

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL
TEX.SB/363/Add.1
23 March 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 letter received from the Bolivian delegation correcting an error in their previous submission together with additional information on the Bolivian economy and the development of its balance of payments.

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 une lettre de la délégation de la Bolivie, qui indique une rectification à apporter à sa communication précédente et communique des renseignements additionnels concernant l'économie de la Bolivie et l'évolution de sa balance des paiements.

Letter to the Chairman of the Textiles Surveillance Body from the
Bolivian Permanent Mission

Geneva, 5 March 1979

Sir,

On 16 June last I had the pleasure of forwarding to you a Memorandum concerning the Bolivian textile industry and the restrictions in force in my country on imports of textiles and textile products.

In this connexion, I must inform you that an error slipped into page 5 of that document. Accordingly, I would be glad if you would communicate to the Textiles Surveillance Body that on page 5, in paragraph 4, the quotation should be replaced by the following:

"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."

As a result of this change, in paragraph 5 on the same page the reference should be to Article 1:3, instead of Article 1:2.

Accept, Sir, etc.

(Signed)

Ambassador
Permanent Representative

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 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

(US\$ million)

	1973			1974			1975			1976			1977		
	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance
(A) GOODS AND SERVICES AND TRANSFER PAYMENTS															
1. Goods (both f.o.b.)	269.5	235.3	34.2	576.4	364.0	212.4	462.7	514.9	-52.2	575.0	562.3	12.7	640.9	644.0	-3.1
2. Non-monetary gold	-	-	-	0.1	-	0.1	0.2	-	0.2	0.3	-	0.3	7.8	-	7.8
3. Freight and insurance on shipments	-	32.7	-32.7	-	60.5	-60.5	-	65.0	-65.0	-	64.3	-64.3	-	75.0	-75.0
4. Miscellaneous transport	2.8	6.8	-4.0	4.7	11.8	-7.1	6.9	34.0	-27.1	8.0	22.2	-14.2	12.0	28.0	-16.0
5. Foreign travel	11.5	13.5	-2.0	17.5	24.4	-6.9	18.9	25.5	-6.6	25.0	31.0	-6.0	29.0	38.0	-9.0
6. Investment repayment	6.8	29.7	-22.9	3.9	41.1	-37.2	6.7	38.1	-31.4	11.4	52.6	-41.2	3.8	80.9	-77.1
7. Government transactions	5.4	11.1	-5.7	5.7	10.6	-4.9	6.9	12.1	-5.2	8.0	13.3	-5.3	9.0	19.0	-10.0
8. Miscellaneous services	8.7	9.8	-3.1	21.5	13.8	7.7	32.8	15.8	17.0	20.8	18.1	2.7	22.6	23.9	-1.3
9. Total services (3-8)	33.2	103.6	-70.4	53.3	162.2	-108.9	72.2	190.5	-118.3	73.2	201.5	-128.3	76.4	264.8	-188.4
10. Total goods and services (1-8)	302.7	338.9	-36.2	629.8	526.2	103.6	535.1	705.4	-170.3	648.5	763.8	-115.3	725.1	908.8	-183.7
11. Transfer payments	17.7	2.3	15.4	15.3	1.6	13.7	15.4	2.3	13.1	16.0	2.0	14.0	18.0	3.0	15.0
12. Total goods and services and transfer payments (current transactions)	320.4	341.2	-20.8	645.1	527.8	117.3	550.5	707.7	-157.2	664.5	765.8	-101.3	743.1	911.8	-168.7
(B) CAPITAL MOVEMENT															
13. Long-term capital	85.8	43.5	42.3	171.1	71.1	100.0	242.2	83.1	159.1	331.3	96.6	235.3	468.1	132.8	335.3
(a) Public	30.6	9.8	21.0	75.3	16.4	58.9	70.9	17.2	53.7	180.1	33.7	146.4	220.8	50.3	170.5
(b) Private *	55.2	33.9	21.3	95.8	54.7	41.1	171.3	65.9	105.4	151.8	62.9	88.9	247.3	82.5	164.8
14. Short-term capital	18.3	25.1	-6.8	21.0	70.8	-49.8	27.0	49.4	-22.4	21.5	59.0	-37.5	65.7	186.5	-120.8
(a) Public	0.3	1.1	-0.8	-	2.8	-2.8	-	2.4	-2.4	-	2.0	-2.0	38.7	2.0	36.7
(b) Private *	18.0	24.0	-6.0	21.0	68.0	-47.0	27.0	47.0	-20.0	21.5	57.0	-35.5	27.0	184.5	-157.5
15. Total capital movement	104.1	68.6	35.5	192.1	141.9	50.2	269.2	132.5	136.7	353.4	155.6	197.8	533.8	319.3	214.5
(C) Errors and omissions		29.6	-29.6	-	57.8	-57.8	-	30.1	-30.1		35.4	-35.4	-	38.9	-38.9
(D) Total of current transactions and capital movement (A-C)	424.5	439.4	-14.9	837.2	727.5	109.7	819.7	870.3	-50.6	1017.9	956.8	61.1	1276.9	1270.0	6.9
(E) Allocations of Special Drawing Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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	-0.1	-	-	-	-	-	-
17. Foreign assets	0.2		0.2	-	0.9	-0.9	-	7.8	-7.8	-	6.0	-6.0	-	2.1	-2.1
18. Foreign liabilities	8.8		8.6	14.2	-	14.2	10.8	-	10.8	1.0	-	1.0	40.1	-	40.1
(b) Central Bank of Bolivia Assets			8.4			-122.9			47.7			-56.1	-	-	-44.9
19. Monetary gold		1.7	-1.7	-	-	-	-	0.1	-0.1	-	0.3	-0.3	-	7.8	-7.8
20. Foreign assets		10.9	-10.9	-	111.1	-111.1	33.1	-	33.1	-	5.6	-5.6	-	64.7	-64.7
21. Conv. of reciprocal credit and other Liabilities	0.4		0.4	-	8.2	-8.2	8.3	-	8.3	-	23.9	23.9	23.9	-	23.9
22. Liabilities with IMF	14.2		14.2	-	4.5	-4.5	-	0.3	-0.3	-	26.3	26.3	-	1.8	-1.8
23. Other foreign liabilities	8.4		6.4	0.9	-	0.9	6.7	-	6.7	-	-	-	-	11.8	-11.8
24. Conv. of reciprocal credit	-		-	-	-	-	-	-	-	-	-	-	17.3	-	17.3

*Including State enterprises.