Bolivia

RISK & COMPLIANCE REPORT

DATE: March 2017

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Executive Summary - Bolivia	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Compliance with FATF 40 + 9 Recommendations US Dept of State Money Laundering assessment Not on EU White list equivalent jurisdictions Corruption Index (Transparency International & W.G.I.)) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score) International Narcotics Control Majors List (Cited)

Major Investment Areas:

Agriculture - products:

soybeans, coffee, coca, cotton, corn, sugarcane, rice, potatoes; Brazil nuts; timber

Industries:

mining, smelting, petroleum, food and beverages, tobacco, handicrafts, clothing, jewelry

Exports - commodities:

natural gas, soybeans and soy products, crude petroleum, zinc ore, tin

Exports - partners:

Brazil 40.3%, US 17.7%, Argentina 7.7%, Peru 5.3% (2012)

Imports - commodities:

petroleum products, plastics, paper, aircraft and aircraft parts, prepared foods, automobiles, insecticides

Imports - partners:

Chile 20.8%, Brazil 19.9%, Argentina 11.7%, US 9.9%, Peru 7.1%, Venezuela 6%, China 4.8% (2012)

Investment Restrictions:

With the exception of the broadcasting sector, there is no requirement that nationals own shares of companies, or that foreign equity be reduced over time. There are some areas where investors may judge that special treatment is being given to their Bolivian competitors, for example in key sectors where private companies compete with state owned enterprises. Additionally, foreign investment is not allowed in matters relating directly to national security, and only the GOB can own natural resources.

The Constitution specifies that all hydrocarbon resources are the property of the Bolivian people and that the state will assume control over their exploration, exploitation, industrialization, transport, and marketing (Articles 348 and 351).

The Telecommunications, Technology and Communications General Law (Law 164, Article 28) stipulates that the licenses for radio broadcasts will not be given to foreign persons or entities. Further, in the case of broadcasting associations, the share of foreign investors cannot exceed 25% of the total investment, except in those cases approved by the state or by international treaties.

Contents

Section 1 - Background

Bolivia, named after independence fighter Simon BOLIVAR, broke away from Spanish rule in 1825; much of its subsequent history has consisted of a series of nearly 200 coups and countercoups. Democratic civilian rule was established in 1982, but leaders have faced difficult problems of deep-seated poverty, social unrest, and illegal drug production. In December 2005, Bolivians elected Movement Toward Socialism leader Evo MORALES president - by the widest margin of any leader since the restoration of civilian rule in 1982 - after he ran on a promise to change the country's traditional political class and empower the nation's poor, indigenous majority. However, since taking office, his controversial strategies have exacerbated racial and economic tensions between the Amerindian populations of the Andean west and the non-indigenous communities of the eastern lowlands. In December 2009, President MORALES easily won reelection, and his party took control of the legislative branch of the government, which will allow him to continue his process of change. In October 2011, the country held its first judicial elections to appoint judges to the four highest courts.

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Bolivia is no longer on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 21 June 2013

The FATF welcomes Bolivia's significant progress in improving its AML/CFT regime and notes that Bolivia has established the legal and regulatory framework to meet its commitments in its Action Plan regarding the strategic deficiencies that the FATF had identified in February 2010. Bolivia is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Bolivia will work with GAFISUD as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report.

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Bolivia was undertaken by the Financial Action Task Force (FATF) in 2011. According to that Evaluation, Bolivia was deemed Compliant for 1 and Largely Compliant for 4 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 5 of the 6 Core Recommendations.

US Department of State Money Laundering assessment (INCSR)

Bolivia is categorised by the US State Department as a Country/Jurisdictions of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

Bolivia is not a regional financial center, but remains vulnerable to money laundering. Criminal proceeds laundered in Bolivia are derived primarily from smuggling contraband and from the foreign and domestic drug trade.

In recent years Bolivia has enacted several laws and regulations that, taken together, should help the country to more actively fight money laundering. Bolivia should continue its implementation of its laws and regulations with the goal of identifying criminal activity that results in investigations, criminal prosecutions, and convictions.

In May 2014, Bolivia transferred control of its Financial Investigative Unit (UIF) from Bolivia's financial regulatory body to the Ministry of Economy and Public Finance in order to give the UIF greater independence. Since the move, statistics previously accessible online are no longer available, but Bolivia is working to rectify this issue.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Major sources of illicit funds in Bolivia include cocaine trafficking, smuggled goods, and informal currency exchanges. Chile is the primary entry point for illicit products, which are then sold domestically or informally exported. According to a local think-tank, the informal sector offers opportunities for money laundering and structuring (splitting large amounts of money into smaller quantities to avoid scrutiny by the financial regulatory agencies). This money then enters the formal market through the financial system.

Although informal currency exchange businesses and non-registered currency exchanges are illegal, many still operate. Corruption is common in informal commercial markets and money laundering activity is likely.

The Bolivian justice system has been hindered by corruption and political interference, either of which could impede the fight against narcotics-related money laundering. Lack of well-trained prosecutors and police officers has also been a problem, leading to ineffective criminal investigations.

Bolivia has 13 FTZs for commercial and industrial use located in El Alto, Cochabamba, Santa Cruz, Oruro, Puerto Aguirre, Desaguadero, and Cobija. Lack of regulatory oversight of these FTZs increases money laundering vulnerabilities.

Casinos are illegal in Bolivia. Soft gaming (e.g., card games, roulette, bingo) is regulated; however, many operations have questionable licenses.

KEY AML LAWS AND REGULATIONS

Bolivia has passed several laws that control the entry and exit of foreign exchange and which criminalize illicit gains. In 2012, Bolivia created the National Council to Combat Illicit Laundering of Profits, with participation by several government ministries, with the goal of issuing guidelines and policies to combat money laundering. In 2013, Bolivia also created new regulatory procedures that allow for freezing and confiscation of funds and other assets related to money laundering.

All financial institutions in Bolivia are required by the UIF and the banking regulations to report all transactions above $3,000 (or transactions above $10,000 for banks).

Bolivia has KYC regulations. All transactions conducted through the financial system require a valid photo identification in addition to other required information. Financial intermediaries must register this information into their systems, regardless of the transaction amount or whether the transaction is a deposit or a withdrawal.

AML DEFICIENCIES

Lack of personnel in the UIF, combined with inadequate resources and weaknesses in Bolivia's legal and regulatory framework, limit the UIF's reach and effectiveness. Compliance with UIF's reporting requirements is extremely low. Information exchange between the UIF and police investigative entities is also limited, although the UIF maintains a database of suspect persons that financial entities must check before conducting business with clients.

Bolivia does not have a mutual legal assistance treaty with the United States; however, various multilateral conventions to which both countries are signatories are used for requesting mutual legal assistance.

In 2013, after several legislative changes and improvements to its AML system, the UIF's membership in the Egmont Group of FIUs was reinstated.

Bolivia is currently working to address noted deficiencies, including the need to better regulate notaries, vehicle dealers, real estate businesses, and jewelry stores, as well as bitcoins, mobile device payments, and financial outflows.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

Bolivia implemented the 1988 UN Drug Convention and has laws that penalize the production, extraction, preparation, sale and transportation of any narcotic drug or psychotropic substance. The criminal courts have jurisdiction over crimes related to narcotics, terrorism, and money laundering. With a legal order, courts can request information from banks for investigative purposes.

Bolivia has an extradition treaty with the United States. There are some instances where the Bolivian government has been cooperative with U.S. law enforcement, e.g., on boarding requests for Bolivian-flagged vessels. However, overall there is little law enforcement cooperation between Bolivia and the United States. Cooperation with other countries is also reported to be limited.

According to available data, there were approximately 35 money laundering-related prosecutions in 2016. Conviction data is not available.

Banks are very active enforcing all regulations to control money laundering or any other suspicious transaction.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Bolivia does not conform with regard to the following government legislation: -

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

EU White list of Equivalent Jurisdictions

Bolivia is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

Bolivia is not considered an Offshore Financial Centre

Reports

US State Dept Narcotics Report 2017 (introduction):

According to coca cultivation estimates from the United States government, the Government of Bolivia, and the UN Office on Drugs and Crime (UNODC), Bolivia is the third largest producer of cocaine in the world. It is also a major transit zone for Peruvian cocaine. The United States estimates that coca cultivation increased by 1,500 ha (to 36,500 ha) from 2014 to 2015. The Government of Bolivia has inadequate controls over its domestic coca cultivation. Most Bolivian cocaine is exported to other Latin American countries, especially Brazil, for domestic consumption or for onward transit to West Africa and Europe, rather than to the United States.

In September 2016, the United States again determined that Bolivia "failed demonstrably" to adhere to its obligations under international counternarcotics agreements and the U.S. Foreign Assistance Act of 1961, as amended. This Presidential determination was based, in part, on insufficient Bolivian law enforcement efforts to disrupt and dismantle drug trafficking organizations and inadequate Bolivian controls to prevent the diversion of "legal" coca cultivation to illicit cocaine production during the previous year.

According to 2015 data from the latest UNODC/Bolivian government report, more coca is sold in the Yungas legal market than is grown in that region, the largest coca growing region in Bolivia. Nearly all of the coca grown in Cochabamba's Chapare region (the second largest area for coca cultivation), is diverted away from the legal market. Bolivian President Evo Morales is also the president of the coca growers' federation in that region. Peruvian officials estimate that 50 percent of all Peruvian cocaine departs to or through Bolivia via aerial transshipment, commonly known as the "air bridge." Bolivia reportedly confiscated 11 aircraft involved in drug trafficking in 2016, down from 39 reportedly seized in 2015 by the Special Counter-Narcotics Police Force (FELCN), and the Bolivian government destroyed 24 clandestine air strips in 2016. In October 2016, Argentina reported an average of one illegal drug flight per day from Bolivia.

In traditional coca cultivation areas, Bolivia maintains a "social control" policy to illicit coca production. Under this approach, the government usually negotiates with coca growers to obtain their consent for eradication. In nontraditional areas, including national parks, eradication is mandatory.

Conclusion

Bolivia remains the third largest producer of coca and cocaine in the world and a major transit country for Peruvian cocaine. U.S. data shows that Bolivian coca cultivation is increasing. The Bolivian government and UNODC claim coca cultivation is decreasing. More importantly, according to U.S. data, potential cocaine production in Bolivia has doubled over the past decade, to 255 metric tons. Neither UNODC nor the Government of Bolivia has information that would confirm or dispute this assessment. Further, there appears to be no data to support the Bolivian government's claims that traditional, cultural, and medicinal coca consumption has increased to justify raising the legal limit of coca cultivation from 12,000 ha to 20,000 ha, as the Government of Bolivia has proposed.

Bolivia's inadequate controls over its legal markets are also a matter of concern. Similarly, the regular use of Bolivia as a transit point for cocaine trafficking has transnational impacts, particularly on Bolivia's neighbors. Bolivia's policy allowing the cultivation of 20,000 ha of coca exceeds the amount of coca needed for traditional purposes by approximately 36 percent, per recent EU reporting, and exceeds current Bolivian legal limits by 60 percent. In 2013, Bolivia re-acceded to the 1961 U.N. Single Convention on Narcotic Drugs with a reservation permitting coca to be used only within Bolivia for traditional, cultural, and medicinal purposes. Despite these stated conditions, Bolivia continues to promote the use of coca in other countries and discusses potential export opportunities for coca products. These actions continue to undermine Bolivia's commitments to its international drug control obligations.

