

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

C/RM/M/34/Add.1  
14 May 1993

Limited Distribution

COUNCIL  
29-30 March 1993

Original: Spanish

### TRADE POLICY REVIEW MECHANISM

#### BOLIVIA

#### MINUTES OF MEETING

#### Addendum

#### Answers to Written Questions

The following communication has been received from the Government of Bolivia, responding to written questions submitted by delegations of Australia, Canada and the United States prior to the Special Council meeting on the Trade Policy Review of Bolivia.

### TRADE POLICY REVIEW OF BOLIVIA

#### Question 1:

Given that the railways are a State monopoly, have the Bolivian authorities given any consideration to changing the policy under which rail freight charges on imports are set at levels considerably higher than for domestic goods, including those for export?

#### Answer:

To begin with, freight charges for imports are set in relation to costs of the National Railroad System (ENFE). These charges are higher than those of neighbouring countries for two reasons: first, they were set when imports were approximately 75 per cent of total freight hauled, and therefore included a false freight charge; and secondly, structural and administrative problems at ENFE and extensive subsidizing of railroad companies in neighbouring countries. The Bolivian Government has adopted a restructuring plan for ENFE which will eliminate the first of these problems and consequently lead to a reduction in these charges in the medium run. In the meanwhile, the Government is obliged to set transportation prices that are internationally competitive, which explains this policy of differentiated tariffs.

It should be pointed out that this explicit assistance to exports does not constitute a cross subsidy, and finally, that the elimination of this policy would depend on similar changes in neighbouring countries so as to escape spiralling competitive subsidies.

It is important to note that Bolivia's landlocked situation is a factor which hampers its participation in international trade and leads to higher costs and additional difficulties.

We consequently attach great value to the agreements signed with the Republic of Peru which will give us the means of improving our competitiveness in the future.

Question 2:

Imports are subject to a number of ad valorem levies etc. connected with importation. This results in fees, additional to the customs tariff of approximately 2.7 per cent, which are not related to the approximate cost of the services provided. Does Bolivia intend to bring such fees into line with the cost of the services?

Answer:

- (a) Fees paid to foreign trade inspection companies: These pertain exclusively to the cost of services provided by these companies and are set on the basis of Article VIII:1(a) of the General Agreement and through periodic international bidding. Since the State receives no part of this income it cannot be considered as a levy or a tax.
- (b) Customs agents: This service is provided by a large number of private firms, which means that an importer can utilize the one that offers the most competitive prices.
- (c) National Chamber of Commerce: This is not obligatory, and constitutes support given to importers who are members of this organization.
- (d) Autonomous Administration of Customs Warehouses (AADAA): Since Bolivia is lacking in administrative infrastructure and financial resources needed to evaluate the cost of the services furnished for each import transaction, this fee represents the average weighted cost of the services provided to importers and is not an additional or supplementary fee. Moreover, the current system avoids any administrative discretionary power calculating these costs, thus ensuring fair and equitable treatment.

Question 3:

Would Bolivia explain on what basis certain imported goods (e.g. wines, liqueurs and spirits) are subject to the specific consumption tax (ICE) at rates higher than that applied to the same goods when produced locally? Is Bolivia planning to provide ICE treatment for such products which is no less favourable than that accorded to like products of Bolivian origin?

Answer:

Law No. 843 of 1986 sets forth a temporary régime for three years as from its implementation (1986-89), according to which various domestically manufactured alcoholic beverages would pay a third of the set rate during the first year this law is in force, two-thirds of the rate during the second year, and the overall established rate as of the third year. Consequently there is currently no discrimination against imported products.

Question 4:

Can Bolivia outline how its uniform tariff will be incorporated with the ANDEAN Group's four-tier Common External Tariff (CET) when it comes into force in 1994? Bolivia's report implies Bolivia may be able to maintain levels of 5 and 10 per cent.

Answer:

Bolivia will maintain its tariff levels of 10 and 5 per cent when the Common External Tariff comes into force in 1994, as provided for by the Andean Presidents in the Barahona Act signed on 5 December 1991, and Decision 324 of the Commission of the Cartagena Agreement, dated 25 August 1992.

Question 5:

The Bolivian customs tariff does not contain information on preferential treatment granted by Bolivia to imports from LAIA or ANDEAN Group countries. What measures does Bolivia intend to take to promote transparency in relation to such information?

Answer:

This information was not included in the abovementioned document due to the fact that several of these preferences are being renegotiated. In any case, anyone requiring updated information may contact the Ministry of Finance (Customs Service) or Exports, INPEX and private trade associations.

