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Bolivia

Exporter Guide

Annual

2002

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Report Highlights:
Bolivian imports of U.S. consumer-oriented food remained steady from 1998 through 2000, despite slow economic times and drop in world imports. Bolivia's economy is expected to remain slow for the year 2001 with hopes of recovery for 2002.

Includes PSD changes: No
Includes Trade Matrix: No
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I. Market Overview

Bolivia's economic growth slowed in 1999 and 2000, after twelve years of stable growth with an average GDP growth rate of 4 percent. In 1999, GDP grew less than 1 percent, a significant drop due mostly to tight government budget policies, which limited needed appropriations for anti-poverty programs, and the fallout from the Asian financial crisis. In 2000, major civil disturbances throughout the year held down overall real economic growth, with GDP growth at more than 2 percent, according to preliminary data from the Bolivian National Institute of Statistics. The inflation rate increased slightly from 3.1 to 3.4 percent in 2000. According to Economics Nobel Prize winner Joseph Stiglitz, who visited Bolivia in October 2001, Bolivia is still in better economic situation compared to other Latin American countries. The Bolivian Central Bank is forecasting 0 to 1 percent GDP growth for 2001 due to the international crisis and lower export prices, with an expected recovery of 2.5 to 3.0 GDP growth rate for 2002.

Since 1985, Bolivia, with its current population of 8.3 million (2001 est.), has focused its economy on open market principles and integration with international markets. Significant reforms have been implemented in the economic and financial systems, including currency stabilization, structural reforms aimed at reducing the size of the public sector, improvement of the public financial system, and incentives to attract foreign investment.

For the first semester of 2001, the Agroindustrial Index grew by 4.1 % while other industries showed a decrease, compared to the same period in 2000. The agroindustrial sectors that grew the most in volume were: tobacco, chocolates, confectionary, and dairy products. The sectors that grew the most in sales were: vegetable oils, animal fats, dairy products, soaps, and detergents.

The Agro-industry is slowly growing and becoming one of the best prospects for U.S. trade and investment in the coming years, with its low labor costs, acceptable competitive conditions and the added advantage of preferential transport rates, all of which favor an increase in demand for imports of raw materials and intermediate goods. For example, cattle breeding is increasing and its quality is improving constantly. Cattle for reproductive purposes have been imported and artificial insemination of cattle is now common practice.

World agricultural food imports, which includes food purchases for consumer and industrial use, had a general increase of 35 percent, totaling $262 million. Total U.S. agricultural food imports dropped in general, by 51 percent in these last three years, totaling $22 million for 2000. However, U.S. consumer oriented exports to Bolivia remained steady in the last three years despite a 9 percent drop in world consumer oriented food exports to Bolivia for 2000.

Edible fishery product imports from the world increased by $6 million, totaling $9 million in 2000. U.S. fishery product imports increased slightly, however, these are still insignificant compared to total fishery imports. As more transportation becomes refrigerated and infrastructure improves, demand for seafood is expected to increase drastically as Bolivia depends on imports for most fishery products.

Summarizing available trade and demographic data:

- Current absolute U.S. market share for consumer oriented products in Bolivia was 7 percent in 2000.
- Bolivia's 5 top suppliers of consumer oriented foods in 2000 were: Chile, Argentina, Peru, Brazil and the United States.
- Bolivia's 5 top suppliers of edible fishery products in 2000 were: Chile, Peru, Japan, Argentina, and Ecuador. The United States ranked 6th in this category.
- La Paz, Cochabamba, and Santa Cruz are Bolivia's major metropolitan areas, with around 4 million people concentrated in these three main cities.

Advantages and Challenges

Advantages	*Challenges*
< The food processing industry is growing and local suppliers cannot satisfy its need for raw materials and intermediate goods.	< Food labels must be in Spanish. This is likely to become a legal requirement in Bolivia the near future.
< Supermarkets imports remain stable in spite of declines in other parts of the economy. They are importing the same amount compared to three years.	< Some local products sold in open markets are competitive in price with imports.
▸ Capital immigrants have adopted foreign consumption tendencies which allow for the demand of imported products to remain strong.	< The major of bolivians cannot afford imported food. The segment of Bolivia's population that buys imported food is probably less than two million.
▸ There are no restrictions on imports and no prior license requirements.	< Bolivia is land-locked, so most U.S. imports are transported by sea to the Chilean port and then transported by truck to Bolivia. The added time in transporting the goods reduces the shelf life of the imports.
▸ Import duties are low: 10% for most food products and less for the others.	
< U.S. food products are known for their quality and practicality in use.	

