance of payments.

It should be noted that the Bolivian Permanent Mission has already expressed a positive opinion on the study concerning the member countries of the Andean Group which the GATT secretariat is currently preparing for the information of the Committee of Trade and Development. Useful economic and trade data on Bolivia may also be found in that technical study.

The Bolivian Permanent Mission takes this opportunity to express to the Chairman of the Textiles Surveillance Body the renewed assurances of its highest consideration.

The five-year economic development plan which the Government adopted in 1976 postulates an annual growth rate of 7.7 per cent in gross domestic product (GDP). Prior to that date the average growth rates of GDP were in the neighbourhood of 5.8 per cent. The Plan considers that, on the basis of domestic inputs from the mining and hydrocarbon sectors, import replacement in a selective form should be achieved and exports expanded, taking into account the industrial activities allocated to Bolivia in the framework of the Andean group under the sectoral programmes for industrial development of this regional economic integration mechanism.

In addition to speeding up the growth rate of GDP, the strategy of the plan provides for incorporation of the large rural population in the modern production process and expansion of social and health services.

The agricultural sector takes up about 50 per cent of the labour force and contributes to the extent of 15 per cent to formation of gross domestic product. In the 1950's and 1960's the Government made substantial investments with a view to achieving self-sufficiency of agricultural products in new agricultural zones; in this way, sugar, rice and cotton have been added to the traditional crops (quinua, potatoes, vegetables and fruit). These items are now exported, as are forestry products. The livestock herd has been increased.

Mining is the traditional production sector in Bolivia, employing 3 per cent of the labour force. Bolivia is the second largest world producer of tin and in addition produces substantial quantities of antimony, tungsten, zinc, silver and bismuth. In smaller quantities it exports lead, copper, gold and cadmium. In 1978, tin-mining production reached 29,370 m.t. with a value of \$373.6 million. Total mining production in that year reached a value of \$514.9 million, but nevertheless inflation and depreciation of the United States currency diminished the real value of those exports. Bolivia has undertaken an ambitious metallurgic plan aimed at processing the major part of its mineral ores. In 1980 most of tin production will be refined in the country.

The industrial sector is at an incipient stage of development and is basically oriented towards replacing imports of non-durable consumer goods. It is highly dependent on imported inputs. The intention is to integrate industrial activity with metallurgy and agro-industry in order to achieve comparative advantages that would facilitate access to the Latin American regional markets of LAFTA and the Andean Group, and subsequently to markets outside the region.

Bolivia's exports in 1977 and 1978 reached \$641 million and \$671 million respectively. Imports in the same years reached \$644 million and \$785 million.

In 1977, approximately 60 per cent of exports consisted of mineral ores. Exports of natural gas were also important in 1977 and 1978. Non-traditional exports accounted for 12.5 per cent of the total in 1978 as against 10 per cent in 1977. The principal non-traditional products exported were chestnuts, coffee, hides and skins, cottonseed, rubber, sugar, cotton, wood, meat, tobacco, wool, beverages and handicraft products.

In the same two-year period the principal imports were chemical and pharmaceutical products, plastics, industrial machinery, fertilizers, steel and other metals, paper, textiles, processed foodstuffs and transport and communications equipment.

A system of incentives to non-traditional exports has been approved and might be supplemented by a system of credit insurance and promotional freight tariffs.

Approximately three fifths of exports go to the markets of industrial countries, while 40 per cent comprise sales to developing countries in the Latin American region. Argentina is the third largest market for Bolivia, preceded by the United States and the EEC. As to principal suppliers, Brazil is in second place, coming after the United States and before the EEC.

The Andean Group is the principal market for Bolivia's exports of industrial products which include canned beer, parts for tools, portable compressors, perforators, lubricators for tools.

Within the EEC, in 1977 the United Kingdom was the main country of destination for Bolivia's exports of mineral ores (US\$77 million), followed by the Netherlands and Germany. In the same year this latter country imported non-traditional Bolivian products to a value of US\$7,745,356.

Balance of Payments. On the basis of official statistics for 1977 and estimates for 1978 by the Economic Commission for Latin America (ECLA), one can consider that the small negative trade balance recorded in 1977 (US\$3 million) increased in 1978 to 114 in the balance on goods. This trend is symmetrical with that observed for the Latin American region as a whole. The trade deficit was attributable to the trend in imports and exports together with the net movement in services not related to factors. Net remittances of profits and interest increased from -73 to -126 in 1978. As a result the total deficit on current account increased by \$393 million in 1978. (The deficit for Latin America increased from 10,600 million to 13,900 million in 1978.)

As regards movement of capital, the net inflow of unrequited capital reached \$252 and \$643 million respectively for 1977 and 1978. This allowed the financing of the deficit on current account and the balance of payments which showed an overall surplus for 1977 and 1978 of \$67 and \$70 million respectively.

The situation in regard to monetary reserves has been considered acceptable by the IMF.

Nevertheless, and in general, the Economic Commission for Latin America considers that the Bolivian economy "has lost" the drive that had been achieved in 1974-76. In this latter year, product growth reached 6.9 per cent and in 1977 it reached 5 per cent. It may be that in 1978 this index declined still further. One of the basic causes of the slow-down in the Bolivian

economy in the past two years was the decline in petroleum exports. The Government is currently studying a new energy policy. It should also be borne in mind that in recent years the Latin American economy, with an annual growth rate of approximately 4 per cent, has not succeeded in matching the dynamic growth observed during the five-year period 1970/74. The slow recovery process in the industrialized countries has unfavourably affected the Bolivian economy which has in addition borne the impact of inflation that has been considered "moderate" in the case of Bolivia.

BALANCE-OF-PAYMENTS - BOLIVIA (Cont'd)

(US\$ million)

	1973			1974			1975			1976			1977		
	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance
(F) Adjustments for dollar devaluation		0.2	-0.2			-			-			-			-
(G) International reserves increase: negative balance			15.1			-109.7			50.6			-61.1			-6.9
(a) Banking sector			6.7			13.2			2.9			-5.0			38.0
16. Gold		0.1	-0.1		0.1	-0.1			0.1			0.3			-
17. Foreign assets	0.2		0.2		0.9	-0.9			7.8			6.0			-2.1
18. Foreign liabilities	8.8		8.6	14.2		14.2	10.8				1.0				40.1
(b) Central Bank of Bolivia			8.4			-122.9			47.7			-56.1			-44.9
Assets															
19. Monetary gold		1.7	-1.7			-			0.1			0.3			7.8
20. Foreign assets		10.9	-10.9		111.1	-111.1	33.1					5.6			-64.7
21. Conv. of reciprocal credit and other liabilities	0.4		0.4		8.2	-8.2	8.3					23.9			23.9
22. Liabilities with IMF			14.2		4.5	-4.5			0.3			26.3			-1.8
23. Other foreign liabilities			6.4			0.9	6.7								-11.8
24. Conv. of reciprocal credit			-			-									17.3

*Including State enterprises.