BRINGING DOWN THE BARRIERS –
CHARTING A DYNAMIC EXPORT DEVELOPMENT
AGENDA

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Bolivia
Background Country Paper

WINNING NATIONAL STRATEGIES
FOR EXPORT DEVELOPMENT
The Challenges Faced by Bolivia in its Exporting Role

In Bolivia, there is a National Development Plan that pursues macroeconomic stability in the different sectors: actual economic activity, the fiscal sector, the international sector and the fluctuating international money market sector.

The new development pattern implies building a State conceived as transformed power, with diverse social and economic actors that generate goods and outcomes that mutually influence each other. The concept of “Development to Live-Well” imposes a balance between the desired change and the necessary financial stability, which is a requirement to reach this change.

We need economic growth, fiscal sustainability, stability in prices, foreign exchange policy, development of the financial system; we also need to stimulate savings and national investment, along with employment.

The National Government policies in the socio-communitarian sector, expressed as a developmental objective in the long term, are focused on the eradication of poverty and all forms of exclusion, segregation, and exploitation in the social, political, cultural and economic spheres through national policies of integral development that contribute to the generation of an equitable pattern of distribution of income, wealth and opportunities; the full exercise of the dignity and the rights of the people and of the social groups; and the implementation of development strategies and programs that are dedicated to drastically reduce risk situations and their consequences in the social, economic and political settings.

The policy on productivity initially emerges from the recognition of the heterogeneous nature in the social, territorial, communitarian and productive spheres, thus it is not possible to apply homogeneous procedures, but it is necessary to apply procedures that are differentiated. At the same time, this policy recognizes business, communal and economic associations. Hence, the productive policy is one of inclusion but also of incentive for the creation of business groups and associations, and other kinds of organizations, as well as diverse forms of conglomerates that combine different sizes and forms of productivity organizations, favoring horizontal and vertical integration.

Commercial policy

The strategic commercial policy, within the productive policy framework, is centered in the use that complements the dynamism of external demand and of the potentialities of the domestic market; this does not mean that there is a change in focus that would exclusively directed activities toward exports.

Foreign trade policy is a part of the new protocols to carry out international relations, centered within a diversified exports’ pattern, which has, as well, more value-added revenue. This policy implies selectivity approaches in the application of tax, financial and institutional incentives for exports; and in the implementation of measures concerning imports, with the purpose of protecting the domestic market from smuggling and other unfair trade practices.

Bolivia’s productive and export pattern is characterized by a strong concentration in the primary sector, along with reduced industrialization and manufacturing levels. Recently the traditional exports (mining and hydrocarbons) have once again come to be higher on the list that the non-traditional products exports; although this fact is the result of a favorable international situation regarding prices of raw materials, minerals and energy related products, it is also the result of the recent implementation of policies that are directed to establish sovereignty over Bolivia’s natural resources.

This new context imposes the challenge of overturning the resources coming from strategic sectors and from the nonrenewable native resources exports towards the development of infrastructure, industry, and the development of new enterprises that will allow the country to diversify its supply of exports, to generate larger value-added revenue and to reach new and larger markets with its exports.
This is without doubt not an easy task, and it brings out the necessity to confront diverse problems that characterize our exports sector:

- The existence of high levels of dependency on certain markets for the exports of non-traditional products. The exports of agricultural products are concentrated on few countries.

- The low diversification of exports which, in turn, has caused our dependency on few products to sustain the exports structure. In this sense, we can mention exports sectors such as gold jewelry manufacturing, soy and other oleaginous products and by-products, wood and wood manufactured products, chestnut, leathers, and few other products which concentrate a large part of the non-traditional exports at the national level.

- The lack of information and services for exporters regarding issues such as commercialization of products has prevented thousands of small producers to initiate activities in the international markets.

- The lack of an institutional framework that promotes the articulation of the different actors that participate within an industry; moreover, the difficulty of achieving a structure of national exporters offers that fulfills the diverse requirements concerning quality, health issues, and product homogeneity in order to have access to greater income from trade.

- The existence of rigid and flawed factors in the operation of markets that hinder decision making processes, the competitive positioning of products, and the equal distribution of benefits across all the production and commercialization circuit.

- Bolivia has an important quantity of Small and Medium Enterprises (SMEs), and Micro and Small Enterprises (MSEs) linked to the transformation of products and the aggregation of value; however, they operate at a very small scale, with little investment in technology, on the sidelines of mainstreamed norms that would allow them margin of an appropriate normalization that allows them to standardize and homogenize their export offer in terms of quality and volumes that would respond to the requirements of the market.

Link to the landlocked condition of the country, that maybe one of the main restrictive factors to commercial trade, are the logistic issues that Bolivia confronts, which, in turn, significantly affect the competitiveness of products and generate delays in the execution of export chronograms.

The producers and exporters in Bolivia experience a reduction in their opportunities of growth due to deficiencies in the commercialization and distribution channels; this happens because, these producers and exporters do business through brokers and middlemen whose experience is concentrated on traditional export markets, thus affecting the possibilities of expansion toward other destinations. The institutions and persons in-charge of providing these types of services still have little knowledge regarding conditions to access other markets, limited information about import companies, commercial contacts, access requirements, etc.

