

KEY FACTS

Official name: Estado Plurinacional de Bolivia (Plurinational State of Bolivia)

Head of State: President Juan Evo Morales Ayma (since 22 Jan 2006)

Head of government: President Juan Evo Morales Ayma

Ruling party: Movimiento al Socialismo (MAS) (Movement towards Socialism) (from Dec 2005)

Area: 1,098,581 square km

Population: 10.83 million (2012)*

Capital: Sucre (legislative and judicial); La Paz (administrative)

Official language: Spanish

Currency: Boliviano (B) = 100 centavos

Exchange rate: B6.91 per US\$ (Jul 2013)

GDP per capita: US\$2,532 (2012)*

GDP real growth: 5.24% (2012)*

GDP: US\$27.43 billion (2012)*

Unemployment: 5.44% (2012)* (additional widespread underemployment)

Inflation: 4.52% (2012)*

Natural gas production: 18.70 billion cum (2012)

Balance of trade: US\$3.42 billion (2011)(2012)*

* estimated figure

Bolivia



Evó Morales, who had long been recognised as an effective politician and activist, came to power as Bolivia's president in 2006 (after coming second in the 2002 elections) with widespread support from Bolivia's indigenous social movements. This represented a dramatic shift in Bolivian politics both domestically and internationally. To ensure his continued occupancy of the presidency Mr Morales asked Bolivia's Constitutional Tribunal to decide whether he was free to seek a third term in office in the 2014 elections. Bolivia's constitution is quite clear that a president can only seek re-election once. Resorting, under presidential pressure, to a degree of legal *legerdemain*, the court ruled that indeed Mr

Morales could seek a third consecutive term since his first term was served under a different constitution. In fact, the new constitution had provided for – and ruled against – this eventuality, ruling that mandates prior to the adoption of a new constitution would still need to be taken into account. Mr Morales, however, trusting that his popularity would carry the day, chose to ignore this legal ruling.

In his eight years in power the Morales administration has acquired a high profile built around largely left wing policies, poverty reduction and a realignment of Bolivia's international alliances largely designed to counter the influence of the United States. Bolivia's steady drift away from the US and its policies

for the region was well exemplified in May 2013 when President Morales ordered the United States Agency for International Development (USAID) to leave Bolivia. It was claimed that USAID was a 'smokescreen for the US to involve itself in our political affairs'. If this was the case, then the 'smokescreen' had in any case seen better days; the USAID budget for Bolivia had fallen from the US\$60 million enjoyed in the early 2000s to not a lot more than US\$10 million in 2013. The agency was reported to be leaving its office accommodation, replaced by a smaller staff working out of the US embassy.

Friends and neighbours?

Land reform and the nationalisation of major industries have gone alongside closer partnerships with the kindred spirits among Latin America's republics – notably Venezuela, Argentina, Ecuador and Cuba. Before his election to the presidency, Mr Morales had gained high visibility from protests over the ownership of natural gas resources and the commercialisation of water reserves – the 'water wars' – notably in the city of Cochabamba where protests at the privatisation of the water company saw its eventual return to public ownership.

Ethnicity redux – the background

Bolivia's indigenous people make up almost two thirds of the country's population, one of the highest levels in South America. The predominance, for centuries, of a Spanish hierarchy has resulted in Bolivia's indigenous being perceived as inferior, ignorant and poor. Ethnicity even managed to be relegated in what were class-based political clashes. The process took on another dimension with the decline of the mining industry in the 1960s and 1970s, upon which many indigenous communities depended. Poverty levels increased, leading to widespread urban drift. Racial tensions inevitably increased as ethnicity began to assume greater prominence in Bolivian politics.

The economic reforms imposed by the International Monetary Fund (IMF) also included the prohibition of coca production, which was an important symbol of indigenous Bolivian culture. This penalisation of coca, a traditional resource, along with the perceived disposal of natural resources to foreign interests began to create a degree of solidarity between Bolivia's indigenous groups alongside growing resentment towards a political system that did not appear to represent the interests of

the indigenous population. To quell indigenous social unrest, the government, which had wrongly assumed Bolivia's politics still to be class-based, made to promote inclusion of indigenous people in its IMF supported neo-liberal development project. However, it soon became clear that indigenous groups wanted a lot more than mere participation in policy-making; they demanded the right to self-determination and an acknowledgement of sovereignty.

As noted by Federico Fuentes in his *Bolivia Rising*, less than four months after becoming president, in May 2006 Sr Morales decreed the nationalisation of Bolivia's oil and gas industry. The move generated hopes that poverty levels would rapidly drop and that Bolivia, the poorest country in the region, would soon see an end to its years of misery. Mr Fuentes points out that the number of Bolivians living in poverty had increased to more than 66 per cent by the turn of the century. Under Bolivia's new service provision contracts, the state not only owns the gas deposits but also extracted gas and the profits arising from its sale. Mr Fuentes also notes that 'Given the almost complete dismantlement of the state-owned Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) gas company during the period of neo-liberal privatisation, the state still requires the services of transnationals. These private companies are hired and paid for their services. But the transnationals have no say over how much should be extracted, nor what happens to the final product.'

As quoted by Mr Fuentes, Bolivia's hydrocarbons minister, Juan José Sosa, has claimed that: 'Seven years before the nationalisation, from 1999 to 2005, the state received about US\$2 billion. After these seven years, the state received more than US\$16 billion.' Figures from Bolivia's Instituto Nacional de Estadística de Bolivia (INE) (National Institute of Bolivian Statistics) suggest (rather curiously) that external demand made a negative contribution to growth. The real driving force behind Bolivia's growth has been an explosion in internal demand, which averaged 5.2 per cent a year during the period.

According to Mr Fuentes, this is the result of a dramatic redistribution of wealth to the benefit of the poor majority. Spending on health and education reportedly grew almost fourfold between 2005 and 2012. The difference in income between the richest 10 per cent and poorest 10 per cent was 128 to 1 in 2005, but by 2012 this gap had been reduced by more than half to 60-to-1.

Bolivia's minister of economy and finance, Luis Arce Catacora (not to be confused with the notorious drug trafficker Luis Arce Gómez), is quoted by Mr Fuentes as noting in *Economía Plural*, that 'the Bolivian government is promoting a 'new economic, social, communitarian and productive model' to replace the neo-liberal model.' Under this new model, the government places priority on stimulating the internal market, which it perceives to be an important step towards reducing dependency on foreign capital and global demand.

KEY INDICATORS		Bolivia				
	Unit	2008	2009	2010	2011	2012
Population	m	*10.03	*10.23	*10.52	*10.63	*10.83
Gross domestic product (GDP)	US\$bn	17.40	17.60	19.80	24.60	*27.43
GDP per capita	US\$	1,737	1,724	1,900	2,315	*2,532
GDP real growth	%	5.9	3.3	4.1	5.1	*5.2
Inflation	%	14.0	3.5	2.1	9.9	*4.5
Unemployment	%	–	–	6.0	5.5	*5.4
Natural gas output	bn cum	13.9	12.3	14.4	15.4	18.7
Exports (fob) (goods)	US\$m	6,447.8	4,917.5	6,129.3	8,174.8	11,110.0
Imports (fob) (goods)	US\$m	4,641.0	4,143.6	5,006.8	7,126.4	7,694.0
Balance of trade	US\$m	1,806.9	774.0	1,122.5	1,048.5	3,416.0
Current account	US\$m	2,015.0	813.5	873.7	537.2	*2,044.0
Total reserves minus gold	US\$m	6,927.4	7,583.8	8,133.9	–	11,659.0
Foreign exchange	US\$m	6,871.4	7,311.3	7,866.2	–	11,391.0
Exchange rate	per US\$	7.28	7.02	7.02	6.96	6.91
* estimated figure						

The government has made clear it prioritises communitarian, co-operative and family-based enterprises. An important step in this process was taken on 10 May 2013 with the inauguration of the Rio Grande gas liquids separation plant. Construction of a second plant, Gran Chaco, is expected to be completed in 2014. These two state-owned plants will have the capacity to supply all of Bolivia's gasoline and liquefied petroleum gas needs, as well as permitting processed gas to be exported. This redirection of wealth has, according to Mr Fuentes, led to a significant increase in the number of Bolivian registered enterprises, from less than 20,000 in 2005 to more than 68,000 in 2012. It has also contributed to a 2.8 per cent fall in unemployment.

