

**DISADVANTAGES OF LAND - LOCKED STATES:  
A GEO - POLITICAL PERSPECTIVE IN BOLIVIA**

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in partial fulfilment of the requirements for the  
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**MASTER OF PHILOSOPHY***

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**CERTIFICATE**

Certified that the dissertation entitled, "**Disadvantages of land-locked states: A Geo-Political Perspective in Bolivia**", submitted by me in partial fulfillment of the requirements for the award of the Degree of **MASTER OF PHILOSOPHY (M.Phil)**, is my own work and has not been previously submitted for any degree of this or any other University.

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DEDICATED TO

*MY*

*SWEET HEART*

## **PREFACE**

In the present study an effort has been made to analyse the Geo-Political perspective of land-locked states. The study is concentrating on Bolivia a South American land-locked state. Bolivia occupies almost central position in Andean Altiplano.

Economically, most of the land-locked states are very poor. Due to land-locked situation Bolivia has to depend upon their transit states.

The study comprises of the following five chapters:

The Introductory chapter deals with the problems and characteristics of land-locked states and its Geo-Political consideration.

The second chapter focused on the physiography, resource mobilization and demographic structure of Bolivia.

In the third chapter emphasis has been given on the Economic development and Trade and Transit flows between two countries.

Fourth chapter focused on the political condition from past to present situation in brief.

Last and concluding chapter focused on the problems and planning for the future development of Bolivia.

I am heavily indebted to my supervisor Prof. S.S. Deora, who inspite of busy schedule supervised my work.

During my work, I was assisted by my friends, Sanjay, Mahuya, Meeta Manish, Mukesh, Pankaj, Sangeeta, Binay Mohanty and Verma, who helped me at various levels to complete my work.

The encouragement and blessing of my parents and Bhaiya Bhabhi help me to complete this work.

I have completed the work with the materials available at various libraries in New Delhi. In this connection special mention may be made to the libraries of JNU, and American Libraries. I am thankful to the librarian's staff of all the libraries for the assistance they had extended to me;

Finally I would like to thanks Prof. Sudesh Nangia (CSRD) who allowed me to use computer aided cartographic lab of CSRD and Mr. Varghese who assisted me in making maps and Mr. Philip who typed this dissertation with utmost dedication.

2/7/99  
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Uttankumar  
Signature

# CONTENTS

| <b>PREFACE</b>   | <b>PAGES</b> |
|--|--------------|
| <b>CHAPTER I : INTRODUCTION</b>  | 1-8          |
| <b>CHAPTER II : PHYSIOGRAPHIC FRAMEWORK OF LAND-LOCKED STATE-BOLIVIA. IT'S DEMOGRAPHIC AND SOCIAL FACTORS, NATURAL ENDOWMENTS AND RESOURCE MOBILIZATION, EVOLUTION OF BOUNDARIES</b> | 9-33         |
| <b>CHAPTER III : DEVELOPMENT TRENDS AND PATTERNS - ECONOMIC DEVELOPMENT, TRANSPORT AND COMMUNICATION, TRADE AND TRANSIT PROBLEMS AND TREATIES</b>                                    | 34-49        |
| <b>CHAPTER IV : POLITICAL SET-UP - PREVIOUS POLITICAL SCENARIO AND CURRENT POLITICAL DEVELOPMENT, POLITICAL AND ADMINISTRATIVE ORGANISATIONS</b>                                     | 50-60        |
| <b>CHAPTER V : CONCLUSION - PROBLEMS, PLANNING AND ISSUES</b>  | 61-68        |
| <b>BIBLIOGRAPHY</b>  | 69-73        |

## **CHAPTER - 1**

**INTRODUCTION : GEOPOLITICAL CONSIDERATION OF LAND - LOCKED STATES. ADVANTAGES AND DISADVANTAGES OF LAND - LOCKED STATES. NUMBERS AND CHARACTERISTICS OF LAND-LOCKED STATES.**

## **INTRODUCTION**

Bolivia is one of the land-locked countries (the other being Paraguay) located in South America. "The land-locked States shares the characteristics of having no coastlines, no direct access to the sea, and varied economic, ethnic and political histories"<sup>1</sup>. They are entirely surrounded by the land territory of the countries and have no sovereign access to sea. The land-locked third world countries are generally among the very poor countries. The lack of territorial access to the sea, compounded by remoteness and isolation from world markets, appears to be an important cause of their relative poverty, and constitutes a major handicap to their development. Of the thirty land-locked states nine are located in Europe, five are in Asia, two are in South America, with the remaining fourteen located in Africa (See table 1 Map 1). Many of these states have achieved independence since World war II, cover large areas, have rising Population densities, and are among the poorer members of the family of nations (Bowen 1986).<sup>2</sup> Their borders were established generally as a matter of administrative convenience (Alexander, 1981).<sup>3</sup>

It is better observed that as most of them belong to the group of least developing states, they "suffer from all the extreme handicaps of least developed countries". These handicaps include, among others, low level of income and labour productivity, very scarce skilled manpower, specially

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<sup>1</sup> Frank Gable, The Land-locked States, New rights to adjacent coastal state, Living marine Resource : Is there anything left for them?' OCEANS'89 at the University of Washington, Seattle

<sup>2</sup> Bowan, "The Land-locked Geographically disadvantaged states and the law of the sea", Political Geography Journal, 1986

<sup>3</sup> Alexander, Robert J. "Bolivia : Past Present and Future of its Politics", New York: Praeger, 1982.

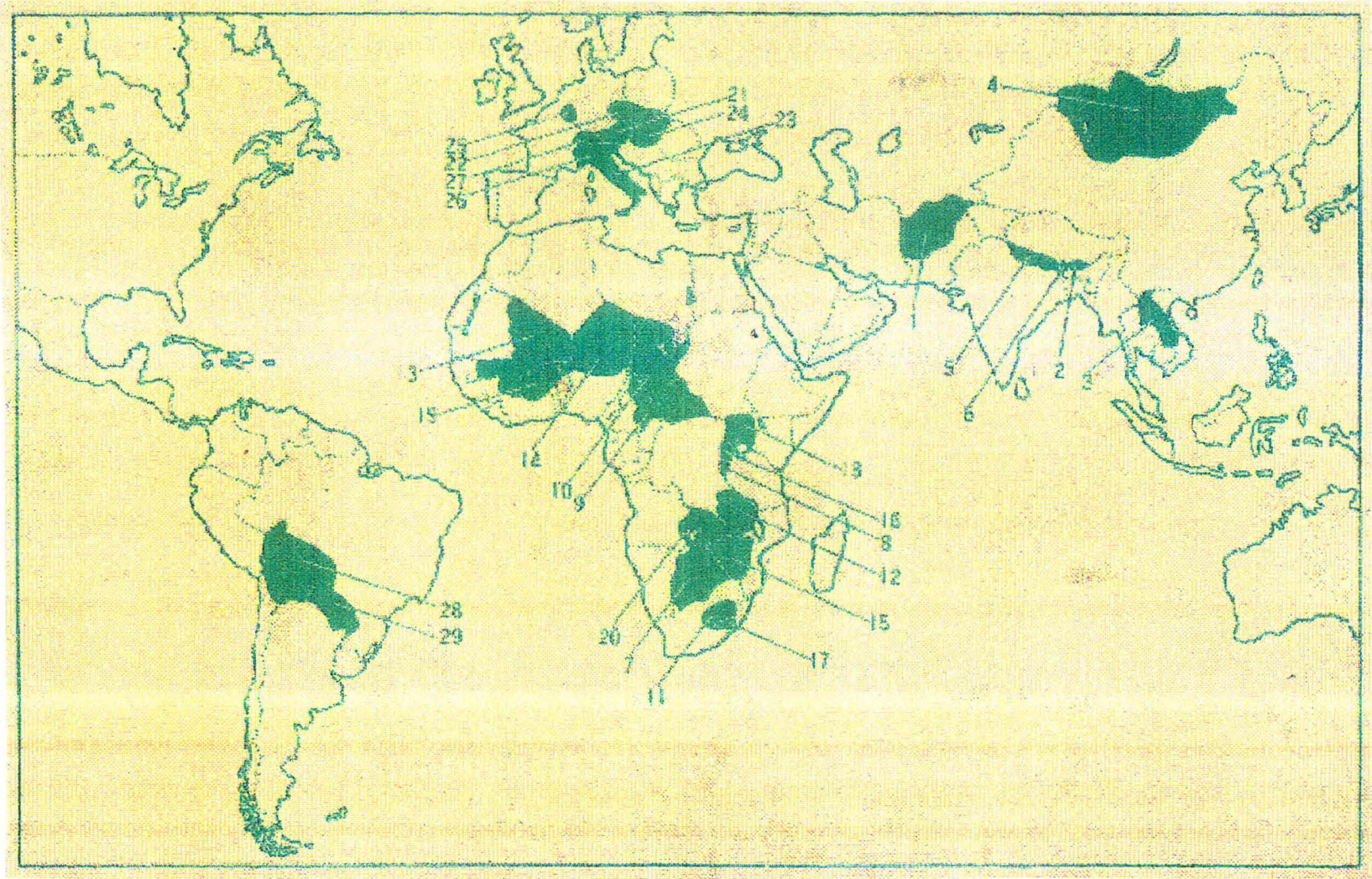


Table : 1  
Some characteristics of Land-locked States

|                           | Per Capita<br>Income <sup>1</sup> | Year of<br>Independence | Area<br>(in sq. miles) | Area<br>(in sq. kms.) | Population density<br>per sq. km. | Distance to the<br>Sea (kms.) |
|---------------------------|-----------------------------------|-------------------------|------------------------|-----------------------|-----------------------------------|-------------------------------|
| <b>Africa</b>             |                                   |                         |                        |                       |                                   |                               |
| Botswana                  | 1,030                             | 1966                    | 220,000                | (570,000)             | 5.9                               | Durban, 720                   |
| Burkina Faso              | 170                               | 1960                    | 105,870                | (247,200)             | 80.3                              | Dares Salem, 1080             |
| Burundi                   | 240                               | 1962                    | 10,747                 | (27,834)              | 48.5                              | Pointenoire, 1120             |
| Central African Republic  | 330                               | 1960                    | 241,313                | (625,000)             | 11.6                              | Lagos, 1440                   |
| Chad                      | 150                               | 1960                    | 495,752                | (1,284,000)           | 9.7                               | Durban, 320                   |
| Lesotho                   | 360                               | 1966                    | 11,720                 | (30,355)              | 136.5                             | Beria, 480                    |
| Malawi                    | 160                               | 1964                    | 45,747                 | (118,484)             | 168.3                             | Dakar, 1040                   |
| Mali                      | 200                               | 1960                    | 478,206                | 91,240,142)           | 18.2                              | Contonou, 500                 |
| Niger                     | 280                               | 1960                    | 489,206                | (1,267,044)           | 11.5                              | Mombasa, 1120                 |
| Rwanda                    | 310                               | 1962                    | 10,169                 | (26,338)              | 698.2                             | Lawrence, 220                 |
| Swaziland                 | 700                               | 1968                    | 6,704                  | (17,363)              | 104.4                             | Mombas, 800                   |
| Uganda                    | 260                               | 1962                    | 91,343                 | (236,880)             | 179.4                             |                               |
| Zambia                    | 240                               | 1964                    | 290,586                | (752,618)             | 25.8                              | Beria, 920                    |
| Zimbabwe                  | 590                               | 1980                    | 150,699                | (390,308)             | 34.4                              |                               |
| <b>Asia</b>               |                                   |                         |                        |                       |                                   |                               |
| Afghanistan               | 160                               | 1919                    | 251,000                | (650,090)             | 57.8                              | Karachi, 1040                 |
| Bhutan                    | 150                               | 1949                    | 18,000                 | (46,620)              | 83.3                              | Calcutta, 6004                |
| Laos                      | 160                               | 1954                    | 91,429                 | (236,800)             | 41.6                              | Bangkok, 600                  |
| Mangolia                  | 1,010                             | 1945                    | 64,025                 | (1,565,000)           | 3.3                               | Tientsin, 1040                |
| Nepal                     | 160                               | 1923                    | 54,463                 | (141,059)             | 336.0                             | Calcutta, 720                 |
| <b>Europe</b>             |                                   |                         |                        |                       |                                   |                               |
| Andorra <sup>3</sup>      | N.A                               | 1278                    | 175                    | (453)                 | 274.3                             |                               |
| Austria                   | 11,970                            | 1918                    | 32,375                 | (83,851)              | 234.7                             | Trieste, 360                  |
| Czechoslovakia            | 8,700                             | 1918                    | 49,374                 | (127,896)             | 316                               | Hamburg, 736                  |
| Hungary                   | 7,520                             | 1920                    | 35,919                 | (93,030)              | 295.1                             | Trieste, 520                  |
| Liechtenstein             | 16,500                            | 1866                    | 61                     | (157)                 | 459                               | Hamburg, 496                  |
| Luxembourg <sup>3</sup>   | 15,860                            | 1867                    | 999                    | (2,586)               | 400.4                             | Trieste, 440                  |
| San Marino <sup>3</sup>   | 8,250                             | 350                     | 23.6                   | (62)                  | 974.6                             | Genoa, 320                    |
| Switzerland               | 21,250 <sup>4</sup>               | 1815 <sup>5</sup>       | 15,941                 | (41,288)              | 414                               | Antwarp, 300                  |
| Vatican City <sup>3</sup> | N/A                               |                         | 0.4                    |                       | 5882.4                            | Rinini, 16                    |
| <b>South America</b>      |                                   |                         |                        |                       |                                   |                               |
| Bolivia                   | 570                               | 1825                    |                        |                       |                                   | Mollendo, 400                 |
| Paraguay                  | 1000                              | 1811                    |                        |                       |                                   | Antifagasta, 1280             |

1. US Dollar Equivalent, Annual; 2. Formerly Upper Volta; 3. Mini States; 4. Estimated; 5. Oldest Republic in the World.  
Source : World Bank Atlas, 1988, World Almanac Atlas and Year Book, 42nd Ed. 1989.

# LAND-LOCKED COUNTRIES



MAP-1

**Land-locked Countries**

| <b>Asia</b>    | <b>Africa</b>                  | <b>Europe</b>      | <b>Latin America</b> |
|----------------|--------------------------------|--------------------|----------------------|
| 1. Afghanistan | 7. Botswana                    | 21. Austria        | 29. Bolivia          |
| 2. Bhutan      | 8. Burundi                     | 22. Czechoslovakia | 30. Paraguay         |
| 3. Laos        | 9. Central African<br>Republic | 23. Vatican City   |                      |
| 4. Mangolia    | 10. Chad                       | 24. Hungary        |                      |
| 5. Nepal       | 11. Lesotho                    | 25. Luxenbourg     |                      |
|                | 12. Malawi                     | 26. San Marino     |                      |
|                | 13. Mali                       | 27. Switzerland    |                      |
|                | 14. Niger                      | 28. Andora         |                      |
|                | 15. Rhodesia (Zimbabwe)        |                    |                      |
|                | 16. Rawanda                    |                    |                      |
|                | 17. Swaziland                  |                    |                      |
|                | 18. Uganda                     |                    |                      |
|                | 19. Burkina Faso               |                    |                      |
|                | 20. Zambia                     |                    |                      |

Source : Dr. A. Hakim Tabibi, " The Right of Transit of land-locked countries."

