

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/3E/DOC/1/Add.46  
18 April 1975

Special Distribution

Multilateral Trade Negotiations

Original: Spanish

## GROUP 3(e) - BASIC DOCUMENTATION

Synopsis

Addendum

BOLIVIA

Comments<sup>1</sup>

### IMPORTS

#### (a) Imports of raw materials

Raw materials of agricultural origin intended for domestic industry accounted for 5.1 million on average annually over a six-year period, equivalent to 13 per cent of the total value of imports in this sector. Imports reached their highest level in recent years in 1970, at 6.3 million; the cumulative rate is 1 per cent annually in this category.

As Table A shows, the annual cost of paper and paperboard imports is 2 million each year, i.e. approximately 5.15 per cent of the total. Among other representative imports in this group one may mention those within Chapter 15 (fats and oils), comprising semi-manufactures and processed products intended for industrial use, in particular for the manufacture of soap, candles, creams and pharmaceutical products. In 1971 these imports reached a value of 1.15 million as against 0.7 million in 1968, corresponding to 3.43 per cent of the total.

Next in importance is tobacco, imports of which have fluctuated from \$1.2 million in 1968 to \$0.2 million in 1969; these imports represent 2.19 per cent of the total. Cotton purchases, whether raw or in other forms, have diminished substantially because of increased production at Santa Cruz; since 1969 foreign exchange expenditures have fallen off considerably as cultivation of this tropical fibre has developed.

In respect of Chapter 53, the value of imports of wool and other animal hair declined from \$17,000 in 1968 to only \$172,000 in 1971, because of domestic purchases; as regards milling products, imports of malt for the domestic brewing industry are gaining in importance; the cumulative rate for Chapter 11 is 25 per cent annually.

---

<sup>1</sup>Note: Tables A, B and C will be circulated in a supplement to this document as soon as they have been submitted to the secretariat.

Imports of wood in various forms have fallen off as a result of expansion of the timber industry; from \$203,000 in 1966 these imports fell to only \$5,000 in 1971. Domestic production is situated in Santa Cruz, Cochabamba and La Paz and our country is exporting timber in various forms. Similarly, imports of products within Chapter 41 (hides and skins) are declining as a result of increased utilization of domestic raw materials in the footwear and other industries.

(b) Imports of inputs

We have divided imports of inputs for agriculture into two categories: those originating in the agricultural sector and those originating in the industrial sector; they represent respectively 2 and 11 per cent in terms of value. The first category includes live animals (for breeding purposes), seeds and live fruit tree plants. The second includes products falling within eight chapters of the Brussels Tariff Nomenclature.

In 1968 large-scale purchases of tractors constituted the most substantial expenditures. As shown in Table A, imports of inputs for agriculture have increased at a cumulative rate of 32 per cent annually. The total value of imported inputs is \$10.2 million and the average for the six years studied is approximately \$5 million annually. In order to determine the amount of investment in capital goods, it is sufficient to add the figures pertaining to Chapters 1, 87 and 84, which are the principal ones.

The largest imports originating in this sector correspond to breeding animals for animal husbandry and poultry farming. In 1969, purchases of Chapter 1 products (live animals) were the most substantial, reaching \$1.23 million. In 1970, for example, Bolivia purchased a total of 3,500 head, comprising horses, donkeys and mules. In that same year 1,410 bovine animals were imported, comprising cows and bulls for breeding in order to replenish the cattle herd. For the development of poultry farming, two tons of chicks were imported from Brazil, Peru, Argentina and the United States, representing 40,000 chicks (1 kg. per 20 chicks, including cardboard packing of 400 grs. per kg.) For live animals of the various species intended for breeding the cumulative rate is 10 per cent per annum.

Chapter 12 is of importance in that it covers imports of miscellaneous grains, seeds and fruit of the agricultural sector, with a cumulative rate of increase of 28 per cent annually. Within this chapter, imports of cottonseed have been the most representative item in recent years. In 1970, eighteen tons of cottonseed were consigned from the United States to Santa Cruz.