US State Dept Trafficking in Persons Report 2014 (introduction):

Bolivia is classified a Tier 2 (watch list) country - A country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Bolivia is principally a source country for men, women, and children who are exploited in sex trafficking and forced labor within the country and abroad. To a more limited extent, women from other nearby countries, including Brazil and Paraguay, have been identified in forced prostitution in Bolivia. Indigenous Bolivians are particularly vulnerable to sex and labor trafficking. Women, children, and men are subjected to sex trafficking in Bolivia; LGBT youth are particularly vulnerable to sex trafficking. Bolivian women and girls are also exploited in sex trafficking in neighboring countries, including Argentina, Peru, and Chile. Within the country, Bolivian men, women, and children are found in forced labor in domestic service, mining, ranching, and agriculture. Bolivians working in agriculture, food processing, and ranching in the Chaco region of Bolivia experience forced labor; indicators include physical confinement, induced indebtedness, nonpayment or withholding of wages, and threats of violence. Some indigenous families reportedly live in debt bondage in the country, particularly in the Chaco region. The press reports cases of children forced to commit criminal acts, such as robbery and drug production, and children participating in forced begging. Bolivians are found in forced labor in Argentina, Brazil, Chile, Peru, Spain, the United States, and other countries, usually in sweatshops and agriculture, as well as in domestic service. In 2013, Bolivian authorities identified Bangladeshi men transiting through Bolivia to Brazil as potential labor trafficking victims. Authorities report some nationals from neighboring countries engage in child sex tourism.

The Government of Bolivia does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Authorities continued to report identifying a large number of potential trafficking victims and convicted two trafficking offenders, a decrease from six convictions in 2012. Despite these efforts, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, Bolivia is placed on Tier 2 Watch List. Bolivian authorities did not allocate adequate funding for specialized victim services as required under the anti-trafficking law of 2012, nor did they make efforts to register and inspect employment agencies for possible involvement in trafficking, another requirement of the law. Uneven data collection made it difficult to assess government efforts to identify and assist trafficking victims and to investigate and prosecute trafficking cases. Specialized services for adult victims and victims of forced labor were nonexistent. The number of trafficking convictions remained low relative to the large number of victims in Bolivia, particularly for forced labor. Despite the large number of Bolivian trafficking victims identified in neighboring countries, authorities did not report how many, if any, of these victims received government-provided services upon repatriation.

US State Dept Terrorism Report 2011

Overview: There were no domestic or international terrorist incidents in Bolivia in 2011, and the threat of terrorism remained relatively low.

Legislation and Law Enforcement: In September, the Bolivian government passed a law that punishes supporting or participating in a terrorist group with prison sentences of 15-20 years. Bolivia also expanded its issuance of biometric passports to its citizens although it lacks biometric capabilities at its ports of entry.

In 2011, there were two reported arrests of individuals linked to the Peru-based terrorist group Sendero Luminoso (Shining Path or SL):

On June 27, a member of SL who had escaped from prison in Peru was arrested in Antaquilla, Bolivia. He was captured with five other Peruvians and a Bolivian involved in drug trafficking, all of whom were disguised in counternarcotic police uniforms. He was subsequently extradited to Peru. On August 2, four persons with alleged SL links were arrested in El Alto after distributing pamphlets allegedly speaking out against Evo Morales and encouraging militant Marxist doctrine. Three of the individuals were extradited to Peru and one remained in Bolivia as a political refugee.

Countering Terrorist Financing: In September, the government passed new legislation criminalizing the intentional “direct or indirect collection, transfer, delivery, possession or management of funds, property, or resources” for the purposes of terrorism, punishable by 15-20 years in prison. This law also made terrorist financing a crime independent of related offenses.

There was one ongoing investigation regarding alleged terrorist financing. On July 21, the Bolivian government expanded the 2009 Rozsa terrorism investigation to include possible financiers. The Government of Bolivia suspected 15 people of providing financial support to an alleged terrorist group based in Santa Cruz, and maintained that the group was trying to assassinate President Morales and divide the country. Opposition leaders denounced the investigation as politically motivated because a number of opposition leaders were named in the indictment. The investigation continued at year's end.

There was no law that expressly called for the monitoring of Non- Governmental Organizations' (NGO) finances. Banks were also required to report suspicious transactions, including those of NGOs.

For further information on money laundering and financial crimes, we refer you to the 2011 International Narcotics Control Strategy Report (INCSR), Volume 2, Money Laundering and Financial Crimes: http://www.state.gov/j/inl/rls/nrcrpt/index.htm.

Regional and International Cooperation: The Government of Bolivia cooperated with Peru, Colombia, and surrounding countries on counterterrorism. Bolivia is a member of the Southern Common Market and participated in meetings of the Organization of American States' Inter-American Committee Against Terrorism.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	33
World Governance Indicator – Control of Corruption	28

US State Department

Corruption continues to be a serious problem in Bolivia. Transparency International ranked Bolivia 106 out of 177 countries in its 2013 Corruption Perceptions Index. Thirty percent of Bolivians surveyed by Transparency International reported paying at least one bribe in 2010, the most recent year surveyed for this indicator. An August 6, 2012 Captura Consulting poll found 28 percent of citizens noted corruption as the country's main problem.

The Ministry of Institutional Transparency and the Fight Against Corruption, created in 2009 by Supreme Decree (#29894), is in charge of promoting policies against corruption and is empowered to investigate corruption cases at any level in any branch of government. In March 2010, the Bolivian Congress approved a "Fight Against Corruption, Illicit Enrichment, and Wealth Investigation" law (#004). This law gives the Bolivian government wide-ranging authority to investigate possible cases of corruption in the private and public sectors. However, due to an over-burdened judicial system dealing with corruption issues itself, most corrupt officials operated with impunity. On August 17, 2012, Transparency Minister Nardy Suxo stated that of 8,000 corruption cases, only 100 people had been sentenced, which she attributed to poor coordination in the Attorney General's Office.

Cases involving allegations of corruption against the president and vice president require congressional approval before prosecutors may initiate legal proceedings. The law requires public officials to report potential personal and financial conflicts of interest and to declare their income and assets. The law mandates that elected and appointed officials disclose their financial information to the Auditor General, but the declaration is not available to the public. Noncompliance shall result in internal sanctions, including dismissal. If criminal activity is detected, the Auditor General must refer the case to the Office of the Attorney General.

Bribery is a criminal offense in Bolivia. Bolivia signed the UN Anticorruption Convention in December 2003 and ratified it in December 2005. Bolivia is not a signatory of the OECD Convention on Combating Bribery of Foreign Public Officials. Bolivia is part of the Organization of American States' Inter-American Convention against Corruption and the Follow-Up Mechanism for its Implementation. There is an Ombudsman appointed by Congress and charged with protecting human rights and guarding against government abuse. In his 2012 annual report, the Ombudsman cited the judicial system, the attorney general's office, and the police as the most persistent violators of human rights due to widespread inefficiencies and corruption. Public opinion reflected the Ombudsman's statements. The Transparency International poll found that Bolivian citizens believe the most corrupt institutions in Bolivia are the judiciary, political parties, public officials, and the Bolivian Police.

Corruption and Government Transparency - Report by Global Security

Political Climate

Bolivia has gone through profound political changes in recent years, characterised by civil unrest, political instability and corruption. Increasing polarisation was spurred in 2008 by an intense debate over a proposal for a new constitution, which led to violent clashes when opposition and pro-government supporters confronted each other in street protests. In January 2009, 61% of Bolivians voted in favour of a new constitution (in Spanish), which strengthened the rights of Bolivia's Indigenous peoples, increased regional autonomy, established state control over natural resources and allowed President Evo Morales to run for a second term in office in the December 2009 general elections. The polarisation of the Bolivian political arena was underlined when a majority of voters in Bolivia's four eastern regions rejected the new constitution. Opposition parties have a strong support base in these regions which account for most of Bolivia's natural gas production.

Evo Morales, leader of the Movement Toward Socialism (MAS), was elected President in 2005 following an electoral campaign promising massive social reforms based on nationalisation of the country's natural resources and on empowering Bolivia's Indigenous majority. The election of Morales has led to noteworthy changes in political and economic policies, the most drastic of these being the nationalisation of the natural gas sector, which has been empowered by the new constitution. Morales also made the fight against corruption a key campaign issue in 2005 and declared a zero tolerance line against it. His administration has established the Ministry for Institutional Transparency and the Fight Against Corruption (in Spanish) in February 2009, replacing the former Vice Ministry of the same name. In March 2010, the long-awaited Law against Corruption, Illicit Enrichment, and the Investigation of Assets (in Spanish) was finally passed, introducing new procedures to monitor state resources as well as mechanisms to hold former presidents and officials accountable for past acts of corruption. Another important law has been the Provisional Law for the Functioning of Autonomous Territorial Entities (in Spanish) of May 2010, which gives the central government prosecutors the right to suspend governors who have criminal accusations against them. Several high-ranking civil servants in the public institutions most affected by corruption have been investigated, prosecuted and fired, including several MAS appointees following a job-selling scandal. However, according to the Bertelsmann Foundation 2012, these clamp-downs have not been followed by an attempt to reform the lack of transparency and the patronage structures behind the corruption scandals. Mandatory examinations for all public auditors within government ministries have now been introduced. However, according to various observers, the Morales administration continues to suffer from some of the same deficiencies as previous governments, and cases of unlawful enrichment by local government officials continue to appear. In December 2009, Evo Morales was granted a second term in office, when he won the presidential election with about 63% of the votes. In the concurrent parliamentary elections MAS won the majority of the seats in both the Congress and the Senate, the two chambers of the Plurinational Legislative Assembly, thus enabling the party to initiate further reforms. In his election campaign, Morales promised to continue the nationalisation of mineral reserves, to secure agricultural insurance for peasants, to industrialise Bolivia's substantial lithium reserves and to provide social services such as universal health care.

It is widely acknowledged that high levels of corruption among the elite and within the state administration sustain the country's social inequality and undermine the fight against poverty. Corruption in Bolivia pervades all levels of society, and the use of facilitation payments is so widespread that some observers describe corruption as an institutionalised and socially accepted norm. According to the Transparency International's Global Corruption Barometer 2010, Bolivian households consider the judiciary and political parties to be particularly affected by corruption. The survey also reveals varying public opinions on the effectiveness of the government's fight against corruption, as 47% of the respondents perceive the government's efforts to be 'inefficient', while 27% perceive them as 'efficient'. Latinobarómetro 2011 (see English version) reports that 46% of the surveyed citizens believe that in order to improve the democracy in Bolivia, corruption needs to be reduced, while 29% of the respondents pointed to a need for an increase in transparency of the government. According to the US Department of State 2008, bribery and fraud result in the disappearance of about USD 130 million from the national treasury annually.

Business and Corruption

In principle, Bolivia offers the necessary conditions for a well-functioning private sector in which foreign companies can operate freely. According to the US Department of State 2010, foreign companies are not subject to special registration requirements, but they might be negatively affected by inconsistent and arbitrary regulatory decisions and widespread corruption. Business executives surveyed in the World Economic Forum Global Competitiveness Report 2011-2012 rank Bolivian rules governing FDI among the most unattractive in the world. According to many sources, Bolivia remains a difficult place to do business in practice, due to rampant corruption and state intervention in a number of sectors. Increasing nationalisation of natural resource sectors in the country, such as water supply, energy and natural gas, has led foreign investors to doubt the attractiveness of the Bolivian market. According to Transparency International's Global Corruption Report 2009, the overall costs of starting a company in Bolivia exceed the average per capita income, thus making it difficult for many informal entrepreneurs to pass to a formal status. Bolivia's informal economy reaches what corresponds to more than 50% of the country's official GDP. In the World Economic Forum Global Competitiveness Report 2011-2012, business executives rank access to financing, followed by restrictive labour regulations and foreign currency regulations as the three most problematic factors for doing business in Bolivia. Corruption is now ranked as the seventh most problematic factor for doing business, compared to the Global Competitiveness Report 2010-2011, in which corruption was ranked as the third most problematic factor. According to the 2011-2012 report, business executives also report that the unethical behaviour of companies in their interactions with public officials, politicians and other companies represents a strong competitive business disadvantage for Bolivia.