"low levels of physical and institutional infrastructure and a very narrow range of primary commodities in their export structure<sup>4</sup>.

All developing land-locked states are striving to improve this situation. But due to the lack of material and manpower resources in most of these countries such as Chad, Niger and the Central African Republic, they have to look elsewhere for their upliftment and economic development. The only source is left for mankind is the sea. Approximately one fifth of the states of the world are land locked, that is they are entirely surrounded by land territory of other countries and have no sovereign access to the sea. Many of these states are among the newest member of the international community<sup>5</sup>. Numerous factors underline the impoverishment of many of these countries for example the scarcity of petroleum and non-fuel mineral resources, over and under population, the lack of arable land etc. However two major factors derives directly from their land-lockedness. The first relates to the economic impacts of the lack of seaports while the second concern the states ability to exploit marine resources.

The lack of port facilities within a state can create a sever economic burden. Not only maritime transport, most often is the cheapest form of international transportation but in many respect. it is the only way in which market is the most critical attribute in considerations of future economic development - A direct consequence for goods entering the international market from land-locked additional transportation and processing costs, introducing a relative cost disadvantage not faced by coastal states.

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<sup>4</sup> A transport strategy for land-locked developing countries (1974)

<sup>5</sup> Bowen, Political Geography, Journal, 1986. The land-locked and geographically disadvantaged states and the law of the sea.

The second consequence of a country's landlockedness relates to its access to the living and non-living resources of the sea. Due to extension of coastal states jurisdiction, more marine resources are within national control and the landlocked countries became relatively worse-off. While many coastal states are able to enhance their national economic posture by exploiting coastal and off-shore resources, landlocked states can not. They can not claim sovereign rights over the living and non-living resources of an Exclusive Economic Zone (EEZ) nor benefit directly from exploitation of the oil and gas and other resources of a continental shelf.

Apart from the institutional obstacles arising from frontier as transit, the landlocked states could not overcome the politics-economic implication of such arrangements. With more than one pattern of transport policy to contend with, the landlocked states clearly exhibited the lack of control over the development of socio-economic infrastructure. This in addition to the political intonations of the access to the sea.

The question of access to the sea became important during the nineteenth century. The absence of a favourable coast was overcome by traversing the lower reach of rivers which more usually in the neighbouring states. This was a case with Dutch over the lower Scheldt river. Antwerp was isolated. With increasing commerce during the nineteenth century, the need for permanent solution to the access was contemplated upon seriously. Access to the sea formed an essential part of the state system. It encompassed the problems of providing an access with a minimal loss of sovereignty to the transit state at the same time assuring advantage to the landlocked state. Such a situation depended largely upon the geographical relation of the state, the littoral state and the nature of transit facilities.

These include the use of lower courses of the river (Scheldt river by Dutch), the corridor (as was the Polish case) and finally transit agreement.

The availability of transit facility was taken up seriously. The Barcelona conference of 1921, Geneva conference of 1958, sub committee of the U.N. in 1964-65 and the Caracas conference of 1968 all dealt with the various problem connected with the access to the sea by the developing land-locked states. They emphasised the need for free and easy access as well as on the development of transport facilities. The rights of land-locked states and transit states often clashed and to achieve a compromise where the interests of the two was preserved. Land-locked states have always faced an international legal problem : in order to trade with the states other than their immediate neighbours, they must import and export goods across the territories of adjacent states<sup>6</sup>. At UNCLOS I, held in 1958 before many of land locked states were independent, the extension of national jurisdiction was sanctioned over mineral wealth of the continental shelf (specially mineral oil and gas ) as far as technology permitted (Glassner, 1986). Additional issues have arisen as a result of UNCLOS III in 1973. During the negotiations of UNCLOS III the land-locked states were at a continuous disadvantage because they lack coastlines open, enclosed or semi-enclosed seas as well as any maritime transportation capability. The Latin American group meeting at Santo Domingo (Dominican Republic adopted a declaration on 9 June 1972 (Declaration of Santo Domingo), which stated that a coastal state had "Sovereign rights over the renewable and non-renewable natural resources..... of an area adjacent to the territorial sea, called the Patrimonial Sea. Land-locked State, on the other hand, were not

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<sup>6</sup> Frank Gable, The Land-locked States. New rights to adjacent coastal state. Living marine Resource : Is there anything left for them? With an assessment by state per capita income : Proceedings of Conference OCEANS'89 at the University of Washington, Seattle.

in favour of the creation of this new Zone for fear that they stood to lose their already established rights in the area, which till then was still part of the high seas. Consequently they lost their rights in the area known as the EEZ, as well as resources thereof what they gained was "the right to participate", on an equitable basis, in exploiting the appropriate part of the living resources of the EEZ. But this right is compounded by a string of conditions, whose implementation is vested in a coastal states.

Bolivia is one of the land locked state in South America, nearest distance to and from the sea is about 400 km from western border. The nearest sea port is Mollendo in Chile. The Republic of Bolivia is bounded on the N and NE by Brazil, on the SE by Paraguay, on the S by Argentina, on the SW by Chile, and on the W by Peru, with a total boundary length of 6,532 km (4,059 miles). Bolivia's dependence on its neighbouring countries for foreign trade is nearly absolute. Bolivia lies close to the heart of South America entirely cut off from the sea. Because of this to reach the Pacific, the tin and silver from her mines must cross either Chile or Peru. Rubber from her northern forests is shipped clear across Brazil by river and rail. Crops from the fields around Santa Cruz go out by way of the Paraguay River and Buenos Aires. Yet at that it is easier to set in and out of the country from either the Atlantic or Pacific than to get from one end of it to the other. Due to land locked position Bolivia has not been able to diversify her export market to an good extent, so its neighbouring countries specially Brazil and Chile retain her monopoly over Bolivia's foreign trade. It is therefore quite natural that the geographical factors should be one of the constant factors

conditioning Bolivia's role in United Nations<sup>7</sup>. Indeed Bolivia's name in the United Nations has become invariably identified with the problem of land-locked countries.

One of the most important problem due to land-locked characteristics was the possible Bolivian access to the Pacific Ocean, that retarded its economic development. The war of the Pacific (1875-84) pitting Chile against Bolivia and Peru erupted after the Bolivian government rescinded a mining contract granted in the nitrate-rich Atacama region to a Chilean firm; in retaliation Chile seized what was then the Bolivian port of Antofogasta. In the post war settlement, Bolivia lost its only coastal territory; and it remained without any outlet to the Pacific until its right to access was restored by treaty in 1904. Another long standing territorial dispute had been resolved a year earlier with the cession to Brazil of the Acre region, rich in natural rubber. Domestically, the period from 1899 to 1920 was marked by the development of tin mining on a large scale, the construction of a railway network to carry minerals. In 1932, Bolivia warred with Paraguay over the Chaco, the lowland area studded with quebracho trees and believed at the time to be rich in oil. Despite their numerical superiority the Bolivians were outfought, and when hostilities ended in 1935, Paraguay controlled about 3/4th of the disputed territory, the formal settlement in 1938 did, however, allow Bolivia a corridor to the Paraguay River. The long standing issue of possible Bolivia access to the Pacific ocean was finally resolved in January 1992 when an agreement was signed with Peru. the agreement which was completed in July 1993, granted Bolivia free access from the border town of Desaguadero,

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<sup>7</sup> J. Vallerie Fiter, *Bolivia : Land, Location and Politics since 1825.* New York : ambridge University Press, 1972.



Bolivia, to the Pacific Port of Ilo Peru until 2091<sup>8</sup>. The agreement also provided for the construction of a free trade zone occupying upto 162 hectare at Ilo. From January 1996 Bolivia was expected to benefit from reforms to access arrangements to the port of Arica in Chile, following the conclusion of an agreement in mid-1995. In November 1994 an agreement to provide a waterway linking Bolivia with the Atlantic Coast in Uruguay was concluded.

Following the second world war, while the problems of the landlocked states had been more or less satisfactorily solved in Europe, there counterparts in Asia, Africa and Latin America were struggling hard to win concessions from their coastal neighbours mainly through bilateral agreements. These bilateral agreements regulating transit trade between the land-locked and transit states of the region were not adequate for the need of the former. So the urgent need for an international convention on, the subject was brought to the notice of the world forum of all nations, land-locked and coastal, the United Nations.

Some progress was made in this direction through the UN bodies. The General Agreement of Tariffs and Trade (GATT) of 1947 (Art. V.) and the Havana charter 1948 laid down certain rules regarding freedom of transit and also freedom of access to the sea on equal terms with coastal states. Where as the GATT Provision on freedom of transit made no specific reference to land-locked countries, the Havana charter made an express reference to them. But the Havana charter never came into force, as it was not ratified while GATT was binding on most of the trading nations.

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<sup>8</sup> The Europa, A World Year Book, 1997, Vol - I, Europe Pub. Ltd. London, pp. 613.

### **Bolivia's Role : In Defining Geographically Disadvantaged state & Land-locked States**

One of the important issues confronting the Third United Nations Conference on the law of the sea was the position to be assigned to the land-locked and "geographically disadvantaged" states in the framework of a new public order of the seas. While the earlier definition presented the advantage of associating geographical and economic elements, its drawbacks were significant. Land-locked countries were entirely assimilated to geographically disadvantaged states and only covered developing countries, much to the dismay of the developed land-locked and geographically disadvantaged states. The attempts made by Bolivia to define the notion of geographically disadvantaged states held more promise. The draft definitions included developed as well as developing countries, thus pre-empting one of the main objections against earlier formulation. Bolivian formula was confined to geographical elements and economic dimension by adding states.

Which for geographic, biological or ecological reasons, exclusively natural in character, derive no substantial economic advantage from exploiting the living resources of their economic zones and whose rights of access to the living resources are adversely affected by the establishment of economic zones by the other states.

There is now a well developed body of law giving landlocked states - as a matter of necessity the right of access to an from the sea and freedom of transit through transit states. The practical implementation of that right is however a matter which should receive much wider attention by all..

## **CHAPTER - II**

**PHYSIOGRAPHIC FRAMEWORK OF LAND -LOCKED STATES-  
BOLIVIA. IT'S DEMOGRAPHIC AND SOCIAL FACTORS, NATURAL  
ENDOWMENTS AND RESOURCE MOBILISATION, EVOLUTION OF  
BOUNDARIES.**

## **LOCATION**

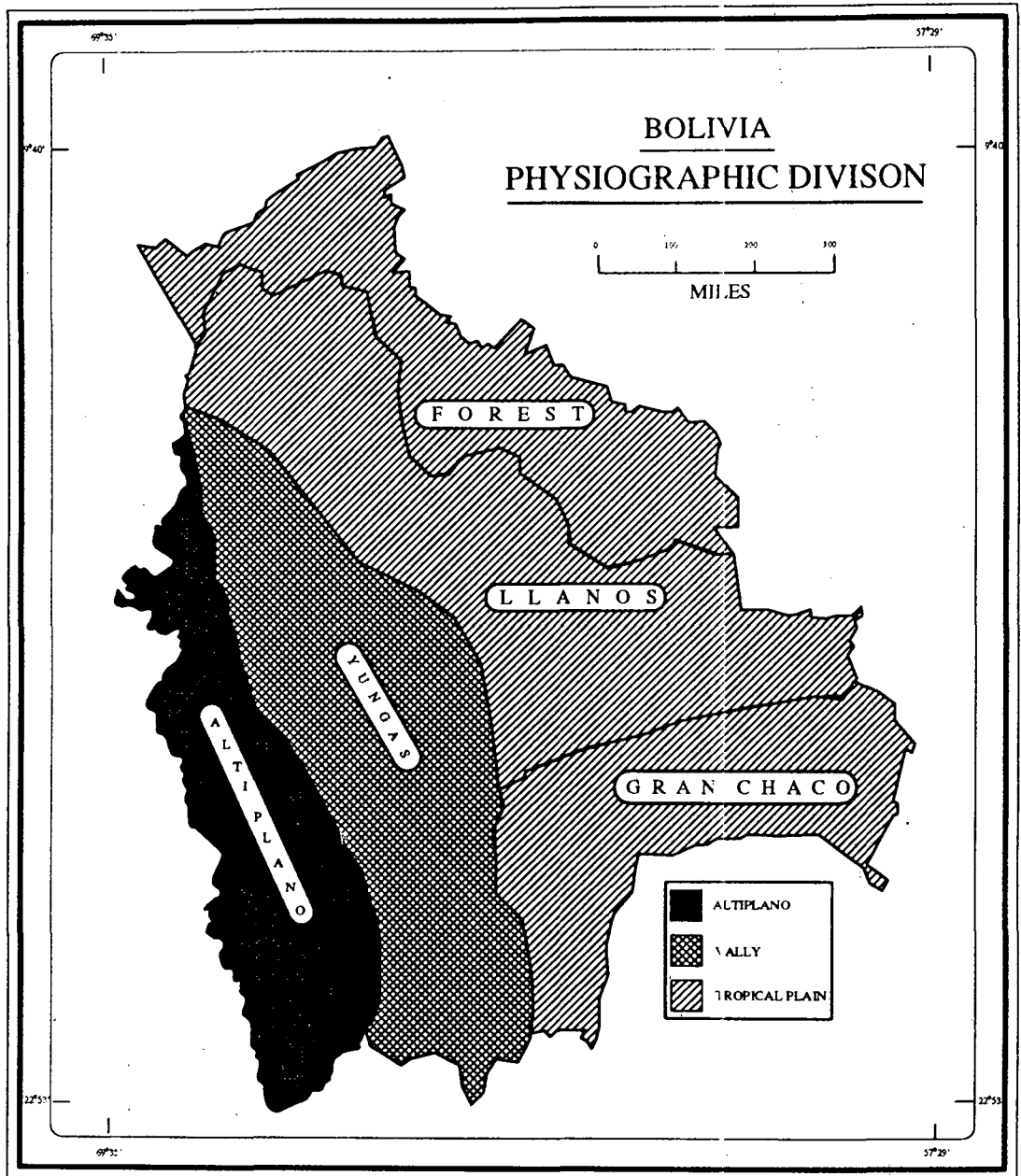
Situated in South America just North of the Tropic of Capricorn , Bolivia has a total area of 1,098,579 sq. km (424,162 sq. mi), extending about 1,530 km north-south and 1,450 km east-west<sup>1</sup> . Completely land-locked Bolivia has three sharply contrasting geographical areas (see map. 2), the first being the Altiplano, a high plateau bordered by two very high mountain chains. It includes the centre of the country from lake Titicaca to the Argentina frontier and is the home of 75% of the countries population. The second geographical region consists of valleys situated along the eastern slope of the eastern cordillera, and the third of tropical plains which stretch north, east and south to the borders of Peru, Brazil and Paraguay. These occupy 70% of the total area but are sparsely populated.