As regards seeds in general, imports reached 757 tons in 1972, representing a value of 7.8 million Bolivian pesos and supplied mainly by the United States and to a less extent Peru and Colombia. Seed imports in 1972 consisted largely of cottonseed (659 tons, representing 87 per cent of the total weight of seed imports); in terms of value these purchases amounted to 6.5 million Bolivian pesos, i.e. 83 per cent of the total value of seed imports. Next in importance were forage seeds (35 tons in 1972, with a value of 630,000 pesos). Imports of wheat for sowing accounted for 2 per cent of the total weight (nearly 17 tons) with a value of 23,833 pesos. Lastly, imports of vegetable seeds reached 10 tons in 1972, with a value of 366,740 pesos.

As regards imported inputs of industrial origin we shall mention those within Chapter 87 comprising tractors needed for agricultural mechanization. For this chapter the average investment is \$1.3 million yearly, equivalent to 3.5 per cent of total imports for this sector.

The statistics show that agricultural mechanization is progressing at a cumulative rate of 38 per cent annually. For the purpose of our analysis, we have separated these tractor imports into two groups, namely wheeled and tracked vehicles, the former being the most important as evidenced by the fact that in 1968 their import value reached \$2.8 million as against only \$206,000 in 1966. In addition, it is estimated that between 1966 and 1971, a total of 964 wheeled tractors were imported (36, 84, 201, 154, 170 and 319 respectively). The breakdown by geographical area is as follows: 62 per cent in the Tropico region, 22 per cent in the valleys, 16 per cent in the Altiplano. Eleven per cent of the tractors are State-owned and 89 per cent are private property. The breakdown by makes is as follows: Massey Ferguson - 23 per cent; John Deere - 19 per cent; Ford - 15 per cent; other makes - 43 per cent. From the aspect of horse power, 52 per cent of the tractors are less than 55 h.p., 39 per cent from 55-75 h.p. and 9 per cent more than 75 h.p. It is estimated that 19 per cent of the tractors are scrapped after eight years of use.

Imports of bags or packaging for agriculture (Chapter 62) are of special importance, having reached an average value of \$0.5 million during the six years under reference. Jute bags are mainly imported from India, England and Pakistan, while cotton packaging comes from nationalist China, Japan and Peru, and is used for the marketing of sugar, rice, etc.

Chapter 31 comprises fertilizers in general; in recent years there have been no significant fluctuations in the import trend for these, and the global cumulative rate is 0.18 per annum. It should be noted nevertheless that purchases of ammonium nitrate have increased because this product was used exclusively in the mining industry. In recent years there has been increasing use of phosphate and urea fertilizers in agriculture; ammonium nitrate is imported mainly from France and West Germany. Urea is imported from the United States and West Germany, and superphosphates from the United States and the Netherlands; potassic fertilizers are imported from Argentina, while ammonium phosphates are supplied by the United States. Imports within Chapter 31 (fertilizers) totalled 4,917 tons in 1971 as against 7,873 tons in 1967.

Machinery and mechanical appliances (Chapter 84) mainly comprise agricultural machinery - ploughs, harrows, accessories and parts therefor, sprayers and other machinery and appliances for harvesting and threshing agricultural products. In recent years imports of products within this Chapter have increased from a value of \$145,000 in 1967 to \$845,000 in 1971. Ploughs are mainly purchased in England (36 per cent), the United States (34 per cent), Argentina (12 per cent), Mexico and Canada. Harrows are imported from the United States (34 per cent), England (13 per cent) and Argentina (12 per cent). Seed distributors are mainly imported from the United States, Argentina and Brazil.

With respect to Chapter 23 (prepared animal fodder), the statistics comprise imports of fish meal, oilcake and concentrated animal feed. The average value of these imports is \$0.4 million, representing 1.21 per cent of total imports for this sector; as may be seen from Table B, the growth rate is of the order of 8 per cent annually in terms of value, and imports are also increasing in volume, having risen from 1,811 tons in 1966 to 4,076 tons in 1971.

Another important Chapter in this group is that comprising chemical products, in particular insecticides and fungicides (Chapter 38). Imports are rising, indicating that the campaign against parasites and disease is becoming more generalized in the agricultural sector.

Insecticides and fungicides are imported from the Netherlands (47 per cent), West Germany (35 per cent), the United States, Argentina, Switzerland and Brazil. Weed-killers are imported from the United States (91 per cent) and Switzerland. Rat poisons are imported from the Netherlands.