II. Exporter Business Tips

After surveying several supermarkets, food industries, hotels and restaurants, the following were some of the observations that were made:

- One good way to start exporting to Bolivia is to contact the Bolivian National Chamber of Commerce and request to be on their list of foreign exporters. The Chamber has a large number of associates who use the Chamber as a reliable source for business opportunities. Once a month the Chamber distributes a news bulletin with a list of foreign exporters arranged by type of products. You may also contact the Supermarket Association (ADESA) directly if there is interest in exporting to supermarkets only.

- The quality of current U.S. food imports is well recognized in Bolivia, however local consumers are not familiar with many imported food products. Mexico and Brazil are very aggressive in introducing their products to other countries, especially Bolivia. Mexico has fly-in programs to educate its customers about the quality of their products, inviting key CEO's of major importers, such as supermarkets, to Mexican trade missions, successfully capturing new Bolivian business. This has proven to be a very effective way to introduce exports to potential Bolivian customers.

- Mailing directly to a supermarket and/or importers is a great way to introduce a product into the Bolivian market. Most exporters mail their catalogs to a P.O. Box by normal airmail which usually arrives; or for faster service you can mail by courier, such as DHL, to a specific address (not a P.O. Box); a cheaper alternative is to e-mail food catalogs, but keep graphics minimal. Bolivian supermarkets and food industries mull over big-ticket purchases, however the exporter can make their decision a little easier by giving them a snapshot of the product they are considering. The mail service is usually pretty good, however, it is always a good idea to call and let the company know what you are mailing.

- Supplement your dealer-distributor network with your own salespeople. Sending representatives to show a product at a supermarket would remind the distributor that the product did sell, thanks to the supplemental sales effort. This will increase the demand for that product in other supermarkets and local import distributors.

- Some Bolivians are not familiar with the use of certain U.S. food products. For example, Magic Seasoning Blends was able to open markets for their products by conducting sample tasting, handing out recipe booklets, using sales promotions, giving products away to first-time customers, and offering free gifts for trying the product. As a result, food distributors saw an increasing demand for this product.

- Soon the Bolivian government will require that food labels be printed in Spanish. If exporters do not label their own products in the Spanish language, supermarkets will be forced to paste their own label on a product hiding the original pictures and designs of the products.

- Some food distributors, suggested that the packaging and design of certain U.S. products that appeal mostly to children and teens could be improved by updating the packaging and catering to the modern appearances craved by youth. For example, the largest consumers of breakfast cereals are children and teens, yet the U.S. is losing this market to other Latin American cereal producers that continually update the look of their product. Other Latin American cereal brand designs are targeting the younger audiences and therefore selling better. The products that are consumed mostly by adults have done well in maintaining their original package design since this audience is more loyal to a brand than the younger generation, such as the classic Jack Daniel's logo.

- Supermarkets and importers tend to import food in smaller quantities relative to U.S. buyers. Exporters should be more flexible exporting smaller food volumes by dealing with consolidators and import agents at the U.S. ports and using smaller containers, such as 20 instead of 40 feet containers.

- Some food companies offer their own credit to Bolivian importers. This is also a good marketing aid for Bolivia since credit access is tight and local interest rates are high. The maximum length given for credit is 120 days at 12-14 percent.

- Large importers such as supermarkets do their own importing and work with the U.S. manufacturer or producer directly.

III. Market Sector Structure and Trends

A. Food Retail Sector

- Bolivia's retail food outlets are divided into several categories: supermarkets, wholesale warehouses, grocery stores, minimarkets, food importers/distributors, and small neighborhood stores. There is an informal market which includes open air markets.

- It is estimated that in 1999, the size of the supermarkets sector alone was $15 million or 2 percent of GDP, which includes imports. However, during 2000 supermarket sales contracted by 15 percent due to the slow growth in the economy and consumer demand. Supermarkets import around 15 to 20 percent of their food items from the United States.