## **RELIEF**

1. The Altiplano : The Andes form the backbone of Bolivia and at the Puna de Atacama split into the ranges of the cordillera occidental and the cordillera oriental. Extending between these two ranges for a length of 700 km and a width of 500 m and at the average altitude of 3,500 m is the Altiplano -the high plateau. It is a broad sedimentary Plateau, in actual, the Altiplano is a large corridor about 80 miles wide and more than 500 miles long, an inland basin flanked by the two cordilleras forming the border with Chile and cutting Bolivia off from the pacific, and the complex knots of the cordillera. The Desaguadero River, the outlet of Lake Titicaca (highest navigable lake), which is situated at an altitude of 12,517 feet runs through increasingly arid and uninhabited areas to lake Poopo, 190 miles to the south. This salt lake, which has an area of 1,080 square miles, over flows

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<sup>1</sup> The Europa World Yearbook, 1997, vol. I



Map : 2

in turn into another salt lake situated fifty miles to the south west, the Solar de Coipasa

Thanks to adequate rainfall and an average temperature of 11<sup>o</sup>c, a few crops can be grown in the valleys running into lake Titicaca as well as on terraces which project from the mountain slope. The frontier with Chile is formed by the western cordillera a series of peaks of volcanic origin, separated by gaps or mountain panes through which communication can be made to the Pacific Ocean. There are twelve peaks higher than 16,500 feet, and five over 19,500 feet high<sup>2</sup>. There is virtually no rainfall on this cordillera, which is almost uninhabited and has only one river, the Lao.

The western cordillera, or Royal cordillera of the Andes, is the chief foundation of Bolivian's economy. This steep continuous chain has the highest peaks in the country, including Ancohuma which is 23,012 feet high. Towards the south the chain gradually loses height, though there are a number of peaks higher than 16,500 feet. These mountains divide the waters of the Altiplano inland basin from the basins of various tributaries of the Amazon and the Rio de la Plata.

The Altiplano is a harsh, treeless, wind swept area, uniformly grey except for a few green patches found where there is rainfall. But rain occur infrequently and is concentrated during December and January, when the water is rapidly absorbed by the spongy soil. The air is always clear and bright. The average temperature is 8<sup>o</sup>C though at night it can fall to - 20<sup>o</sup>C. The area is densely populated in the north, near lake Titicaca, but becomes increasingly arid and deserted towards the north. However Royal cordillera

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<sup>2</sup> Area Handbook for Bolivia, Washington D.C.,; Govt. Printing Press, 1974

and a few isolated areas to the east have constituted the countries major source of wealth<sup>3</sup> .

2. The valleys : The valleys which descend from the tropical plains north, east and south of the Royal cordillera and of its eastern foothills are called Yungas. Their appearance varies considerably from region to region.

North and east of La Paz, the rather steep wooded slopes of the eastern side are deeply cut by the tributaries of the Beni River, itself a tributary of the Madeira River. These fertile valley produces coffee cocoa, sugarcane, coca and tropical fruits as well as most of the vegetables needed for the capital city. However, transportation is difficult, since the only possible road clings to the vertical mountain walls and has to rise 11,000 feet along fifty miles of bends, passing through every possible type of vegetation, in order to cross 15,000 foot mountain pass seven miles from the capital.

Between these northern Yungas and the Argentina border, the eastern slopes of the Royal cordillera are less steep, and descend gently to the tropical plains along the Puna plateau. This plateau has been formed by the Rio Grande tributaries which flow to the Amazon basin and by the tributaries of the Pilcomayo River, which flows through the Chaco to the Rio de la Plata. The valleys are well cultivated and enjoy a semi-tropical climate. The most lucrative activity of the valleys is the production of coca leaves which are dried and sold to the Altiplano Indians<sup>4</sup> .

3. The Tropical Plains or 'Ilanos' : The plains cover most of the country from the yungas to the frontier of Peru, Brazil, Paraguay and Argentina and

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<sup>3</sup> Warren, Leslice F. "The Land and people of Bolivia", New York, Lippincott, 1974.

<sup>4</sup> Carta, William E. "Bolivia : A Profile", New York, Praeger, 1974.

gradually descend from 1,600 feet to 650 feet above sea level. Which comprises 3/5<sup>th</sup> of the land but only about over-fifth of the population.<sup>5</sup> In the north are the Madre de Dios, Beni and Mamore Rivers; in the south-east are the tributaries of the Paraguay river.

The lowland plain (Ilano) region of Bolivia covers the Department of Beni, Pando and Santa-Cruz. In the north eastern area the plain in part of the Amazon River basin and contain tropical forests and dense vegetation interspersed with open Savanas. Further south, the plain formed the part of the La Plata River basin and constitute a northward extension of the Argentina pampas. The north has abundant seasonal rainfall, with alternating floods and periods of drought. The climate is hot, with average temperatures of 25°C to 27°C, but it is sometime moderated by the south arid. Towards the south there is less rainfall.

There is almost no communication facilities in the most of the part of Ilanos. Some parts of the river is navigable, but there is no connection to the Amazon basin because of the Porto Velho rapids on the Madeira river; however Brazil hopes soon to improve the Porto Velho-Sao Paulo road. Links with the Altiplano have been improved by aviation.

This sparsely populated part of Bolivia is rapidly developing. Large scale cotton and sugarcane farming and cattle raising predominate, but interest in industrial development is increasing<sup>6</sup> . Bolivia's major deposit of petroleum, natural gas, and iron ore are located in this region.

### **DRAINAGE :**

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<sup>5</sup> Mitchell, Christopher; "The legacy of Populism in Bolivia", New York : Praeger, 1977.

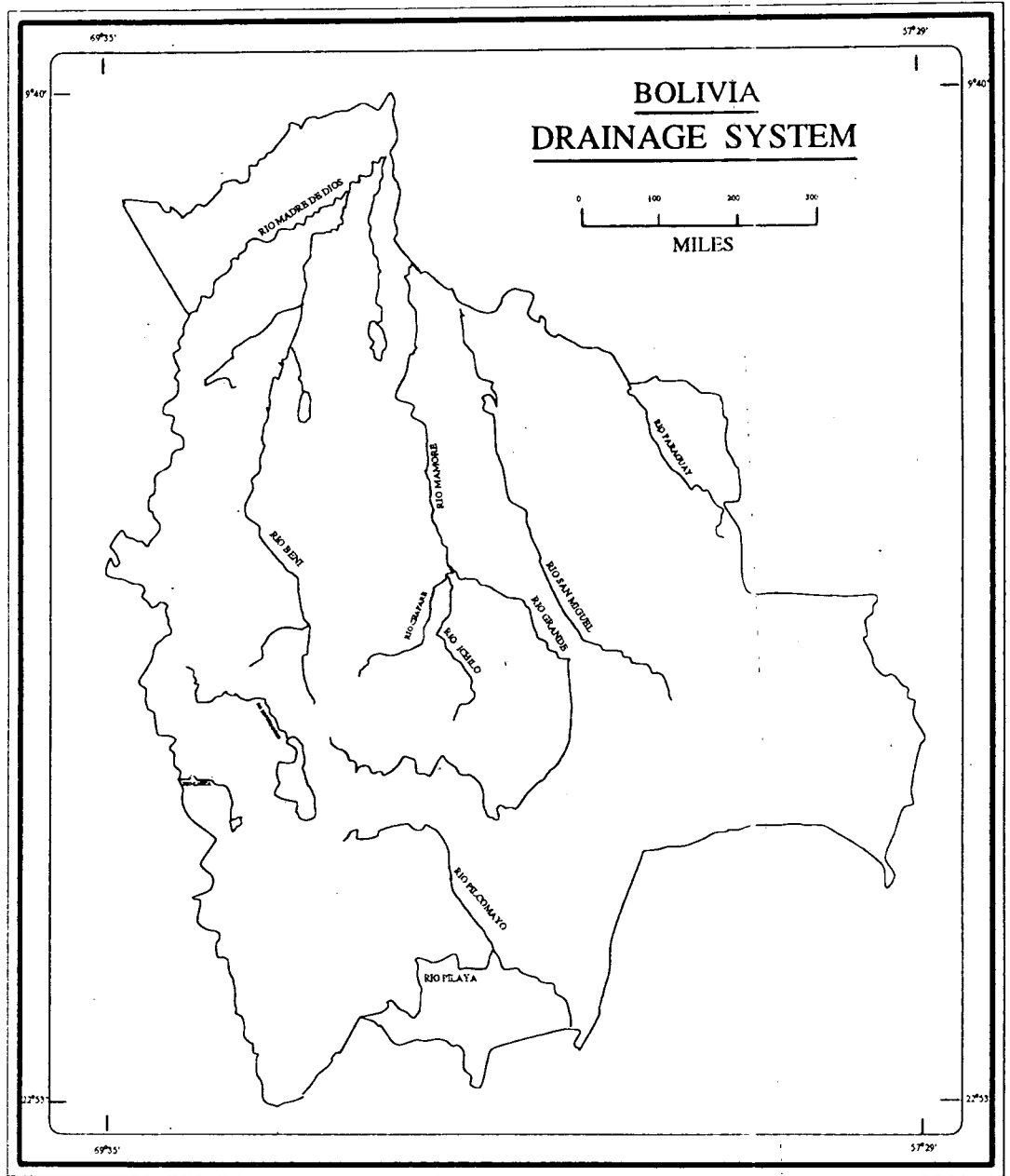
<sup>6</sup> The Europa World Year Book, 1997 Vol. I.



Bolivia's principle river on the Altiplano is the Desaguadro, which connects Lakes Titicaca and Poopo which is navigable over a stretch of 320 km. Other rivers belong to the Amazon water shed and empty into the Madeira River. They include the Abuna, 300 km of which form the frontier with Brazil, the Beni 1700 km long, the Mamore, which runs through the region of El Beni, the Madera or Madeira, formed by the confluence of the Beni and the Mamore, and the Guapore or Itenez 1600 km long. Two rivers have their sources in Peru but run over long stretches through Bolivian territory. They are the Madre de Dios 1,448 km long and the Orton, 547 km long. The most important Bolivian river belonging to the Rio de la Plata watershed are the Paraguay, of which 2500 km are navigable, the Tanja 241 km long, the Pilcomayo, 1609 km long, which has its source in the region of Oruro and forms a long stretch of the frontier between Paraguay and Argentina, and the Bermezo, 1600 km long, which has its source in Tarija forms the part of the Argentina-Bolivian frontier, and empties into the Paraguay river. (see map. 3 )

### **CLIMATE :**

Although Bolivia lies entirely in the tropics, extreme differences in altitude and rainfall give it a great variety in climate. The mean annual temperature of the capital La Paz at 3,697 m is about 8°C; whereas that of Trinidad in the eastern lowland is 26°C. In the western highland cold wind blows throughout the year; at night the temperature often drops below freezing while the Sunshine is intense and the air brilliant during the day. The rainy season last from December to February, but during most of the year the high Altiplano plateau is parched and inhospitable. Around lake Titicaca, rainfall is adequate, but it is less than 5 cm a year in the extreme



Map: 3

south west. The fertile valleys in the Cordillera Oriental have a warmer, semiarid Mediterranean climate.

The Yungas and Valles have a semi tropical moist climate that gradually becomes warmer as one descends to the eastern slopes of the Andes to the tropical eastern lowlands. Rainfall is heavy in the north east and floods are common in March and April. The lowland plain becomes drier to the south, attaining drought condition near the Argentine border.

### **VEGETATION :**

Bolivia shares much of the wide variety of flora found in the four countries surrounding it. Because of the wide range in altitude, Bolivia has plants representative of every climatic zone, from Arctic growth high in the sierra to tropical forests in the Amazon basin. On the high plateau above 3,050 m grows a coarse bunch grass called ichu, used for pasture, thatching and weaving mats. A reed called totora which grows around lake Titicaca is used for making small fishing boats locally known as balsas. The low bush like tola and the resinous moss like yareta are used for fuel. The lake Titicaca region is believed to be the original home of potato.

In the tropical forest, the quinine producing quina trees grows, as does the para rubber tree. There are more than 2,000 species of hardwoods are found in Bolivia<sup>7</sup> . Useful native plants include palms sweet potatoes, manioc, peanuts etc., quebracho tree used for tanning is also abundant here.

### **EVOLUTION OF THE STATE BOUNDARIES :**

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<sup>7</sup> American University. Area Handbook for Bolivia, 1974.

The vast Inca empire of Bolivia comprised of today's Bolivia, Peru, Ecuador, northern Chile and northern Argentina. After its defeat and decline on August 29, 1533 at the hand of the Spanish conquistadors slowly and gradually Bolivia is today reduced to a "completely landlocked state bounded by Brazil, Paraguay, Argentina, Chile and Peru, without access over its own territory to the sea and without convenient access to the sea by international waterways, with a total boundary length of 6,532 km"<sup>8</sup>. The evolution Bolivia's boundary is a succession of disasters, including the loss of its seacoast, the loss of vast areas of non coastal but still potentially variable territory (see map 4), military humiliation, and ineptitude at the bargaining table. It is probably result of a combination of two principle causes<sup>9</sup> :

- 1) The boundaries of the administrative, religious and judicial jurisdictions of the colonial period were never clearly established, and after independence it was quite possible for significantly different theories about the true boundary location to be honestly advanced.
  - 2) The war of the pacific with Chile, the same difficulties seem to have plagued Bolivia in the Chaco war with Paraguay and in the peaceful settlement of its territorial controversies with other nation.
- Neighbouring states, in varying degrees, have found the combination of historically unclear boundaries and internal Bolivian difficulties irresistible, and they have taken military and diplomatic advantage of it.

#### **THE BOLIVIA - ARGENTINA BOUNDARY :**

The Bolivia-Argentina boundary is best divided in two:

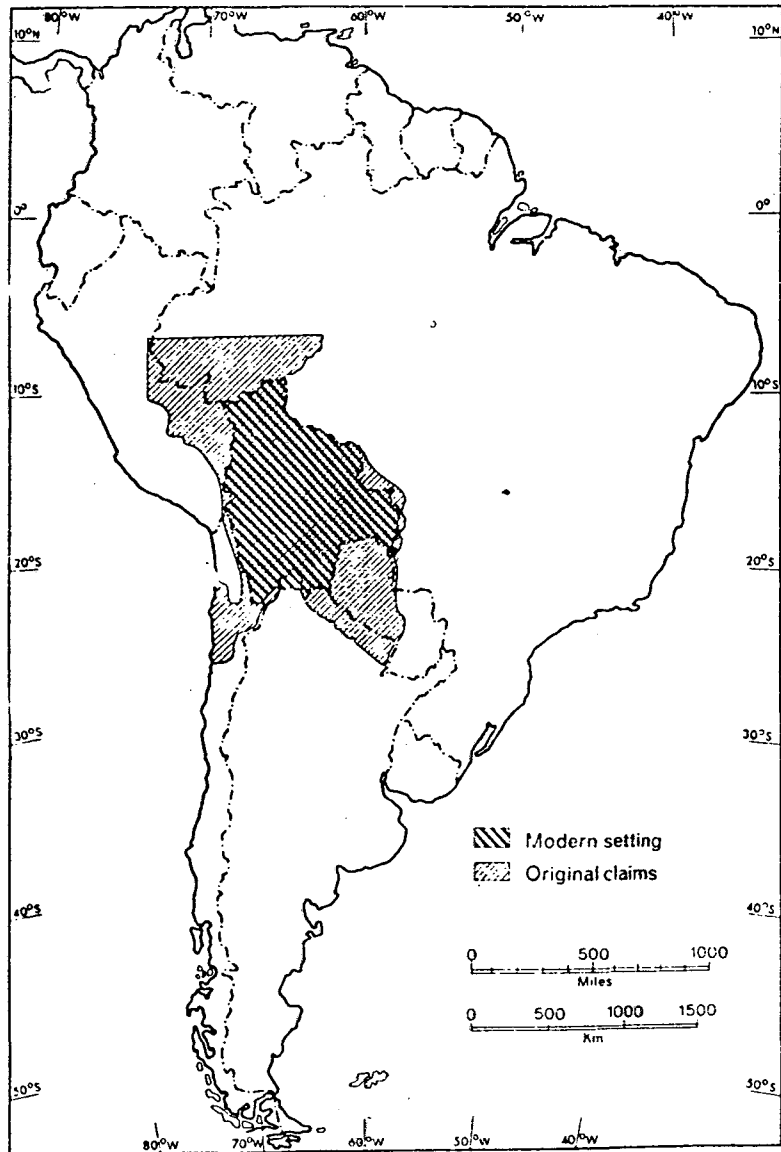
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<sup>8</sup> Merryman and Ackerman "Transit Trade of Landlocked states: the case of Bolivia"

<sup>9</sup> Ibid

# BOLIVIA

## BOUNDARY EVOLUTION



Bolivia: modern setting and original claims

Map - 4

- (a) the western sector which runs from the Chilean border in the western mountains region of the Puna de Atacama and
- (b) the eastern sector, which runs across the flat region of the Chaco to the Pilcomayo river. The Bolivia-Argentina border demarcation in the Puna de Atacama also involved Chilean claims that the Puna was hers because it formed part of the province of Atacama which she had won from Bolivia during the war of the Pacific. These claims later became part of the boundary question between Chile and Argentina after the Bolivia-Argentina treaty of 1889.