Tools are inputs in current use in the agricultural sector. For the purposes of our study, we have classified them in two groups: those without and those with cutting blades. The first category includes spades, picks, scythes, sickles, etc.; the second includes machetes, axes, knives etc. In 1966 imports of these

articles reached a value of \$319,000 as against \$120,000 in 1971; they have fluctuated, from one year to another, mainly according to the useful life of agricultural tools.

As regards non-cutting tools, for example, in 1970 we imported 96,000 spades of an average weight of 1.84 kgs. each. Total imports of picks in that year are estimated at 47,000 units weighing each 2.45 kgs. As regards cutting tools, 20,000 axes were imported in 1970, weighing each 1.89 kgs. More than 50,000 machetes were purchased, with an average unit weight of 0.66 kg. Our suppliers of this tool are Czechoslovakia and Brazil. Still in 1970, we imported 37,000 sickles (unit weight 0.2 kg.).

Imports within Chapter 30 mainly consist of pharmaceutical products (sera, vaccines, etc.) for veterinary use; increased use is being made of these products, in particular on farms in the Beni region and dairy farms in the Cochabamba Valley.

(c) Imports of foodstuffs

As regards foodstuffs alone, over the six-year period 1966-1971 the average annual value of imports reached US\$28.2 million; foodstuff purchases reached their highest level in 1970 and 1971.

During this period, imports of foodstuffs increased at a cumulative rate of 11.6 per cent annually, representing on average 74 per cent by value and 86 per cent by weight of imports by the agricultural sector.

As Table B shows, imports of products of the milling industry (Chapter 11) account for 35 per cent of the total because of the chronic shortage of wheat flour, purchases of which are in excess of \$13.3 million. The cumulative rate of growth is 30 per cent annually, taking 1966 as base year. More than 240,000 tons of this traditional staple item are needed for normal food supply of the population. The value of imports of products in Chapter 10 (cereals) is \$3.94 million, i.e. 17 per cent of the total, and mainly comprising wheat grain.

Products within Chapter 15 (edible animal and vegetable fats and oils) account for 30 per cent of total foodstuff imports and 13 per cent of overall imports; lard and edible vegetable oils are the major items: in 1971 imports of these products reached a value of \$5.8 million and \$1.2 million respectively. Lard is mainly imported from the Netherlands (46 per cent) and Argentina (50 per cent); olive oil is supplied by the United States (56 per cent), Argentina (25 per cent) and Spain (17 per cent). Argentina supplies 92 per cent of the other edible vegetable oils that are imported.

Imports within Chapter 4 reflect the slow expansion rate of production of milk, dairy products etc., since in 1971 they reached \$3.18 million, i.e., on average 6.9 per cent of the total; they consisted mainly of milk powder, evaporated milk and condensed milk. In 1970 we imported evaporated milk mainly from the Netherlands (60 per cent), Peru (13 per cent), England, Western Germany and France; the Netherlands is also our principal supplier of condensed milk (46 per cent) followed by Belgium (21 per cent), England (14 per cent), Switzerland, Argentina and others. As regards milk powder, the United States is our leading supplier, with 84 per cent of the total, followed by Denmark and Western Germany.

As Table B shows, cereal imports largely consist of wheat grain; products falling within BTN Chapter 10 account for 5.71 per cent of the total value of imports, i.e., more than \$2 million on average; in 1966 we imported 15,109 tons of wheat grain, with a value of \$1.1 million and in 1971 our purchases reached 46,283 tons (3.33 million). The total weight of these imports was equivalent to 17 per cent of our aggregate imports.

According to Table B of the Sector Planning Office of the Ministry of Rural Affairs and Agriculture, a further category of foodstuffs that we purchase in large quantities corresponds to Chapter 16 (preparations of meat and fish); these imports, with a value of \$0.71 million (1.8 per cent of the total) comprise fish preparations, in particular prepared sardines and herrings (respectively \$769,000 and \$233,000 in 1971).

Chapter 22 concerns beverages, spirits, vinegar, etc.; the principal items purchased are whiskey and wine, resulting in competition in the domestic market and limited outlets for domestic production. Expenditure on these products amounts on average to \$407,000 each year, but is expected to decline because of new market opportunities for the domestic industry and allocations within the Andean Group.