- Most medium to high-income families (approximately 30 percent of Bolivia's population) purchase their meats, fruits and vegetables, prepared foods, canned and packaged products in supermarkets. This alternative provides customers with a cleaner environment and products as well as a guarantee for freshness, especially for meats and vegetables.

- Supermarket chains expect to increase their sales in the coming years and are planning to open new stores very soon, in the major metropolitan areas, such as Cochabamba. These openings were supposed to happen in 2001 but due to the world financial crisis and slower consumer demand, these changes have been postponed until the following year.

- The best way to enter the supermarket sector is through direct contact with the CEO's of retail outlets or through local importers/distributors.

B. Food Processing Sector

- During 1999 the aggregate value of Bolivia's food processing industry was approximately $257 million, 26 percent of which was accounted for by the beverage industry.

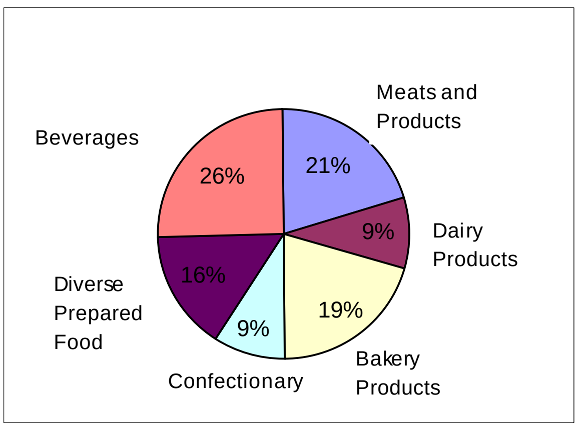
- Alcoholic beverages such as beer, sell very well in Bolivia and this industry has constant growth. They import hops and barley from the U.S and other countries because the quality of these products grown locally is not good enough to produce quality beer.

- The dairy industry accounts for 9 percent of the food industry. The major imports are milk powder of all types.

- Ice cream industries import milk as well as chocolate syrups and food flavors. Ice cream is an all time favorite snack for Bolivian consumers of all ages. The local production of milk is not very efficient and prices are too high for the industry to use it, thus dairy industries import milk.

- An observation made by an ice cream manufacturer was the flexibility of payment that Chile offers with their products, which unfortunately is an important factor in a country where banks offer high interest rates and short term loans.

Food Processing Sub-Sectors for 1999



Source: Bolivia

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C. HRI Food Services

- The hotels and restaurants services share 4 percent of the GDP. These enterprises are very aggressive in their marketing strategies and do very well, especially when tourism increases. Just recently a very popular hotel in Santa Cruz (Hotel Los Tajibos) sponsored an International Gourmet Expo 2001, flying in international chefs from 26 countries including the U.S. The hotels with famous chefs such as this one, import some of their ingredients and are open to importing more ingredients.

- Another hotel with good chefs is the Hotel Ritz in La Paz which promotes heavily in the newspapers and in their restaurant, every day of the week they promote a special international platter such as paellas, Mexican, Chinese, Italian and international.

- Seafood is imported; this could be a good opportunity to open the market for U.S. seafood and fish products.

- A third hotel, Hotel Europa, also promotes their chef and restaurant heavily by TV advertisements with special dinner nights including crepes of all kinds.

- One very successful event each year is the International Fair in Santa Cruz (EXPOCRUZ) which generated $120 million in 2001 in total sales made despite slow economic times. Several international delegations from 45 countries were represented and agriculture was one of the industries that did the most business. More than 600 animals used for breeding were flown in for this event. This event is organized by the Chamber of Industry and Commerce of Santa Cruz and the Chamber of Agriculture in the Orient (CAO). This event offers a good opportunity to show new U.S. food products and recipes using those products.

IV. Best High-Value Product Prospects

- Pastas
- Vinegar
- Diet Foods
- Cookies/ Cereals
- Candies/ Confectionary

- Cheeses of different varieties
- Prepared Meals
- Frozen juices
- Pizza
- Snack Foods
- Seasoning Blends
- Dairy Products
- Bakery Products
- Chinese/ similar Egg Noodles
- Pet Food
- Canned Fruits/ Vegetables
- Salad Dressings

V. Key Contacts and Further Information

A. Post Information

If you need any further information, assistance or have comments regarding exporting to Bolivia, please contact the U.S. Agricultural Affairs Office in Peru:

