

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL
TEX.SB/363
18 January 1979

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Report on Status of Restrictive Measures under Art.2:4

Bolivia

Note by the Chairman

I attach hereto a copy of a memorandum submitted by Bolivia in justification of the restrictions on imports of textiles as notified by Bolivia under Article 2:1.¹

¹See COM.TEX/W/54 Add.1.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Rapport sur la situation des restrictions, présenté
conformément à l'article 2, paragraphe 4

Bolivie

Note du Président

On trouvera ci-joint copie d'un mémorandum que la Bolivie a présenté pour justifier les restrictions à l'importation des textiles, qu'elle a notifiées conformément à l'article 2, paragraphe premier.¹

¹Voir le document 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 Brazil 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 in the case of "those countries having small markets, an exceptionally high level of imports and a correspondingly low level of domestic production, account should be taken of the avoidance of damage to those countries' minimum viable production of textiles".

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 1:2 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/pesos/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 (e)	% of total	1975 (e)	% of total	1976 (e)	% of total	1977 (e)	% of total
1. CONSUMER GOODS	90.4	23.2	127.8	22.9	118.7	21.4	126.7	20.5
(a) Non-durable consumer goods	52.7	13.5	67.5	12.1	62.7	11.3	64.9	10.5
(b) Durable consumer goods	37.7	9.7	60.3	10.8	56.0	10.1	61.8	10.0
2. RAW MATERIALS AND INTERMEDIATE PRODUCTS	119.6	30.7	199.2	35.7	195.8	35.3	219.3	35.5
(a) Fuels and related products	4.0	1.0	7.2	1.3	6.1	1.1	6.2	1.0
(b) Raw materials and intermediate products for agriculture	12.3	3.2	21.2	3.8	18.9	3.4	21.6	3.5
(c) Raw materials and intermediate products for industry	103.3	26.5	170.8	30.6	170.8	30.8	191.5	31.0
3. CAPITAL GOODS	177.2	45.4	223.7	40.1	235.7	42.5	267.5	43.3
(a) Construction materials	19.8	5.1	24.6	4.4	25.5	4.6	29.1	4.7
(b) Capital goods for agriculture	6.0	1.5	7.2	1.3	8.3	1.5	9.9	1.6
(c) Capital goods for industry	70.4	18.0	92.6	16.6	96.2	17.7	111.2	18.0
(d) Transport equipment	81.0	20.8	99.3	17.8	103.7	18.7	117.4	19.0
4. MISCELLANEOUS	2.8	0.7	7.2	1.3	4.4	0.8	4.3	0.7
TOTAL c.i.f. VALUE	390.0	100.0	557.9	100.0	554.6	100.0	617.9	100.0
Adjustments ^{2/}	-		-		33.0		48.0	
Total adjusted c.i.f. value	390.0		557.9		587.6		665.9	
Deduction for freight, insurance etc.	-66.0		-88.0		-75.3		-86.9	
Addition for contraband	40.0		45.0		50.0		65.0	
TOTAL VALUE f.o.b.	364.0		514.9		562.3		644.0	

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

(e) Estimated by the Central Bank of Bolivia.

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
LAFTA	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	49,523	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
EEC	44.5	41,552	69.6	62,322	112.5	92,243	50.5	92,331	50.6	95,455
F.R. Germany	16.8	20,405	35.1	31,112	51.7	43,231	24.7	49,373	24.9	52,083
Belgium	4.0	2,029	7.0	3,114	10.8	8,120	0.7	7,089	0.6	5,137
France	2.0	2,216	4.2	5,102	8.1	10,243	3.6	5,040	3.9	5,935
Netherlands	10.8	5,979	13.3	9,619	24.6	5,215	8.3	6,983	8.0	6,102
United Kingdom	10.0	7,925	9.1	10,002	16.2	13,616	9.5	14,992	10.0	20,595
Italy	0.7	2,930	0.8	3,321	1.0	11,761	3.3	8,832	2.8	5,578
Luxembourg	0.2	59	0.1	52	0.1	60	0.4	22	0.4	25
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
Asia	22.6	25,067	22.5	56,748	52.7	90,946	57.8	80,777	59.2	86,027
Japan	21.2	23,295	21.4	55,128	50.7	88,276	55.8	74,393	56.9	79,493
Other	1.4	1,862	1.1	1,620	2.0	2,670	2.0	6,384	2.3	6,534
Rest of the world	18.7	7,337	15.0	8,069	18.4	10,831	17.0	16,638	14.1	14,565
TOTAL	359.2	203,800	428.5	389,962	597.8	557,896	560.1	554,600	570.0	617,900

Source: National Statistical Institute.

(e) Estimated distribution - Central Bank of Bolivia.