In the World Bank & IFC Enterprise Surveys 2010, three out of five companies identify corruption as a major constraint for their business operations in Bolivia, and approximately one out of five companies expects to give gifts to public officials to 'get things done'. Interactions with tax officials, the customs services and the judicial system often involve demands for facilitation payments in order to expedite bureaucratic procedures and to circumvent complicated and time-consuming administrative procedures. According to the

World Economic Forum Global Competitiveness Report 2011-2012, the occurrence of undocumented extra payments and bribes in Bolivia is common. There are reportedly many legal disputes between companies and the state or workers regarding interpretation of Bolivian labour laws. It is common that companies involved in such disputes are asked for bribes by court officials in return for favourable rulings.

The high levels of corruption combined with considerable political and social instability make Bolivia a risky place to do business. Hence, companies are advised to develop, implement and strengthen internal integrity systems and to carry out extensive due diligence before committing funds and when already doing business in the country.

Regulatory Environment

Despite controversial policies by the government, Bolivia has experienced relatively strong and stable economic growth since Morales assumed office in January 2006. However, there are several obstacles and points to consider before starting business operations in the country. A significant hurdle for business operations in Bolivia is the abundance of administrative procedures. Business executives surveyed by the World Economic Forum Global Competitiveness Report 2011-2012 report that inefficient government bureaucracy is among the most problematic factors for doing business in Bolivia. According to the same survey, when business executives are asked about the burden of government regulations, they give Bolivia a score of 3.2 on a 7-point scale (1 'extremely burdensome' and 7 'not burdensome at all'). Moreover, business executives surveyed by the same report indicate that obtaining information about changes to government policies and regulations affecting their industries is highly problematic. According to the World Bank & IFC Doing Business 2012, it takes an average of 15 procedures and 50 days to start a company in Bolivia at a cost of 90.4% of GNI per capita. The World Bank & IFC Enterprise Surveys 2010 report that senior management must spend 28.5% of its time on average dealing with the requirements of government regulations. Starting a company requires several licences and permits, and companies report that obtaining operating licences from municipalities and that registering at the National Chamber of Commerce (NCC, in Spanish) and at the Caja Nacional de Salud (in Spanish) are difficult and time-consuming tasks. In addition, many public agencies are only located in La Paz, which makes starting and operating a business outside the capital difficult. Frequent visits by tax inspectors and shifting tax laws also constitute a considerable burden for companies. Companies seeking to establish themselves in Bolivia should consult the governmental web portal, Trámites Bolivia (in Spanish), for investment information, including guidelines for procedures, requirements and a collection of electronic formulas. The portal has been established with the aim to reduce regulations and procedures and contains a function, where users can propose new ways of simplifying procedures.

Various important economic sectors have been subject to Morales' nationalisation reforms, first and foremost being the natural gas and mining sectors. Companies should be aware of the subsequent changes in hydrocarbons legislation and nationalisation policy changes. In 2006, foreign and private companies in this sector were given six months to sell at least 51% of their holdings to the state-owned oil and gas company, Yacimientos Petroliferos Fiscales Bolivianos (YPFB), and to negotiate new contracts or leave the country. Furthermore, an additional 32% tax on revenues for the hydrocarbon sector has been imposed. Morales has declared all Bolivian territory a public mining reserve, and the state mining company, COMIBOL, is now in charge of administering all mineral wealth in Bolivia. This means that foreign mining companies can only work under concession from COMIBOL.

According to US Department of State 2010, the legal process related to buying land is time-consuming and may be subject to political influence and corruption. Inefficiencies and corruption in the Bolivian judiciary make settling commercial disputes, including disputes over property rights, a time-consuming and unreliable task. Due to a weak and corrupt judiciary, most commercial disputes are settled out of court. It is generally recommended that companies include an international arbitration clause in all contracts with Bolivian private and public entities. In an attempt to circumvent these problematic dispute settlement mechanisms, a local Arbitration Tribunal has recently been established by the NCC. Furthermore, the Investment Law of 1990 provides for investors to submit their complaints to arbitration in accordance with the constitution and international norms. The Bolivian government accepts binding international arbitration in all sectors. The law states that international arbitral decisions, such as those made in accordance with the New York Convention of 1958 must be honoured. However, Bolivia withdrew from the International Centre for the Settlement of Investment Disputes (ICSID) in 2007 and, as assessed by the US Department of State 2010, the Constitution 2009 (in Spanish) contains formulations that seem to limit the possibility for international companies to apply for international arbitration. Access the Lexadin World Law Guide for a collection of legislation in Bolivia.

Section 3 - Economy

Bolivia is a resource rich country with strong growth attributed to captive markets for natural gas exports. However, the country remains one of the least developed countries in Latin America because of state-oriented policies that deter investment and growth. Following a disastrous economic crisis during the early 1980s, reforms spurred private investment, stimulated economic growth, and cut poverty rates in the 1990s. The period 2003-05 was characterized by political instability, racial tensions, and violent protests against plans - subsequently abandoned - to export Bolivia's newly discovered natural gas reserves to large Northern Hemisphere markets. In 2005, the government passed a controversial hydrocarbons law that imposed significantly higher royalties and required foreign firms then operating under risk-sharing contracts to surrender all production to the state energy company in exchange for a predetermined service fee. The global recession slowed growth, but Bolivia recorded the highest growth rate in South America during 2009. High commodity prices since 2010 sustained rapid growth and large trade surpluses. However, a lack of foreign investment in the key sectors of mining and hydrocarbons, along with conflict among social groups pose challenges for the Bolivian economy.

Agriculture - products:

soybeans, coffee, coca, cotton, corn, sugarcane, rice, potatoes; Brazil nuts; timber

Industries:

mining, smelting, petroleum, food and beverages, tobacco, handicrafts, clothing, jewelry

Exports - commodities:

natural gas, soybeans and soy products, crude petroleum, zinc ore, tin

Exports - partners:

Brazil 40.3%, US 17.7%, Argentina 7.7%, Peru 5.3% (2012)

Imports - commodities:

petroleum products, plastics, paper, aircraft and aircraft parts, prepared foods, automobiles, insecticides

Imports - partners:

Chile 20.8%, Brazil 19.9%, Argentina 11.7%, US 9.9%, Peru 7.1%, Venezuela 6%, China 4.8% (2012)

Banking

Bolivia's banking system includes the Central Bank and 13 privately owned banks. Approximately four-fifths are commercial banks. The remaining one-fifth are savings and loan organizations, credit unions, and other financial institutions. As of December 2008, deposits totaled an estimated $6.97 billion, of which nearly 54% were U.S. dollar-denominated deposits. During 2009, deposits totaled $8.3 billion (ASFI).

The 1993 Banking Law significantly modernized Bolivia's banking system, establishing rules to govern factoring and leasing and setting parameters for bank holding companies. The 1995 Central Bank Law later redefined the Central Bank's and ASFI's roles within the banking sector, setting reserve requirements according to monetary policy goals and eliminating the insider lending that led to the collapse of many Bolivian banks.

The Bolivian government enacted additional changes to the financial regulatory framework in the late 1990s. Several laws have established norms for the non-banking financial system and introduced regulations governing pensions, insurance, and securities. According to the new constitution (Art 366) the monetary and exchange rate policy will be determined by the Ministry of Economy in coordination with the Central Bank of Bolivia. At the same time, laws also authorized the creation of private financial funds, savings and loans cooperatives, and non-governmental organizations to improve access to credit and other financial services.

Supreme Decree 28999 (dated January 1, 2007) created a new state-owned financial institution (Productive Development Bank – BDP) to provide low-rate credit to small businesses. The Morales administration simultaneously announced plans to change pension regulations due to high costs. As of February 2009, however, there have been no concrete plans set forth.

Stock Exchange

The Bolivian Stock Exchange is called the Bolsa Boliviana de Valores SA.

Established Bolivian firms may issue short- or medium-term debt in local capital markets, which act primarily as secondary markets for fixed return securities. Bolivian capital markets have sought to expand their handling of local corporate bond issues and equity instruments. The securities law (Law 1834, 1998) laid the groundwork for creating a truly modern securities exchange, but social unrest and economic disruptions have slowed its development. Over the last few years, several Bolivian companies and some foreign firms have been able to raise funding through local capital markets.

2011 IMF Report Extract (June 2, 2011):

Key Issues raised

Short-term prospects.
With a supportive external environment, real GDP growth is projected at 4.5 percent in 2011, and the external current account would remain in surplus. A key policy priority is to secure a return to low inflation, after a sharp increase in recent months. Monetary conditions would

need to be tightened and interest rates allowed to rise from currently negative levels in real terms. A faster appreciation of the boliviano, which is estimated to be moderately undervalued, would contribute to offset external inflation pressures.

Strengthening the macroeconomic policy framework.
In 2011, the overall surplus of the public sector is projected to narrow from 2 percent of GDP to about 0.7 percent of GDP. The authorities are encouraged to put in place a medium-term fiscal framework to manage hydrocarbon wealth and avoid pro-cyclical public spending. As the number and activities of state-owned enterprises has expanded, greater transparency and accountability in their operations would help contain fiscal risks and improve their effectiveness.

Maintaining financial sector soundness.
Financial sector indicators are strong, banks appear resilient to a range of shocks, and dollarization has declined. Regulations should be geared toward preserving the solvency of banks and the resources assigned to supervision should be increased. The crisis management framework needs strengthening.

Enhancing medium-term growth and social protection.
Sustaining high and stable medium-term growth will require improvements in the investment climate, including by ensuring stability in the legal framework. While social policies have been effective and Bolivia has made inroads towards achieving MDGs, enhancing the targeting of transfer programs will help further improve the condition of the most vulnerable groups.

Section 4 - Investment Climate

Executive Summary

Investing in Bolivia is challenging for both domestic and international companies due to a general lack of transparency, a slow and cumbersome legal system, corruption, and a regulatory system in transition. The investment climate in Bolivia receives a low ranking in independent international indices mainly because Bolivia awaits full implementation of the more than 100 laws and regulations needed to bring the country's legal framework into agreement with the nation's Constitution.

The latest Constitution, passed in 2009, stipulates that Bolivian investment will be prioritized over foreign investment (Article 320); economic activity cannot damage the collective good (Article 47); the right to private property -- as long as it serves a social function and is not against the collective interest (Article 56); transferring national resources that are the "social property of the Bolivian people" in favor of companies, people, or foreign States can be considered an act of treason (Article 125); and Bolivian Constitutional law supersedes international law and treaties (Article 410) (the exception is in the case of human rights treaties).

The Bolivian government has signaled that its upcoming legislative agenda will include new mining, hydrocarbons, electricity and arbitration regulations. Such regulations have been in the works for years, with frustratingly little progress. However, there is hope, as a new investment law was passed in early 2014 (Law 633).

While the investment law suffers from a lack of specificity and any mention of arbitration, many Bolivians hope its passage indicates a change in the government's attitude towards investment. Aspects of the law that may improve the investment climate are that it recognizes foreign investment (Article 4); it recognizes legal security for national and foreign investment (Article 3); says that the government will establish incentives for investment in key sectors within three months; and an arbitration law will be enacted within three months.

Potential investors in Bolivia should conduct very careful due diligence before settling on an investment. Investors cannot rely on the Bolivian judicial system to settle disputes, as resolution of cases is slow and decisions can be arbitrary. The Government of Bolivia will not recognize third country arbitration in any of its commercial agreements, so potential investors working directly with the government should consider how disputes would be resolved if they arise. Companies in Bolivia are subject to arbitrary requirements such as the 2013 announcement of the requirement to provide a second Christmas bonus, as well as annual, retroactive wage increases.

Despite the real challenges to investing in Bolivia, investors who have adequately assessed the risks can find many profitable opportunities. With real GDP growth of 6.7% in 2013, Bolivia experienced an 11% increase in nominal per capita GDP; similar growth is projected for 2014. This increased wealth led to a 30% increase in imports from the U.S. Sectors such as heavy construction equipment, hydrocarbon and mining machinery, and telecommunications have all benefitted from Bolivia's strong economy.