Finally, an underlying problem for the export sector is related with the issue of technological lag with regards to the use of information and communication’s systems and tools to carry out business, especially in the use of the advantages of e-commerce.

The Way Forward

Currently, are there actions being carried out to increment exports?

The pending agenda to improve exports performance in Bolivia is linked to the following elements:
• Strengthening the participation of the State in the market by revealing, regulating, correcting flaws, and promoting the development of strategic sectors, along with the articulation of those actors that were previously excluded.

• Promotion of the development of new enterprises and the adoption of new technologies that improve the productivity and competitiveness of exports.

• Coordination of efforts to implement a development and promotion network for exports that allows more agile procedures, better access to information, credit, and technical support, in addition to the strengthening of exporting culture.

• Reduction of vulnerability with regards to external shocks, whether these are price or supply related; as well as a reduction of the concentration of exports in certain markets through the diversification of exports, at the product and the destination levels and through the incorporation of larger value added components.

• To generate better market opportunities through the access and opening of markets and the attainment of new preferential frameworks for Bolivian products.

• To generate a strategy of product differentiation to access markets and commercial niches, promoting ecological, organic and green products, which are linked to fair commerce schemes, or are oriented toward cultural markets or markets for nutritious and medical-related products.

• To promote the Bolivian exports as “exports with identity” highlighting the fact that the Bolivian producers cohabit in harmony with their environment and they make a rational and sustainable use of the resources undertaking responsibility with the planet and the environment.

• To take advantage in a better manner of the commercial agreements with active and selective policies to motivate those sectors that will generate more employment, investments, greater value-added income, and that will open new commercial opportunities. These policies should, in turn, serve as political compensation derived from the participation in trade.

• To develop the domestic market promoting the sovereignty and food security, developing a platform for exports.

• To consolidate and to deepen the commercial preferences granted to Bolivia in programs such as the SGP and the ATPDEA.

The implementation of the National Development Plan requires having services and information for exporter regarding production, technology, norms, prices, markets, international trade, and business intelligence that will, thus, generate scenarios, forecasts and follow up reports for the execution of the programs and projects.

Some economic agents in the country do have the logistic, technical and financial conditions to be able to access information at a moderate price, and they benefit in this way from the returns of those activities. However, a larger group of economic actors, mainly small national producers, national economic actors at the micro and small enterprise level, do not have this type of conditions; therefore, the information has been benefiting only a few.

An action line that counteracts this tendency should go linked to the provision of public services of information and support to facilitate trading; it has to be taken into consideration that these types of services are public in nature, and that there is a need to reduce the mentioned exclusivity issues.

On the other hand, the State, within the transparency and participation framework that has been given indirect support to the process of preparation of public policies, has the role of contributing with the generation of greater levels of confidence in terms of planning and execution of actions.
for the promotion aimed towards attracting larger private projects and investments, whether those are foreign or national.

The strategy of commercial introduction should consider ways of outlining compatible mechanisms of incentive to generate and to promote the active participation of all the constitutive agents of the domestic social and economic network (urban and rural individual agents, micro, small, medium and large companies, communitarian productive organizations and associations in the urban and rural areas, etc.)

The outlined elements should be in turn materialize in coherent results with regards to the nature and conditions of the international environment, the characteristics, necessities and possibilities of the group of domestic citizens and their forms of social and economic organization. All these require that the fundamental dimensions are reinforced through commercial policies that promote a larger participation in the international context, within a framework of complementation, justness and reduction of the asymmetries in favor of the poorest.

The commercial policy should be a political instrument that acts as a handling mechanism, for the prevention and mitigation of risks, for the consolidation on international markets for production surpluses, fomenting export of potential sectors, and promoting the continuous invigoration of the capacities of the small and medium producers, thus they can access external markets.

Conclusion

During the past years, the resources that come from the international cooperation directed for development have been channeled to plans and strategies that have been concentrated mainly on the productive and social environment. Out of the total of the resources that have come from the international cooperation, which have been already executed, a minimum proportion has been directed to directly link the small producers, the social organizations, the native communities (pueblos originarios), and the micro, small, medium and large companies with the market.

The improvement of the real capacities of Bolivia to be inserted in international markets emerges from the encounter between public and private actors, emerges from the dialogue and consensus regarding policies that should be implemented and that should also have the support of the State’s resources, as well as the support of the resources that come from the international cooperation.

During this period, it has been possible to position the importance of generating reforms that promote a better distribution of income, the augmentation of economic freedoms for certain groups of the society that were previously excluded. Thus, it is important to start working in the definition of country’s strategy that concentrates all the efforts of the cooperation that are specifically directed to propel development, growth, and reduction of poverty through commercial opportunities and the generation of new business enterprises.

This is a line that is coherent with the new productive economic model outlined in the National Development Plan that has its fundaments in reciprocity, complementation and social and environmental balance.

In this model, there is a proposal for the restructuring of the productive matrix thorough national industrialization of natural resources, thorough the diversification of the economic system, the consolidation of productive and food sovereignty, the productive re-conversion and the development of the internal market as well as the diversification in international markets, within the perspective of national identity and fairness in trade. The models uses and reproduces the demands of the social communitarian organizations, native communities, and small urban and rural producers.