The question which arose about location of the Bolivia-Argentina boundary (Bolivia's boundary in general) resulted from ill defined frontiers between colonial administrative, judicial and religious units<sup>10</sup>.

In 1830, Bolivia assumed jurisdiction over Atacama when it created two departments of the area, Lamar and Atacama, and the first stage of Bolivian-Argentine boundary question was concluded with these territorial or administrative districts going to Bolivia.

The next stage concerned the Chaco boundary on 9 July 1868, Bolivia and Argentina signed a treaty which in Article 20 established a joint commission to draw up the boundary and submitted by problem area to arbitration. The Chaco was next dealt with in the preliminary protocol of 29 August 1872 in which both parties agreed not to advance their live of actual occupation in the Chaco until a final agreement could be reached.

The third stage of boundary negotiation revolved around the treaty of 10 May 1889 and concerned the entire boundary, the creation of a joint

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<sup>10</sup> Marchant, Alexander, "Boundaries of the Latin American Republics", Washington D.C. 1944.

commission and the arbitration of disputes. The lack of major historical disputes in the history of Bolivia Argentina boundary and the final demarcation of boundary have led to a fixed and stable frontier between the two countries. Today there do not appear to be any outstanding territorial questions that could lead to disputes.

### **THE BOLIVIA- BRAZIL BOUNDARY:**

The outlines of Bolivia's present boundary with Brazil were established as a result of 27th march 1867 Treaty of friendship, commerce, Boundaries and Extradition and the 17th November 1903 Treaty of Petropolis. Along this frontier, the north western Acre boundary from the junction of the Beni-Namore rivers westward presented the greatest point of friction. In comparison the south western boundary has presented few problems which could not be resolved by negotiation.

A combination of factors led to the dispute between Bolivia and Brazil along the north-western Acre boundary between 1890 & 1903.

- i) There had been a steady migration of Brazilians westward into the Amazon basin, may be because of Brazil's easier river access to the region.
- ii) Uncharted geography boundary treaties were unclear and this in turn favoured the nation with actual occupation.

To settle this issue the Treaty of Petropolis was signed on November 17, 1903<sup>11</sup>. The most salient points are as follows:

- i) Bolivia agreed to cede to Brazil over 1,91,000 sq. km of territory between the oblique line and 10°20's ; the bulk of the territory in

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<sup>11</sup> Fifer, J. Valerie, Bolivia's Boundary with Brazil : a century of Evolution, The Geographical Journal, Vol. 132, Part 3 (Sept. 1966).

dispute. She also agreed to cede parts of the Acre basin below 10°20's an area that was never in dispute.

- ii) In return, Brazil ceded 3000 sq. km to Bolivia. Part of the land was a triangle along the northern border between the Madeira and Abona Rivers, thereby giving Bolivia access to the Madeira River.
- iii) Freedom of river navigation and land transit was guaranteed.
- iv) A joint boundary commission was established (and part of the boundary was later surveyed)

The South-eastern boundary below the Beni Mamore juncture was established by the 1867 treaty and later altered by Brazilian concessions along the Paraguay River as part of the Treaty of Petropolis. On 29th March 1958 the Bolivian and Brazilian foreign ministers signed a note in which this sector of boundary was settled<sup>12</sup>. The line ran from Lake Marfil to the 1877 Travo Pillar; than east until it interested the straight line from the Cuatro Harmanos; from this intersection the line followed the line north to the 1909 Fawcett source. At the present, there do not appear to be any open grounds as a result of the Acre dispute and the Treaty of Petropolis.

#### **THE BOLIVIA-CHILE BOUNDARY:**

The present boundary between Bolivia and Chile was established by treaty on 20 October 1904 and the actual demarcation was carried out soon thereafter. As with most South American boundary disputes, the problem starts with the question of where the colonial lines between the various Spanish jurisdiction were drawn. Chilean authorities claim that the colonial provinces that were later to become Bolivia never had authority over the

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<sup>12</sup> Moore, John B., "Brazil and Peru Boundary Question", New York, 1966.



desert of Atacama, while the Bolivians claim that Atacama was part of the province of Potosi. To resolve the conflicting territorial claims which had resulted after Chile moved into the Atacama area in 1842. On 10 August 1866 a Treaty between Bolivia and Chile was signed. Of the seven articles, the first two were the important ones;<sup>13</sup>

- i) The Atacama boundary would be set at the 24th parallel and would run to " the eastern limits of Chile"
- ii) The proceeds from the guano exploitation as well as the export duty on all minerals between 23rd and 25th parallels would be split between the two countries.

Despite the new boundary between Chile and Bolivia, friction between the two countries in the Atacama continued. The first problem area was the interpretation of the treaty itself. A second point was the feeling by both parties that the treaty was conditional, and that a breach of its term by one would free the other to return to the boundaries claimed before the treaty. A third factor was the overwhelming majority of Chilean in the Bolivian Atacama. But both the nation tried to settle the issue with treaties, however, unlike Bolivia's other boundaries today the Chilean frontier is the focus of intense national fervor, and the claim that Bolivia has a right to a territorial outlet on the pacific is still loudly heard in Bolivia and is still expressed in Bolivia's international policies.

#### **THE BOLIVIA-PARAGUAY BOUNDARY :**

The underlying problems in the Bolivia Paraguay boundary dispute were the lack of contact in colonial times between the inhabitants of the provinces of

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<sup>13</sup> Merchant, Alexander, "Boundaries of Latin American Republics", Washington D.C. 1944.

upper Peru (which later became Bolivia) and the province of Paraguay (later Paraguay) along which a boundary could be drawn. Bolivia claimed the entire area lying between the Pilcomayo and the Paraguay Rivers to their confluence, and Paraguay claimed the Chaco up to the Andean foothills. On 21 July 1938 the Treaty of Peace, Friendship, and Boundaries was signed. The underlying boundary question was to be resolved through arbitration by the presidents of the six mediating powers<sup>14</sup>. On 10th October 1938 the arbitral award was handed down, establishing the boundary as it appears today. On 21 July 1938 treaty was ratified by a plebiscite in Paraguay and by the congress in Bolivia. Today the Chaco boundary between Bolivia and Paraguay appears to be stable.

#### **THE BOLIVIA-PERU BOUNDARY :**

Bolivia Peru boundary is best discussed in two parts. The first is the sector from the north eastern shore of lake Titicaca south to the Chilean border, and the second is the boundary north to lake Titicaca to the Brazilian border. It is along the southern boundary that there has been the most contact between the two countries.

**The southern boundary :** Bolivia and Peru signed a succession of treaties and agreement on November 8, 1831, in which they agreed to establish a joint commission to mark the boundary. None of these efforts was fruitful until, on 21 Nov. 1921, the two countries signed a general arbitration treaty whereby all boundary controversies that could not be settled by direct negotiation would be submitted to arbitration on 23 September 1902 the treaty concerning the demarcation of the southern boundary was signed<sup>15</sup>.

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<sup>14</sup> Merchant, Alexander, "Boundaries of Latin America", Washington D.C. 1944.

<sup>15</sup> Moore, John B : "Brazil and Peru Boundary Question", New York 1966.

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**The Northern Boundary :** The controversy over the northern Bolivia Peru boundary follows and is inter related with the Bolivia Brazil boundary problems in the Acre region. On 30 December 1902 Bolivia and Peru agreed to submit the northern boundary question to the president of Argentina for arbitration. On 9 July 1909 the president of Argentina handed down the arbitral award. Accordingly, the northern boundary runs from the high mountains to lowland jungle and, once established there was no further cause for controversy. From the information available, this boundary now appears to be stable and is not a current subject of dispute.

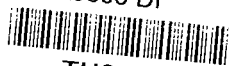
**NATURAL ENDOWMENT & RESOURCE MOBILIZATION :**

The proper development of any country depends upon proper utilization and mobilization of its natural resources. Bolivia is a relatively large country with a significant natural resource endowment, though in terms of population it is one of the smallest and poorest countries of western hemisphere and the economy exhibits the corresponding structural characteristics. Nearly one-half of output is generated in the primary sector which employs two third of the population at near subsistence level and account for the bulk of export earnings. The manufacturing sector accounts for less than 10% of output and, with the exception of domestic petrochemicals and tin smelting, consists almost entirely of simple consumer product import substitution industries. In other words, its economy has always been dependent on mineral exports, principally tin, but these have gradually declined since World War II. Further, little of the nations great agricultural and forest potential has been developed; agriculture remains little above the subsistence level, and Bolivia must import large quantities of food.

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**Agriculture** : An estimated 3% of Bolivia's land area was under cultivation in 1991; another 25% was permanent pasture<sup>16</sup> . Agricultural development has been impeded by extremely low productivity, poor distribution of population in relation to productive land and lack of transportation facilities. Prior to 1953 about 93% of privately owned land was controlled by only 6.3% of the land owners. The agrarian reform decree of August 1953 was aimed at giving ownership of land to those working on it and abolishing the large land holdings (latifundios). By 1980, 30.15 million hectares had been distributed to 591,310 families<sup>17</sup> .

Except around Lake Titicaca 2/3rd of the cultivated land on Altiplano lies fallow each year. Dry agriculture is the rule, and the most important crops are Potatoes, Corn , Barley, Quinao (a millet like grain), Habas (broad beans) Wheat, Alfalfa and Oca (a tuber). The potato is the main staple. The Yungas and Valles contain about 40% of the cultivated land. The eastern slopes, however are too steep to permit the use of machinery and erosion is a serious problem despite the practice of terracing. The most lucrative crop in the Yungas is coca, which is chewed by the local population and from which cocaine is extracted. coffee, cacao, bananas, yucea and aji (a widely used Chili pepper) are also important. In the fertile irrigated valley the important crops are corn, wheat, barley, vegetables, alfalfa and oats. The Tarija area is famous for grapes olives and fruit. The region east of Santa Cruz de la sierra, where most of the nation's unused fertile lands lie, is considered the promised land of Bolivian agriculture. Lowland rice production is increasing rapidly and already satisfies domestic need. In the

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<sup>16</sup> The Europa World Year Book 1997, Vol.-I

<sup>17</sup> The Europa World Year Book, 1997, Vol.-I

tropical forests of the north east, the Indian practice slash and burn agriculture. Leading crops of Bolivia are shown in the Table below -

## Agriculture

### PRINCIPAL CROPS ('000 metric tons)

|                        | 1992  | 1993  | 1994  |
|------------------------|-------|-------|-------|
| Wheat                  | 113   | 146   | 88    |
| Rice (paddy)           | 229   | 223   | 259   |
| Barley                 | 51    | 61    | 70    |
| Maize                  | 430   | 503   | 521   |
| Sorghum                | 46    | 120   | 78    |
| Potatoes               | 649   | 756   | 810   |
| Cassava (Manioc)       | 409   | 422   | 447   |
| Other roots and tubers | 110   | 110   | 114   |
| Soya beans             | 335   | 492   | 709   |
| Groundnuts (in shell)  | 21    | 22    | 22    |
| Cottonseed             | 30    | 26    | 29    |
| Cotton (lint)          | 5     | 5     | 5     |
| Sugar cane             | 3,307 | 3,093 | 3,164 |
| Oranges                | 84    | 88    | 94    |
| Other citrus fruits    | 121   | 127   | 132   |
| Papayas                | 20    | 20    | 19    |
| Peaches and nectarines | 30    | 34    | 35    |
| Grapes                 | 19    | 20    | 22    |
| Watermelons            | 18    | 19    | 19    |
| Bananas                | 326   | 308   | 371   |
| Plantains              | 143   | 145   | 150   |
| Coffee (green)         | 29    | 27    | 31    |
| Natural rubber         | 5     | 5     | 5     |

\* Unofficial figures.\* FAO estimates  
Source : FAO, Production Yearbook.

### **ANIMAL HUSBANDARY :**

In 1990 there were an estimated 4.7 million head of cattle, 9.1 million sheep, 3.0 million goats, 1.6 million hogs 770,000 donkey and 400,000 horses, poultry numbered 14.2 million<sup>18</sup>.

<sup>18</sup> The Europa World Year Book 1997, Vol.-I

The main cattle raising department is EL Beni in the tropical north east, which has about 30% of the nation cattle. Cochabambe is the leading dairy centre and improved herds there supply a powdered-milk factory. Leading animal product exports are hides, alpaca and vicuna wool and chinchilla fur: llama is important beast of burden ink high plateau region.

**LIVESTOCK ('000 head, year ending September)**

|                   | 1992  | 1993  | 1994  |
|-------------------|-------|-------|-------|
| Horses            | 322   | 322   | 324   |
| Mules             | 81    | 81    | 81    |
| Asses             | 631   | 631   | 636   |
| Cattle            | 5,779 | 5,794 | 6,012 |
| Pigs              | 2,226 | 2,273 | 2,331 |
| Sheep             | 7,472 | 7,512 | 7,789 |
| Goats             | 1,441 | 1,482 | 1,517 |
| Poultry (million) | 32    | 33    | 36    |

\* FAO estimates

Source : FAO, Production Yearbook.

**LIVESTOCK PRODUCTS ('000 metric tons)**

|                      | 1992 | 1993 | 1994 |
|----------------------|------|------|------|
| Beef and veal        | 127  | 133  | 139  |
| Mutton and lamb      | 13   | 12   | 14   |
| Goat meat            | 4    | 5    | 5    |
| Pig meat             | 67   | 58   | 60   |
| Poultry meat         | 54   | 63   | 68   |
| Cow's milk           | 130  | 135  | 139  |
| Sheep's milk         | 29   | 29   | 29   |
| Goat's milk          | 11   | 11   | 11   |
| Cheese               | 6.7  | 6.7  | 6.7  |
| Hen eggs             | 53   | 54   | 59   |
| Wool : greasy        | 7.5  | 7.5  | 7.8  |
| : scoured            | 3.9  | 3.9  | 4.0  |
| Cattle hides (fresh) | 16.2 | 15.9 | 16.3 |
| Sheepskins (fresh)   | 4.0  | 4.4  | 4.7  |

\* FAO estimates

Source : FAO, Production Yearbook.