Question 6:

Would Bolivia be able to make data available relating to the number of public firms owned by regional development corporations and the type of activities in which they are engaged?

Answer:

A list of public firms owned by the Regional Development Corporations is given in Annex I.

ANNEX I

Name	Activity	Current status
Department: Tarija		
- Centro Vitivinícola Wine-making  (Forestry-Livestock)	Agriculture	Under development
- Empr. Forestal Pecuaria (Forestry-Livestock) Tariquia	Agriculture	In liquidation
- Empr. Tarijeña de Gas (Gas)	Services	On line
- Fábrica de Aceites Comestibles Villamontes (Cooking oils)	Industry	Privatized
- Fábrica de Alimentos Balanceados TARIJA (Foodstuffs)	Industry	Privatized
- Fábrica de Cemento El Puente (Cement)	Industry	On line
- Fábrica de Vidrios Oscar Alfaro (Glass-making)	Industry	Shut down
- Industrias Agrícolas de Bermejo (Farming)	Industry	In operation
- Industrias Avícolas de Tarija (Poultry raising)	Poultry raising	Leased
- Industrias de Papel de Sidras TARIJA S.A.M. (Paper making)	Industry	Shut down
- PIL Tarija	Agro-industry	On line

Name	Activity	Current status
- Planta Procesadora Simillas el Palmar	Industry	-
- Programa Agrícola de Oleaginosas y Maíz (Oils and corn)	Farming	-
- Sal Yodada la Entrereana (Salt)	Mining	On line
Department: Beni		
- Cabaña de Bovinos del Beni (Livestock)	Livestock	In operation
- Cooperativa del teléfonos Trinidad (Telephone)	Services	In operation
- Empresa Ganadera Santa Martha (Livestock)	Livestock	In operation
- Empresa Nacional de la Castaña	Farming	Shut down
- Fábrica de cerámica Roja Trinidad (Ceramics)	Industry	Privatized
- Planta Laminadora de Goma (Rubber processing)	Industry	Shut down
- Planta Silos Sachojere	Agro-industry	Shut down
Department: Chuquisaca		
- Planta de Pollos BB (Poultry raising)	Poultry raising	Privatized
- Fábrica Nacional de Cemento (Cement)	Industry	On line
- Planta de Ají (Chili peppers)	Agro-industry	Shut down
- Pil Sucre	Agro-industry	In operation
- Taller de Cerámica (Ceramics)	Industry	Privatized

Name	Activity	Current status
Department: Cochabamba		
- Criadero de Trucha Piusilla (Trout raising)	Fisheries	Privatized
- Empresa Misicuni	Water	On line
- Fábrica Boliviana de Cerámica (Ceramics)	Industry	Privatized
- Planta de Asbesto (Asbestos)	Industry	Paralysed
- Planta de Te Chapare	Agro-industry	In operation
- Pil Cochabamba	Agro-industry	In operation
- Proyecto Agroindustrial Tarhui	Agro-industry	In operation
- Terminal de Buses de Cochabamba (Bus terminal)	Services	In operation
Department: Santa Cruz		
- Cabaña Lechera Todosantos- Paz (Dairy)	Livestock	In operation
- Fábrica de Alimento Balanceados Portachuelo (Foodstuff)	Agro-industry	Privatized
- Fábrica de Cerámica Roja Camiri (Ceramics)	Industry	In operation
- Fábrica de Cerámica Roja Robore (Ceramics)	Industry	In operation
- Hilandería Santa Cruz (Spinning mill)	Industry	On line
- Hotel Asahi	Services	Shut down
- Ingenio Azucarero Guibira (Sugar mill)	Agro-industry	On line

Name	Activity	Current status
- Planta Elaboradora de Quesos San Javier (Cheese making)	Agro-industry	In operation
- Planta Envasadora Tomates y Hortalizas (Cannery)	Industry	On line
- Pil Santa Cruz	Agro-industry	In operation
- Productos Alimenticios de Maíz Mairana (Corn foodstuffs)	Farming	In operation
- Proyecto Ganadero Todus Santos-Hirtner	Livestock raising	Transferred
Department: Oruro		
- Cadenas de Transmisión Andina (Driving chains)	Industry	Shut down
- Fábrica de Cerámica Roja de Oruro (Ceramics)	Industry	Privatized
- Fábrica de Objetos de Peltre (Pewter)	Industry	Shut down
- Hotel Terminal	Services	In operation
- Terminal de Buses (Bus)	Services	In operation
Department: Pando		
- Fábrica de Cerámica Roja Cobiya (Ceramics)	Industry	In operation
- Planta Beneficiadora de Castaña (Processing plant)	Agro-industry	Shut down
- Sistema de Agua Potable Cobiya (Drinking water)	Services	On line