IMF support

In its 2013 assessment of the Bolivian economy, the International Monetary Fund (IMF), considered that prudent macro-economic policies, accompanied by strong terms of trade, have 'allowed Bolivia to achieve impressive economic outcomes in recent years'. Goods exports have tripled since 2005, reflecting the increased volumes of gas, mineral and agricultural products and a decade-long boom in commodity prices. Growth in gross domestic product (GDP), which had averaged 3.3 per cent annually during 1996–2005, rose to an average of 4.7 per cent during 2006–11. Bolivia's fiscal position strengthened sharply, as larger export receipts, higher taxation of hydrocarbon production and moderate rates of increase in government spending led to substantial fiscal surpluses. The external current account also registered surpluses, contributing to the build-up of a strong reserves buffer, which in early 2013 was equivalent to almost 50 per cent of GDP. These developments have helped Bolivia become a net external creditor country since 2008. In 2011, Bolivia's gross debt levels declined to less than 35 per cent of GDP and net debt to only 14 per cent, reflecting the accumulation of large general government deposits at the Banco Central de Bolivia (central bank).

The IMF also noted that strong results have also been achieved on improving social inclusion and income distribution. There was an ironic dimension here, since the policies of the Morales government rather flew in the face of the 'neo-liberal' policies once advocated by the IMF. Cash transfer programmes have also been successful in lowering extreme poverty, while investment in infrastructure have

helped improve access to basic services (water, sanitation and energy) and transport (mainly roads). Various initiatives have also been launched to support small businesses, generating employment and providing income stability to informal and vulnerable workers. To strengthen food security, the government has limited exports of certain products (sugar, soybeans, corn, meat) while reducing import tariffs on others and on inputs for their production. Social challenges persist, however, including still-high levels of poverty, infant mortality and long-standing social and economic inequalities.

Private investment has remained subdued, which the IMF attributed to the 'lingering uncertainty about the legal framework'. Bolivia's 'new' (2009) constitution granted the State a primary role in economic affairs. This has implications for a number of 'key economic laws, including those governing the central bank, the financial sector, the exploitation of natural resources and intergovernmental fiscal relations.' The IMF also noted that social and regional disputes have also persisted, including those relating to revenue-sharing arrangements and the location of key infrastructure projects.

None the less, in 2012, economic activity remained robust amid strong domestic demand growth. GDP grew at an annual 5.2 per cent, led by domestic services, construction and hydrocarbons production. After a sharp increase at the beginning of 2011, annual inflation was 5.42 per cent in 2012, reflecting the softening of international food prices, price agreements in agriculture and a gradual realignment of expectations. In 2011, domestic demand grew briskly, with imports climbing over 40 per cent with respect to 2010. As a result, the external current account surplus narrowed from close to 5 per cent of GDP to 2.25 per cent of GDP, despite record-high export prices.

The Bolivian government's policies have, in the view of the IMF, been broadly accommodative. The overall surplus of the public sector fell from 1.7 per cent of GDP in 2010 to 0.8 per cent of GDP in 2012. Revenue performance improved significantly, as collections registered a 25 per cent increase in real terms. This strength was particularly evident in corporate income tax and value added tax (VAT), reflecting both improved compliance and higher commodity prices and imports. At the same time, public investment picked up strongly, contributing to a fiscal impulse of about one per cent of GDP.

Bolivia's Banks have continued to expand credit to the private sector at a fairly brisk pace. During the course of 2011, the central bank had allowed Bolivia's currency – the Boliviano – to appreciate slightly (by 1.3 per cent).

Hydrocarbons

Although Bolivia exports natural gas to Brazil and Argentina, continued questions about the actual size of its natural gas reserves have contributed to scepticism about the country's potential to be a significant fossil fuel producer and a regional energy hub. Bolivia's known fossil fuel endowment is largely concentrated in its southern and eastern regions, most of which are controlled by opposition parties that demand greater autonomy from the federal government – partly in order to increase investment in and revenues from the hydrocarbon sector.

Despite the inevitably adverse 'Western' criticism arising from Bolivia's May 2006 nationalisation decree, President Evo Morales and his Movimiento al Socialismo (MAS) (Movement towards Socialism) party's nationalisation of the energy sector was not in the traditional mould of such events. While Sr Morales sent the military to occupy and take over Bolivia's oil and gas sites, no foreign assets were actually seized. The Bolivian flag began to fly over oil and gas installations, but no foreign companies were actually kicked out. The decree increased taxes and royalties by 32 per cent on Bolivia's two largest producers (Petrobras and Repsol YPF), and granted formal ownership of Bolivia's oil and gas reserves to the state-owned YPFB. International oil companies were given 180 days to renegotiate their contracts. However, the same companies' operations and autonomy went largely unhindered. Since the decree, the Morales administration has renegotiated contracts with foreign firms, but with less demanding terms than expected. It has also nationalised Bolivia's own partially privatised companies, Andina, Chaco and Transredes. The Bolivian government has also offered tax and compensation incentives to foreign companies to increase exploration and production. In 2010, YPFB and foreign firms invested US\$1.05 billion, a substantial increase from the US\$247 million seen in 2005. YPFB estimated that investment was expected to have totaled over US\$2 billion in 2012.

According to the US government Energy Information Administration (EIA), hydrocarbons, primarily natural gas,

account for just over 6 per cent of Bolivia's GDP, 30 per cent of government revenues and 45 per cent of total exports. Petroleum is responsible for over half of Bolivia's primary energy consumption, with most of the remainder attributable to natural gas. According to the International Energy Agency, combustible renewables and waste meet nearly 15 per cent of the country's energy needs. Traditional biomass is an important fuel for heating and cooking, especially for the 2.2 million Bolivians who still lack access to electricity. The electrification rate of 77.5 per cent hides enormous disparities for urban and rural populations: more than 98 per cent of city dwellers have access to electricity, compared to just 38 per cent of those in rural areas.

Following the sector's reorganisation, oil production declined by nearly one-quarter between 2007 and 2009 as Bolivia became a net importer rather than exporter of petroleum. While worldwide oil production rebounded appreciably in 2010, Bolivia saw a decrease in production. However, statistics from the state-owned oil company suggested that the increased production of natural gas liquids more than offset declines in crude oil production.

Fuel subsidies, which have frozen the prices of gasoline and diesel at around US\$2 per gallon, have cost the government US\$1.5 billion over the last five years. The government's attempts to reform subsidies in December 2010 were quickly aborted after large-scale protests broke out in response to a 75-per cent rise in the price of certain transport fuels.

Oil reserves

Bolivia has oil reserves of 209 million barrels, according to the *Oil & Gas Journal* (OGJ). Estimates of Bolivia's reserves have been relatively consistent since the early 2000s, when they increased three-fold due to heightened exploration activity. Bolivia has only the sixth-largest oil reserves in South America and ranks among the smallest reserve-holders in the world. Perhaps optimistically, Bolivia claims a further 391 million barrels of probable reserves and 255 million barrels of possible reserves. Total oil production, including natural gas plant liquids, condensates and other liquids, was nearly 50,000 barrels per day (bpd) in 2011, which was an increase of about 1,500bpd over 2010. The production of crude oil, including lease condensate, was about 35,500bpd in 2011, up about 1,000bpd over 2010.

More than half of Bolivia's oil production is driven by two fields – Sabalo (with 37 per cent) and San Alberto (21 per cent). As operator of the Sabalo and San Alberto fields, Petrobras's Bolivian subsidiary was responsible for 58 per cent of the country's 2011 liquids production. Other significant operators include Repsol YPF (17 per cent of 2011 liquids production) and two subsidiaries of the national oil company – YPFB Chaco (12 per cent) and YPFB Andina (6 per cent).

The EIA reports that the Bolivian government planned to announce policies to encourage new investment and stimulate hydrocarbon exploration and production. There have been proposals to reimburse private producers for their exploration costs if they find new reserves of oil or gas, or increase the price paid to private firms for each barrel of oil produced. Bolivia produces reconstituted crude for occasional export through the pipeline to Arica, Chile. It exported an average of under 9000bpd throughout 2011 to Chile, its only export destination for oil.

YPFB formally controls, oversees, or executes all activities in the country's oil and gas sector. It has obtained ownership stakes of at least 51 per cent in Bolivia's formerly privatised firms. However, while YPFB leads the oil and gas sector, private companies often act as operators and lend important expertise, services and capital. For those firms that were not nationalised, the government imposed significantly higher royalties and eliminated the 'risk-sharing' contracts that conferred ownership rights over resources to private companies. Instead, private companies surrender production to YPFB in exchange for a fee.