**FISHING :**

Fishing is minor activity in Bolivia. A few varieties of fish are caught in lake Titicaca by centuries old methods and sent to La Paz. Bolivia has some of the world's largest rainbow trout, and Bolivian lakes are well stocked for sport fishing.

**FISHING ('000 metric tons, live weight)**

|             | 1991 | 1992 | 1993 |
|-------------|------|------|------|
| Total catch | 5.4  | 5.2  | 6.2  |

Source : FAO, Production Yearbook of Fishery Statistics.

**FORESTRY :**

Bolivia is potentially one of the world's most important forestry nations. More than half of the total area is held as public land by the state and more than 40 million hectares of forest and woodland are maintained as reserves or for immediate exploitation. Trees are mostly evergreens and deciduous hardwood with the richest forest on the Andes eastern slope along the tributaries of the Amazon. More than 2000 species of Tropical hardwoods of excellent quality, such as mahogany, Jacaranda, rosewood, palo de balsa, quava, ironwood, colo and cedar abound in this area. Sawmills are few, and the almost total lack of transportation facilities has made exploitation expensive. Most of the sawmills are in the department of Santa Cruz. Bolivia is one of the South America's leading rubber exporters.

**ROUNDWOOD REMOVALS**

**('000 cubic metres, excl. bark)**

|  | 1991         | 1992         | 1993-        |
|--|--------------|--------------|--------------|
| Sawlogs, veneer logs and logs for sleepers | 150          | 73           | 70           |
| Pulpwood                                   | n.a.         | 73           | 70           |
| Other industrial wood                      | 13           | 2            | 8            |
| Fuel wood                                  | 1,346        | 1,377        | 1,407        |
| <b>Total</b>                               | <b>1,509</b> | <b>1,525</b> | <b>1,555</b> |

\* FAO estimates

Source : FAO, Yearbook of Forest Products.

### SAWNWOOD PRODUCTION

('000 cubic metres, incl. railway sleepers)

|                        | 1991 | 1992 | 1993 |
|------------------------|------|------|------|
| Coniferous (softwood)  | 5    | 10   | 10   |
| Broadleaved (hardwood) | 120  | 220  | 258  |
| <b>Total</b>           | 125  | 230  | 268  |

\* FAO estimates

Source : FAO, Yearbook of Forest Products.

### MINING :

Bolivia is a world leader in mining and one of the four largest tin producing nations as 1/3<sup>rd</sup> of the world's tin supply comes from the Bolivian Andes. Mineral export usually constitute about 90% of the nation's export. Tin which is used to account for over half the total mineral exports (54.2% in 1968) accounted for only 38.5% by 1973, largely because of the increasing importance of the other minerals exports, including crude petroleum<sup>19</sup>. For two centuries following the discovery of silver at Cerro Rio de Potosi in 1545, the area that is now Bolivia was the world's largest silver producer. Tin production began about 1870 and surpassed silver in value at the beginning of the 20th century. Apart from Tin and silver Bolivia is also rich in other minerals like Zinc, Tungsten, Bismuth, lead, copper, gold Asbestos, etc. Bolivia is world second largest producer of antimony; the nation's first antimony smelter began operation in 1975. Iron deposits have been discovered and large salt deposits are found near lake popo. To look after the mining industry of Bolivia COMIBOL (Mining Corporation of Bolivia) was set up. COMIBOL is facing the problem of falling tin prices, rising production costs and a shortage of technical personnel. Another basic

<sup>19</sup> The Europa World Year Book, 1985 Vol.-I



problem facing economic planner was the near exhaustion of the richest tin deposit. for mineral production & distribution (see Map-5).

### **Mining**

**(metric tons, unless otherwise specified)**

|                    | 1992    | 1993    | 1994    |
|--------------------|---------|---------|---------|
| Tin                | 16,516  | 18,634  | 16,027  |
| Lead               | 20,002  | 21,220  | 19,678  |
| Zinc               | 143,936 | 122,638 | 100,751 |
| Copper             | 101     | 94      | 79      |
| Tungsten (Wolfram) | 1,073   | 330     | 583     |
| Antimony           | 6,022   | 4,155   | 7,050   |
| Silver             | 282     | 333     | 352     |
| Gold               | 4.7     | 16.4    | 12.8    |

Petroleum ('000 metric tons ): 1029 in 1991, 1029 in 1992 and 969 in 1993.

natural gas (petajoules) : 100 in 1991, 108 in 1992, 107 in 1993

Source : UN, Industrial Commodity Statistics Yearbook

Figures for metallic minerals refer to the metal content of ores.

### **ENERGY AND POWER:**

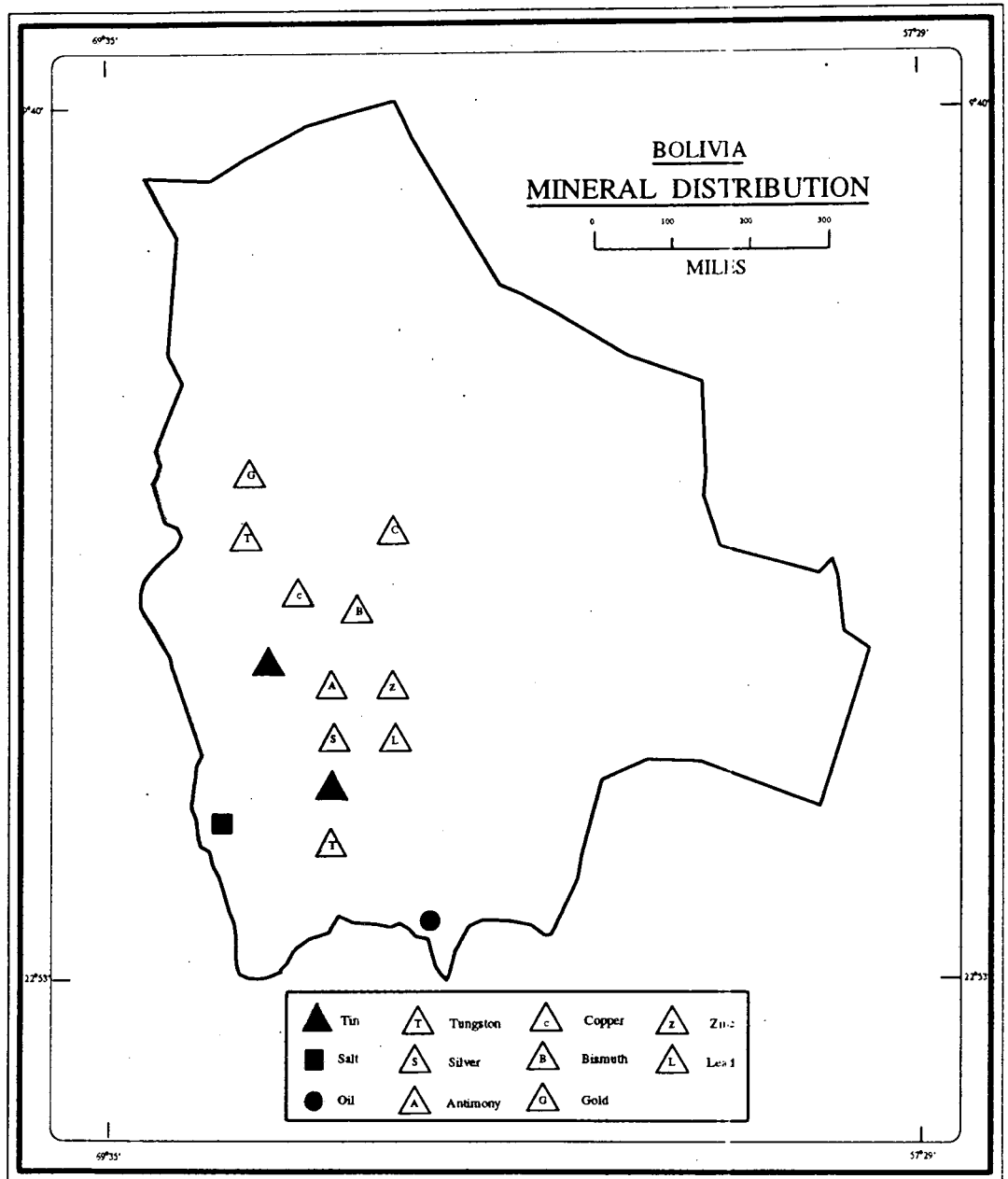
Installed capacity at Bolivia electricity power plants rose from 267,000 kw in 1980 to 508,000 kw in 1991. The total electric power output in 1981 was 1,677 million kwh, of which 69% was hydroelectric<sup>20</sup>, much of the total was produced by the Canadian owned Bolivian power company which supplies the cities of La Paz and Oruro. Another large producer is COMIBOL, which operates two plants on its own and also buys power from the government run national electricity company..

### **INDUSTRY**

Bolivia is a poorest and least developed countries of western hemisphere. Industrial development has been severely restricted by-

(a) Political instability;

<sup>20</sup> The Europa world Year Book 1990, Vol.-I



Map : 5

- (b) the small domestic market;
- (c) the uncertain supply of raw materials;
- (d) the lack of technically trained labour.

Domestic industry supplies less than one-fourth of the processed food and manufactured goods consumed. A large proportion of industry is still at the artisan or small shop stage. The principal sectors are food processing and beverages, textiles and leather, furniture chemicals, and Tobacco; cement, paper, glass, lumber, matches, tires and explosives are also produced on a small scale. The construction industry has been stimulated in recent years by road building, public works and housing programs. Nearly two-third, of all manufacturing is carried on in La Paz.

Bolivia has low per capita income and low resource base economy. The incidence of fragmentation, both economic and geographic along with lack of communication links, reduces the size of local markets and increases transportation costs. Except a few STOL (Short Take Off and Landing) Airports which are created to meet the requirement of foreign tourists and local administrative necessities, Bolivia's economy is over-fragmented due to geographic factors.

In addition, due to

- i. non-integration of different sectors of the economy
- ii. non-integration of different economic strata of the society, and
- iii. non-integration of the urban and rural settlement.

Bolivia's economy can hardly be integrated. These factors have tended to create an apparent lack of development opportunities and more difficulties in harnessing the low level of resource-base economy. Savings are small,

financial development is weak and above all the task base is so poor that the country has to depend largely on foreign assistance for its development programmes. an organised marketing system has not yet developed. There is complete lack of specialization in production due to area's isolation from any important centre.

The Analysis of the market system or the lack of it in Bolivia and the sparsely distributed rural population with poor linkage may explain one things: that is the poor urbanisation and the lack of development of urban settlement system is connected with its subsistence economy, and the low agricultural surplus and poor market system. While a well-developed market system is important to develop the nation's economy is the pre-industrial society what Bolivia has yet to.....

**Industry**  
**SELECTED PRODUCTS**

(metric tons, unless otherwise specified)

|                               | 1990    | 1991    | 1992    |
|-------------------------------|---------|---------|---------|
| Flour                         | 124,846 | 143,395 | 172,000 |
| Cement                        | 560,446 | 588,468 | 63,000  |
| Refined sugar                 | 257,724 | 218,831 | n.a.    |
| Coffee                        | 23,979  | 24,601  | n.a.    |
| Beer ('000 hectolitres)       | 1,031   | 1,278   | 1,333   |
| Alcohol ('000 litres)         | 19,185  | 19,500  | n.a.    |
| Electric energy (million kWh) | 2,126   | 2,131   | 2,412   |

\* Privisional

Tin (primary metal, metric tons) : 14,507 in 1991, 13,051 in 1992, 18,551 in 1993

Source : UNCTAD, International Tin Statistics.

## DEMOGRAPHIC FEATURES:

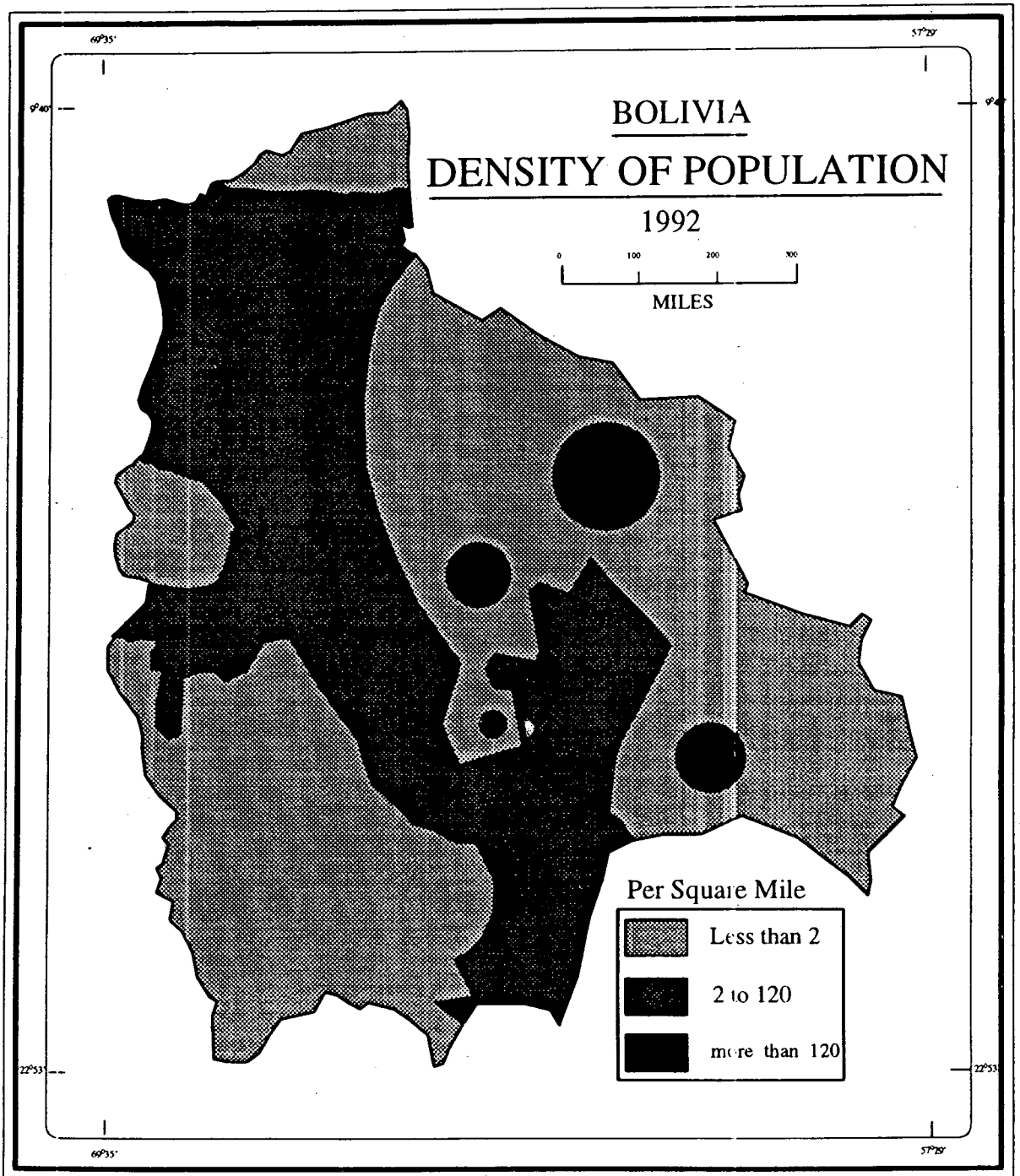
Bolivia is a relatively large country covering an area of 1,098,581 sq.<sup>21</sup> km, though in terms of population it is one of the smallest countries of South America. The total population as of the last national census in 1992, 3 June was 6,420,792 out of which males were 3,171,265 and 3,249,527 females. The projected population for 1993 (mid year) 7,065,210, and for 1995 7,414,000 assuming a crude death rate of 10.2 and a net natural increase of 25.5 during 1990-95. An annual population growth between 1980 to 1990 averaged at 2.7%, Bolivia's high mortality rate prevented the annual growth rate from exceeding 2.7%. The density in mid 1995 was 6.7 persons per sq. km, population density ranges from less than one person per sq. km in the South eastern plains to about 10 persons per sq. km in the Northern regions (see map-6) see table below

Table

### Area, Population and Density

|                                   |              |                  |
|-----------------------------------|--------------|------------------|
| <b>Area</b>                       | <b>(sq.</b>  | <b>1,098,581</b> |
| <b>km).....</b>                   |              |                  |
| <b>Land</b>                       |              | <b>1,084,391</b> |
| <b>.....</b>                      |              |                  |
| <b>Inland</b>                     | <b>water</b> | <b>14,190</b>    |
| <b>.....</b>                      |              |                  |
| <b>Population (census result)</b> |              |                  |
| 29 Sept 1976 .....                |              | 4,613,486        |
| 3 June 1992 .....                 |              | 6,420,792        |
| Male .....                        |              | 3,171,265        |

<sup>21</sup> American University, Area Handbook for Bolivia, 1974.