1. Openness to and Restrictions on Foreign Investment

Bolivia remains generally open to foreign direct investment. The new investment law guarantees equal treatment for national and foreign firms, however it also stipulates that public investment has priority over private (both national and foreign) and that the public sector will define in which sector private investment is required.

U.S. companies interested in investing in Bolivia should note that Bolivia has abrogated the Bilateral Investment Treaties (BIT) it signed with the United States and a number of other countries. The Bolivian Government claimed the abrogation of the BIT was necessary to come into compliance with its new constitution. Companies that invested under the U.S. BIT will be covered until June 10, 2022, but investments made after June 10, 2012 are not covered.

An important change in the Constitution that directly affects possible foreign investments is that Bolivia no longer recognizes international arbitration forums (Article 320). In case of controversy, the parties cannot settle the dispute in an international court. However, the legal standard of implementation is still uncertain because there is no implementing law to accompany the Constitutional framework.

Article 320 of the Bolivian Constitution states the following regarding foreign investments in Bolivia:

I. Bolivian investment takes priority over foreign investment.

II. Every foreign investment will be subject to Bolivian jurisdiction, laws, and authorities, and no one may invoke a situation for exception, nor appeal to diplomatic claims to obtain more favorable treatment.

III. Economic relations with foreign states or enterprises shall be conducted under conditions of independence, mutual respect and equity. More favorable conditions may not be granted to foreign states or enterprises than those established for Bolivians.

IV. The state acts independently in all decisions on internal economic policy, and will not accept demands or conditions imposed on this policy by states, banks or Bolivian or foreign financial institutions, multilateral entities or transnational enterprises.

V. Public policies will promote internal consumption of products made in Bolivia.

Article 262 of the Constitution states the following regarding foreign investments near the border:

"The fifty kilometers from the borderline constitute the zone of border security. No foreign person, individual, or company may acquire property in this space, directly or indirectly, nor possess any property right in the waters, soil or subsoil, except in the case of state necessity declared by express law approved by two thirds of the Plurinational Legislative Assembly. The property or the possession affected in case of non-compliance with this prohibition will pass to the benefit of the state, without any indemnity."

Part of the stated purpose of the Bolivian judicial system is to uphold the sanctity of contracts. In practice, however, the judicial system faces a huge backlog of cases, is short staffed, and has problems with corruption. Swift resolution of cases, either initiated by investors or against them, is unlikely. Also, the Marcela Quiroga Anti-Corruption law of 2010 makes companies and their signatories criminally liable for breach of contract with the GOB, and can be applied retroactively. Authorities can use this threat of criminal prosecution to force settlement of disputes. Commercial disputes can often lead to criminal charges. Cases are processed slowly, and suspects can be held legally for 18 months without formal charge as a case is investigated and for 36 months before their case is resolved by a judge. Foreigners are more likely to be deemed a flight risk than Bolivian nationals and, as such, may not receive bail in lieu of pretrial incarceration. Foreigners considering investing in Bolivia would do well to review our Human Rights Report as background on the judicial system, labor rights and other important issues.

With the exception of the broadcasting sector, there is no requirement that Bolivian nationals own shares of companies, or that foreign equity be reduced over time. There are some areas where investors may judge that special treatment is being given to their Bolivian competitors, for example in key sectors where private companies compete with state owned enterprises. Additionally, foreign investment is not allowed in matters relating directly to national security, and only the GOB can own natural resources.

The Constitution specifies that all hydrocarbon resources are the property of the Bolivian people and that the state will assume control over their exploration, exploitation, industrialization, transport, and marketing (Articles 348 and 351). The state-owned and operated company, *Yacimientos Petrolíferos Fiscales Bolivianos* (YPFB) manages hydrocarbons transport and sales and is responsible for ensuring that the domestic market demand is satisfied at prices set by the hydrocarbons regulator before allowing any hydrocarbon exports. YPFB benefitted from government action in 2006 that required operators to turn over all of their production to it and to sign new contracts that gave YPFB control over the distribution of gasoline, diesel, and liquid petroleum gas (LPG) to gas stations. The law allows YPFB to enter into joint venture contracts for limited periods with national or foreign individuals or companies wishing to exploit or trade hydrocarbons or their derivatives. For companies working in the industry, contracts are negotiated on a service contract basis and there are no restrictions on ownership percentages of the companies providing the services.

The Constitution (Article 366) also specifies that every foreign enterprise that conducts activities in the hydrocarbons production chain representing Bolivia will submit to the sovereignty of the state, and to the laws and authority of the state. No foreign court case or foreign jurisdiction will be recognized, and foreign investors may not invoke any exceptional situation for international arbitration, nor appeal to diplomatic claims.

According to the Constitution, no concessions or contracts may transfer the ownership of natural resources or other strategic industries to private interests. The GOB needs to renegotiate more than 10,500 commercial agreements related to forestry, mining, telecommunications, electricity, and water services in order to comply with these regulations. Since the new mining law and other sector laws that would outline the associated requirements have not yet been approved, the government issued Supreme Decree 726 in December 2010, which allows private companies temporary authorization to exploit natural resources under the old regulations until new laws are enacted.

The Telecommunications, Technology and Communications General Law (Law 164, Article 28) stipulates that the licenses for radio broadcasts will not be given to foreign persons or entities. Further, in the case of broadcasting associations, the share of foreign investors cannot exceed 25% of the total investment, except in those cases approved by the state or by international treaties.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2013	(106 of 177)	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2014	(158 of 178)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	(162 of 189)	http://doingbusiness.org/rankings
Global Innovation Index	2013	(95 of 142)	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	$2,220.00	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or $4,085 or less.

A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards.

Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf"

2. Conversion and Transfer Policies

Currency is freely convertible at Bolivian banks and exchange houses. The official exchange system is described as an “incomplete crawling peg." Under this system, the exchange rate is fixed, but undergoes micro-readjustments which are not pre-announced to the public. There is a spread of ten basis points between the exchange rate for buying and selling US dollars. The Peso Boliviano (Bs) has remained fixed at 6.96 Bs/$1 for selling and 6.86 Bs/$1 for buying since October 2011. The parallel rate closely tracks the official rate, suggesting the market finds the Central Bank’s policy acceptable. In order to avoid distortions in the exchange rate market, the Central Bank requires all currency exchange to occur at the official rate ±1 basis point.

The banking law (#1488, 1993) establishes regulations for foreign currency hedging and authorizes banks to maintain accounts in foreign currencies. A significant, but dropping, percentage of deposits are denominated in U.S. dollars (currently less than 30% of total deposits). Bolivian law currently allows repatriation of profits, with a 12.5% withholding tax. However, a provision of the 2009 Constitution (Article 351.2) requires reinvestment within Bolivia of private profits from natural resources. Until specific implementing legislation is passed, it is unclear how this provision will be applied. In addition, all bank transfers in U.S. dollars within the financial system and leaving the country must pay a Financial Transaction Tax (ITF) of .03%. This tax applies to foreign transactions for U.S. dollars leaving Bolivia, not to money transferred internally.

Any banking transaction above $10,000 in one operation or in total in three consecutive days requires a form stating the source of funds. In addition, any hard currency cash transfer from or to Bolivia equal to or greater than $10,000 must be registered with the customs office. Amounts between $50,000 and $500,000 require authorization by the Central Bank and quantities above $500,000 require authorization by the Ministry of the Economy and Public Finance. The fine for underreporting any cash transaction is equal to 30% of the difference between the declared amount and the quantity of money found. The reporting standard is international, but many private companies in Bolivia find the application cumbersome due to the requirement of the GOB for detailed transaction breakdowns rather than allowing for blanket transaction reporting.

Administrative Resolution 398/10 approved in June 2010 forces Bolivian banks to reduce their investments and/or assets outside the country to an amount that does not exceed 50% of the value of their net equity.

The Central Bank charges a fee for different kinds of international transactions related to banking and trade. The current list of fees and the details can be found at http://www.bcb.gob.bo/webdocs/2011/Normativa/Resoluciones/resolucion159.pdf

Of the less favorable laws for foreign investments, the Tax Reform (Law 843) is the one that directly affects the transfer of all money to foreign countries. All companies are charged 25% tax on profits under the Tax Reform Law, but when a company sends money abroad, the presumption of the Bolivian Tax Authority is that 50% of all money transmitted is profit. Under this presumption, the 25% tax is applied to half of all money transferred abroad, whether actual or only presumed profit. In practical terms it means there is a payment of 12.5% as a transfer tax.

3. Expropriation and Compensation

The Bolivian Constitution allows the government to expropriate property for the public good or when the property does not fulfill a “social purpose" (Article 57). In the case of land, this social purpose is understood as "sustainable land use to develop productive activities, according to its best use capacity, for the benefit of society, the collective interest and its owner." In all other cases where this article has been applied, the Bolivian government has no official definition of collective interest and makes decisions on a case-by-case basis. Noncompliance with the social function of land, tax evasion, or the holding of large acreage is cause for reversion, at which point the land passes to "the Bolivian people" (Article 401). In cases where the expropriation of land is deemed the necessity of the state or for the public good, such as when building road or laying electricity lines, payment of just indemnification is required, and the GOB has paid for the land taken in such cases. However, in cases where there is non-compliance, or accusations of such, the GOB is not required to pay for the land because the land title reverts to the state.

The Constitution also gives workers the right to reactivate and reorganize companies in the process of bankruptcy, insolvency, or liquidation, or those closed in an unjust manner, into employee-owned cooperatives (Article 54). The mining code of 1997 (last updated in 2007) and hydrocarbons law of 2005 both outline procedures for expropriating land to develop underlying concessions.

The Bolivian government has signaled its intent to nationalize all companies that were previously privatized in the 1990s under the process of capitalization. In this process, state-owned companies were privatized up to a 50% interest (the state controlled the other 50% interest). Thus far, the government nationalized all of hydrocarbons transport and sales (private and foreign state owned firms remain in production and services), a majority of the electricity sector, the biggest telecommunications company, a tin smelting plant, and a cement plant. To take control of these companies the government forced private entities to sell shares to the government, but often at below market prices. Some of the affected companies have cases pending with international arbitration bodies.

There are still some former state companies that are under private control, including the railroad, and some electricity transport and distribution companies. The first company not previously owned by the government was nationalized in December of 2012. The nationalization process has not discriminated by country; some of the countries affected were the United States, France, the UK, Spain, Argentina, and Chile, amongst others. In numerous cases the Government of Bolivia has nationalized private interests in order to appease social groups protesting within Bolivia. Although the 2014 investment law does not prohibit nationalization of companies, President Morales has signaled in the press that the new law will curb future nationalizations.

4. Dispute Settlement

Property and contractual rights are enforced in Bolivian courts, but the legal process is time consuming and may be subject to political influence and corruption. Although many of its provisions have been modified and supplanted by more specific legislation, Bolivia’s Commercial Code (Law 14379, 1977) continues to provide general guidance for commercial activities. Still, the Commercial Code is irregularly applied and may soon be irrelevant since a new code may be drafted during 2014 that could significantly change the business environment in Bolivia. The Constitution has precedence over international law and treaties (Article 410), and stipulates that the state will be directly involved in resolving conflicts between employers and employees (Article 50).

The status of international arbitration is unclear due to conflicting Bolivian law. Previous investment contracts between the government of Bolivia and the international companies granted the right to pursue international arbitration in all sectors and states that international agreements, such as the Convention on the Settlement of Investment Disputes between States and Nationals of Other States and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards, must be honored. It also mandates the recognition of foreign decisions and awards and establishes procedures for the Supreme Court's execution of decisions. However, these rights conflict with the new Constitution issued on 2009, which states (Article 366) that arbitration is not recognized in any case and cannot proceed under any diplomatic claim, and specifically limits foreign companies' access to international arbitration in the case of conflicts with the government. It also states that all bilateral investment treaties must be renegotiated to incorporate relevant provisions of the new Constitution. The Investment Law of 2014 states that arbitration provisions must be drafted within three months, as of this time they have not been completed.