Natural gas

Among mainland South American countries, Bolivia trails only Argentina and Venezuela in terms of natural gas production. Its production volumes have risen dramatically since 1999, when natural gas exports to Brazil began. However, Brazil and Argentina, which already import a majority of Bolivia's natural gas, are demanding further volumes. Along with a growing domestic demand in the industrial sector, Bolivia is having a difficult time meeting its contractual obligations. The development and disposition of Bolivia's natural gas has been a source of considerable controversy. Violent unrest and government crackdowns in late 2003 became known as the 'Gas Wars' because they were precipitated by opposition to a plan to export liquefied natural gas (LNG)

via Chile, with which Bolivia has had troubled relations since it lost its sovereign access to the sea during the nineteenth-century War of the Pacific. Roughly one-fifth of Bolivian natural gas production is earmarked for the domestic market, which is dominated by electricity demand (over one-half of Bolivian natural gas consumption), industry (roughly one-quarter) and transport (just below one-fifth). Domestic natural gas prices are fixed at levels that range from US\$0.90 per thousand cubic feet (Mcf) to US\$1.98 per Mcf, depending upon its end-use.

Bolivia has proved natural gas reserves of over 0.3 trillion cubic metres (tcm), according to the OGJ, which would rank as the fifth largest reserves in South America. According to recent analysis by the EIA and Advanced Resources International, Bolivia has 48 trillion cubic feet (tcf) of technically recoverable shale gas resources.

Bolivia produced an estimated 660 billion cubic feet (bcf) of dry natural gas in 2012, a 13.4 per cent increase over 2011. Officially, the largest natural gas producer in the country is YPFB. However, as with the oil sector, Petrobras Bolivia is the operator of the Sabalo and San Alberto fields and is thus responsible for 58 per cent of the country's output. In February 2011, a consortium that included Total (France), Petrobras (Brazil) and YPFB Chaco announced the start of commercial production in the Itaú field (near the San Alberto field), which will produce over 50 million cubic feet (mcf) of natural gas per day. According to some plans, future phases of development could more than triple those volumes. YPFB has announced that it and foreign partners plan to invest over US\$4 billion in the natural gas sector by 2015. President Morales's goals include a near-doubling of natural gas production by 2015.

Risk assessment

Politics	Fair
Economy	Good
Regional stability	Fair

COUNTRY PROFILE

Historical profile

Bolivia was inhabited by the ancient Aymará peoples, who were conquered by the Incas.
 1538 The Incas were conquered by the Spanish.
 1825 There were many revolts against Spanish rule; independence was finally gained under the leadership of Simón Bolívar.

1826 Bolivia's first constitution was established.

1879–83 War of the Pacific between Bolivia, Peru and Chile over disputed territory along the Pacific coast. Bolivia and Peru suffered a humiliating defeat by Chile's armed forces. A new elite, with mining interests, combined with the traditional ruling oligarchy, supported by external capitalist interests, gained power and polarised civil society into conservative and liberal factions.

1890s The exploitation of tin brought prosperity and peace after years of turbulent and unstable government. A new constitution established centralised political control and the separation of powers between the legislature, executive and judiciary. The indigenous population was disenfranchised when property and literacy were made a prerequisite.

1933–35 Defeat during the Chaco Wars with Paraguay led to a large part of the Chaco region, much of it arid and infertile, being annexed by Paraguay. The defeat discredited the ruling elite and formed the basis for a realignment of Bolivian politics with the middle-class joining the working-class and *campesinos* (peasant farmers) forming a broad revolutionary movement.

1941 Formation of the Movimiento Nacionalista Revolucionario (MNR) (Nationalist Revolutionary Movement), a broad multi-class coalition to resist the power of the traditional oligarchy and what was seen as US imperialism.

1951 A military *Junta* prevented the newly elected president, Victor Paz Estenssoro (MNR) from taking office. With the help of a militia, recruited from the national police, miners and peasants, a rebellion succeeded in installing a revolutionary council. It nationalised tin holdings and instigated land reform. Universal suffrage was extended to the indigenous population. A state-capitalist development programme was initiated, backed by the IMF and later by the US programme 'Alliance for Progress'.

1964 Vice President René Barrientos Ortuño led a *coup d'état*. The military continued to implement similar policies to the MNR's state-capitalist model.

1969 Barrientos died in a mysterious helicopter crash that many suspected was an assassination. A brief period of military populism was followed by the succession of the Bolivian left, the expulsion of the US Peace Corps and the creation of a Soviet-style People's Assembly.

1971 A violent coup led by Colonel Hugo Bánzer Suárez led to the repression of labour leaders and left-wing politicians in a period of a *Junta* known as the *Banzerato*.

1978 Strains within the ruling elite and pressure from US President Jimmy Carter forced Bánzer to call elections.

1978–1982 A period of political turbulence: seven military and two civilian governments held office for an average of six months each. Meanwhile, political parties split into different factions, resulting in 70 different parties – the MNR alone split into thirty parties – resulting in a weak civil society.

1979 The Acción Democrática Nacionalista (ADN) (Democratic Nationalist Action) was formed by Bánzer.

1982 Siles Zuazo was elected president; his rule was ineffective as he struggled to appease both the IMF and growing militant elements within the civilian population. Meanwhile, the Bolivian economy collapsed from hyperinflation and high levels of foreign debt.

1985 Siles resigned. President Paz Estenssoro (MNR) implemented austere fiscal policies and brought about economic liberalisation. He also signed a Pact for Democracy with the ADN to resolve the impasse between the executive and legislature.

1989 The new president, Paz Zamora (MIR), offered tax incentives for direct foreign investment in the mining industry.

1993 Gonzalo Sánchez de Lozada (MNR) won the presidential election.

1998 Hugo Bánzer was elected president following popular discontent with economic liberalisation measures initiated by the MNR. Bánzer's rule intensified efforts to restructure the economy prescribed by the IMF, while implementing a coca-eradication programme demanded by the US.

2001 Bánzer resigned due to ill health and was replaced by Vice President Jorge Quiroga.

2002 Hugo Bánzer died. Congress appointed Lozada (known universally by his nickname 'Goni') Gonzalo Sánchez de Lozada as president.

2003 Civil unrest throughout the year led to the resignation of President Lozada. Vice President Carlos Mesa was sworn in as president.

2004 President Mesa signed a natural gas export deal with Argentina. Opponents criticised the deal as a pre-emption of the following referendum on gas exports.

2005 President Mesa offered his resignation to Congress after 17 months in office, as a new wave of anti-government protests spread throughout Bolivia. He finally resigned in an effort to resolve the crisis over how to divide up the country's natural gas wealth. Eduardo Rodríguez was appointed president until the leftist candidate Evo Morales, leading the Movimiento al Socialismo (MAS)

(Movement towards Socialism), won presidential and parliamentary elections.

2006 The oil and gas industry was nationalised. A constituent assembly was elected and opened proceedings to draft a new constitution, giving greater rights to the indigenous population.

2007 Bolivia, Brazil and Chile agreed to build a South American highway to link the Atlantic and Pacific coasts, running from Santos in Brazil, through Bolivia, to Arica and Iquique in Chile, at an estimated cost of US\$600 million.

2008 Bolivia suspended operations with the US drug enforcement agency (DEA) in Bolivia.

2009 A constitutional referendum was held in which over 61 per cent of voters agreed to changes that included a separation of church and state, increased state control of the economy, (particularly natural resources) and tough laws preventing privatisation. More autonomy will be given to native peoples, including granting indigenous justice systems the same status as conventional courts (which are increasingly seen as inefficient and corrupt). The president began giving thousands of hectares of land, confiscated from large-scale owners, to indigenous farmers. A presidential agreement was signed between Bolivia and Paraguay, settling a border dispute which had led to the Chaco Wars in the 1930s. The accord leads the way to more development of oil and gas fields in the Chaco region. In national elections Evo Morales was re-elected president, and his political party, MAS, became the largest party in both chambers of parliament.

2010 French, British and Bolivian-backed power companies were nationalised by the government as part of a move to control the electricity generating sector.

2011 In March, President Morales refused to restore the operations of the US DEA in Bolivia. In June President Morales signed a new law that established state-owned companies, set up to produce seeds and fertilisers, in a national effort to enhance food security. US\$500 million will be invested in the project that will emphasise indigenous crops; the scheme will also include generous financial credits for small farmers. Bolivia held the first popular election of its judiciary in October. The 1,000-strong protest march by indigenous Amazonian Indians reached La Paz on 19 October, having completed a two-month, 500km march to object to the plans for a road to be built through their rainforest reserve, El Territorio Indígena y Parque Nacional Isiboro Sécura (TIPNIS) (Isiboro Secure Indigenous Territory and National Park). President Morales scrapped the TIPNIS project in October.