Name	Activity	Current status
- Hacienda Ganadera Blancaflor (Livestock)	Agro-industry	Shut down
- Servicios de Teléfonos Cobiya (Telephones)	Services	Transferred
Department: La Paz		
- Fábrica Nacional de Vidrio Plano Fanviplan (Glass making)	Industry	Privatized
- Frigorífico Los Andes (Cold storage)	Services	Transferred
- Hilandería Viacha (Spinning mill)	Industry	Shut down
- Industrias Metálicas (Metal making)	Industry	Shut down
- Planta Agroindustrial del Te Chimate	Agro-industry	In operation
- Pil La Paz	Agro-industry	In operation
- Planta Industrializadora de Quinoa	Agro-industry	Shut down
Department: Potosi		
- Hilandería Pulacayo (Spinning mill)	Industry	On line
- Línea Aérea Imperial (Airline)	Services	Shut down
- Terminal de Buses Potosi (Bus terminal)	Services	In operation

\* Data as at February 1993

Question 7:

There does not appear to be at this time one independent body with a mandate to publicly and regularly review and assess economic policies nor any independent advisory bodies. Does Bolivia have any intention in the future or within its current reforms a plan to establish such a body?

Answer:

There is a semi-autonomous institution in charge of monitoring macroeconomic goals as well as evaluating and studying the impacts of macroeconomic policies so that the government can have objective technical data for use in its decision-making. The name of this institution is the Economic Policy Analysis Unit (UDAPE).

Questions to be asked during the TPRM session:

Question 8:

When will the Government of Bolivia plan to meet its obligations to notify the free-trade area and common market being formed among Andean Pact members and its other preferential trading arrangements under the appropriate GATT provisions?

Answer:

This notification will be given through the Commission of the Cartagena Agreement, the technical agency for the integration process. In the case of bilateral agreements, as they come under the LAIA, the technical Secretariat of that organization will be responsible for informing GATT about them.

Question 9:

During the process of converting to the Harmonized System, will Bolivia be consolidating its import fees to simplify and to provide greater transparency, as well as to comply with its relevant GATT obligations?

Answer:

The only tariff level currently in force in Bolivia is the Consolidated Customs Duty (GAC), which has been maintained in converting to the Harmonized System. All other taxes levied on imports involve no income for the government and cannot be considered as tariffs since they are solely for payment of a service rendered.

Question 10:

Would Bolivia consider streamlining the procedure for importing medicines and pharmacopoeia?

Answer:

This possibility is under study. A draft bill for a Law on Medicaments based on comparative legislation is being written. With support from the WHO this type of problem will be solved.

Question 11:

Would Bolivia explain how its apparent discriminatory treatment of imposing higher rail transportation rates on imported goods and its discriminatory ICE rates are consistent with Article III?

Answer:

There is no discriminatory treatment for imports under these two provisions (see answers to questions 1 and 3 above).

Question 12:

The Secretariat's report states, in paragraphs 275-6, that Bolivia's procedures for administering its anti-dumping and subsidy programme allow the Government of Bolivia to suspend imports for ten days and includes members of the private sector on the "Technical Secretariat" that reviews anti-dumping and subsidies petitions. Would Bolivia confirm whether this information is correct and, if so, explain these procedures in light of the obligations of GATT Article IV?

Answer:

The information is correct. However, the maximum ten-day suspension depends on a specific recommendation by the Technical Secretariat, following a preliminary evaluation, that this measure, or some other measure in keeping with the injury suffered by the sector, be adopted.

The Technical Secretariat consists of technical representatives of the Ministry of Exports and Economic Competitiveness (MECE), the Ministry of Finance and the Bolivian Central Bank, along with a representative of the Confederation of Private Enterprise. However, information considered confidential is only known to the technical representatives of the MECE.

#### Transparency

Question 13:

Page x, paragraph 20 of C/KM/S/34/A states that a Bolivia/Mexico Free Trade Agreement is "close to signature". Has this Agreement been signed? If not, can Bolivia give a more concrete estimate of when signature is expected? When will the Agreement be formally notified to the GATT?