In November 2007, Bolivia became the first country ever to withdraw from the International Center for the Settlement of Investment Disputes (ICSID). In August 2010, the Bolivian Minister of Legal Defense of the State said that the Bolivian government would not accept ICSID rulings in the cases brought against them by the Chilean company Quiborax and Italian company Euro Telcom. However, the government of Bolivia agreed to pay $100 million to Euro Telecom as result of a negotiation due to the nationalization of the Italian company, and this agreement was ratified by a Supreme Decree 692 on November 3, 2010. Additionally, a British company that owned the biggest electric generation plant in Bolivia (Guaracachi) won an arbitration case against Bolivia for 41 millions of dollars.

In another case, a Canadian mining company with significant U.S. interests failed to complete an investment required by its contract with the state-owned mining company. The foreign company asserts it could not complete the project because the state mining company did not deliver required property rights. The foreign company entered into national arbitration (their contract does not allow for international arbitration) and in January 2011, the parties announced a settlement of $750,000, which the company says will be used to pay taxes, employee benefits, and pending debts -- essentially leaving them without compensation for the $5 million investment they had made. They also retained responsibility for future liabilities.

Regarding bankruptcy, the average time to complete the procedures to close a business in Bolivia is 20 months. The Bolivian Commercial Code includes (Article 1654) three different categories of bankruptcy:

1. No Fault Bankruptcy - when the owner of the company is not directly responsible for its inability to pay its obligations.

2. At- Fault Bankruptcy - when the owner is guilty or liable due to the lack of due diligence to avoid harm to the company.

3. Bankruptcy due to Fraud - when the owner intentionally tries to cause harm to the company.

If a company declares bankruptcy, the company must pay employee benefits before other obligations.

In general, the application of laws related to commercial and bankruptcy are inconsistently applied and charges of corruption are common. Foreign creditors often have little redress beyond Bolivian courts, and judgments are generally more favorable to local claimants versus international ones. Workers have broad ranging rights to recover pay and benefits from foreign firms in bankruptcy, and criminal actions can be taken against individuals the Bolivian government deems responsible for failure to pay in these matters.

5. Performance Requirements and Incentives

Article 14 of the new investment law requires technology transfer from foreign companies operating in Bolivia to Bolivian workers and institutions. The law specifies that Bolivians should work in operational, administrative, and executive offices of investing companies. Also, a company investing in Bolivia should donate equipment and machinery to universities and technical schools in the same area as the investment, and that the investing company should conduct research activities that will find solutions that contribute to public welfare.

Article 2 of the investment law stipulates that the government can incentivize investment in certain sectors that contribute to the economic and social development of the country.

It is important to note that Bolivia is a member of the World Trade Organization and has not registered any objections to the Trade Related Investment Measures under WTO agreements. With regard to requirements:

- Bolivian labor law requires businesses to limit foreign employees to 15% of their total work force and requires that such foreign hires be part of the technical staff. These workers require a work visa that can be obtained in any Bolivian consulate, and in the case that they work for a Bolivian company, both should also contribute to the Bolivian Pension System (Pension Law Article 104.1)

- Supreme Decree 27328 regulates national and local level government procurement, which give priority to national sourcing. If an item required is not produced in Bolivia, buying decisions are made based on price. Supreme Decree 28271 (Article 10), establishes the following preference margins for sourcing with Bolivian products:

    - Except for national tenders, 10% preference margin for Bolivian products regardless of the origin of materials.

    - For national public tenders, if the cost of Bolivian materials represents more than 50% of the total cost of the product, the producers receive a 10% preference margin over other sellers.

    - In national and international public tenders, if Bolivian inputs and labor represent more than the 50% of the total cost of the product, the seller receives a 25% preference margin over other sellers. If the Bolivian inputs and labor represent between 30% and 50% of the total cost of the product, the seller receives a 15% preference margin over other sellers.

Under the Bolivian Criminal Code (Article 226), it is a crime punishable by six months to three years in prison; to raise or lower the price of a product based on false information, interests, or actions. It is also a crime to hoard or conceal products in order to raise prices. The Bolivian government has aggressively applied these provisions in a number of cases, applying regulations that allow them to request accounting records and audit companies' financial actions looking for evidence of speculation.

The Constitution (Article 41) states that the Bolivian state will guarantee access to prescription drugs and that property and commercial rights cannot restrict this right. Although this provision has not yet been written into law, it is likely to affect Intellectual Property Rights. At present, registration of prescription drugs is regulated by Law (#1737), which establishes control over the production, importation, commercialization, quality control, selection, purchase, distribution, prescription, and sale of medicines through an obligatory sanitary registry, which is valid for five years. After five years, renewed registration of a drug can be requested from the Ministry of Health through DINAMED (the *Dirección de Medicamentos y Tecnología en Salud)*. The registry can be canceled or suspended if the requirements and technical standards mentioned above are not fulfilled.

Regarding granting visas to business executives and investors, Bolivian legislation has no restrictions and the delineated cost is $1000. However, the process is in no way transparent and is subject to long delays, lack of information, and corruption.

6. Right to Private Ownership and Establishment

The Constitution recognizes the right for both foreign and domestic private entities to establish and own business enterprises. Article 52, Paragraphs 1-2 state:

I. The right to free business association is recognized and guaranteed.

II. The state guarantees the acknowledgement of the legal personality of business associations, as well as of the democratic organizational business forms, in accordance with their own by-laws.

There are several markets that have restrictions on foreign investment. For example, the Telecommunications, Technology and Communications General Law (Law 164, Article 28) stipulates that the licenses for radio broadcasts will not be given to foreign persons or entities. Further, in the case of broadcasting associations, the share of foreign investors cannot exceed 25% of the total investment, except in those cases approved by the state or by international treaties.

The right of private entities to freely establish, acquire, and dispose of interest in business enterprises is recognized by the Bolivian Commercial Code (Article 6.3) that states that the purchase or sale of a mercantile company or commercial establishment of shares, quotas, or any parts of interest of equity are considered part of the commercial process.

For more information on opening a business in Bolivia, see the World Bank Doing Business report at http://www.doingbusiness.org/data/exploreeconomies/bolivia/.

7. Protection of Property Rights

The Constitution stipulates the right to private property as long as it serves a social function and is not against the collective interest (Articles 56 and 57). The Constitution specifically allows expropriation in cases of public necessity, or where property is not serving a public function. Revisions that were made to the Agrarian Law (#1715, 1996) in November 2006 reflect this concept. The law was modified (#3545) to stipulate that property deemed unproductive in bi-annual reviews by the National Institute of Agrarian Reform (*Instituto*

Nacional de Reforma Agraria, or INRA) will revert to the state; the modification placed limits on landowners' legal recourse in such cases. This modification has limited banking interest in long term agricultural investments due to uncertainty over possible future confiscation. In early December, the lower house of the Bolivian congress approved a law granting a five year hiatus for INRA reviews; although expected to be approved the law has yet to be passed by the Senate or signed into law by President Morales.

The Constitution also grants formal, collective land titles to indigenous communities (Article 394.3) that originally owned those lands and states that public land will be granted to indigenous farmers, intercultural indigenous communities, afro-Bolivians, and farmer communities which do not possess them or for whom lands are insufficient (Article 395). Under law 3545, passed in 2006 and still valid, the Government will not grant public lands to non-indigenous people or agriculture companies. The Mother Earth Integral Development Law to Live Well (Mother Earth Law, or Law #300) passed in October 2012 and specifies that the State controls access to natural resources, particularly with regards to foreign use. In action, the law limits access to land, forest, water and other natural resources by foreigners in Bolivia. The law, though signed, is likely to be reviewed before implementing regulations are enacted.

The Office of Property Registry oversees the acquisition and disposition of land, real estate, and mortgages. Mortgages are easy to obtain. It takes at most 60 days to obtain a standard loan. However, Bolivia lacks an adequate system of title verification and challenges to land titles are common. Competing claims to land titles and the absence of a reliable dispute resolution process create risk and uncertainty in real property acquisition. Illegal occupation of rural private property is an ongoing problem and a 52 land invasions were reported by the Association of Oilseed Producers (ANAPO) in 2012.

The Mother Earth Law recognizes the intellectual property rights of indigenous peoples, the Afro-Bolivian community, and Bolivian migratory groups related to ancestral knowledge and biodiversity. Included in these rights are those related to the medicinal properties of plants and animals found in the Bolivian Amazon and other regions within Bolivia.

Bolivian copyright law (#1322, 1992) protects the rights of Bolivian authors, foreign authors domiciled in Bolivia, and foreign authors published in Bolivia. Foreigners not domiciled in Bolivia enjoy protection to the extent provided in international conventions and treaties to which Bolivia is a party. International copyrights are respected even when they have not been registered in Bolivia. Protection extends to literary, artistic, and scientific works for the lifetime of the author plus 50 years and includes the exclusive right to copy or reproduce works; to revise, adapt, or prepare derivative works; to distribute copies of works; and to publicly communicate works. Although the exclusive right to translate works is not explicitly granted, the law does prevent unauthorized adaptation, transformation, modification, and editing. The law also provides protection for software and databases. The film and video law (#1302, 1991) contains elements of IPR protection, establishing a National Movie Council (CONACINE) to oversee the domestic film industry and requiring that all films and videos shown or distributed in Bolivia be registered with the organization.

Additionally, as a member of the Andean Community (CAN), a customs union comprising Bolivia, Colombia, Ecuador and Peru, Bolivia is also a party to several legally binding agreements signed by the customs union, called "Decisions". In Bolivia, only the Constitution takes supremacy to CAN Decisions. CAN Decision 351 grants copyright protection to "the authors of and other owners of rights in intellectual works in the literary, artistic or scientific field, whatever their nature or form of expression and regardless of their literary or artistic merit or purpose."

While the Constitution specifies that the state will register and protect intellectual property, including "collective intellectual property rights," it also explicitly states that "the right to access to medicines may not be restricted by intellectual property rights" (Article 41.2). International patents are not respected in Bolivia unless the patent is separately registered locally. However, The National Intellectual Property Service (SENAPI) takes international patents into consideration during the registration process.

The existing copyright law recognizes copyright infringement as a public offense and the Bolivian Criminal Code provides for the criminal prosecution of IPR violations. However, the enforcement of intellectual property rights remains insufficient, and Bolivia remains on the U.S. Trade Representative's Special 301 Watch List. Video, music, and software piracy rates are among the highest in Latin America, with the International Intellectual Property Alliance estimating that piracy levels have reached 100% for motion pictures and over 90% for recorded music.

In 2013 Bolivia passed a law requiring Bolivian institutions to use only open source software. Government agencies need to get special permission to acquire any branded software.

Bolivia belongs to the World Intellectual Property Organization and is a signatory to the Nice Agreement and the Paris, Bern, and Geneva Conventions. SENAPI reviews patent registrations for form and substance and publishes notices of proposed registrations in the Official Gazette. If there are no objections within 30 working days, the organization grants patents for a period of 20 years. The registration of trademarks parallels that of patents. Once obtained, a trademark is valid for a 10-year renewable period. It can be cancelled if not used within three years of the date of grant.

Bolivia has no laws protecting trade secrets. However, Bolivia respects international conventions and they are still in effect and protect foreigners. Additionally, it has signed an Andean Community (CAN) agreement, Decision 486, which deals with industrial property (trade secrets) and is legally binding in Bolivia. The most relevant sections of Decision 486 are:

I. Each Member Country shall accord the nationals of other members of the Andean Community, the World Trade Organization, and the Paris Convention for the Protection of Industrial Property, treatment no less favorable than it accords to its own nationals with regard to the protection of intellectual property, subject to the exceptions already provided in articles 3 and 5 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and in article 2 of the Paris Convention for the Protection of Industrial Property.

Member Countries may also accord such treatment to the nationals of a third country under the terms of their respective domestic legislation.