2012 In January, the TIPNIS project was revived. President Morales addressed the Commission on Narcotic Drugs at the UN Office on Drugs and Crime (UNODC) on 12 March. He said that the long-standing ban on cultivation and chewing of coca leaves should be lifted and the plant should be seen as a plant with great medicinal, cultural and religious value to his people. Coca has been used for thousands of years as a mild stimulant and in sacred herbal medicine. He also said there was no data to prove the coca leaf had any adverse effect on people. In 1961 the coca leaf became a banned substance and in 1964 the UN convention on narcotic drugs stipulated that coca-chewing should be eliminated by 1988. On 1 May, President Morales ordered the military to commandeer the assets of the Spanish energy company Red Eléctrica de España (REE), which owns and operates around 75 per cent of the Bolivian power grid. The president said he was expropriating the company because it had not invested sufficiently in Bolivia and that the people were fighting to regain control of their natural resources. The state-owned Transportadora de Electricidad (TDE) had been sold off in 2002 and 99.94 per cent purchased by REE, with the remainder bought by TDE employees. On 28 June, the second TIPNIS march arrived in La Paz. A census was conducted on 21 November.

2013 On 2 July France, Italy, Spain and Portugal refused to allow the plane carrying President Morales to overfly their countries, after it was reported that Edward Snowden, accused of spying by the US (and believed to be at Moscow's Sheremetyevo airport), was on board. The jet, which was flying from Moscow to La Paz, eventually landed in Vienna (Austria) where it was searched by the authorities, but Mr Snowden was not on board. A number of south American countries objected strongly, accusing the European countries of virtually 'kidnapping' the president. The French officially apologised to Bolivia, and on 24 July Mr Morales accepted the apologies of the European countries. On 8 October Luis Cutipa, head of the coca control and industrialisation agency was accused of illegally selling seized coca and arrested.

Political structure

Constitution

The first constitution was promulgated in 1826. The 1947 constitution was revised in 1967, and again in 1994. Bolivia is divided into nine departments, each of which elects three Senators. The prefect of each department is appointed by the president. There is obligatory universal adult suffrage.

A referendum to change the constitution was held on 25 January 2009. Over 61 per cent agreed to changes to include a separation of church and state, increased state control of the economy, particularly natural resources and tough penalties against privatisation. More autonomy will be given to native peoples, including granting indigenous justice systems the same status and conventional courts (which were increasingly seen as inefficient and corrupt).

Form of state

Presidential democratic republic

The executive

Executive power is vested in the president and his appointed cabinet.

The president is directly elected for a five-year term, but is chosen by Congress if no candidate gains a majority of the vote.

In the event of the president's death or failure to assume office, the next in line would be the vice president followed by the president of the Senate.

From 2009 presidential term limits were abandoned; all candidates that fail to win over 50 per cent of the vote and another candidate is within 10 per cent of the leader a runoff election will be held.

National legislature

The bicameral Asamblea Legislativa Plurinacional (Plurinational Legislative Assembly), consists of the Cámara de Diputados (Chamber of Deputies) (lower house) with 77 deputies directly elected in single seat constituencies, plus 53 elected by proportional representation from party lists, giving a total of 130 members. Deputies must be aged over 25 years. The Cámara de Senadores (Chamber of Senators) has 36 senators, each of the nine departments return three representatives, of which two represent the winning political party and one from the second placed party. Senators must be aged over 35 years. Both Senators and Deputies hold office for five years.

From 2009 term limits were abandoned; a runoff election will be held for all parliamentary candidates that fail to win over 50 per cent of the vote and when another candidate is within 10 per cent of the leader.

Legal system

There are five levels of jurisdiction headed by the Supreme Court.

From 1 June 2001, a criminal code was introduced which allows for public jury trials and a prosecution service independent of the police.

Last elections

6 December 2009 (presidential and parliamentary); 2 July 2006 (Constituent Assembly and constitutional referendum)

Results: Presidential: Evo Morales (MAS) won 62.51 per cent of the vote, Manfred

Reyes Villa (PPB-CN) 28.2 per cent; six other candidates won less than 6 per cent of the vote each; turnout was 95 per cent. Parliamentary: (Chamber of Deputies) Movimiento al Socialismo (MAS) (Movement towards Socialism) won 88 seats (out of 130), Plan Progreso para Bolivia-Concertación Nacional (PPB-CN) (Progressive Plan for Bolivia-National Convergence) 37, Frente de Unidad Nacional (FUN) (National Unity Front) 3, Nueva Alianza Social (NAS) (New Social Alliance) 2. Senate: MAS won 26 (out of 36 seats), PPB-CN 10.

Constitutional referendum: 57 per cent of the electorate voted against regional autonomy, although four out of the nine departments voted in favour.

Next elections

2014 (presidential and parliamentary)

Political parties

Ruling party

Movimiento al Socialismo (MAS) (Movement towards Socialism) (from Dec 2005)

Main opposition party

Plan Progreso para Bolivia-Concertación Nacional (PPB-CN) (Progressive Plan for Bolivia-National Convergence)

Population

10.83 million (2012)*

Approximately 45 per cent of the population lives in the altiplano (highlands), 29 per cent in the highland valleys and 26 per cent in the lowlands. The most densely populated provinces are La Paz, Cochabamba and Santa Cruz, where over 68 per cent of the population live. Bolivia is the poorest country in the western hemisphere after Haiti.

Last census: September 2001: 8,280,184

Population density: Seven inhabitants per square km. Urban population 67 per cent (2010 Unicef).

Annual growth rate: 2.0 per cent, 1990–2010 (Unicef).

Ethnic make-up

Official figures estimate that approximately 4.2 million Bolivians (50.6 per cent of the population) are indigenous, comprising 37 different indigenous and aboriginal peoples. Of these, most live in the Andean highlands.

Religions

In 1961, the church was separated from the state and there is complete freedom of worship. The majority of the population is Roman Catholic, although Protestant denominations are expanding. Many indigenous groups mix Christian symbolism with pre-Columbian worship.

Education

Education is free of charge. Nevertheless, the average schooling completed is less than seven years.

The need to integrate education policy into broader anti-poverty strategies is exemplified by a high rate of primary school drop out among poor children. In Bolivia the wealth gap contributes to more than 90 per cent of the shortfall in primary-school completion. Education deprivation and poverty intersects with gender disparities, particularly in the case of Bolivia's indigenous population. More than half of indigenous males and two-thirds of indigenous females do not complete primary education. Public expenditure on education is equivalent to approximately 5 per cent of annual GDP and includes subsidies to private education at the primary, secondary and tertiary levels. Bolivia has one of the lowest levels of provision in the developing world.

Literacy rate: 87 per cent adult rate; 97 per cent youth rate (15–24) (Unesco 2005).

Compulsory years: Six to 14

Enrolment rate: 114 per cent gross primary enrolment of relevant age group (including repeaters); 84 per cent gross secondary enrolment; 39 per cent gross tertiary enrolment (World Bank).

Health

Infant mortality was halved by 2010 over the previous 20 years (142 down to 63 in under five year olds and 96 down to 50 in under one year olds), however, such mortality is still the highest in Latin America. Nevertheless, mortality rates have fallen quicker than in any other Latin American country since the government introduced the Universal Mother and Child Insurance scheme (SUMI) in 2002, which provides comprehensive healthcare for the age group and a cash transfer scheme for pregnant women.

Some companies provided private medical care for their employees.

International funding has been donated to provide increased family planning and community based healthcare.

Yellow fever continues to be an important public health problem in the Americas. In 2000, Bolivia introduced the yellow fever vaccine in their child vaccination schedule, as well as the vaccination of all age groups in enzootic areas.

HIV/Aids

HIV prevalence: 0.5 per cent aged 15–49 in 2003 (World Bank)

Life expectancy: 66 years, 2010 (Unicef 2012)

Fertility rate/Maternal mortality rate: 3.3 births per woman, 2010 (Unicef 2012)

Child (under 5 years) mortality rate (per 1,000): 41 per 1,000 live births (WHO 2012); 10 per cent of children

aged under five tend to be malnourished (World Bank).

Welfare

Pensions

In December 2010 parliament endorse amendments to the system, with implementation in mid-2011.

The management of the private pension system was nationalised and a state entity, the Gestora Publica de la Seguridad Social de Largo Plazo (GSS) (Long Term Social Security Agency) was established to administer the pension fund. Workers continue to contribute 12.2 per cent of their earnings into individual accounts. A 'Solidarity Fund' was established, guaranteeing a minimum level of pension for all workers, using a semi-contributory system, based on the number of contributing years (minimum 10 years personal contributions) and is intended to provide pensions for the 60 per cent of Bolivians working in the informal sector in 2010. The statutory retirement age for males was reduced from 65 to 58 (miners may retire at 56 and others working in unhealthy conditions at 51), for women the age was reduced to 55 (with an advance of one year for each live child born, for a maximum of three years).

The new pension fund will step up benefits for low-income households, with employers paying a higher contribution for their workers.