Foreign Agricultural Service
US Embassy
Address: Av. La Encalada cdra. 17, Monterrico, Lima 33.
APO Address: AMEMB FAS LIMA, Unit 3785, APO AA 34031.
Telephone: (511) 434-3042
Fax: (511) 434-3043
e-mail: Aglima@fas.usda.gov

B. Government Agencies

Agency:	Ministry of Agriculture Phytosanitary Unit
Contact:	Ing. José López Cabezas, Director
Phone:	(011-5912) 2374270
Fax:	(011-5912) 2310396
Address:	Av. Camacho 1471, Piso 5 La Paz, Bolivia

Agency:	Ministry of Public Finance Customs Office Bolivian Standards and Customs Development
Contact:	Mrs. Fabiola Betancur, Director
Phone:	(011-5912) 2406789
Fax:	(011-5912) 2406789

Address:	Calle Potosi 940, Piso 3 La Paz, Bolivia
Agency:	Ministry of Trade and Investment General Investments Office
Contact:	Dr. Jose Rivera Eterovic, Vice-Minister of Investment
Phone:	(011-5912) 2377222
Fax:	(011-5912) 2350786
Address:	Av. Mariscal Santa Cruz Ed. Palacio de Comunicaciones Lado del Correo Central, Piso 17 La Paz, Bolivia
Agency:	Ministry of Health and Social Prevention Medical and Laboratories Unit
Contact:	Dr. Lila Oviedo, Director
Phone:	(011-5912) 249-0554
Fax:	(011-5912) 239-2116
Address:	Plaza del Estudiante La Paz, Bolivia

C. Associations and Organizations

Name:	National Chamber of Commerce
Contact:	Mrs. Sandra Rodriguez, Import Manager
Phone:	(011-5912) 237-8606
Fax:	(011-5912) 239-1004
Address:	Av. Mariscal Santa Cruz Ed. Cámara de Comercio, Piso 1 La Paz, Bolivia
Email:	cnc@caoba.entelnet.bo
Name:	Supermarket Association (ADESA)
Contact:	Mr. Guido Landa, President
Phone:	(011-5912) 79-9964
Fax:	(011-5912) 79-9941
Address:	Av. Mariscal de Montenegro No. 778 (San Miguel) La Paz, Bolivia or P.O. Box 3-12399, La Paz, Bolivia
Email:	glanda@adesabolivia.com
Name:	Chamber of Hotels in La Paz
Contact:	Mr. Mario Clavijo, President
Phone:	(011-5912) 22-2618
Fax:	(011-5912) 22-6290
Address:	Calle Panama esq. Plaza Uyuni

	Ed. Shopping Miraflores, Piso 3
	La Paz, Bolivia
Email:	cama@mail.megalink.com

Name:	Bolivian Chamber of Hotels Nationwide
Contact:	Mr. Jorge Fernández, President
Phone:	(011-5912) 20-1279
Fax:	(011-5912) 20-1279
Address:	Ed. Mariscal de Ayacucho, Piso 13, Of. 1302
	La Paz, Bolivia

Name:	Federation of Santa Cruz Dealers
Contact:	Dr. Osvaldo Justiniano Montero, President
Phone:	(011-5913) 3351144
Fax:	(011-5913) 3352117
Address:	P.O. Box 1508
	Santa Cruz, Bolivia

Table A. Key Trade & Demographic Information

BOLIVIA: EXPORTER GUIDE
APPENDIX I. STATISTICS 2000

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%)	262	25
Consumer Food Imports From All Countries ($Mil) / U.S. Market Share (%)	84	17
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%)	9	0
Total Population (Millions) / Annual Growth Rate (%)	8.3	2.4
Urban Population (Millions) / Annual Growth Rate (%)	5.3	3.8
Number of Major Metropolitan Areas	3	
Size of the Middle Class (Millions) Growth Rate (%)	3*	0.5*
Per Capita Gross Domestic Product (U.S. Dollars)	850	
Unemployment Rate (%)	7.4	
Per Capita Food Expenditures (U.S. Dollars per year)	180*	
Percent of Female Population Employed	35.5*	
Exchange Rate	5.8 bolivianos per dollar	

Sources: National Institute of Statistics, Bolivia; National Chamber of Industry, Bolivia; UDAPE, Bolivia;National Institute of Statistics, Bolivia; National Chamber of Industry, Bolivia; Division of Social and Economic Policy Analysis (UDAPE), Ministry of Housing and Economic Development, Bolivia.