Answer:

Bolivia is currently negotiating the Trade Agreement with Mexico; however, signing of the agreement is not envisaged until at least the second half of this year. GATT will consequently be notified at the proper moment and with the stipulated period.

Question 14:

What effect will the signing of this Agreement have on Bolivia's investment and intellectual property régimes?

Answer:

Because Mexico's position is perfectly in accordance with its GATT obligations as well as its position in the Uruguay Round with regard to intellectual property, the signing of this Agreement will serve to bring the Bolivian Government more into line with GATT standards.

Question 15:

Section 2.4.1 of C/RM/G/34 states that the ANDEAN Group's CET was adopted by Decision 324 of the Commission of the Cartagena Agreement on the basis of four tariff levels of 5, 10, 15 and 20 per cent. Bolivia, however, may maintain levels of 5 and 10 per cent. If Bolivia's tariffs differ from those of its ANDEAN Group partners, on what basis can the ANDEAN Group's CET function as a true common external tariff?

Answer:

See Answer 4.

Question 16:

In paragraph 183 of C/RM/S/34A, the Secretary states that all imports into Bolivia from ANDEAN Group Member States other than Peru were scheduled to enter Bolivia duty free as of 1 January 1993. Did this occur as planned? If not, when are imports from these countries scheduled to enter Bolivia duty free?

Answer:

This has been implemented as set forth.

#### Import procedures

Question 17:

Paragraph 168 of document C/RM/S/34A (the Secretariat's Report) notes that importation of goods can be carried out by a number of entities but no mention is made of private individuals. Are private individuals and businessmen allowed to engage in importation? If so, must they go through the same registration process as agents and representatives?

Answer:

Under the Bolivian Trade Code, for the importation of all goods and services intended for commerce and/or industry the importer must be an official company (individual or corporation), which means that the appropriate registration must be carried out.

Import charges

Question 18:

Paragraph 198 of C/RM/S/34A describes a 0.3 per cent ad valorem charge that is levied "by the National Chamber of Commerce". It is our understanding that the National Chamber of Commerce is a private organization. On what basis is this organization entitled to assess charges on Bolivian imports? What explanation for the charges is given to importers? How is the money spent?

Answer:

See Answer 2(c).

Question 19:

Page xii, paragraph 29, and paragraph 208 of C/RM/S/34A state that Bolivia's specific consumption tax (ICE) discriminates in favour of domestic products. Specifically, domestic wines, liquors and spirits are taxed at one-half to two-thirds less than comparable imported goods. What are Bolivia's plans for altering this tax so that it is consistent with Article III, paragraph 2 of the GATT, which specifies that imports from GATT CONTRACTING PARTIES " ... shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products"?

Answer:

See Answer 3.

Question 20:

The United States strongly supports Bolivia's recent decision to sign and implement the Customs Valuation Code. However, paragraph 2.10 of C/RM/S/34A states that "minimum import prices were introduced recently". Article VII, paragraph 2(f) of the Customs Valuation Code explicitly forbids the use of minimum import prices: "No customs value shall be determined ... on the basis of minimum customs values." How is the recent imposition of minimum import prices consistent with Bolivia's obligation to implement the Customs Valuation Code? When will the use of minimum import prices be eliminated? How many imports are assigned minimum import prices? How often are these prices used as a basis for duty assessment?



Answer:

Although the minimum import price mechanism was utilized during the first half of the 1980s, this practice was repealed by Supreme Decrees Nos. 21060, of 29 August 1985, and 21660 of 10 July 1987, because it was harmful to fiscal policy. As a substitute it was decided to adopt a new system based on operations by foreign trade inspection companies, the methods utilized by these companies being based on the provisions of the General Agreement.

Question 21:

Bolivia's anti-dumping and countervailing duty legislation provides for the immediate suspension of imports for 10 days of a product subject to a complaint, where the Ministry determines an emergency exists. Given that the legislation also provides the imposition of duties 45 days after a case has been initiated, why is the suspension provision necessary and can all allegedly dumped or subsidized imports be suspended? Moreover, does Bolivia view this provision to be in accord with its GATT obligations?

Answer:

This exceptional measure of suspension will be recommended by the Technical Secretariat only in cases when all national production is affected by unfair practices. However, the Secretariat must do the following:

- analyse the behaviour of imports of the product in question over a short period of approximately 30 days;
- determine whether imports have increased by a minimum of 80 per cent in comparison to a similar period preceding the analysis period;
- evaluate the behaviour of prices of the product in question during these periods, to determine if these prices contribute to the injury occurring to the entirety of national production.