Main cities

La Paz (administrative capital, estimated population 912,512 in 2012), Sucre (legislative and judicial capital, 338,281), Santa Cruz (1.8 million (m)), El Alto (1.1m), Cochabamba (650,038), Oruro (240,966), Tarija (234,422), Potosí (175,562), Sacaba (107,628).

Languages spoken

Approximately half the population speak Spanish as their first language. The *campesinos* (peasant farmers) often speak only Aymará or Quechua, but these languages are seldom written and are of limited commercial importance. Aymará is mainly spoken in the departments of Oruro, La Paz and Potosí. Quechua (often mixed with Spanish) is spoken in the departments of Cochabamba, Potosí and Sucre.

Official language/s

Spanish

Media

Freedom of the press is generally expressed, although journalists do not have a reputation for reporting on sensitive topics such as corruption and drug trafficking.

Press

Dailies: In Spanish, *La Prensa* (www.laprensa.com.bo), *La Razon* (www.la-razon.com) and *El Diario*

(www.eldiario.net) are published in La Paz; *El Deber* (www.eldeber.com.bo), *El Mundo* (www.elmundo.com.bo) are from Santa Cruz; *Los Tiempos* (www.lostiempos.com) from Cochabamba and *Correo del Sur* (<http://correodelsur.com>) is from Sucre.

Weeklies: In Spanish *Pulso* (www.pulsobolivia.com), reports on current affairs, as does *Semanario* (www.semanario.8m.net) based in Tarija. **Business:** The weekly *Nueva Economía* (www.elmundo.es/nuevaeconomia) and *Periódico Jornada* (www.jornadanet.com) report on economics.

Broadcasting

The government-controlled broadcasting authority is the Dirección General de Telecomunicaciones.

Radio: Low literacy levels make radio listenership, particularly in rural areas, high and important for news and information broadcasting in not only Spanish but also the Aymará and Quechua languages.

There are over 100 mostly private owned radio stations. La Paz has around 40 radio stations alone. National networks include the government owned Radio Illimani (<http://abi.bo>) and the Catholic-run Radio Fides (www.radiofides.com), the independent Radio Panamericana (www.panamericana.bo), commercial stations include FM La Paz (www.fmlapaz.com), Melodia FM (www.melodiafm.com) and Radio WKM (www.wkmradio.com).

Television: There are several TV networks, all of which are commercial, including the government-run Television Boliviana (Canal 7) privatised network include Bolivision (Canal 4) (www.redbolivision.tv), Unitel (Canal 9) (www.unitel.tv) both from Santa Cruz and ATB Red Nacional (Canal 9) (www.atb.com.bo), Red Uno from (Canal 11) (www.reduno.com.bo) and Red PAT (Canal 13) (www.red-pat.com) from La Paz. The university television service, Televisión Universitaria (www.umsa.bo), provides educational programmes.

National news agency: Agencia Boliviana de Información (ABI)

Other news agencies: Agencia de Noticias Fides (Catholic news agency): www.noticiasfides.com
Bolpress: www.bolpress.com

Economy

The economy is driven by Bolivia's primary industries, particularly natural gas extraction (there were proven reserves of 300 billion cubic metres (cum) of natural gas at the end of 2011, with annual production of 15.4 billion cum) and tin mining and, more recently, lithium (reserves estimated at 4 million tonnes).

Construction of a pilot, lithium production plant, at Salar de Uyuni, begun in 2008 and completed in 2010, was expected to produce 30,000 tonnes of lithium carbonate for export and use in batteries and high-tech equipment by 2014. Agriculture is another key component of the economy, especially the growing of coffee, soybeans, wheat, rice and potatoes.

Bolivia is also the third largest coca cultivator in the world and while the leaf of the coca has been a traditional chewed stimulant by locals for generations, its refinement into the illegal narcotic cocaine and its subsequent smuggling abroad continues to be a source of tension between Latin America and the US and Europe (the main markets for the product). In a move that has angered international observers, particularly the United States, President Evo Morales has pledged to resist efforts to eradicate coca production, which he considers is part of his country's heritage. GDP growth was 3.4 per cent in 2009, a fall from 6.1 per cent in 2008, when high global prices for natural gas had boosted Bolivia's economy, and just at the time when the global economic crisis struck. In 2010 GDP growth was 4.1 per cent, reflecting the upturn in trade as the global economy recovered. Growth in 2011 was estimated at 5.1 per cent.

Under President Morales, there has been greater emphasis on state participation in the economy and public investment, which since 2007 has been consistently greater than private investment (averaging around 10 per cent and 6.5 per cent per annum respectively). The government has plans for further expansion and industrialisation in the hydrocarbon, energy and mining sectors, including improving the infrastructure. It favours partnerships with the private sector, so as to introduce modern management, financing and technological developments.

Migrant workers provided foreign remittances in 2009 of US\$1.07 billion, which fell to US\$953 million in 2010 (5.9 per cent of GDP), and was estimated to have grown to US\$1 billion in 2011.

In late-2010 parliament endorsed changes to the pension system. The plans were implemented in mid-2011 when the privately run pension system was nationalised, retirement ages were lowered and pensions were extended to include workers in the informal sector.

Of the 18 targets under the UN Millennium Development Goals that Bolivia committed itself to achieve by 2015, only five were showing improvement by 2009. In 2011, the UN Human Development Index (HDI) ranked Bolivia 108 (out of 187) for national development in health, education and income. Since 2000, Bolivia's progress has improved but has not

matched the improvement of other countries in Latin America and the Caribbean. In 2010, 43.7 per cent of the population experienced at least one indicator of poverty, while 14 per cent lived on the equivalent of US\$1.25 per day.

External trade

Bolivia is a full member of the World Trade Organisation (WTO) and is an associate member of Mercosur (the South American Common Market), which allows 80 per cent of trade to pass freely to other nations within Mercosur. The country is also a beneficiary of the US's Andean Trade Preference Act. Bolivia also has Generalised System of Preferences (GSP) status with the United States, the European Union and Japan.

Imports

Manufactured goods, petroleum products, plastics, paper, aircraft and aircraft parts, machinery and vehicles, chemical products and foodstuffs.

Main sources: Brazil (18.1 per cent of total in 2011), Argentina (12.5 per cent), China (12.3 per cent).

Exports

Principal exports are natural gas, soya beans and soya products, zinc and tin.

Main destinations: Brazil (33.3 per cent of total in 2011), Argentina (11.6 per cent) US (9.6 per cent).

Agriculture

Although agricultural produce remains Bolivia's main export, agriculture's share of GDP has fallen from 30 per cent in the early 1960s to around 15 per cent by the end of the century. Yet it is still economically important, employing nearly half the country's labour force. Most agricultural activities in rural areas are performed in small family units with low levels of productivity and income.

The cultivation of commercial crops is central to the advancement of Bolivia's 'agricultural frontier' and an intrinsic element of Bolivia's export-oriented development programme. This development drive has been backed by a major road-building programme and changes in land tenure laws.

In the 1990s, the Bolivian government fought a US-backed war against the production of coca leaves – the raw source of cocaine. Before the initiation of the eradication programme, coca production represented nearly 10 per cent of the country's GDP, so efforts are being made to replace coca production with alternative economic activities, such as commercial crops and textile manufacturing. A UN Office on Drugs and Crime (UNODC) report in September 2012 reported that the area under coca cultivation had dropped from 31,000 hectares in 2010 to 27,000 hectares in 2011

Unlike the Colombian drug fiefdoms, coca production in Bolivia is largely associated with indigenous peasants who have grown the crops as a traditional medicine since pre-Colombian times and, latterly, as a cash crop to alleviate their enduring poverty. Unsurprisingly, the government's efforts to destroy coca crops damaged the rural economy and inflamed social and racial tensions. Protests by coca farmers, who rely on the crop for their income, have culminated in mass unrest. Significantly, early in his presidency, President Evo Morales underlined his opposition to the previous government's crackdown on coca production. In a hugely populist move he pledged to reverse the policy.

Bolivia produces approximately 6,000 tons of fresh water fish per year, almost entirely for the domestic market. Bolivia's lakes, among them Lake Titicaca the world's highest navigable lake, provide the basis for this yield. However, the fishing industry does suffer from limited access to external markets, which is exacerbated by poor road transport infrastructure owing to the extreme altitude of the lakes. In addition to the domestic catch, about 7,000 tons of marine fish are imported per year.

With a total land mass of 1.1 million sq km (424,164 sq miles), 53 per cent of which is covered by forests and woodlands, Bolivia has the potential to be one of the world's most significant forestry nations.