Map : 6

|  |           |
|--|-----------|
| Female .....                                       | 3,249,527 |
| <b>Population (official estimates at mid year)</b> |           |
| 1993 .....   | 7,065,210 |
| 1994 .....   | 7,237,000 |
| 1995 .....   | 7,414,000 |
| Density (per sq. km) at mid-1995 .....             | 6.7       |

Source : UN, Demographic year book

About 67% of the population was rural in 1990; three fourths of the total population live on Altiplano or in the western mountain valleys, the South eastern lowlands are sparsely populated. So far as department wise population is concerned La par tops with 1,900,786 with a density of 14.2 per sq. km other are given in table below -

#### **Departments (1992 Census)**

|              | <b>Area<br/>(sq. km)</b> | <b>Population</b> | <b>Density<br/>(per sq. km)</b> | <b>Capital</b>             |
|--------------|--------------------------|-------------------|---------------------------------|----------------------------|
| Beni         | 213,564                  | 276,174           | 1.3                             | Trinidad                   |
| Chuquisaca   | 51,524                   | 453,756           | 8.8                             | Sucre                      |
| Cochabamba   | 55,631                   | 1,110,205         | 20                              | Cochabamb<br>a             |
| La Paz       | 133,985                  | 1900786           | 14.2                            | La Paz                     |
| Oruro        | 53,588                   | 340,114           | 6.3                             | Oruro                      |
| Pando        | 63827                    | 38,072            | 0.6                             | Cobija                     |
| Rotosi       | 118,218                  | 645,889           | 5.5                             | Rotosi                     |
| Santa Cruz   | 370,621                  | 1,364,389         | 3.7                             | Santa Cruz<br>della sierra |
| Tarija       | 37,623                   | 291,407           | 7.7                             | Tarija                     |
| <b>Total</b> | <b>1,098,581</b>         | <b>6,420,792</b>  | <b>5.8</b>                      |                            |

\* Excluding adjustment for under-enumeration

Source: UN, Demographic year book

The population of principle towns of Bolivia are given below, one thing is clear from it that La Paz again tops in the list followed by Santa Cruz, Cochabamba etc.

**Principal Towns**  
**(estimated Pop at mid-1993)**

|                                 |                |
|---------------------------------|----------------|
| La Paz (administrative Capital) | <b>784,976</b> |
| Santa Cruz de la Sierra         | <b>767,260</b> |
| Cochabamba                      | <b>448,756</b> |
| El Alto                         | <b>446,189</b> |
| Oruro                           | <b>201,831</b> |
| Sucre (legal Capital)           | <b>144,994</b> |
| Potosi                          | <b>123,327</b> |

Source :UN, Demographic Year book

Bolivia's ethnic distribution is estimated to be

- Indian - 60%

- European -5%-15% (Primarily Spanish)

Mixed India and Spanish -25%-30%. Among the limited number of foreign residents are about 700 Japanese and Okinauso families who emigrated to Bolivia after world war II and settled in Santacruz.

Almost 95% Bolivian are Roman Catholic, but most Indians interweave Pre-Colombian and Christian symbols in their religions practices. Fewer than



half of the people speak Spanish as their first language. the literacy rate is low in rural areas.

Bolivia is the least developed country in South America. About two thirds of its people, many of whom are subsistence farmers, live in poverty. The economically active population totalled 1843000 (35%) according to the 1990 estimates of this number around 47% engaged in agriculture and animal husbandry; 23% in services; 7% in manufacturing; 8% in commerce restaurants and hotels; 3% in mining; and 12% in other activity. About one-third of the mine workers are seasonal labourers who return to agriculture when farm activity is intense, unemployment and underemployment were 44% in 1990.

**ECONOMICALLY ACTIVE POPULATION**  
(mid-year estimates, '000 person aged 10yr and over)

|  | 1988    | 1989   | 1990   |
|--|---------|--------|--------|
| Agriculture, hunting, fishing and Forestry             | 838.3   | 787.5  | 873.4  |
| Mining and quarrying                                   | 45.6    | 42.9   | 47.6   |
| Manufacturing  | 125.1   | 117.5  | 130.3  |
| Electricity gas and water                              | 8.7     | 8.1    | 9.0    |
| Construction   | 47.8    | 44.5   | 19.8   |
| Trade, Restaurant and hotels                           | 144.2   | 135.4  | 150.2  |
| Transport, storage and communication                   | 130.0   | 122.2  | 135.5  |
| Financing insurance, real estate and business services | 15.0    | 14.1   | 15.7   |
| Community, social and personal services                | 414.6   | 389.4  | 431.9  |
| Total employed   | 1769.4  | 1662.0 | 1843.4 |
| Unemployed   | 388.4   | 443.2  | 433.4  |
| Total labour force                                     | 2157.8  | 2105.2 | 2276.8 |
| Males  | 16475.5 | 1615.6 | 1741.6 |
| Females  | 510.3   | 489.6  | 535.1  |

Source: ILO, Year book of labour statistics.

## **CHAPTER - III**

**DEVELOPMENT TRENDS AND PATTERNS - ECONOMIC DEVELOPMENT, TRANSPORT AND COMMUNICATION, TRADE AND TRANSIT PROBLEMS AND TREATIES.**

## **ECONOMIC DEVELOPMENT**

Due to its land-locked situation, historical and topographical and various other features the country has its own significant and unusual problems with respect to national development and planning. Its geographical proximity and other ties with the adjacent countries has made it quite necessary to maintain good trade relations as far as possible with its all neighbours, in general with Chile & Peru in particular. Its development plans and programmes have been greatly affected by various obstacles emanating from transit difficulties.

Bolivia is the only country whom almost all the developed nations and its developing neighbouring countries including Brazil have been giving free advice, finance and technical expertise in its development programmes.

Bolivia's reliance on foreign aid has increased substantially. During almost over 27 years the entire period of the state planning in Bolivia, the main task has been in the creation of infrastructure, diversification of exports and markets, greater domestic supplies of consumer goods, increased output and productivity in the agricultural sector, reduction of under-employment, and the development of industrial sector based on selective import substitution. Since structures are vital for a country to move substantially improving its standard of living. Bolivia in its early plans had spent most of its money and services to raise up a network of underlying structures, economic and social upon which forms of production have been built.

Economic development in Bolivia is very difficult and has a number of serious constraints such as :

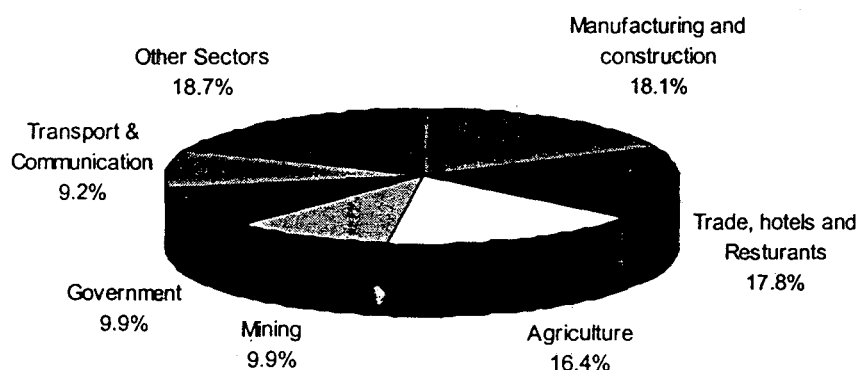
- a) geographical barriers and absence of adequate transport and communication facilities within the country.
- b) the growing population at 2.2 percent per year and its over dependence on mining.
- c) declining important mineral production;
- d) high costs of maintaining the newly built infrastructure;
- e) low income level of the people;
- f) the land-locked situation causing high costs of exports and imports
- g) the raising need for importation of appropriate capital goods, industrial raw materials and petroleum and allied products bringing on a critical and adverse situation in the balance of payments.

Bolivian economic production grew at a steady annual rate of 5.8% over the period 1960-70 but declined to 4.5% during 1970-72. During 1970-73 the average annual growth rate of the GDP was 6.3% but in late 1970s it declined from 1.4% in 1979 to a negative rate of 2% in 1981. Inflation, very low by Latin American standards in the 1960s when the average annual rate was 3.5% began to increase during the 1970s, averaging more than 22% yearly and may have reached 200% in 1982. Low world prices for tin in the early 1980s together with declines in overall mineral and agricultural production resulted in a sever financial crisis and default on international payments during 1981-82. The agriculture sector was further weakened by poor weather and restriction, because of foreign exchange problems, on imports of machinery and fertilisers. The US provided \$32 million in food

aid to Bolivia in mid-1983 to make up for the ruined potato crop. Contribution of various sectors of economy in GDP was as follows in 1980 -

| <u>Sectors</u>                 |   | <u>GDP (in %)<sup>1</sup></u> |
|--------------------------------|---|-------------------------------|
| Manufacturing and construction | - | 18.1                          |
| Trade, hotels and Restaurants  | - | 17.8                          |
| Agriculture                    | - | 16.4                          |
| Mining                         | - | 9.9                           |
| Government                     | - | 9.9                           |
| Transport & Communication      | - | 9.2                           |
| Other Sectors                  | - | 18.7                          |

**GDP in 1990**



In 1994, according to World Bank estimates, Bolivia's GNP measured at average 1992-94 prices totalled US \$5,601m, equivalent to about \$770 per head. In the period 1985-94 real GNP per head grew by an average of 1.9% per year. During the same period the population increased by an annual average of 2.2%. Bolivia's GDP increased, in real terms, by an annual average of 1.1% in 1980-93, by 4.2% in 1994 and by 3.8% in 1995.

<sup>1</sup> The Europa Yearbook, 1997, vol. I

Agriculture (including forestry and fishing) contributed 18.1% of GDP in 1994<sup>2</sup> . In that year 39.4% of the economically active population were employed in agriculture. In the period 1980-92 agricultural GDP increased at an average annual rate of 1.8%.

Industry (including mining, manufacturing, construction and power) provided 32.6% of GDP in 1994<sup>3</sup> . In 1990 12.8% of the working population were employed in industry. During the period 1980-92 industrial GDP declined at an average annual rate of 0.8%.

Mining (including petroleum exploration) contributed 10.9% of GDP<sup>4</sup> in 1994 and employed about 1% of working population in that year.

In 1994 manufacturing accounted for 15.3% of GDP<sup>5</sup> . In 1990, 7.1% of the working population were employed in manufacturing. The GDP of this sector declined during 1980-92 at an average annual rate of 0.1%.

The Bolivian economy is based on the export of primary commodities and the import of manufactured goods. By this Bolivia depends primarily on its mineral exports, especially tin and natural gas. Tin exports, however have been gradually decreasing since 1946. Principle exports in 1990 (in million of dollars) were :

|             |       |
|-------------|-------|
| Tin         | 343.1 |
| Natural Gas | 326.2 |
| Silver      | 71.7  |
| Tungsten    | 43.0  |
| Zin         | 40.4  |
| Antimony    | 34.3  |

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<sup>2</sup> The Europe Yearbook, 1997, vol. I

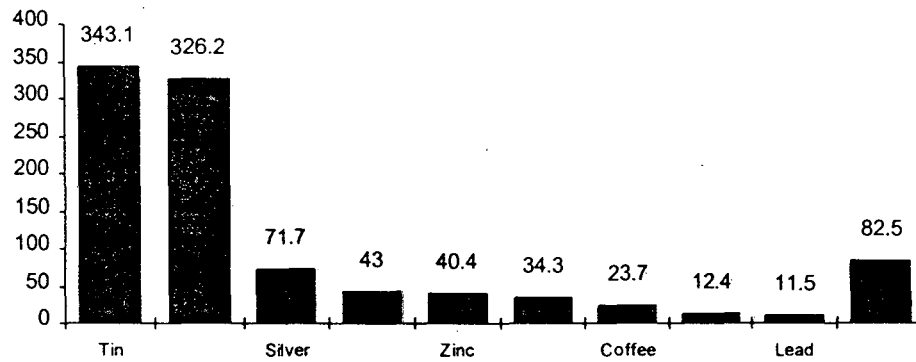
<sup>3</sup> Ibid

<sup>4</sup> Ibid

<sup>5</sup> Ibid

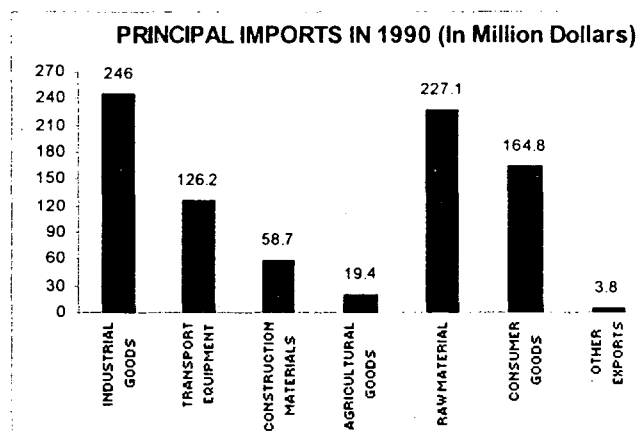
|               |              |
|---------------|--------------|
| Coffee        | 23.7         |
| Wood          | 12.4         |
| Lead          | 11.5         |
| Other exports | 82.5         |
| <b>Total</b>  | <b>980.7</b> |

