BRINGING DOWN THE BARRIERS – CHARTING A DYNAMIC EXPORT DEVELOPMENT AGENDA

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Bolivia
Background Country Paper

BRINGING DOWN THE BARRIERS - DEFINING THE PRIORITIES FOR EXPORT DEVELOPMENT
Abstract

The non-tariff barriers to the exports are without a doubt one of the greatest preoccupations and challenges that a company interested in entering with their products to a new market must confront. Depending on the type of product, the exporter will have to face in some cases these barriers; not to inquire on the matter he will cause to the company difficulties that can, even, cause the impossibility to enter his product in the country of destiny.

For the developing countries, the non-tariff barriers have become the main obstacle for the development of their exports and the conquest of new markets. Technical measures like quotes, technical requisites, sanitary requisite and other type of exigencies of the international markets, in addition to the subventions do to the products of countries like Bolivia become less competitive in the market and some cases cannot enter to fulfill the requirements demanded, some valid and other unnecessary ones.

Bolivia has at least five obstacles that avoid the country to take better advantage of the 11 commercial agreements that it has subscribed with five economic blocks and six countries in the last 20 years. They all aim at the lack of competitiveness of the Bolivian productive apparatus.

Between the main ties are the ones mentioned below:

a) the lack of a developed products;
b) political of promotion to the exports;
c) the distance of other markets;
d) commercial barriers imposed by neighboring nations, and
e) absence of a greater promotion and identification of niches of market in others.
1. Introduction

The non-tariff barriers to the exports are without a doubt one of the greatest preoccupations and challenges that a company interested in entering with their products to a new market must confront. Depending on the type of product, the exporter will have to face in some cases these barriers; not to inquire on the matter will cause to the company difficulties that can, even, to cause the impossibility to enter his product in the destiny country.

Now which we are a porholes to sign a Free Trade Agreement with the United States, the subject of the tariff barriers applied by that country is from special interest for Colombia. Therefore, in this brief article I am going to review some information that in my opinion are useful for the companies that have considered the possibility of initiating export efforts towards that market.

2. The United States Market

In the United States, the service manuals and the sanitary and phytosanitary measures constitute an important barrier to the commerce. Without doubt, the restrictions applied in the agricultural and agro-industrial sphere are most outstanding. Is not strange that the United States is the country that has more notifications on sanitary and phytosanitary measures has directed to the OMC in the last years.

In the United States, other non-tariff barriers have to do with very sensible subjects like the national security; an example is Law on Biological Terrorism sent in October of 2003. All the Colombian nutritional product exporter must fulfill strict dispositions settled down in this law like requirement to enter the coveted American market.

Also regulations related to the protection of the environment or the conservation of the species are sent in the United States, in principle praiseworthy intentions but that has given rise to commercial confrontations with some exporting countries, by the application of a legislation that affects third countries; the case of the prohibition from import to the United States of tunas captured with drag systems.

In the matter of foods, drinks and products for the consumption, the main disposition that it regulates the imposition of measures oriented to guarding by the health and security of the North American consumers is the Federal Law of Nutritional Products, Medicines and Cosmetics. This law is applied through controls of the Federal Agency of Foods and Medicines (FDA, by its abbreviation in English). The FDA is a very active organism as far as the promulgation of dispositions that affect the commercialization; thus for example, according to information of the OMC, between January of 2001 and June of 2003 the U.S.A. presented/displayed to OMC 45 notifications in the matter of expedition of service manuals, 24 from which they came from the FDA.

Also the dispositions in the matter of noticeable are quite important and labeled of export products. In the United States, for example, they were emitted between January of 1995 and June of 2003, 83 dispositions related to the labeled one of products. On this subject the exporter must make a careful analysis on the requirements fulfill.

Another example of a disposition that affect the Bolivian exports to the United States and other developed countries is the exigency of which the wood used in the manufacture of the packing used in you dispatch, must fulfill denominated certification NMF15.

The customs of the United States, that from 2002 happened to comprise of the Department of Inner Security, to reinforce the strategy of national security undertaken by that country from the events of September of 2001, is the organism in charge to make fulfill the tariff and non tariff regulations applicable to the entrance of products concerned to that country. This organism can adopt severe measures if a product does not fulfill the service manuals or sanitary, of labeled, etc., including the refusal of the import request.
Other organisms that apply dispositions in the sphere of the sanitary and phytosanitary measures are the Service of Bromatología (FSIS) of the Department of Agriculture; the Service of Inspection Zoosanitary and phytosanitary (APHIS) of the Department of Agriculture; and the Agency of Protection of the environment. The complicated thing of the subject is that the dispositions on these matters are of federal and state character, so that in some occasions the exporter must be kind to fulfill dispositions sent by federal and state agencies. It is necessary to pay to him to the Americans who in general provide good information on their requirements, by expensive that can seem to us.