Sawnwood accounts for more than 90 per cent of Bolivia's total export of forest products. Brazil nuts, palm hearts and rubber are also important sources of income and are mainly derived from the Amazon forests. The export of more value-added products, such as material for doors, window frames and furniture, has increased rapidly in recent years, surpassing the levels of sawn wood, Bolivia's traditional forest export. This diversification of forest products and improvement in production processes has increased the commercial viability of Bolivian forestry. There continue to be significant problems with the forestry sector however. Legal efforts to promote diversification and sustainability are limited and deforestation continues to outpace forest regeneration. Forest cover decreased at an annual average rate of 0.30 per cent, the equivalent of 161,000 hectares in 1990–2000 and is still decreasing rapidly.

Though productivity has improved with the introduction of more sophisticated technology in the sawing and drying processes, there are still comparatively few sawmills for a country of Bolivia's forestry capacity and the industry suffers from poor transport infrastructure. The majority

of the sawmills are located in the eastern region around Santa Cruz, where the standard of roads is particularly poor. Small- and medium-sized forestry companies that use old technology and outmoded production methods continue to operate with inefficient capacity and no method of producing value-added products. Valuable tree species such as mahogany, oak and cedar are dwindling in numbers. As well as contributing to the overall decline of biodiversity in the Amazon, these precious woods are now below commercial volumes. Efforts to control logging are limited as illegal colonisation of the forests and 'slash and burn' techniques continue.

Industry and manufacturing

Although it constitutes approximately 18 per cent to the total GDP of Bolivia, the industrial sector is considerably underdeveloped. Manufacturing in Bolivia is also capital intensive, employing just 14 per cent of the total work force.

Production is centred on the processing of minerals (mainly tin, lead and zinc smelting) and agricultural products. Oil refining and cement production are also important activities. There is a large workshop and artisan sector of small-scale domestic industries producing textiles, clothing and food. Bolivia is a producer of natural textile fibres: cotton, alpaca wool, llama wool, merino lambswool and rabbit fur. There is no heavy industry or electronics industry.

Bolivian industry is under pressure to become more competitive. Traditionally, unprocessed or semi-processed materials have dominated Bolivian exports. The government has created new and more decentralised industries, to stimulate the development of competitive industries, particularly agro-based industries.

Tourism

There are five historic sites and one national park included in Unesco's list of World Heritage sites in Bolivia, including the pre-Colombian Tiwanaku sacred site and location of the Akapana Pyramid and 'Gate of the Sun' steles (inscribed standing stones and lintel). Bolivia also has spectacular natural attractions, including the Andes mountain range, the world's largest salt flat (over 10,500 square km) and the upper Amazon River basin.

Tourism is an important component of the economy and accounted for 7.6 per cent of GDP in 2006, however as the global economic crisis cut visitor numbers the share of travel and tourism in GDP fell to 5.1 per cent in 2011. Tourism is still a relatively underdeveloped industry with tourism infrastructure secondary or an adjunct to domestic requirements. A new airport opened in Uyuni, in the south-west, in

2010, which catering for tourists to the region. The state-owned Bolivian Airlines offers inexpensive flights domestically and internationally to the US and other South American countries.

Environment

On 18 September 2012 and by presidential decree, the Bolivian (freshwater) pink dolphin (*Inia boliviensis*), living in the waters of the Amazon, was given protected status under the law. The species is threatened through overfishing, plus damage to its habitat, including pollution, particularly by mercury poison due to illegal gold mining operations and erosion and logging in the Amazon forests.

Mining

Mining has long been a mainstay of the Bolivian economy and its importance to the country continues today. The mining sector contributes up to one fifth of GDP and employs 10 per cent of the labour force. Mining accounts for approximately 45 per cent of the country's total export earnings and the country's unexploited mineral potential is significant.

The industry has continued to show an improved performance especially, the mining of tin, silver and gold. Total tin reserves are estimated at 1.6 million tonnes and are mainly composed of low quality ore and accounts for approximately 17 per cent of total mining production. Bolivia is the world's fifth-largest tin producer and one of the world's leading producers of antimony and tungsten. Other minerals extracted include zinc, silver, gold, lead, copper and limestone, while large reserves of iron ore, lithium and potassium are as yet unexploited. Zinc accounts for 27 per cent of total mining production. Gold production is significant, totalling some 14 tonnes per year.

Most mining operations are small and inefficient, with many of the more promising deposits occupied by co-operatives, with little exploration being carried out.

In 2010 construction of a pilot lithium production plant at Salar de Uyuni was completed at the site of a salt-lake that is estimated to contain 50–70 per cent of the world's reserves of lithium. When fully operational in 2014 it is expected to produce 30,000 tonnes of lithium carbonate per year, which accounts for around 30 per cent of the 2009-level of world supply.

Hydrocarbons

Proven oil reserves were 465 million barrels in 2011, with a further 255 million barrels of possible reserves. In 2009, Bolivia became a net importer of oil, following the sector's reorganisation and a subsequent decline in oil production of up

to 25 per cent. However, in 2010 production rebounded and production in 2011 was almost 43,000 barrels per day (bpd), all of which is refined domestically. Proven natural gas reserves were 300 billion cubic metres (cum) at the end of 2011 and production was 15.4 billion cum, an increase of 8.1 per cent on the 2010 figure. Exports of natural gas in 2010 totalled 13.3 billion cum, of which 9.7 billion cum were delivered to Brazil and the remainder to Argentina. Brazil's Petrobras, Spain's Repsol and France's Total control almost 84 per cent of proven natural gas reserves while, since 2009 when it was newly re-nationalised, the state-owned Chaco is the fourth largest producer.

Due to the extensive exploration in recent years, there have been several large discoveries holding over 10 million cubic metres of natural gas. Estimates of Bolivia's total potential gas reserves are put at approximately 1.32 trillion cubic metres. There are discussion over supplying natural gas to Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay. Bolivia is also considering exporting to the large markets of the US and Mexico. In 2006 the government nationalised 12 oil and gas companies in the south-eastern region that contains the country's richest hydrocarbon fields. The state-run Yacimientos Petroliferos Fiscales Bolivianos' had a 49 per cent stake in Chaco oil until January 2009 when the government seized control of 99 per cent of the BP-owned company, leaving 1 per cent in BP's hands. In 2008 the pipeline company Transredes was nationalised. Any coal production or use is commercially insignificantly.

Energy

Bolivia's capacity to generate electricity has improved markedly since the 1990s with an almost doubling of generation from a 0.8 GW to 1.4GW by 2005. Production in 2007 was an estimated 5.7 billion kilowatt hours (kWh) which was consumed domestically. The most is generated by conventional thermal plants fed by domestically supplied oil and gas. Some rural areas have unaffiliated power plants fuelled by biomass. Atypical of South America, Bolivia does not rely on hydropower, with only 460MW installed capacity, the largest being the Santa Isabel plant in Cochabamba, producing 93MW.

The three, dominant, foreign owned energy companies, Brazil's Petrobras, Spain's Repsol and France's Total were forced to pay my taxes as the energy industry was progressively nationalised since 2006.

On 1 May, President Morales ordered the military to commandeer the assets of the Spanish energy company Red Eléctrica de España (REE), which owns and operated around 75 per cent of the Bolivian power grid. The president said he was expropriating the company because it had not invested sufficiently in Bolivia and that the people were fighting to regain control of their natural resources. The state-owned Transportadora de Electricidad (TDE) had been sold off in 2002 and 99.94 per cent purchased by REE, with the remainder bought by TDE employees.

Financial markets

Stock exchange

Bolsa Boliviana de Valores

Banking and insurance

Bolivia's banking system has been undergoing extensive reform since the mid-1990s. The last decade has seen the full-scale privatisation of formerly state-owned banks and significant regulatory upheaval. A high level of dollarisation has meant that approximately 90 per cent of Bolivian deposits are denominated in US dollars and the holding of deposits is highly concentrated in the country's wealthy elite. This means that the banking system is highly dependent on the financial fortunes of a select number of wealthy Bolivians. Concern has been expressed in various quarters that President Evo Morales will seek to redistribute income to the poor. Thus the banking system may feel the effects of diminished holdings by wealthy clients in future years.

Bolivia's banking system has remained largely immune from the contagious effects of financial sector turmoil that inflicted the region in the early part of the decade. This fact owes to Bolivia's comparatively low exposure to international capital markets; the majority of Bolivia's debt is with foreign states and multilateral institutions, which have worked to change the structure of the country's debt portfolio and maintain vital foreign currency reserves.

A new Bank of the South, with a headquarters in Venezuela, will be launched in 2008 to provide an alternative source of development funding for the participating countries. Assets of US\$7 billion will underpin its operations.

Central bank

Banco Central de Bolivia

Main financial centre

La Paz

Time

GMT minus four hours

Geography

Bolivia straddles the Andes and is made up of mountainous areas with cold desolate plateaux and semi-tropical and fertile

lowlands. It is landlocked with Chile and Peru to the west, Brazil to the north and east and Argentina to the south. The Andean range is at its widest in Bolivia, some 650km.