**PRINCIPLE EXPORTS IN 1990 (in Million Dollars)**



Principal imports in 1990 (in million dollars) were :

|                                |              |
|--------------------------------|--------------|
| <b>Capital goods, of which</b> | <b>450.3</b> |
| Industrial Goods               | (246.0)      |
| Transport equipment            | (126.2)      |
| Construction materials         | (58.7)       |
| Agricultural goods             | (19.4)       |
| Raw materials and              | 227.1        |
| Intermediate goods             |              |
| Consumer goods                 | 164.8        |
| Other exports                  | 3.8          |
| <b>Total</b>                   | <b>846.0</b> |



According to preliminary estimates, the US accounted for 31% of Bolivian exports and 32% of imports in 1990. Argentina purchased 25% of exports while Argentina goods made up 12% of Bolivia's import totals. Other leading trade partner were Japan, the Federal Republic of Germany (FRG), Brazil and U.K. ( the details have been given in a table)

**Table. Principal Trading Partners (US\$ '000)\***

| <b>Imports c.i.f.</b>       | <b>1992</b>      | <b>1993</b>      | <b>1994</b>      |
|-----------------------------|------------------|------------------|------------------|
| Argentina                   | 103,210          | 114,731          | 117,483          |
| Brazil                      | 165,005          | 149,914          | 178,613          |
| Chile                       | 78,041           | 88,545           | 93,962           |
| Colombia                    | 10,527           | 15,764           | 22,729           |
| France                      | 24,119           | 15,860           | 9,679            |
| Germany                     | 84,919           | 66,441           | 59,259           |
| Italy                       | 37,176           | 23,241           | 16,297           |
| Japan                       | 135,419          | 128,865          | 181,826          |
| Korea, Republic             | 8,981            | 8,971            | 14,453           |
| Mexico                      | 10,292           | 12,820           | 16,657           |
| Panama                      | 11,832           | 11,872           | 10,923           |
| Peru                        | 27,127           | 54,104           | 64,801           |
| Spain                       | 15,868           | 36,605           | 16,869           |
| Sweden                      | 25,973           | 26,589           | 32,380           |
| United Kingdom              | 27,354           | 67,240           | 13,053           |
| USA                         | 249,182          | 248,335          | 222,291          |
| Venezuela                   | 3,496            | 6,034            | 12,621           |
| <b>Total (incl. others)</b> | <b>1,101,601</b> | <b>1,159,340</b> | <b>1,182,407</b> |

| <b>Exports f.o.b.</b> | <b>1992</b> | <b>1993</b> | <b>1994</b> |
|-----------------------|-------------|-------------|-------------|
| Argentina             | 153,550     | 126,793     | 160,110     |
| Belgium-Luxembourg    | 82,468      | 48,750      | 26,592      |



|                             |                |                |                  |
|-----------------------------|----------------|----------------|------------------|
| Brazil                      | 15,343         | 22,208         | 35,369           |
| Chile                       | 18,326         | 14,857         | 19,202           |
| Colombia                    | 25,155         | 36,910         | 63,940           |
| Ecuador                     | 3,806          | 6,874          | 14,562           |
| France                      | 32,192         | 9,673          | 12,076           |
| Germany                     | 31,685         | 11,901         | 19,242           |
| Mexico                      | 6,631          | 7,747          | 13,080           |
| Netherlands                 | 5,774          | 7,967          | 7,363            |
| Peru                        | 60,822         | 79,206         | 122,916          |
| Switzerland                 | 4,389          | 2,831          | 14,467           |
| United Kingdom              | 127,588        | 114,115        | 102,072          |
| USA                         | 152,586        | 214,372        | 360,544          |
| Venezuela                   | 9,578          | 1,890          | 1,522            |
| <b>Total (incl. others)</b> | <b>763,441</b> | <b>737,326</b> | <b>1,005,144</b> |

\* Imports by country of provenance : exports by country of last consignment.

Figures exclude trade in gold

Source : UN, *International Trade Statistics Yearbook*.

Unlike many nations, Bolivia has no large earnings from tourism or shipping to compensate for trade deficits. After World War II, falling exports and rising imports led to the depletion of the nations gold and foreign currency reserves. By 1969, in part because of increased US aid, the unfavourable balance had been considerably reduced; five years later thanks to import restrictions and a sharp rise in export earnings Bolivia had a favourable payments balance of \$72.5 million. In the 1970s Bolivia's international financial position again began to worsen and by the end 1981 the country had accumulated \$2,542 million in public foreign debt, but by October 1982 the nation was again unable to pay its foreign creditors; debt service in 1982 represented about 80% of export earnings.

A summary of Bolivia's balance of payments for 1992, 1993 and 1994 (in US million of dollars) is as follows

**Table : Balance of Payment (US \$ million)**

|   | 1992          | 1993          | 1994          |
|---|---------------|---------------|---------------|
| Exports of goods f.o.b.                         | 608.4         | 715.5         | 985.1         |
| Imports of goods f.o.b.                         | -1,040.8      | -1,111.7      | -1,121.9      |
| <b>Trade balance</b>                            | <b>-432.4</b> | <b>-396.2</b> | <b>-136.8</b> |
| Exports of services                             | 164.6         | 181.4         | 230.7         |
| Imports of services                             | -311.0        | -321.7        | -338.2        |
| <b>Balance on goods and services.</b>           | <b>-578.8</b> | <b>-536.5</b> | <b>-244.3</b> |
| Other income received                           | 17.7          | 9.2           | 10.3          |
| Other income paid                               | -215.4        | -215.1        | -209.6        |
| <b>Balance on goods and services and income</b> | <b>-776.5</b> | <b>-742.4</b> | <b>-443.6</b> |
| Current transfers received                      | 246.3         | 241.0         | 230.4         |
| Current transfers paid                          | -3.7          | -4.1          | -5.2          |
| <b>Current balance</b>                          | <b>-533.9</b> | <b>-505.5</b> | <b>-218.4</b> |
| capital account (net)                           | 0.6           | 1.0           | 1.2           |
| Direct investment abroad                        | -2.0          | 2.0           | 2.2           |
| Direct investment abroad from abroad            | 35.4          | 25.0          | 20.0          |
| Other investment assets                         | -13.0         | -             | -             |
| Other investment liabilities                    | 295.8         | 179.1         | 220.7         |
| Net errors and omissions                        | 92.0          | 341.9         | -11.0         |
| <b>Overall balance</b>                          | <b>-125.1</b> | <b>43.5</b>   | <b>14.7</b>   |

Source : IMF, *International Financial Statistics*.

### **Foreign Investment :**

Bolivia has, in fact, very low level of foreign investment due to political instability and inadequate infrastructure. Mainly the investment has been in petroleum exploration field. The Patino, Hochschild, and Aramajo mining groups expropriated in 1952, accounted for nearly all the foreign capital in mining at that time. In 1955, Bolivia issued the petroleum code safeguarding foreign investment in the exploitation of petroleum and US oil companies began large scale exploration and development. By 1969, foreign oil companies had spent an estimated \$90 million in petroleum exploration. But later on Bolivia also started inviting foreign investment in infra-structural development. In 1992 Bolivia signed a preliminary agreement with Brazil for the construction of a 3,000 km pipeline to carry natural gas from Bolivia to Southern Brazil. In May 1991 Bolivia was one of five Andean

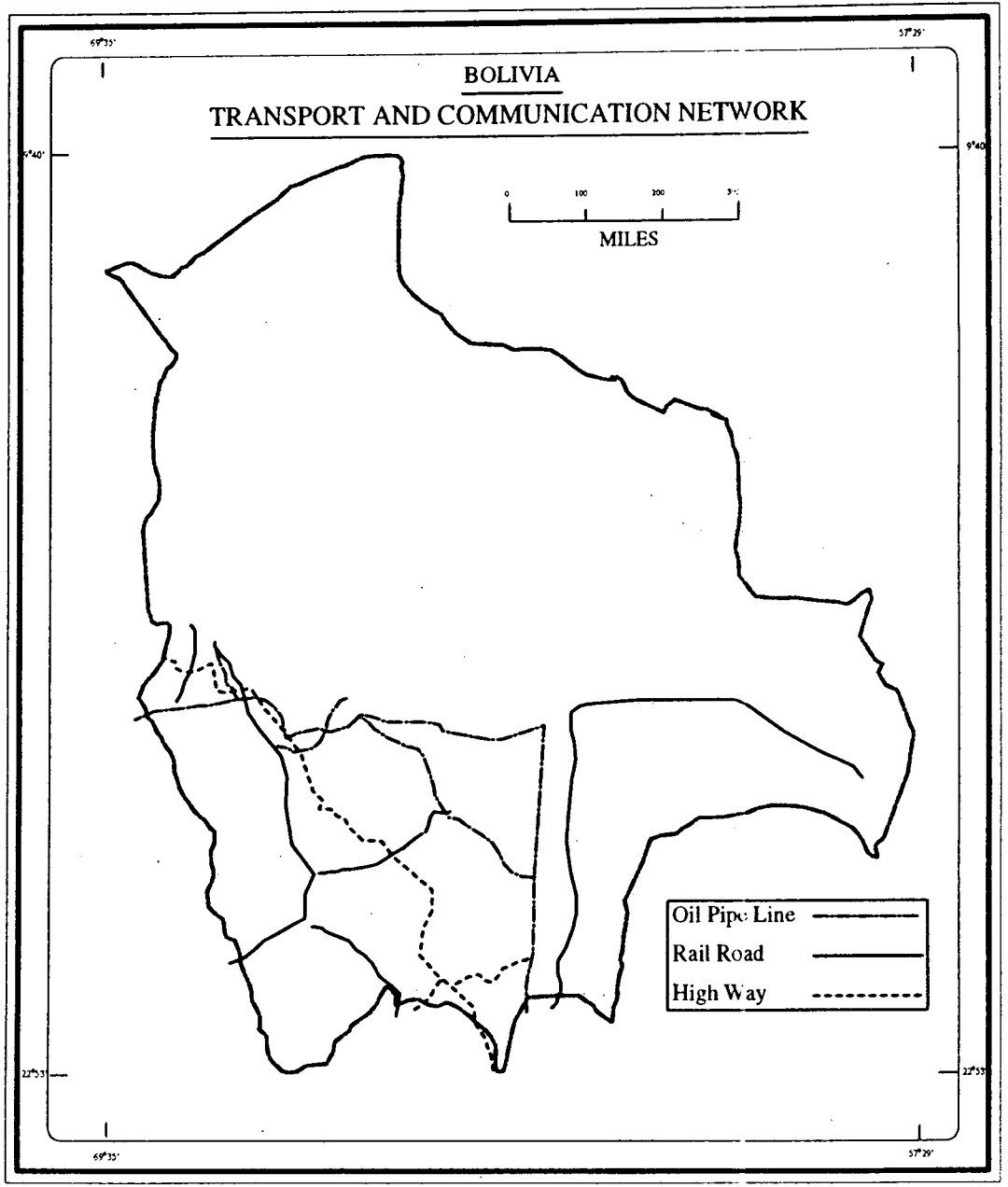
pact countries to sign the Caracas Declaration providing the foundation for a common market. In October 1992 Bolivia officially joined the Andean free trade area, removing Tarrif barriers to import from Colombia, Ecuador and Venezuela. In late 1996 Bolivia concluded a free-trade agreement with Mercosur equivalent to associate membership of the organisation with effect from January 1997. Although the investment law grants substantial benefits to foreign investors but political instability and inadequate infra structure have tended to hold foreign investment down.

### **Transport & Communication**

Transportation in Bolivia has been seriously impeded both by the geographic configuration and by the concentration of population and mineral wealth in the mountain regions. (see map 7.). The shortage of transportation facilities is one of the most serious barriers to economic development. Railroads are single-track meter gauge in 1990 totalling 3,921 km<sup>6</sup> . That year the railway carried 1,711,000 passenger, as compared with 2,320,000 in 1952; the decline was caused by improved road construction. More than one third of the trackage is government owned. A major portion of the railway system services the Altiplano, the western mountainous region, and Bolivia's vital international connection with Pacific coast ports. The remaining track connects the eastern city of Santa Cruz with Brazil and Argentina. An important route to Corumba eventually reaches the Brazilian port of Santos, while the line to Argentina via Villazone continues on to Buenos Aires. The two system are administered by the government-owned National Railway Co.; two smaller lines (157km/98

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<sup>6</sup> American University, "Area Hand book for Bolivia", 1991.



Map : 7

miles) are run by the Mining Corp. of Bolivia and by the Pilacayo mining enterprise.

**Table. Transport- Railways (traffic)**

|                               | 1989      | 1990*     | 1991*     |
|-------------------------------|-----------|-----------|-----------|
| Passengers carried            | 1,146,896 | 1,250,116 | 1,361,376 |
| Passenger - Kilometres        | 314,146   | 342,310   | 372,775   |
| Freight carried (metric tons) | 1,055,553 | 1,282,901 | 1,436,231 |
| Freight ton kilometres        | 446,650   | 468,720   | 432,570   |

\* Provisional

Source : Direction General de Ferrocarriles.

In 1990, of a total of 39,651 km<sup>7</sup> of roads, only 3% were paved. The Cochabamba-Santa Cruz highway, completed in 1963 was a major achievement in connecting lowland and highland Bolivia. In 1995 there were 19,627 buses, 114,357 lorries and vans, 9 tractors etc.

**Table. Road Traffic (motor vehicle in use at 31 December)**

|                  | 1993    | 1994    | 1995    |
|------------------|---------|---------|---------|
| Passenger cars   | 190,956 | 198,734 | 213,666 |
| Buses            | 18,213  | 18,884  | 19,627  |
| Lorries and vans | 105,500 | 108,214 | 114,357 |
| Tractors         | 8       | 9       | 9       |
| Motorcycles      | 62,065  | 62,725  | 64,936  |

Source : IRF, *World Road Statistics*.

Airlines are particularly important in view of Bolivia's topography and the underdevelopment of other means of transportation. The hub of Air traffic is El Alto airport near La Paz, the world's highest commercial airport; the other international airport is at Santa Cruz. Lloyd Aereo Boliviano (LAB), with 50% government capital services most of the countries Military Air Transport operated by the air force, provides some civilian freight and passenger service, and numerous air taxi companies are also in service.

<sup>7</sup> The Europa Yearbook, 1991, vol I.

**Table. Civil Aviation (traffic on scheduled services)**

|                            | 1991  | 1992  | 1993  |
|----------------------------|-------|-------|-------|
| Kilometres flown (million) | 12    | 11    | 11    |
| Passengers carries ('000)  | 1,200 | 1,214 | 1,117 |
| Passenger - km (million)   | 1,022 | 1,069 | 1,092 |
| Freight ton-km (million)   | 101   | 107   | 120   |

Source : UN, *Statistical Yearbook*.

Little use has been made of Bolivia's 19,300 km of navigable waterways<sup>8</sup>. There are no regular riverboat services. Bolivia has free port privileges at Antofagasta and Arica (Chile), at Mollendo (Peru), and at Santos (Brazil).