IV. The protection granted by this Decision shall accrue to all literary, artistic and scientific works that may be reproduced or disclosed by any known or future means.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Embassy point of contact: Leah Pillsbury PillsburyLH@state.gov

Local lawyers list:
http://photos.state.gov/libraries/bolivia/22433/ACSPDF/AttorneysListMASTER%20LIST.pdf

8. Transparency of the Regulatory System

The lack of new implementing laws to the 2009 Constitution creates legal discrepancies between constitutional guarantees and the dated policies currently enforced. All of this creates an uncertain investment climate. Adding to the uncertainty, the political agenda can determine what laws will be issued according to the needs of the moment.

The tax code has not changed, and will probably not change in the near future; however, the government may establish new taxes for what it considers strategic sectors. The government is also in discussions regarding a tax increase on profits, focusing on financial institutions that generate very high profits.

Environmental regulations can slow projects due to the constitutional requirement of "prior consultation" for any projects that could affect local communities. This has affected projects related to the exploitation of natural recourses, both renewable and nonrenewable, as well as public works projects. Issuance of environmental licenses has been slow and subject to corruption.

In 2010, the new pension fund was enacted; it increased the contributions that companies have to pay from 1.71% of payroll to 4.71% total.

Formal bureaucratic procedures are lengthy, difficult to manage and navigate, and considered by some debilitating. Many firms complain that a lack of administrative infrastructure, corruption, and political motives impede their ability to perform easily. The one exception is when registering a new company in Bolivia. Once a company submits all of the necessary documentation to FUNDEMPRESA, the Bolivian entity charged with registration of new enterprises, the process takes between 2-4 working days.

There is no established public comment process allowing social, political, and economic interests to provide advice and comment on new laws and decrees. However, the government generally -- but not always -- discusses the draft of a law with the relevant sector. For example, for the proposed mining law the government set up a committee, which includes representatives of the Ministry of Mining, the private sector and representatives of the state companies. By contrast, laws such as the enacted pension law were not public until the government issued a final version.

Most accounting regulations follow international principles, but they do not always fully conform to international standards. Only the biggest private companies and a few government institutions such as the Central Bank and the Banking Supervision Authority have transparent and consistent accounting systems.

Article 308 of the Constitution establishes that the state recognizes, respects, and protects private initiatives that contribute to economic and social development and the strengthening of the economic independence of the country. In addition, as mentioned in the section on "Right to Private Ownership and Establishment," the Constitution guarantees free enterprise and full exercise of business activities as regulated by law.

9. Efficient Capital Markets and Portfolio Investment

Bolivian banks have developed the capacity to adjudicate credit risk and evaluate expected rates of return in line with international norms. The banking sector is stable and healthy with delinquency rates at less than 2%.

On 2013 the financial services bill was signed into law. This new law enacted major changes to the banking sector, including deposit rate floors and lending rate ceilings, mandatory lending allocations to certain sectors of the economy and an upgrade of banks' solvency requirements in line with the international Basel standards. The law also requires banks to spend more on improving consumer protection, as well as providing increased access to financing in rural parts of the country.

Credit is now allocated on government established rates for productive activities, but foreign investors may find it difficult to qualify for loans from local banks due to the requirement that domestic loans be issued exclusively against domestic collateral. Since commercial credit is generally extended on a short-term basis, most foreign investors prefer to obtain credit abroad. Most Bolivian borrowers are small- and medium-sized enterprises (SMEs).

Established Bolivian firms may issue short- or medium-term debt in local capital markets, which act primarily as secondary markets for fixed-return securities. Bolivian capital markets have sought to expand their handling of local corporate bond issues and equity instruments. Over the last few years, several Bolivian companies and some foreign firms have been able to raise funds through local capital markets. However, the stock exchange is small and is highly concentrated in bonds and debt instruments (more than 95% of transactions). The amount of total transactions per year generally hovers around one-third of the GDP.

Since 2008, the financial markets show a high level of liquidity, which has led to historically low interest rates. This situation is expected to continue for the near future, despite the strains in the international financial markets. The Bolivian financial system is not well integrated with the international system and the presence of foreign banks is very low, with only one external bank amongst the top ten banks of Bolivia.

In October 2012 Bolivia returned to global credit markets for the first time in nearly a century, selling $500 million worth of 10-year bonds at the New York stock exchange. The sovereign bonds were offered with an interest rate of 4.875% and demand for the bonds well surpassed the offer, reaching $1.5 billion. U.S. financial companies Bank of America Merrill Lynch, and Goldman Sachs were the lead managers of the deal. In 2013 Bolivia sold another $500 million at 5.95% for ten years. HSBC, Bank of America, and Merrill Lynch were the lead managers of the deal. According to the Ministry of Economy, the resources gained from the sales will be used to finance infrastructure projects.

The Bolivian banking system is small, composed of 12 banks, 5 private financial funds, and 33 savings and credit cooperatives. Of the total number of personal deposits made in Bolivia through December 2013 ($15.4 billion), the banking sector accounted for 81%. Similarly, of the total loans and credits made to private individuals ($12.4 billion) through December 2013, 78% were made by the banking sector, while private financial funds and the savings and credit cooperatives accounted for the other 22%.

In September 2010, the Bolivian government bought the local private bank *Banco Union* as part of a plan to gain control of part of the financial market. Banco Union is medium-sized, with a share of 9% in total national credits and 11% of the total deposits; its principal activity is managing public sector and GOB accounts. The ownership of Banco Union by the Bolivian government was illegal until December 2012, when the GOB enacted the State Bank Law, allowing for state participation in the banking sector.

In 2007, the government created a Productive Development Bank to boost the production of small, medium-sized and family-run businesses. The bank was created to provide loans to credit institutions who meet specific development conditions and goals, for example by giving out loans to farmers, small businesses, and other development focused investors. The loans are long term and have lower interest rates than private banks can offer in order to allow for growth of investments and poverty reduction.

There is no strong evidence of "cross-shareholding" and "stable shareholding" arrangements used by private firms to restrict foreign investment, and the new Constitution forbids monopolies and supports antitrust measures. In addition, there is no evidence of hostile takeovers (other than GOB nationalizations).

10. Competition from State-Owned Enterprises (SOEs)

The Bolivian government is actively expanding the state's role in the economy. Actions include re-nationalization in key sectors, establishment of state-owned enterprises (SOEs), and passage of laws and regulations that stipulate state ownership of natural resources.

In recent years, the Bolivian government has re-nationalized, by obtaining a controlling stake, a number of private entities that were formerly public enterprises prior to the 1990s. These include Bolivia's largest tin mine, a smelting plant, the largest telecommunications company, the gas production and transport industry, hydroelectric and thermoelectric plants, and a cement company.

Rather than sweeping nationalizations, the GOB has set up companies in sectors it considers vital to the national interest and social well-being, and has stated that it plans to do so in every sector it considers strategic or where there is either a monopoly or oligopoly. Areas possibly affected in the next year include the cement industry, banking sector (due to the 2010 acquisition of *Banco Union*), and road construction (in 2012 a GOB controlled construction company was created and is run by the Bolivian military). Many of these public companies are less efficient than their private counterparts.

At present, the Bolivian government owns and operates more than fifty businesses including a sugar factory, an airline, a supermarket chain, a packaging plant, a cement plant, a construction company, paper and cardboard factories, and milk and nut factories. In 2005, income from state-owned business in Bolivia represented only a fraction of a percent of Gross Domestic Product (GDP). As of 2013, public sector contribution to GDP (including SOEs, investments, and consumption of goods and services) has risen to near 40% of GDP.

Each state-owned company is run by a government-appointed Board of Directors. Each director represents a ministry, and some are informally obligated to consult with government officials for decision-making purposes. The general manager is usually appointed by Supreme Resolution. Private sector entities complain that public companies generate subsidized, unfair competition with the existing private sector. There is currently no law specifying preferential treatment for state-owned businesses, though industry experts anticipate a law on public enterprises that clarifies roles within the coming year.

Due to the lack of a specific law defining how state-owned companies are managed, some nationalized companies in key sectors like hydrocarbons, electricity, and communications, continue to function as private companies. This allows these firms to pay higher salaries to technicians and executives, avoiding the GOB limitations for public institutions, and to avoid bureaucracy in the procurement process because they do not have to comply with Government public tendering requirements.

The largest SOEs are able to acquire credit from the Central Bank at very low interest rates and convenient terms. Some private companies complain that it is impossible for them to compete with this financial subsidy. Moreover, SOEs appear to benefit from easier access to licenses, supplies, materials and land; however, there is no law specifically providing SOEs with preferential treatment in this regard.

Budget constraints have not been a problem for SOEs. GOB budget surpluses over the past six years, as well as financing from the Central Bank, have enabled public companies to have large budgets. Many SOEs have difficulty implementing their budgets, with the implementation rate around 70% for 2011. According to the Constitution, all SOEs are required to publish an annual report and are subject to financial audits. Additionally, SOEs are required to present an annual testimony in front of civil society and social movements, a practice known as social control.

Bolivia does not have a sovereign wealth fund.

11. Corporate Social Responsibility (CSR)

While there is a general awareness of corporate social responsibility amongst both producers and consumers in Bolivia, consumer decisions are rarely made based on corporate practices or social benefits. Because the Bolivian Constitution stipulates that economic activity cannot damage the collective good (Article 47), CSR activities are generally looked upon favorably by the government of Bolivia.

Though Bolivia is not part of the OECD, it has participated in several Latin American Corporate Governance Roundtables since 2000. Neither the government of Bolivia nor its organizations use the OECD Guidelines for CSR. Instead, Bolivian companies and organizations are focused on trying to accomplish the UN's Millennium Development Goals, and they use the Global Reporting Initiative (GRI) methodology in order to show economic, social and environmental results. While the Bolivian government, private companies, and non-profits are focused on the UN's Millennium Development Goals, only a few private companies and NGOs focus on following the UN standard ISO 26000 guidelines and methodologies. Another methodology with wide acceptance in Bolivia is the one developed by ETHOS Institute, which provides measurable indicators accepted by PLARSE (Programa *Latinoamericano de Responsabilidad Social Corporativa*, the Latin American Program for CSR).

Bolivia has laws that regulate aspects related to CSR practices, but they are rarely enforced by the Bolivian authorities. Article 8 of the Bolivian constitution promotes a nation of "common well-being, responsibility, social justice, distribution and redistribution of the products and social assets, to live well", but even the GOB does not fulfill the regulations focused on accomplishing these objectives.

The 1942 General Labor Law is the basis for employment rights in Bolivia, but this law has been modified more than 2,000 times via 60 supreme decrees made since 1942. As a result of these modifications, the General Labor Law has become a complex web of regulations that is difficult to enforce. An example of the lack of enforcement is the Comprehensive System for Protection of the Disabled (Law 25689) which stipulates that at least 4% of the total work force in public institutions, state owned enterprises, and private companies should be disabled. Neither the public nor private sectors are close to fulfilling this requirement, and most buildings lack even basic access modifications to allow for disabled workers.

In support of consumer protection rights, the Vice ministry of Defense of User and Consumer Rights was created in 2009 (Supreme Decree 29894) under the supervision of the Ministry of Justice. This same year the Consumer Protection Law (Supreme Decree 0065) was enacted, which gave the newly created Vice Ministry the authority to request information, verify and follow up on consumer complaints. Though the Vice-ministry has yet to report on its activities, an example of its work can be seen in local airports and bus stations, where customers can make a complaint on service or other matters to a representative of the Vice-ministry and receive compensation from the transport company if deemed appropriate.

The new Mother Earth Law (Law 071) approved in October of 2012, promotes CSR elements as part of its principles (Article 2), such as collective good, harmony, respect and defense of rights. The Ministry of Environment and Water is in charge of overseeing the implementation of this law, but the implementing regulations and creation of new institutions to enforce this law are still in process.

Despite Bolivia promoting the development of CSR practices in its laws, the government gives no advantage to businesses that implement these practices. Instead, businesses implement CSRs in order to gain the public support necessary to pass the prior consultation requirements or strengthen their support when mounting a legal defense against claims that they are not using land to fulfill a socially valuable purpose, as defined in the Community Land Reform laws (# 1775 and #3545).