The Western Cordillera separating Bolivia and Chile has peaks of between 6,000 metres and 6,500 metres above sea level and a number of volcanoes along its crest. Passes across the Cordillera are at 4,000 metres. To the east of the range lies the bleak treeless Altiplano also at around 4,000 metres. The Altiplano makes up about 10 per cent of the country and is divided into basins by spurs of mountains. Around 70 per cent of the population lives on the Altiplano, particularly the northern part where most of the larger cities are located. In the south, the parched desert landscape is mostly unpopulated.

Lake Titicaca, the highest navigable lake in the world, is situated at the northern end of the Altiplano. It is 171 km in length, 64 km in breadth and 280 metres at its deepest point. The immense depth of water keeps the lake at an even temperature of 10 degrees Celsius and modifies extremes of winter and night temperatures on the surrounding land, thereby making the basin favourable for farming.

The Eastern Cordillera rises sharply from the Altiplano in the east and four of its peaks rise to above 6,000 metres. These north-eastern slopes are heavily forested and are indented by fertile valleys in an area known as the Yungas.

In the north and east, the Oriente has dense tropical forest and in the centre there are plains covered with rough pasture, swamp and scrub.

Hemisphere

Southern

Climate

The climate varies with the area. It is tropical in the lowlands (eastern region) with an average temperature of 25 degrees Celsius (C); temperate in the highland valley regions (middle of the country), average temperature 15 degrees C, and cooler in the Altiplano (highland) areas (western region), average temperature 10 degrees C.

La Paz is in the Altiplano where temperatures vary between three degrees C in June and 25 degrees C in November and December. In the highlands the rainy season begins in December and ends in late March.

Dress codes

For business meetings men should wear a suit and tie, women a two-piece suit, or equivalent. Warm clothing is required in the high plateau region. Lightweight clothing is needed during the day and warmer clothing for the evenings in the valleys,

and very lightweight clothing for both day and night in the tropical valleys.

Entry requirements

Travellers who arrive without the correct documentation will be fined.

Passports

Passports are required by all (valid for one year beyond departure date), except holders of Cedula de Identidad issued to nationals of Argentina, Paraguay, Peru and Uruguay.

Visa

A visa is not required for tourist visits up to 90 days, by nationals of most of the Americas, Western Europe, Australasia and some Asian countries. (For further details contact the local embassy or see www.embassyofbolivia.co.uk/visas.html#2.)

The 'specific purpose visa' for non-tourist visitors requires a letter of introduction, including an itinerary and letters of guarantee by employer and host company. (See www.embassyofbolivia.co.uk/visaformfiles/specificvisaform.html for application form.)

Currency advice/regulations

There are no restrictions on the import and export of local or foreign currency; currency must be declared.

US dollar travellers' cheques are the best form of currency to take. UK sterling cheques can sometimes be exchanged, but only with difficulty.

Customs

Visitors are not required to declare valuable personal effects such as cameras and radios. Business samples are duty-free as long as they are re-exported within 90 days.

Health (for visitors)

Mandatory precautions

A yellow fever vaccination certificate is required for visitors arriving from infected areas, and for those travelling to high risk areas such as the Departments of Beni, Cochabamba, Santa Cruz and the subtropical area of La Paz Department.

Advisable precautions

Typhoid, paratyphoid, hepatitis A, tetanus and polio vaccinations. Malaria risk exists in rural areas – prophylaxis recommended. Owing to the altitude of La Paz and other places in the Altiplano region, sufferers from heart or lung complaints should seek medical advice before leaving for Bolivia. Water precautions should be taken.

Hotels

There is a wide range available. Service charge and local tax are added to the bill. Tipping 5–10 per cent.

Credit cards

Mastercard, Diners Club, Visa and American Express have limited acceptance.

Public holidays (national)

Fixed dates

1 Jan (New Year's Day), 1 May (Labour Day), 6 Aug (Independence Day), 1 Nov (All Saints' Day), 25 Dec (Christmas Day). There are other additional holidays celebrated in individual provinces and towns.

Variable dates

Carnival (Feb, seven days), Good Friday, Easter Sunday, Corpus Christi (May/June).

Working hours

Banking

Mon–Fri: 0830–1200, 1430–1800; Sat: 0830–1200.

Business

Mon–Fri: 0830–1200, 1430–1830.

Government

Mon–Fri: 0800–1200, 1430–1830.

Shops

Mon–Fri: 0930–1230, 1500–1930; Sat: 1000–1500.

Telecommunications

Mobile/cell phones

GSM 1900 service available.

Electricity supply

110V and 200V in La Paz and 220V in Cochabamba and most other towns; US-type flat-prong plugs.

Weights and measures

The metric system is standard, although the Imperial is sometimes used.

Social customs/useful tips

In business circles, local customs are similar to those in Europe or North America. While English is widely used in commercial and business circles, a knowledge of Spanish is a valuable asset to the visitor. Correspondence in Spanish is almost essential. On business visits, cards are presented and it is normal to shake hands when arriving or leaving. It is advisable to arrange appointments before visiting. Bolivians are informal about observing prescribed times and will often arrive 30–45 minutes late.

It is customary to address persons by their professional title, eg, doctor, engineer and *licenciado* for social science graduates. Holders of law degrees are addressed as doctor.

It is offensive to refer to rural Indians as *indios*; they are referred to as *campesinos* (peasants).

It is customary to give gratuities in a hotel or restaurant of around 5–10 per cent even if a service charge has been added to the bill. The minimum drinking age is 21 years.

Security

Since the civil disruption in 2003, road blockades can happen on all main roads at any time. Visitors should not attempt to breach road blockades and should stay away from demonstrations.

Getting there

Air

National airline: Lloyd Aéreo Boliviano (LAB).

International airport/s: La Paz-El Alto (LPB), 14km from city, duty-free shop, bar, restaurant, bank, post office, hotel reservations.

Other airport/s: Cochabamba-J Wilstermann (CBB), 4km from city..

Airport tax: US\$25 for all adults, excluding 12-hour transit passengers. An additional exit tax (US\$25) is levied for all visitors staying over 90 days.

Surface

Road: Road access is possible from Peru, Argentina and Chile.

Travellers who use overland routes are generally advised to check border post opening hours.

Rail: Rail services connect La Paz with Chile (Arica and Calama) and Argentina (Buenos Aires). The Expreso del Sur is a special train service from La Paz to Buenos Aires.

Water: It is possible to take the steamer on Lake Titicaca from Puno (Peru) to Guaqui.

Main port/s: Although Bolivia is landlocked, access to the sea (and in certain cases free port facilities) has been granted by Paraguay (via River Paraguay), Brazil (Belem, Santos, Corumbá, Port Velho) and Argentina (Buenos Aires, Rosario).

Getting about

National transport

Air: Air transport is the best method of travelling around the country. Lloyd Aéreo Boliviano (LAB), Aerosur, TAM (army airline) and Aero Xpress (AX) operate domestic services to main centres.

Road: Around 50,000km of road exists, but only 5.5 per cent is paved and only 20 per cent can be classed as all-weather roads. The main centres are connected by highways of reasonable standard. A toll permit system is in operation; garage and petrol services are sparse outside main centres.

Buses: *Flotas* are long-distance buses, they mostly leave in the evening and travel overnight, except on the major routes where there are some daytime departures. It is advisable to book in advance and take warm clothing.

Rail: A north-south line runs from La Paz to Oruro and Uyuni, with spurs to Cochabamba, Uncia, Potosi, Sucre and Villazón at the Argentine border. The eastern system runs from Santa Cruz to Yacuiba and to Corumbá at the Brazilian border. Sleeper and first-class services are available; advance booking is essential.

Water: Half of Bolivia's territory lies in the Amazon Basin. Transport is by cargo boats, which carry passengers, vehicles

and livestock. The tributaries of the Amazon are the Ichilo, Mamoré, Beni, Madre de Dios and Guaporé rivers.

City transport

Taxis: There are *remise* (yellow cabs) which have fixed rates applicable per passenger – the cabs are frequently shared. Within La Paz, *trufis* (cabs with green flags) ply along fixed routes. Tips are not expected.

Car hire

An international driving permit is required. This may be issued in Bolivia by the Federación Interamericana de Touring y Automovil Clubes (www.fitac.org) on presentation of a national licence, but it is advisable to procure one before travelling. At the frontier, drivers must also obtain a *hoja de ruta*, a form which notes the driver's itinerary. Traffic drives on the right.

