

# Economy

**Overview:** With its long history of semifeudal social controls, dependence on volatile prices for its mineral exports, and bouts of hyperinflation, Bolivia has remained one of the poorest and least developed Latin American countries. However, Bolivia has experienced generally improving economic conditions since the PAZ Estenssoro administration (1985-89) introduced market-oriented policies which reduced inflation from 11,700% in 1985 to about 20% in 1988. PAZ Estenssoro was followed as President by Jaime PAZ Zamora (1989-93) who continued the free-market policies of his predecessor, despite opposition from his own party and from Bolivia's once powerful labor movement. By maintaining fiscal discipline, PAZ Zamora helped reduce inflation to 9.3% in 1993, while GDP grew by an annual average of 3.25% during his tenure. Inaugurated in August 1993, President SANCHEZ DE LOZADA has vowed to advance the market-oriented economic reforms he helped launch as PAZ Estenssoro's planning minister. His successes so far have included an inflation rate that continues to decrease - the 1994 rate of 8.5% was the lowest in ten years - the signing of a free trade agreement with Mexico, and progress on his unique privatization plan. The main privatization bill was passed by the Bolivian legislature in late March 1994. Related laws - one that establishes SIRESE, the regulatory agency that will oversee the privatizations, and another that outlines the rules for privatization in the electricity sector - were approved later in the year.

**National product:** GDP - purchasing power parity - \$18.3 billion (1994 est.)

**National product real growth rate:** 4.2% (1994 est.)

**National product per capita:** \$2,370 (1994 est.)

**Inflation rate (consumer prices):** 8.5% (1994 est.)

**Unemployment rate:** 6.2% (1994 est.)

## **Budget:**

*revenues:* \$3.75 billion

*expenditures:* \$3.75 billion, including capital expenditures of \$556.2 million (1995 est.)

**Exports:** \$1.1 billion (f.o.b., 1994 est.)

*commodities:* metals 39%, natural gas 9%, soybeans 11%, jewelry 11%, wood 8%

*partners:* US 26%, Argentina 15% (1993 est.)

**Imports:** \$1.21 billion (c.i.f., 1994 est.)

*commodities:* capital goods 48%, chemicals 11%, petroleum 5%, food 5% (1993 est.)

*partners:* US 24%, Argentina 13%, Brazil 11%, Japan 11% (1993 est.)

**External debt:** \$4.2 billion (January 1995)

**Industrial production:** growth rate 5% (1994 est.)

**Electricity:**

*capacity:* 756,200 kW

*production:* 2.116 billion kWh

*consumption per capita:* 367 kWh (1994)

**Industries:** mining, smelting, petroleum, food and beverage, tobacco, handicrafts, clothing; illicit drug industry reportedly produces 15% of its revenues

**Agriculture:** accounts for about 21% of GDP (including forestry and fisheries); principal commodities - coffee, coca, cotton, corn, sugarcane, rice, potatoes, timber; self-sufficient in food

**Illicit drugs:** world's second-largest producer of coca (after Peru) with an estimated 48,100 hectares under cultivation in 1994; voluntary and forced eradication programs unable to prevent production from rising to 89,800 metric tons in 1994 from 84,400 tons in 1993; government considers all but 12,000 hectares illicit; intermediate coca products and cocaine exported to or through Colombia and Brazil to the US and other international drug markets; alternative crop program aims to reduce illicit coca cultivation

**Economic aid:**

*recipient:* US commitments, including Ex-Im (FY70-89), \$990 million; Western (non-US) countries, ODA and OOF bilateral commitments (1970-89), \$2.025 billion; Communist countries (1970-89), \$340 million

**Currency:** 1 boliviano (\$B) = 100 centavos

**Exchange rates:** bolivianos (\$B) per US\$1 - 4.72 (January 1995), 4.6205 (1994), 4.2651 (1993), 3.9005 (1992), 3.5806 (1991), 3.1727 (1990)

**Fiscal year:** calendar year