* *Data for year 1999.*

** *The numbers in this table do not match the information provided in Table B because they belong to different sources.*

Table B. Consumer Food & Edible Fishery Product Imports

Bolivia Imports In Millions of dollars	Imports from the World 1998	1999	2000*	Imports from the U.S 1998	1999	2000*	U.S. Market Share 1998	1999	2000
CONSUMER-ORIENTED AG TOTALS	92	85	84	6	6	6	7	7	7
Snack Foods (Excl. Nuts)	14	18	18	1	1	1	4	5	4
Breakfast Cereals & Pancake Mix	1	2	2	1	1	1	20	15	25
Red Meats, Fresh/Chilled/Frozen	1	1	1	0	0	0	9	3	4
Red Meats, Prepared/Preserved	1	1	2	1	1	1	6	13	6
Poultry Meat	1	1	1	0	0	0	1	8	43
Dairy Products (Excl. Cheese)	22	17	17	1	1	1	2	2	2
Cheese	1	1	2	0	0	0	26	12	21
Eggs & Products	1	1	1	0	0	0	4	6	7
Fresh Fruit	3	3	3	0	0	0	0	0	5
Fresh Vegetables	2	2	1	1	1	1	91	43	53
Processed Fruit & Vegetables	5	4	5	1	1	1	8	20	16
Fruit & Vegetable Juices	1	1	1	1	1	1	11	9	6
Tree Nuts	1	1	1	0	0	0	0	1	2
Wine & Beer	1	1	1	1	0	0	18	1	4
Nursery Products & Cut Flowers	1	1	1	0	0	0	3	2	2
Pet Foods (Dog & Cat Food)	1	1	1	1	1	0	89	53	8
Other Consumer-Oriented Products	37	33	30	2	2	2	5	7	7
FISH & SEAFOOD PRODUCTS	5	3	9	1	1	1	1	4	1
Salmon	1	1	1	1	1	1	9	2	3
Surimi	1	1	1	0	1	0	0	58	0
Crustaceans	1	1	1	1	1	1	2	10	13
Groundfish & Flatfish	1	1	1	1	1	1	0	6	10
Molluscs	1	1	1	0	1	1	0	40	14
Other Fishery Products	4	2	8	1	1	1	1	2	1
AGRICULTURAL PRODUCTS TOTAL	186	176	247	45	31	21	24	18	9
AG, FISH & FORESTRY TOTAL	194	184	262	45	32	22	23	17	8

* Preliminary.
Source: United Nations Statistical Office; National Institute of Statistics (INE), Bolivia.

Table C. Top 15 Suppliers of Consumer Foods & Edible Fishery Products

Peru - Top 15 Suppliers

CONSUMER-ORIENTED AG IMPORTS ($1000)	1998	1999	2000*	FISH & SEAFOOD PRODUCT IMPORTS ($1000)	1998	1999	2000*
Chile	32,529	27,100	26,409	Chile	166	314	2,392
Argentina	21,073	18,866	18,593	Peru	795	528	2,310
Peru	6,675	6,222	6,808	Japan	1,868	2,000	2,171
Brazil	2,894	4,698	6,620	Argentina	876	1,229	1,077
United States	6,191	5,987	6,038	Ecuador	598	555	476
Netherlands	2,711	2,044	4,145	United States	60	107	109
Colombia	2,710	3,716	2,344	Spain	54	71	38
New Zealand	3,128	2,543	1,751	Areas NES	1	8	37
United Kingdom	1,796	3,011	1,734	Venezuela	0	6	33
Canada	279	1,223	1,129	Morocco	34	0	15
Austria	382	47	983	United Kingdom	3	0	8
Mexico	339	700	835	Norway	202	16	6
Ecuador	765	534	750	Brazil	5	20	5
Venezuela	926	1,056	733	Germany	11	14	5
Panama	1,440	976	613	China (Peoples Re|	2	7	3
Other	8,126	5,994	4,349	Other	34	21	3
World	91,989	84,726	83,874	World	4,708	4,896	8,696

*Preliminary.
Source: United Nations Statistical Office; National Institute of Statistics (INE), Bolivia.