BUSINESS DIRECTORY

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

Telephone area codes

The international direct dialling code (IDD) for Bolivia is + 591, followed by area code and subscriber's number:

Beni	3465	Potosi	262
Buena Vista	3932	Saavedra	3924
Cochabamba	441	Santa Cruz	33
La Belgica	3923	Sucre	4691
La Paz	22	Tarija	466
Montero	3922	Trinidad	346
Oruro	252	Villamontes	4672
Portachuelo	3924		

Useful telephone numbers

Police: 110

Fire: 119

Ambulance (La Paz): 118

Chambers of Commerce

American Chamber of Commerce of Bolivia, Avenida 6 de Agosto, Edificio Hilda, PO Box 8268, La Paz (tel: 244-3939; fax: 244-3972; e-mail: amgalin@caoba.entelnet.bo).

Cochabamba Chamber of Commerce, 336 Calle Sucre, Cochabamba (tel: 425-7715; fax: 425-7717; e-mail: sistema@cadeco.org).

Chuquisaca Chamber of Industry and Commerce, 64 Calle España, Sucre (tel: 645-1194; fax: 645-1850; e-mail: info@cicch.com).

National Chamber of Commerce, 1392 Avenida Mariscal Santa Cruz, La Paz (tel: 237-8606; fax: 239-1004; e-mail: cnc@boliviocomercio.org.bo).

Santa Cruz Chamber of Industry, Commerce and Services, 7 Avenida Las Américas esquina Saavedra, Santa Cruz (tel: 333-4555; fax: 334-2353; e-mail: cainco@cainco.org.bo).

Banking

Banco Bisa, Avenida 16 de Julio 1628, La Paz (tel: 359-471; fax: 316-597; e-mail: bancbisa@caoba.entelnet.bo).

Banco de Crédito de Bolivia, Calle Colón esquina Mercado 1308, La Paz (tel: 360-025; fax: 391-044).

Banco de la Nación Argentina, Avenida 16 de Julio 1486, La Paz (tel: 359-218; fax: 391-392; e-mail: bancnalp@caoba.entelnet.bo).

Banco Económico, Calle Ayacucho 166, Santa Cruz (tel: 361-177; fax: 361-184; e-mail: baneco@roble.scz.entelnet.bo).

Banco Ganadero, Calle 24 de Septiembre 110, Santa Cruz (tel: 361-616; fax: 361-617; e-mail: bangan@roble.scz.entelnet.bo).

Banco Mercantil, Calle Ayacucho esquina Mercado, La Paz (tel: 315-131; fax: 391-442; e-mail: bercant@caoba.entelnet.bo).

Banco Nacional de Bolivia, Avenida Camacho esquina Colón 1312, La Paz (tel: 318-732; fax: 359-146; e-mail: info@bnb.com.bo).

Banco Real, Avenida 16 de Julio 1642, La Paz (tel: 334-477; fax: 335-588; e-mail: real@caob.entelnet.bo).

Banco Santa Cruz, Calle Junín 154, Santa Cruz (tel: 369-911; fax: 350-114; e-mail: bancacruz@mail.bsc.com.bo).

Banco Solidario, Calle Nicolás Acosta 289, La Paz (tel: 484-242; fax: 486-468; e-mail: info@bancosol.com.bo).

Banco Unión, Calle Libertad 165, Santa Cruz (tel: 366-869; fax: 340-684; e-mail: info@bancounion.com.bo).

Interbanco, Calle Mercado No 1046, PO Box 14758, La Paz (tel: 317-707; fax: 316-787).

Central bank

Banco Central de Bolivia, PO Box 3118, Calle Mercado esquina Ayacucho, La Paz (tel: 409-090; fax: 406-598; e-mail: bancocentraldebolivia@bcb.gov.bo).

Stock exchange

Bolsa Boliviana de Valores, www.bolsa-valores-bolivia.com

Travel information

Automovil Club Boliviano, Avenida 6 de Agosto 2993, La Paz (tel: 431-132; fax: 431-139; e-mail: acllapaz@acelerate.com).

AeroSur, Calle Colón esquina Avenida Irala, Santa Cruz (tel: 364-446; fax: 365-246; e-mail: mail@aerosur.com).

Lloyd Aéreo Boliviano, Aeropuerto Jorge Wilstermann, Cochabamba (tel: 25-903; fax: 50-744; email: gergen@labairlines.com).

Ministry of tourism

Viceministerio de Turismo, Avenida Mariscal Santa Cruz, Edificio Palacio de Comunicaciones, Piso 16, La Paz (tel: 236 7463/4; fax: 237 4630; e-mail: vturismo@mcei.gov.bo; internet:www.mcei.gov.bo).

National tourist organisation offices

Secretaría Nacional de Turismo, Calle Mercado 1328, Edificio Ballivián, La Paz (tel: 367-441; fax: 374-630).

Ministries

Ministry of Agriculture and Rural Development, Avenida Camacho 1471, La Paz (tel: 367-968; fax: 313-601).

Ministry of Defence, Avenida 20 de Octubre esquina Pedro Salazar, La Paz (tel: 431-364; fax: 433-159).

Ministry of Economic Development, Palacio de Comunicaciones, Avenida Mariscal Santa Cruz, La Paz (tel: 375-000, fax: 360-534; e-mail: contactos@desarrollo.gov.bo).

Ministry of Education, Culture and Sport, Avenida Arce 2147, La Paz (tel: 440-160; fax: 440-376).

Ministry of Finance, Palacio de Comunicaciones, Avenida Mariscal Santa Cruz, La Paz (tel: 392-220; fax: 359-955).

Ministry of Foreign Affairs, Calle Ingavi esquina Junín, La Paz (tel: 336-200; fax: 333-521; email: mreuno@rree.gov.bo).

Ministry of Foreign Trade and Investment, Palacio de Comunicaciones, Avenida Mariscal Santa Cruz, La Paz (tel: 343-519; fax: 377-451; internet site: http://www.mcei-bolivia.com).

Ministry of Government, Avenida Arce 2409 esquina Belisario Salinas, La Paz (tel: 440-114; fax: 442-589).

Ministry of Health and Social Security, Plaza del Estudiante, La Paz (tel: 371-373; fax: 391-590; e-mail: minsalud@ceibo.entelnet.bo).

Ministry of Housing, Avenida 20 de Octubre 2230, La Paz (tel: 372-241; fax: 371-335; e-mail: minviv@ceibo.entelnet.bo).

Ministry of Information, Edificio La Urbana, Avenida Camacho 1485, La Paz (339-027; fax: 391-607).

Ministry of Justice and Human Rights, Avenida 16 de Julio 1769, La Paz (tel: 361-083; fax: 392-982).

Ministry of Labour and Micro-enterprises, Yanacocha esquina Mercado, La Paz (tel: 407-740; fax: 406-867).

Ministry of Presidency, Palacio de Gobierno, Plaza Murillo, La Paz (tel: 371-082; fax: 371-388).

Ministry of Sustainable Development and Planning, Avenida Mariscal Santa Cruz 1092, La Paz (tel: 330-074; fax: 330-540).

Other useful addresses

Bolivian Embassy (USA), 3014 Massachusetts Avenue, NW, Washington DC 20008 (tel: 202-483-4410; fax: 202-3712; e-mail: embassy@bolivia-usa.org).

Bolsa Boliviana de Valores, Calle Montevideo 142, La Paz (tel: 443-232; fax: 442-308; e-mail: info@bolsa-valores-bolivia.com).

British Embassy, Avenida Arce 2732, La Paz (tel: 357-424; fax: 431-073).

Confederación de Empresarios Privados de Bolivia, Avenida Mariscal Santa Cruz 1392, Edificio Camara Nacional de Comercio, La Paz (tel: 315-562; fax: 379-970; e-mail: cepbol@ceibo.entelnet.bo).

Empresa Nacional de Electricidad (ENDE), Calle Colombia 655, Cochabamba (tel: 59-500; fax: 59-509).

Eurocentro de Cooperación Empresarial de Bolivia, Calle Suárez de Figueroa 127, Santa Cruz (tel: 334-555; fax: 365-108; e-mail: eurocentro@cainco.org.bo).

US Embassy, Avenida Arce 2780 esquina Cordero, La Paz (tel: 430-120; fax: 432-051).

National news agency: Agencia Boliviana de Información (ABI)

Dirección Av, Camacho 1485 Casilla, 6500 La Paz (tel: 200-373; fax: 200-246; internet: www.abi.bo).

Other news agencies: Agencia de Noticias Fides (Catholic news agency): www.noticiasfides.com, Bolpress: www.bolpress.com

Internet sites

Bolsa Boliviana de Valores SA (Bolivian Chamber of Commerce): www.bolsa-valores-bolivia.com

Bolivia Government website: www.boliviaweb.com/gov.htm

Bolivian Times: www.boliviantimes.com