3. Present tendencies in the use of Non – Tariff Barriers (NTB)

In the Report of the meeting of experts on methodologies, Classifications and quantification of the non-tariff barriers and its effects in the development concluded that:

The determination of those NTB constituted a great problem for the negotiators. In this stage, they were being to apply different approaches, that included the multilateral examination, vertical, horizontal and bilateral approaches, and the coordination with other groups from negotiation and the ordinary committees of the OMC. The participants emphasized the importance of negotiating the NTB in the OMC. Other reasons of this were:

a) to assure that the tariff commitments were not eluded nor undermined, b) to limit the commercial differences between members of the OMC, and c) to reduce to the minimum the effects of distortion of the commerce of the non-tariff measures.

In the negotiations of Doha, the develop countries had mentioned the importance of dealing with the NTB like part of the negotiations on the access to the markets of products non agriculturists, norms and facilitation of the commerce. In addition, they formulated diverse concrete proposals relative to the NTB in the context of the treatment special and differentiated and the questions related to the application. Those proposals would be due to deal with constructive and effective way.

The recent work made by the World Bank with respect to equivalent ad valorem of the NTB had demonstrated that the highest values were concentrated in the developed countries and specific sectors. It was verified that the NTB considerably affected to the global effects of restriction on the commerce and specially the farming sectors. Those estimations also revealed that the NTB affected considerably to the restrictive effects on the developing commerce between countries, although the mean level of protection continued being dominated by the tariffs.

A fundamental question was the distinction between a prescribed and legitimate non-tariff measurement and a protectionist NTB, and the average ones to distinguish among them. Protectionism could be determined easily in the case of a discrimination in fact or right. Although this type of identification of a NTB seemed simple, could require long time. Protectionism also could adopt the subtlest form of a regulation that imposed in fact limitations in the matter of capacity to all the possible exporting countries. In this case, it would be difficult and perhaps he would not be advisable to anticipate the suppression of the measurement, as in the case of the measures discriminatory. However, resources would be due to dedicate to help to the countries developing by means of a supervision mechanism, but also by means of aid to improve their capacity of export.

In the related thing to the subventions, it was only had ample information with respect to the farming sectors. The information on regulations in the sectors of services related to the distribution of products and the incentives to the investment also would help to include/understand the generalized character of the effects of restriction of the commerce.

4. Obstacles that prevent the exporting development of Bolivia

At least five obstacles avoid that Bolivia take better advantage of the 11 commercial agreements that subscribed with five economic blocks and six countries in the last 20 years. They all aim at the lack of competitiveness of the Bolivian productive apparatus.
Between the main ties they are possible to be mentioned are:

a) the lack of a developed products;
b) political of promotion to the exports;
c) the distance of other markets;
d) commercial barriers imposed by neighboring nations, and
e) absence of a greater promotion and identification of niches of market in others.

**Obstacles to Bolivian exports**

**Ecuador**

Application of previous licenses to the import of oily. Resolutions 364 and 365 of the COMEXI, suspend the measurement, nevertheless resolution 371 establishes previous authorizations for agricultural products, between which they are the grain of soy, flour of soy, oil in gross of soy, and the cakes of soy and sunflower.

**Peru**

Exigency of analysis of laboratory for agricultural products that prevent the crossing of border of the merchandise, the analyses is made them in the capital, Lima, and delay around 7 days, time in which the products must be retained in border.

**Colombia**

Safeguard against the refined oil exports Bolivian (Restriction of previous license and fitted).

Unilateral limitation of Additional Variable Rights (DVA’s): Decision 512, authorized to Colombia to limit the application of the DVA’s for the oily products that comprise of the Andean System of Strips of Prices until a level of 40% like Total Tariff.

Application of preferences in favor of third, as much on the External Tariff, like on the Additional Variable Rights.

**Venezuela**

Venezuela Insufficiency certificate obtaining. It transacts for the obtaining of the insufficiency certificate has a term of 21 working days (4 weeks) in the best one of the cases. Transact bureaucratic that prevents the commercial flow between the 2 countries.

Venezuela has decided to suspend to the payment of the IVA for products of the basket families (first necessity), nevertheless the imports if they burden IVA, which recently attractive the imports.

Allocation of Licenses of import of products (derived from soybean) to third countries (MERCOSUR, the USA, etc.) on the part of the Venezuelan government.

CASA realiza las compras de productos alimenticios a proveedores de diversos países con arancel 0, desplazando la producción boliviana, priorizando productos de otros orígenes.

**Chile**

Restrictions of sanitary order prevent the entrance of agricultural products to that market, even the export merchandise transit.

It fitted for refined sugar is another measurement that affects the Bolivian exporter.
Argentina

Restrictions for the sale of Palm Heart in Brazil prevent that the Bolivian product enters that market.

Brazil

Brazil imposed protective measures and closed its market to the purchases of shirts from Bolivia.

STATISTICS

Millions of dollars

[Graph showing exportation data from 1990 to 2006]

Elaborado: INSTITUTO NACIONAL DE ESTADÍSTICA

Bolivia: Export by Economic Activity
Millions of dollars

[Graph showing exportation by economic activity in 2005 and 2006]

Elaboración: INSTITUTO NACIONAL DE ESTADÍSTICA
Bolivia: Export by Country of Destiny
Millions of dollars

Bolivia: Exports by Economic Regions
Millions of dollars