In April 2009, the Bolivian government reorganized the supervisory agencies of the government (formerly *Superintendencias*) to include social groups, thus creating the "Authorities of Supervision and Social Control" (Supreme Decree 0071). This new authority now controls and supervises the following sectors: telecommunications and transportation; water and sanitation; forests and land; pensions; electricity; and enterprises. Each sector has an Authority of Supervision and Social Control assigned to its oversight, and each Authority has the right to audit the activities in the aforementioned sectors and the right to request the public disclosure of information, ranging from financial disclosures to investigation of management decisions.

There are a large number of organizations working in CSR, ranging from those focusing on education and training, to clean technology promotion, to fair labor practices. Additionally, individual sectors have undertaken CSR initiatives, most notably in mining and forestry. For example, miners developed a working partnership focused on education, infrastructure, and environmental issues with local communities, and communities now exhibit a relatively higher level of awareness of CSR practices than in the past. Since 1996, the Bolivian forestry sector certified almost 2 million hectares of forest. Although the government has an aversion to carbon credits and other programs considered by them to be the "commoditization of nature," the forestry certification program remains one of the strongest in the region. The Forestry Association (*Cámara Forestal de Bolivia*) supports a certification fund that provides economic assistance to any forestry operator that wishes to certify.

Additionally, a leading trade think tank, the *Instituto Boliviano de Comercio Exterior* (IBCE) developed a certification called the "*Triple Sello*" (triple stamp) that will certify that a business that receives the stamp is free from child labor, discriminatory practices, and forced labor. The "*Triple Sello*" certification is currently coordinated with the IBNORCA (Bolivian Institute of Quality Normalization) and is expected to be implemented soon.

12. Political Violence

Bolivia is prone to social unrest that includes violence. Given the country's reliance on a few key thoroughfares, conflict often disrupts transportation and distribution networks. The majority of civil disturbances are related to domestic issues, usually workers pressuring the government for concessions by marching or closing major transportation arteries. Over the past year, there has been little to no political violence targeted towards foreigners.

The rate of conflict grew substantially in 2013 due to protests over government infrastructure projects, salary increase or the second yearly bonus, and the draft of the new mining law. While protests and blockades are frequent, they only periodically affect commerce. Less than a half-dozen conflicts in La Paz directly affected distribution of essential services or travel in and out of the city for periods greater than 24 hours during 2013.

13. Corruption

Corruption continues to be a serious problem in Bolivia. Transparency International ranked Bolivia 106 out of 177 countries in its 2013 Corruption Perceptions Index. Thirty percent of Bolivians surveyed by Transparency International reported paying at least one bribe in 2010, the most recent year surveyed for this indicator. An August 6, 2012 Captura Consulting poll found 28 percent of citizens noted corruption as the country's main problem.

The Ministry of Institutional Transparency and the Fight Against Corruption, created in 2009 by Supreme Decree (#29894), is in charge of promoting policies against corruption and is empowered to investigate corruption cases at any level in any branch of government. In March 2010, the Bolivian Congress approved a "Fight Against Corruption, Illicit Enrichment, and Wealth Investigation" law (#004). This law gives the Bolivian government wide-ranging authority to investigate possible cases of corruption in the private and public sectors. However, due to an over-burdened judicial system dealing with corruption issues itself, most corrupt officials operated with impunity. On August 17, 2012, Transparency Minister Nardy Suxo stated that of 8,000 corruption cases, only 100 people had been sentenced, which she attributed to poor coordination in the Attorney General's Office.

Cases involving allegations of corruption against the president and vice president require congressional approval before prosecutors may initiate legal proceedings. The law requires public officials to report potential personal and financial conflicts of interest and to declare their income and assets. The law mandates that elected and appointed officials disclose their financial information to the Auditor General, but the declaration is not available to the public. Noncompliance shall result in internal sanctions, including dismissal. If criminal activity is detected, the Auditor General must refer the case to the Office of the Attorney General.

Bribery is a criminal offense in Bolivia. Bolivia signed the UN Anticorruption Convention in December 2003 and ratified it in December 2005. Bolivia is not a signatory of the OECD Convention on Combating Bribery of Foreign Public Officials. Bolivia is part of the Organization of American States' Inter-American Convention against Corruption and the

Follow-Up Mechanism for its Implementation. There is an Ombudsman appointed by Congress and charged with protecting human rights and guarding against government abuse. In his 2012 annual report, the Ombudsman cited the judicial system, the attorney general's office, and the police as the most persistent violators of human rights due to widespread inefficiencies and corruption. Public opinion reflected the Ombudsman's statements. The Transparency International poll found that Bolivian citizens believe the most corrupt institutions in Bolivia are the judiciary, political parties, public officials, and the Bolivian Police.

14. Bilateral Investment Agreements

Government policy changes stemming in part from the adoption of a new constitution in February 2009 have raised concerns among foreign investors. The new Constitution has yet to be fully implemented, yet one of its most troubling provisions calls for a limit on foreign companies' access to international arbitration in cases of conflicts with the government. It also states that all bilateral investment treaties (BIT) must be renegotiated to adjust to this and other new constitutional provisions. Citing these provisions, the government of Bolivia terminated the BIT with the U.S. in June 2012. Existing investors in Bolivia at the time of termination continue to be protected by the U.S. BIT's provisions for 10 years. The BIT with Bolivia was the first to be terminated by a U.S. treaty partner. In a related action, in October 2007, Bolivia became the first country to withdraw from the World Bank's International Centre for Settlement of Investment Disputes (ICSID).

15. OPIC and Other Investment Insurance Programs

The 1985 U.S.-Bolivia Investment Insurance Agreement provides for a full range of Overseas Private Investment Corporation (OPIC) programs, including political risk insurance and loan financing. OPIC provides financing assistance to U.S. firms through direct loans and guarantees issued by U.S. financial institutions. The International Bank for Reconstruction and Development's (IBRD) Multilateral Investment Guarantee Agency (MIGA) has offered a complete line of investment guarantees to foreign investors in Bolivia since October 1991.

MIGA has one active project in Bolivia at this time. In December 2011, it issued a guarantee of $10.8 million to cover an investment made by a Germany based holding company in its Bolivian subsidiary. The coverage is for a period of up to 10 years against the risk of expropriation of the mandatory reserves held by the subsidiary in the central bank of Bolivia. Past guarantees included assurances for the financing and investment of the Santa Cruz to Brazil gas pipeline, and financial guarantees for a Peruvian bank's mandatory reserves held by the Bolivian Central Bank against expropriation.

16. Labor

Approximately two-thirds of Bolivia's population of 10.4 million is considered "economically active." Bolivian labor law restricts child labor and provides for worker safety. Overall, between 60 and 65% of workers participate in the informal economy, where no contractual employer-employee relationship exists. Relatively low education and literacy levels tend to limit labor productivity, a fact reflected in wage rates. Unskilled labor is readily available, but skilled workers are often harder to find.

The 2009 Constitution specifies that unjustified firing from jobs is forbidden and that the state will resolve conflicts between employers and employees (Articles 49.3 and 50). Bolivian labor law guarantees workers the right of association and the right to organize and bargain collectively. Most companies are unionized, and nearly all unions belong to the Confederation of Bolivian Workers (COB).

In December 2012, the Bolivian Government enacted Law 316 decriminalizing labor demonstrations and strikes, and protects the right to organize labor unions. The new law also protects workers' and union leaders' right to enter and occupy a factory, agricultural, or mining company in defense of workers' interests as long as their actions are non-violent. The new law does not decriminalize violent or destructive labor demonstrations. The legal code stipulates that anyone who prevents or hinders the normal course of work or production; invades or occupies industrial, agricultural, or mining areas; and/or causes damage to the machines, supplies, equipment or instruments existing in them; shall be punished with imprisonment of one to eight years.

17. Foreign Trade Zones/Free Trade Zones

There are nine free trade zones in Bolivia, more than half of which are in cities along the Bolivian borders. The free trade zones were created to facilitate commercial and industrial operations for national and international companies. Any transaction that takes place inside a free trade zone is exempt from tariffs and national taxes. Private companies with 40-year contracts administer the free trade zones, which are located in the cites of El Alto, Cochabamba, Santa Cruz, Oruro, Puerto Aguirre, Cobija, Guayaramerin, Yacuiba, and Desaguadero. The National Council on Free Trade Zones (CONZOF) oversees all industrial and commercial free trade zones and authorizes operations.

18. Foreign Direct Investment Statistics

According to Bolivian Central Bank statistics, the stock of FDI in 2013 was $8.8 billion. The total flow of FDI into Bolivia in 2013 was $2.0 billion, 35% higher than in 2012 ($1.5 billion). During recent years, the majority of FDI has been directed to the hydrocarbon and mining sectors, accounting for 76% of total FDI in 2013.

In 2008, Bolivia changed its Net International Investment Position (NIIP), from being a net debtor to being a net creditor. In 2013, the NIIP reached $4.2 billion or 14% of GDP.

Table 2: Stock and Flow of FDI and Net International Investment Position

(In millions of $ and percentages over GDP)

	2006	2007	2008	2009	2010	2011	2012	2013
Total Stock of FDI	**5,058**	**5,485**	**5,998**	**6,421**	**6,869**	**7,749**	**8,809**	**10,558**
As % of GDP	44%	42%	36%	37%	35%	32%	32%	34%
Total flows of FDI	**582**	**953**	**1,302**	**687**	**936**	**1,033**	**1,505**	**2,030**

As % of GDP	5%	7%	8%	4%	5%	4%	6%	7%
Hydrocarbons	50	296	376	325	310	384	946	946
Mining	340	268	478	92	220	238	219	219
Industry	52	123	102	49	281	217	108	108
Electricity	14	8	52	25	-7	23	50	50
Commerce and Services	125	258	294	196	132	171	183	183
Net International Investment Position	**-3,616**	**-411**	**2,163**	**3,261**	**3,328**	**4,159**	**5,125**	**4,293**
As % of GDP	-31%	-3%	13%	19%	17%	17%	19%	14%

Source: Central Bank of Bolivia

Until 2009, the United States was the biggest investor in Bolivia. In 2013, the United States invested $61 million in Bolivia, making it the 8th largest investor for the year, behind Spain ($676 million), Sweden ($347 million), United kingdom ($309 million), France ($220 million), Peru ($102 million), The Caiman Island ($84 million) and Brazil ($77 million).

The information regarding the stock and flow of FDI is collected and processed by the Bolivian Central Bank based on the Foreign Private Capital (FPC) semiannual survey. The information corresponds to effective amounts of investment made by different companies. Although overall FDI by country is accurate, the disaggregated information by sector is an internal Central Bank estimate and not official.