Next in importance are Chapter 9 products, with total purchases of \$735,000 in 1971, mainly in respect of tea (\$342,000), cumin (\$122,000), cinnamon (\$104,000) and pepper (\$76,000). Tea is imported mainly from Ceylon (32 per cent), England (27 per cent), Holland (14 per cent), Western Germany (3 per cent), and other countries such as India and Italy. Pepper is mainly supplied by Brazil, Holland, the United States and Singapore, while cloves are imported from the United States. Cumin is mainly imported from Iran, Holland, Turkey, Iraq, Argentina and other countries.

Products within Chapter 21 (miscellaneous food preparations) comprise mustard, tomato sauce and preparations for soups which account for 1.26 per cent of the value of imports. Chapter 8 (edible fruit) represents 1.2 per cent (\$401,000 on

average), mainly consisting of apple imports which are larger than those of pears, fresh grapes or desiccated coconut. Within Chapter 19 (preparations of cereals), flours for infant feed and malted milk preparations represent 0.79 per cent of total imports.

According to Table B, imports of preparations of vegetables and fruit consist mainly of olives, preserved fruits and vegetables, having reached an average of \$119,000 over the six years under reference, equivalent to 0.31 per cent of the total value of imports. Chapter 17 imports (sugars and sugar confectionery) are steadily declining because of domestic production, in particular of cane sugar which was imported only in 1971, because of a poor harvest. Increased milling capacity in factories in the sugar-cane growing region will ensure sufficient supplies to allow exports of this product.

Among other products which are being imported in decreasing quantities, we may mention cocoa and cocoa preparations (Chapter 18); this decline is due to production in the Alto Beni region and to the quantities marketed by the Bolivian Promotion Corporation.

Lastly, purchases of products within Chapters 7, 2 and 3 are of no great importance.

## EXPORTS

### (a) Exports of foodstuffs

Out of the general total shown in Chapter C, exports of foodstuffs reached \$9.6 million in 1971, the lowest level being in 1963 (\$2.5 million).

In the foodstuffs sector, the largest export item is raw coffee beans (Chapter 9) which in 1971 accounted for 48.7 per cent of total exports for the sector. Export of this product do not fluctuate very much, largely because of the fact that Bolivia has reliable outlets abroad where it can sell not only the quota allocated to it, but also additional quantities; over the five-year period 1966-70 the annual average value was \$4,446,700 as against \$4,686,900 in 1971.

With respect to Chapter 2 (meat and edible meat offals) beef is the largest item, produced mainly in the Beni region. Since 1970 there has been an appreciable increase in exports under this new heading, and in 1972 they were 15 per cent above the preceding year's level. As regards exports of live animals (Chapter 1), bovine animals for slaughter have been the largest item, particularly in the past two years. Taking into account the livestock replenishment policy, these foreign sales have a fairly negative aspect.

As regards edible fruit (Chapter 8), exports of chestnuts, whether or not shelled, are the major item. In 1967 exports reached their highest level with a volume of 5,716.3 tons and a value of \$2.5 million. In 1972 exports reached a value of \$1.26 million, equivalent to 13 per cent of the total value of exports in this sector. Next in importance after chestnuts come exports of bananas and citrus fruit which increased from \$11,000 in 1971 to \$82,000 in 1972.

Sugar-cane is another important export product; out of total production, 74 per cent goes to domestic consumption and 26 per cent to foreign markets (United States, Chile, France). In 1971 the value of exports reached \$0.93 million as against \$0.58 in 1966, representing 9.7 per cent of total foodstuff exports.

(b) Exports of raw materials

In 1971 these exports reached \$8.9 million, as against \$2.2 million in 1968.

The principal tropical product among exported raw materials is cotton-fibre, sales of which increased from \$5,000 in 1967 to \$7.5 million in 1972. Bolivia's stable markets for cotton are England, Japan and the EEC (European Economic Community); this product accounts for 42 per cent of total exports, mainly because of a great sense of enterprise and organization together with one decisive factor, world market prices, which have increased significantly.

Our raw material exports also include wood, reaching a value of \$2.7 million in 1971 as against \$0.4 million in 1966. Out of total wood exports in 1971, 31 per cent consisted of raw materials (mainly sawnwood and logs).

Bolivia also regularly exports natural rubber (Chapter 40); these sales reached a value of \$0.9 million in 1971 as against \$0.4 million in 1968. Rubber accounts for 10 per cent of the total for raw materials.