It should also be pointed out that participation by the private sector in the investigation process has been adopted in order to ensure objective data for carrying out the above analysis.

Question 22:

On page 47 of document C/RM/G/34 it is stated that in determining the customs value of goods, inspection companies take into account, inter alia, such things as world price levels and packaging. Such practices implicitly suggest that a system of minimum import prices exists. Although this policy reportedly has terminated, can Bolivian authorities justify the continued use of a variety of such factors in determining customs value?

Answer:

See question 20.

Question 23:

Paragraph 203 of document C/RM/S/34A refers to a laboratory analysis charge (also see page 70 regarding wheat). Can Bolivian authorities explain the need, justification and basis of calculation of this charge?

Answer:

The laboratory analysis is carried out in order to issue the animal, plant or human health certificate, as the case may be, thereby determining whether the product is fit for consumption. The charge represents the cost of the service provided.

Question 24:

There are several references in both review documents to Bolivia's landlocked geographical position and the consequent high costs of transportation for exports and imports. Furthermore, it is stated (paragraph 164 of C/RM/S/34A) that transportation infrastructure is inefficient and expensive, and freight charges discriminate against imports. How do the Bolivian authorities justify such discrimination vis-à-vis its GATT obligations? Moreover, have Bolivian authorities considered the impact of high costs for imported producer goods, partially attributed to including all transportation charges for customs purposes, on the nation's international competitive position?

Answer:

See answer 1.

Question 25:

Paragraph 90 of document C/RM/S/34A refers to Canada's request in the Uruguay Round with regard to certain non-tariff measures. Canada would like to reinforce the importance of liberalizing such measures.

Answer:

(a) Animal and plant health requirements: These are mandatory rather than discretionary certificates required for every import, as in every country of the world, in accordance with technical standards.

(b) Prior licensing or special authorizations: Bolivian legislation does not provide for these types of measure, except those covered by Articles XX and XXI of the General Agreement.

(c) Licensing for selected importers or licences linked to local purchase: As indicated in paragraph (b), this type of measure does not exist.

(d) Licences related to export performance or to external financing: See paragraph (b).

(e) Additional charges and duties: See answers to questions 2 and 23 above.

Question 26:

Compatibility of the Andean Group agreements and Mercosur, as well as uniform tariffs vis-à-vis third countries: when will Bolivia report on these agreements, how will closer links be established, what do the agreements with Mexico and Chile consist of, and what are their advantages?

Answer:

Bolivia views regional agreements as processes leading to the liberalization of economies within the multilateral system. Along these lines, regional and multilateral processes are mutually supportive and reinforcing.

In accordance with the principle of transparency in the General Agreement and with the Decision of 1979, known as the Enabling Clause, both the Cartagena Agreement as well as LAIA keep the Trade and Development Committee informed concerning the activities of their members. The latest report from the Andean Group dates from September 1992, while the LAIA report was submitted in March 1992. These reports include the agreements signed by Bolivia with its partners in the framework of the above-mentioned processes.

The trade relationship arising from these agreements will be submitted by the Commission of the Cartagena Agreement in the case of the Andean Group and by the LAIA Technical Secretariat in respect of bilateral agreements. These agencies are responsible for informing GATT of the scope of these agreements.

The compatibility between Mercosur and the Andean Group stems from the fact that both sub-regional integration projects are set in the LAIA framework for Latin American integration. Bolivia's trade policy is aimed at a close relationship with its neighbours. Through this policy it is endeavouring to strengthen its ties with certain countries on the continent, such as Chile and Mexico, with which it is hoping to sign LAIA Economic Complementarity Agreements in the near future. Bolivia seeks to maintain its current tariff policy under all of these arrangements.

Intellectual property

Bolivia has taken major strides in this field. Last year it enacted a copyright law and a motion-picture law, representing major advances in the modernization of its legislation in regard to these areas. It is currently studying a bill on industrial property.

Export Law

The Law now being discussed by Parliament has the following three main elements:

- A system for providing exporters with guarantees whereby they can carry out their business. These include freedom of movement and transportation throughout Bolivia, and the freedom to hire and utilize export services furnished by competitive public or private companies.
- The refund of indirect taxes, making it possible not to export tax components, through a transferable and divisible tax credit certificate.
- Lastly, the National Foreign Trade Council has been created, with responsibility for drawing up and monitoring export policy. The Council will include representatives at the highest level of the public sector as well as participation by the private sector.