

BOLIVIA

TRADE SUMMARY

The United States' trade deficit with Bolivia was \$3 million in 2003, a decrease of \$28.7 million from \$32 million in 2002. U.S. goods exports in 2003 were \$182 million, down 5.4 percent from the previous year. Corresponding U.S. imports from Bolivia were \$185 million, up 15.3 percent. Bolivia is currently the 98th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Bolivia in 2002 was \$169 million, down from \$248 million in 2001.

Free Trade Area Negotiations

In November 2003, the United States announced its intention to begin free trade negotiations with Colombia, Peru, Ecuador and Bolivia, the four Andean Trade Preference Act beneficiary countries. The negotiations will begin on May 18, 2004 with Colombia, as well as any of the other countries that has demonstrated its readiness to begin. The Andeans collectively represented a market of about \$7 billion for U.S. exports in 2003, and are home to about \$4.5 billion in U.S. foreign direct investment. A free trade agreement with these countries would extend the list of countries in the Americas with which the United States has completed free trade agreements. The negotiation will complement the goal of completing a Free Trade Area of the Americas (FTAA). The U.S. Government will seek to address the issues described in this chapter within the context of our bilateral free trade agreement negotiations.

IMPORT POLICIES

Tariffs

Bolivia has a three-tier tariff structure. Capital goods designated for industrial development are not subject to duty, non-essential capital goods are subject to a five percent tariff, and most other goods are subject to a 10 percent tariff.

STANDARDS, TESTING, LABELING, AND CERTIFICATION

Supreme Decree 26510 of February 2002 established labeling norms for all pre-packed food products (national or imported). All labels must be approved by the National Food and Plant Safety and Inoculation Service (SENASAG), and must include the sanitary registry number and the manufacturer, importer, or distributor's taxpayer number and address. However, because food manufacturers and food importers have found flaws in this Decree, and have proposed major changes to it, this regulation is not currently being enforced by government authorities.

GOVERNMENT PROCUREMENT

All government purchases are regulated under Supreme Decree 25964 (basic norms for the administrative system of goods and services). Government entities in Bolivia usually conduct their own procurement, calling for public bids for large purchases. Even though there is no limitation on foreign participation in government purchases, a 10 percent preference margin is given to domestic firms. Local micro and small entities are also given priority on small purchases under \$7,000. Bolivian law does not require the use of local distributors for private sector commercial sales. Most government purchases, however, call for local agents. Foreign and local bidders on government tenders must post two types of guarantee bonds. Bolivia is not a signatory to the WTO Agreement on Government Procurement.

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INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Bolivia's existing legislation governing protection of intellectual property rights (IPR) is insufficient, and enforcement efforts have been sporadic and largely ineffective. Piracy rates of videos, sound recordings, and software remain among the highest in Latin America. The International Intellectual Property Alliance estimates that piracy levels in Bolivia have reached 100 percent for motion pictures and 90 percent for recorded music. The 1992 Copyright Law recognizes copyright infringement as a public offense, and in May 2001 the new Bolivian Criminal Procedures Code began to provide for the criminal prosecution of IPR violations. However, the laws are largely not enforced and U.S. firms have had little success in getting justice in this area from Bolivian courts.

The government is undertaking steps to modernize both its legislation and enforcement capabilities regarding the protection of IPR. During 2000-2001, the Ministry of Justice completed a draft IPR reform law that was submitted to Congress for ratification. However, the Congress has yet to approve it. USAID is undertaking a project for judicial training on intellectual property rights.

In early 1999, the Bolivian government established an independent National Intellectual Property Rights Service (SENAPI), uniting under one authority the previously disparate offices in charge of enforcing patents, trademarks, and copyrights. This effort has brought new coherency to government efforts to protect IPR effectively. During 2003, USAID, through its competitiveness program, began supporting the non-political institutionalization of SENAPI. However, deficiencies remain in intellectual property enforcement, including the common practice of suspending prison sentences imposed on counterfeiters and the inability of enforcement officials to take action ex officio.

Bolivia has fully joined the World Intellectual Property Organization, and the Bolivian Congress approved accession to the Paris, Geneva, and Bern Conventions. Bolivia ratified the Patent Cooperation Treaty in 2003.

INVESTMENT BARRIERS

Since 1985, restrictions on foreign investment have been removed in all sectors. The government of Bolivia established a program to sell government-owned entities, modernize banking laws, free currency conversion, remove most trade restrictions, and lower tariffs. During the 1993-97 presidential term, the government of Bolivia implemented the so-called "capitalization" (privatization) program. This program differs from traditional privatization in that the money paid by the new strategic partners for a 50 percent share of the business equity went directly into new investment rather than to the government.

In September 1990, the Government of Bolivia approved the Investment Law. This law, together with other legislation, opened the country's economy to foreign investment. The law established guarantees such as equal treatment of foreign companies, the unhindered remission of profits, convertibility of currency, and the right to international arbitration in all sectors. Bolivia has also signed bilateral investment treaties with several countries, including the United States. The U.S.-Bolivia bilateral investment treaty entered into force in June 2001.