Table 3: FDI by Country

(In millions of $)

	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Spain	**4**	**50**	**25**	**145**	**271**	**246**	**364**	**676**
Agriculture	0.0	0.2	0.1	0.6	0.1	0.0	0.1	0.0
hydrocarbon	0.3	8.5	7.4	68.5	89.8	91.5	228.5	466.1

Mining	2.3	16.7	9.3	19.3	63.6	56.8	52.9	50.3
Manufactures	0.3	7.4	2.0	10.3	81.2	51.6	26.0	102.1
Electricity Gas and Water	0.1	1.1	1.0	5.2	-2.0	5.5	2.8	3.7
Construction	0.1	0.4	0.6	1.1	0.4	0.0	0.0	0.0
Transport, Storage and Communications	0.4	9.3	1.1	18.3	8.2	24.2	12.0	20.0
Other sectors	0.3	6.1	4.0	21.4	29.6	16.6	41.2	34.0
Sweden	**0**	**242**	**339**	**23**	**169**	**280**	**178**	**347**
Agriculture	0.0	0.8	1.1	0.1	0.1	0.0	0.1	0.0
hydrocarbon	0.0	41.3	97.9	10.7	55.9	104.0	111.9	239.0
Mining	0.0	81.2	124.3	3.0	39.6	64.6	25.9	25.8
Manufactures	0.0	36.2	26.6	1.6	50.5	58.7	12.8	52.3
Electricity Gas and Water	0.0	5.5	13.4	0.8	-1.2	6.2	1.4	1.9
Construction	0.0	1.8	7.4	0.2	0.2	0.0	0.0	0.0
Transport, Storage and Communications	0.0	45.3	15.2	2.8	5.1	27.5	5.9	10.2
Other sectors	0.0	29.9	52.7	3.3	18.4	18.9	20.2	17.4
United Kingdom	**17**	**24**	**48**	**70**	**11**	**2**	**111**	**309**
Agriculture	0.0	0.1	0.2	0.3	0.0	0.0	0.0	0.0
hydrocarbon	1.5	4.0	13.9	33.1	3.6	0.6	69.8	213.1
Mining	10.1	8.0	17.7	9.3	2.6	0.4	16.2	23.0
Manufactures	1.6	3.5	3.8	5.0	3.3	0.3	8.0	46.7

Electricity Gas and Water	0.4	0.5	1.9	2.5	-0.1	0.0	0.9	1.7
Construction	0.4	0.2	1.1	0.5	0.0	0.0	0.0	0.0
Transport, Storage and Communications	1.8	4.4	2.2	8.8	0.3	0.2	3.7	9.1
Other sectors	1.5	2.9	7.5	10.3	1.2	0.1	12.6	15.6
France	**38**	**13**	**36**	**22**	**89**	**55**	**73**	**220**
Agriculture	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0
hydrocarbon	3.3	2.2	10.5	10.2	29.6	20.5	45.6	151.4
Mining	22.3	4.4	13.3	2.9	21.0	12.7	10.6	16.3
Manufactures	3.4	2.0	2.8	1.5	26.8	11.6	5.2	33.1
Electricity Gas and Water	0.9	0.3	1.4	0.8	-0.6	1.2	0.6	1.2
Construction	0.9	0.1	0.8	0.2	0.1	0.0	0.0	0.0
Transport, Storage and Communications	4.1	2.5	1.6	2.7	2.7	5.4	2.4	6.5
Other sectors	3.3	1.6	5.6	3.2	9.8	3.7	8.2	11.0
Peru	**26**	**35**	**26**	**40**	**82**	**12**	**56**	**102**
Agriculture	0.0	0.1	0.1	0.2	0.0	0.0	0.0	0.0
hydrocarbon	2.2	5.9	7.6	19.0	27.1	4.3	35.0	70.0
Mining	15.0	11.7	9.6	5.3	19.2	2.7	8.1	7.5
Manufactures	2.3	5.2	2.1	2.8	24.5	2.4	4.0	15.3
Electricity Gas and Water	0.6	0.8	1.0	1.4	-0.6	0.3	0.4	0.5
Construction	0.6	0.3	0.6	0.3	0.1	0.0	0.0	0.0

Transport, Storage and Communications	2.7	6.5	1.2	5.0	2.5	1.1	1.8	3.0
Other sectors	2.2	4.3	4.1	5.9	8.9	0.8	6.3	5.1
Caiman Island	**-13**	**12**	**85**	**9**	**22**	**45**	**184**	**84**
Agriculture	0.0	0.0	0.3	0.0	0.0	0.0	0.1	0.0
hydrocarbon	-1.1	2.0	24.5	4.3	7.3	16.8	115.9	57.8
Mining	-7.7	3.9	31.1	1.2	5.2	10.4	26.8	6.2
Manufactures	-1.2	1.7	6.6	0.6	6.6	9.5	13.2	12.7
Electricity Gas and Water	-0.3	0.3	3.4	0.3	-0.2	1.0	1.4	0.5
Construction	-0.3	0.1	1.9	0.1	0.0	0.0	0.0	0.0
Transport, Storage and Communications	-1.4	2.2	3.8	1.1	0.7	4.4	6.1	2.5
Other sectors	-1.1	1.4	13.2	1.3	2.4	3.0	20.9	4.2
Brazil	**17**	**75**	**155**	**96**	**77**	**124**	**286**	**77**
Agriculture	0.0	0.3	0.5	0.4	0.0	0.0	0.1	0.0
hydrocarbon	1.4	12.7	44.8	45.3	25.4	46.2	179.5	52.9
Mining	9.8	25.0	56.8	12.7	18.0	28.7	41.5	5.7
Manufactures	1.5	11.2	12.1	6.8	22.9	26.1	20.5	11.6
Electricity Gas and Water	0.4	1.7	6.1	3.5	-0.6	2.8	2.2	0.4
Construction	0.4	0.5	3.4	0.7	0.1	0.0	0.0	0.0
Transport, Storage and Communications	1.8	14.0	7.0	12.1	2.3	12.2	9.4	2.3

Other sectors	1.4	9.2	24.1	14.1	8.4	8.4	32.3	3.9
United States	**272**	**322**	**295**	**162**	**85**	**76**	**89**	**61**
Agriculture	-0.1	1.1	1.0	0.6	0.0	0.0	0.0	0.0
hydrocarbon	23.4	55.0	85.2	76.6	28.1	28.3	56.0	42.1
Mining	158.8	108.1	108.2	21.6	19.9	17.6	13.0	4.5
Manufactures	24.4	48.2	23.1	11.5	25.4	16.0	6.4	9.2
Electricity Gas and Water	6.6	7.3	11.7	5.8	-0.6	1.7	0.7	0.3
Construction	6.5	2.4	6.5	1.2	0.1	0.0	0.0	0.0
Transport, Storage and Communications	29.1	60.3	13.3	20.4	2.6	7.5	2.9	1.8
Other sectors	23.2	39.8	45.9	23.9	9.3	5.1	10.1	3.1
Other Countries	**222**	**181**	**293**	**122**	**130**	**193**	**165**	**155**
Agriculture	-0.1	0.6	1.0	0.5	0.1	0.0	0.1	0.0
hydrocarbon	19.1	31.0	84.7	57.9	43.2	71.7	104.0	107.0
Mining	129.5	60.9	107.5	16.3	30.6	44.5	24.1	11.5
Manufactures	19.9	27.1	23.0	8.7	39.1	40.5	11.9	23.4
Electricity Gas and Water	5.4	4.1	11.6	4.4	-0.9	4.3	1.3	0.8
Construction	5.3	1.3	6.4	0.9	0.2	0.0	0.0	0.0
Transport, Storage and Communications	23.7	34.0	13.2	15.4	4.0	19.0	5.5	4.6
Other sectors	18.9	22.4	45.6	18.0	14.2	13.0	18.7	7.8
Total FDI	**582**	**953**	**1,302**	**687**	**936**	**1,033**	**1,505**	**2,030**

Source: Central Bank of Bolivia

Bolivian direct investment in the rest of the world is very low and mainly includes banking deposits and small amount of investment in foreign stocks. No detailed information (e.g. by sector, by country) is available. During the last three years, the flows were zero reflecting the low size of investments abroad.

Table 4: Stock and Flow of FDI from Bolivia to the Rest of the World

(In millions of $ and percentages over GDP)

	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Stock of FDI	**90.2**	**94.2**	**63.8**	**49.5**	**7.7**	**0.0**	**0.0**	**0.0**
As % of GDP	0.78%	0.71%	0.38%	0.28%	0.04%	0.00%	0.00%	0.00%
Flow FDI	**3.0**	**4.0**	**-30.3**	**-14.3**	**-41.8**	**-7.7**	**0.0**	**0.0**
As % of GDP	0.03%	0.03%	-0.18%	-0.08%	-0.21%	-0.03%	0.00%	0.00%

Source: Central Bank of Bolivia

TABLE 5: Key Macroeconomic data, U.S. FDI in Bolivia

	Bolivian Statistical source* National Bureau of Statistics		USG or international statistical source International Monetary Fund		USG or international Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Bolivian Gross Domestic Product (GDP) (*Millions U.S. Dollars)*	2012	$27,232,159	2012	$27,232,000	http://www.imf.org/external/pubs/ft/weo/2014/01/weodata/index.aspx

Foreign Direct Investment	Bolivian Statistical source Central Bank of Bolivia		USG or international statistical source BEA		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in Bolivia (*Millions U.S. Dollars, stock positions)*	2012	$868	2012	$502	(BEA) click selections to reach.
Bolivia's FDI in the United States (*Millions U.S. Dollars, stock positions)*	2012	$0	2012	-$17	(BEA) click selections to reach
Total inbound stock of FDI as % Bolivian GDP (***calculate)***	32%	2012	32%	2012	International Monetary Fund

- National Bureau of Statistics
- Central Bank of Bolivia.

TABLE 6: Sources and Destination of FDI

Bolivia, 2012

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	8,809	100%			
Spain	2,722	31%			

Brazil	1,059	12%			
United Kingdom	941	11%			
United States	868	10%			
Sweden	694	8%			
"0" reflects amounts rounded to +/- USD 500,000.					

Source: http://cdis.imf.org

TABLE 7: Sources of Portfolio Investment

Bolivia, 2012

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
World	869	100%	World	4	100%	World	865	100%
United States	239	28%	United States	4	100%	United States	235	27%
France	170	20%				France	170	20%
Germany	89	10%				Germany	89	10%
Netherlands	82	9%				Netherlands	82	9%
Sweden	65	7%				Sweden	65	8%

Source: http://cpis.imf.org/

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chiefs of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

civil law system with influences from Roman, Spanish, canon (religious), French, and indigenous law

International organization participation:

CAN, CD, CELAC, FAO, G-77, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IFAD, IFC, IFRCS, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO (correspondent), ITSO, ITU, LAES, LAIA, Mercosur (associate), MIGA, MINUSTAH, MONUSCO, NAM, OAS, OPANAL, OPCW, PCA, UN, UNASUR, UNCTAD, UNESCO, UNFICYP, UNIDO, Union Latina, UNISFA, UNMIL, UNMISS, UNOCI, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Exchange control

There are no restrictions on foreign currency exchange.

Treaty and non-treaty withholding tax rates

Jurisdiction	Status	Dividends	Interest	Royalties
Defaults		12.5%	12.5%	12.5%
Argentina	Effective January 1, 1980	12.5% (1)	12.5% (1)	12.5% (1)
Colombia	Effective January 1, 1980	12.5% (1)	12.5% (1)	12.5% (1)
Ecuador	Effective January 1, 1980	12.5% (1)	12.5% (1)	12.5% (1)
France	Effective January 1, 1997	12.5% (2)	0% when paid to the government 12.5% (2)	12.5% (2)
Germany	Effective January 1, 1991	12.5% (2)	0% when paid to the government or the central bank 12.5% (2)	12.5% (2)
Peru	Effective January 1, 1980	12.5% (1)	12.5% (1)	12.5% (1)
Spain	Effective January 1, 1999	10% where the payee is a company (excluding a partnership) holding directly at least 25% of the paying company's capital 12.5% (2)	0% when paid to or by the government, or on financing for at least five years approved by both governments, or on sales on credit of equipment 12.5% (2)	0% for literary, artistic, dramatic or musical copyright royalties (excluding broadcasting royalties) 12.5% (2)
Sweden	Effective January 1, 1996	0% where the payee is a company	0% when paid to or by the government or the central bank, or on a loan or credit	12.5% (2)

		(excluding a partnership) holding at least 25% of the paying company's capital 12.5% (2)	financed or guaranteed by a financial institution to promote exports and development, or on sales on credit of equipment 12.5% (2)	
United Kingdom	Effective January 1, 1996	12.5% (2)	0% when paid to the government, or on a loan or credit financed, guaranteed or insured by a specified institution 12.5% (2)	12.5% (2)

Notes

1. The domestic rate applies.

2. The treaty specifies a different rate but the default rate is lower and would therefore apply.

On September 26, 2012Bolivia and Vietnam have agreed to accelerate negotiations towards the conclusion of a DTA.

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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