#### **Trade and Treaty Rights of Transit :**

Accepting Bolivia's landlocked status, the present posture of the international law of transit and the lack of a valid claim in international law to territorial access to the Pacific, it seems clear that improvement of Bolivia's legal position in international transit must be expected to take place through negotiated international agreements with its neighbours. The most fruitful course in the long run would be formation of a customs union with neighbouring states. It is nothing but a free trade area concept towards which the Latin American Free Trade Association is moving. Such a union would include the abolition of internal tariffs and quotas on trade among member states and erection of a common external tariff. Bolivia had tried to follow the above mentioned concept on suggestions through various treaties with its neighbouring states.

**Treaty Rights of Transit Argentina :** The Treaty of friendship, commerce and navigation of 9 July 1968 contains some clauses which are of interest in the context of transit rights. According to this Bolivian and Argentina

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<sup>8</sup> Countries of the World and Their Leaders Yearbook, vol I.

ships respectively will be permitted to enter all ports of each other's territory to which entry is permitted to ships of that country. Furthermore the two countries agreed to grant each other for a period of fifty years freedom of transit for all kinds of products and goods imported through their territories from third countries. This privilege also applied to the products and goods of either country entering the other in transit when returning to their country of origin. Each country granted the other the necessary permission and facilities to establish special zones and free warehouses in its river and inland ports, subject to local laws and regulations.

On 9 Sept. 1954 an Economic Union Agreement was concluded subsequently amended by the Argentine-Bolivian commercial and payments agreement of 11 Dec. 1956. Under this, the two countries agreed to take the necessary steps to facilitate the import and export of their goods and products in which they normally trade.

In 1964 they signed a treaty and protocol establishing a free zone for Bolivia in Argentine port of Barrangueras. In 1966 Argentina conceded a free zone to Bolivia in the port of San Nicolas. Under the 1944 Chicago convention, Bolivia has rights of transit for scheduled and non-scheduled commercial air traffic through Argentina.

**Treaty Rights of Transit - Brazil** : For some time Brazil and Bolivia have regulated by contractual provisions the transit rights granted to Bolivia in Brazilian territory. Mention should be made first of the Treaty of friendship, commerce, Boundaries and Extradition of 27 March 1867 which read as follows :

"His Majesty the Emperor of Brazil permits, as a special favour, the waters of the navigable rivers running through Brazilian territory, to the ocean, to be free to the commercial navigation of the Republic of Bolivia"<sup>9</sup>. The Republic of Bolivia also reciprocally permits the navigable waters of its rivers to be free to the trade and commercial navigation of Brazil. The Treaty on the export and supply of Bolivian petroleum concluded at Rio de Janeiro on 25 Feb 1938, granted the fullest possible transit facilities, in accordance with international doctrine and existing treaties between Bolivia and Brazil, for the export Bolivian petroleum and its derivatives through Brazilian territory.

A convention on free trade was signed on 29 March 1958. The provisions of this treaty grant free transit in permanent and unrestricted form, at any time or under any circumstance, for every kind of cargo without exception, whether originating from their territories or those of third states including war materials. Also in 1958, free zones were established for Bolivian goods in the Brazilian ports of Belem, port Velho, Corumba, Santos and Manaus. On 2 June 1951 Bolivia and Brazil signed a convention on Ariel Transport which gives Bolivia transit rights for scheduled and non scheduled commercial air transit through Brazil.

**Treaty Rights of Transit - Chile** : Bolivia has entered into several very important treaties with Chile which grants transit rights allowing Bolivia access to sea. The first of these is the Treaty of Peace and friendship of 20 Oct. 1904. Under which the Republic of Chile recognizes in favour of that of Bolivia and in perpetuity, the fullest and most unrestricted right of

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<sup>9</sup> J.H. Merryman, and E.D. Akerman, "International law, Development and the Transit Trade of land-locked states : the case of Bolivia", 1969.



commercial transit through its territory and ports on the Pacific. Further the Republic of Bolivia shall have the right to establish custom-house agencies at such ports as it may select for carrying on its trade. For the present it selects as such ports for its trade Antofagasta and Arica. Lastly, Chile and Bolivia both adhere to the 1944 Chicago convention, so Bolivia has a right of transit for non-scheduled commercial air transit through Chile.

**Treaty Rights of Transit-Paraguay** : The Treaty of Peace and Friendship entered into between Bolivia and Paraguay on 21 July 1938 contains provisions similar to those rights of free transit granted by Bolivia's other neighbours. The Republic of Paraguay guarantees the fullest freedom of transit through its territory, and especially through the zone of Puerto Casado, for merchandise arriving from abroad for Bolivia and for products leaving Bolivia for shipment abroad through the said zone of Puerto Casado. Bolivia shall be entitled to establish customs offices and to construct depots and warehouse in the zone of the said port.

On 20 Oct. 1939, the protocol on Economic co-operation and Transit facilities was signed for the purpose of promoting the development of natural resources, transit and trade between the two Republics, it was agreed to construct an overland means of communication between them.

On 16 Nov. 1943 Bolivia and Paraguay signed a protocol on international co-operation under which the two governments bearing in mind the difficulties involved in the landlocked position in which their countries were situated, "agreed on co-operation and mutual aid in their friendly

negotiations, in accordance with existing international covenants and in harmony and solidarity with the other nations of the continent"<sup>10</sup> .

**Treaty Rights of Transit - Peru** : Bolivia has signed several treaties with Peru guaranteeing its right of transit; for example the treaty of peace and friendship of 5 Nov. 1863, the Treaty of Commerce and Customs of 27 Nov. 1905, according to which Bolivia and Peru establish their commercial relations on the basis of the most complete reciprocity. Further both countries agree to free commercial transit for all the natural products and industries of the two countries and for the foreign products which are introduced by the routes of Mollendo and Puno to La Paz and of Mollendo to Pelechuco via Cojata or vice-versa.

On 14 Sept. 1936, Bolivia and Peru entered into Treaty of Friendship and Non-aggression, the two parties grant each other the fullest freedom of transit through their respective territories.

Under 14 July 1960 convention on Regular air Transport Bolivia has rights of transit for scheduled and non scheduled commercial air traffic through Peru.

By the above mentioned facts one thing is clear that international law does give Bolivia certain rights of transit over the territories of Chile and Peru, but they are of little value to Bolivia, which already enjoys substantially greater rights of transit under its treaties with those nations. In a sense, Bolivia is getting more from Chile and Peru than it is entitled to, thus

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<sup>10</sup> J.H. Merryman, and E.D. Akerman, "International law, Development and the Transit Trade of land-locked states : the case of Bolivia", 1969.

impending, rather than helping Bolivia in its attempts to reduce the differential costs of its transport.

Bolivia is one of the few countries in the world whose destiny has been determined by geography. But Bolivia is very fortunate that unlike other country it has various economic access to the world. Bolivia has not to depend on any single country. Bolivia can choose between Chile, Peru or even Brazil to reach the sea. And thus the competition between the transit countries would after the best for the land-locked country like Bolivia to use traffic.

While Bolivia's small size makes trade desirable, her land-locked situation has reduced her competitiveness in the international markets. The proportion of transit costs for the South American land-locked countries rose by 3% between 1970 and 1973. This high cost of transportation have two main repercussions over Bolivia. First they have prevented Bolivia from exporting their primary goods at the rate cheaper than the other coastal countries. On the import side these costs protect domestic industries. Since the transit country is producing the same type of commodities as her land-locked neighbour Bolivia, it follows that the Bolivia has no option but to look for the eventual disposal of her goods in the overseas markets notwithstanding the rising costs.

**CHAPTER - IV**

**POLITICAL SET-UP-PREVIOUS POLITICAL SCENARIO AND  
CURRENT POLITICAL DEVELOPMENT, POLITICAL AND  
ADMINISTRATIVE ORGANISATIONS.**

Between A.D. 600 and 900, Aymara Indians living at the Southern end of lake Titicaca produced a highly advanced culture, now known for their ruins at Tiahuanaco<sup>1</sup>. In about 1450, the Quechva speaking Incas added the area of modern Bolivia to their efficient and rapidly expanding empire and controlled the area until the Spanish conquest in 1535.

During most of the Spanish colonial period, this territory ( called "upper Peru" or charcas) was ruled from the viceroyalty of Peru, and the principal cities were Chuquisaca (now Sucre) and Potosi. Bolivian silver mines produced much of the Spanish Empire wealth. For many years, Potosi, site of the famed "mountain of Silver", was the largest city in the western Hemisphere. As Spanish royal authority weakened during the Napoleonic wars, sentiment against colonial rule grew. Independence was proclaimed in 1809, but 16 years of struggle followed before the establishment of the republic named for Simon Bolivar, on August 6, 1825.

Independence did not bring stability, however for almost 60 years, coups and short lived constitutions dominated Bolivian politics<sup>2</sup>. Preoccupied with remaining in office, few presidents were able to rule effectively. Bolivia's weakness was demonstrated during the war of Pacific (1879-84), when it lost its seacoast and the adjoining rich nitrate fields to Chile.

An increase in the world price of silver brought Bolivia a measure of prosperity and political stability in the late 1800s. During the early part of the 20th century, tin replaced the silver as the country's most important

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<sup>1</sup> J. Valerie Fifer "Bolivia : Land-location and politics since 1825" New York : Cambridge University Press, 1972.

<sup>2</sup> Barton, Robert, "A short History of Bolivia". Detroit, 1969.

source of wealth. Political parties that reflected the interests of the mine owners ruled until the 1930s with few outbreaks of violence.

The lot of Indians who constituted most of the population, remained deplorable. Forced to work under primitive conditions in the mines and in a nearly feudal status on large estates, they were denied access to education, economic opportunity or political participation.

Bolivia's defeat by Paraguay in the Chaco war (1932-35) is generally considered a watershed in the country's history<sup>3</sup>. Great losses of lives and territory discredited the traditional ruling classes, while service in the army produced stirrings of political awareness among the Indians. From the end of the Chaco war until the 1952 revolution, the emergence of contending ideologies and the demands of new groups convulsed Bolivian politics.

The National Revolutionary Movement (MNR) emerged from this ferment as Bolivia's most broadly based party. Denied its victory in the 1951 presidential elections, the MNR plotted a revolt. On April 11, 1952, the army surrendered after 3 days of fighting in La Paz, and Bolivia's social revolution began. Under the leadership of presidents Victor Paz Estenssoro and Hernan Siles Zuazo, the MNR introduced universal adult suffrage, carried out a sweeping land reform, promoted rural education and nationalized the three great tin companies that for many years had strongly influenced Bolivia's political and economic life.

Twelve years of tumultuous rule divided the MNR internally and reduced its public support. A military junta led by Gen. Alfredo Ovando Candia and then Vice President Gen. Rene Barrientos Ortuno overthrew president Paz in

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<sup>3</sup> Carter, William E. "Bolivia : A profile". New York : Praeger 1971.

November 1964 at the beginning of his third presidential term. The junta continued the MNR's basic policies however. In 1966, Gen Barrientos campaigned for the presidency and won the election. During his administration, Che Guevara, the famous guerrilla leader, was killed in eastern Bolivia while attempting unsuccessfully to foment a rebellion.

Barrientos' death in a 1969 helicopter accident left a vacuum in Bolivian politics. Three varied governments lasted a total of 27 months. Alarmed by the failure of the last of these administrations to preserve social order, the armed forces, the MNR, and other political groups collaborated in its downfall and installed Col. (late Gen.) Hugo Banzer Suarez as president.

Banzer ruled with the active support of the MNR and another political party from August 1971 to November 1974. Then impatient with internal schisms in this governing coalition, he replaced civilian politician with members of the armed forces and suspended political and labour union activities. Although the economy grew impressionably during Banzer's 7-year presidency, demands for greater political and labour freedoms undercut his support. His decision to call elections in 1978 plunged Bolivia into yet another era of turmoil.

General elections in 1978, 1979 and 1980 were marked by varying degrees of fraud and failure of any candidate to win a clear-cut majority<sup>4</sup>. Meanwhile, coups, counter coups and caretaker governments characterised political life.

Former MNR president Hernan Siles Zuazo and his left-of-centre political coalition received a plurality of the votes in the 1980 election, generally

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<sup>4</sup> Countries of the World and Their Leaders Year Book 1988, Vol. I.

considered the most hottest of the three recent polling. The military intervened, however, to prevent Siles from assuming the presidency. On July 17, 1980, Army Gen. Luis Garcia Meza Tajeda carried out one of the most ruthless and violent of Bolivia's many coup. He declared the election results invalid, suspended congress, prohibited political party activity and curtailed the functioning of labour unions. His military government quickly became notorious for human rights abuses, involvement in narcotics trafficking and economic mismanagement.

A military rebellion forced Garcia Meza from office in August 1981. During the ensuing 14 months, three other governments of the armed forces tried to cope with Bolivia's expanding political and economic problems, and all failed. Increasing social unrest forced the military to convoke congress elected in 1980 and allow it to choose a new chief executive. On October 10, 1982, 22 years after his first term of office expired and 26 months after his second term should have begun. Hernan Siles Zuaro was inaugurated as president.

Siles electoral coalition (called the Democratic and Popular Unity - UDP) consisted of his own National Revolutionary Movement of the Left (MNRI) and two smaller parties - the Movement of the Revolutionary Left (MIR) and the Communist Party of Bolivia (PCB). The Christian Democratic Party agreed to participate with these three in forming a government, but in January 1983 six MIR minister resigned in a policy disputes. In mid-1983, the PCB continued to hold the ministries of labour and mining.

A series of strikes in late December 1991 by workers protesting at government plans to privatise state-owned enterprises, including the state



mining corporation, COMIBOL culminated, in early January 1992, in a national strike organized by the COB. Continued social unrest led to violent confrontation between protesters and troops throughout the country in early 1993. In April 1993 the supreme court found the former military director Gen. Luis Garcia Meza, guilty on 49 charges of murder, human rights abuses, corruption and fraud, and sentenced him 30 years imprisonment.

Presidential and congressional elections were held on 6 June 1993. Gonzalo Sanchez de Lozada was presented as the MNRs Presidential candidate and he secured 33.8% vote and his nearest rival secured 20% vote. At legislative election, the MNR secured 69 seats out of 157 seats in the bicameral congress. The MNR subsequently concluded a pact with UCS and the MBL thus securing a congressional majority and Sanchez de Lozada was sworn in as president on 6 August 1993 till then he is president of Bolivia.

### **Constitution & Government :**

Constitutionally, Bolivia is centralist Republic<sup>5</sup> . The constitution of 3 February 1967 provides for a representative democracy, with its government divided into the three traditional powers, the executive (President and Cabinet), the bicameral legislature and the judiciary. Bolivia's present constitutional status is the result of two series of actions begun by the military junta that took control in November 1964 and replaced the 1961 constitution with the 1945 constitution as amended in 1947. At the same time, the military junta retained those sections of 1961 constitution that dealt with universal suffrage, nationalization of tin mines, land reform and,

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<sup>5</sup> The Europa Wrold Year Book, 1997, Vol.-I

compulsory education. The 1967 constitution was further amended to circumscribe the power of militia forces.

Under the 1967 constitution, the president and the vice president are elected by direct popular vote for a term of four years; neither can be re-elected for the succeeding term. In fact, however, between 1966 and 1978, no presidential election was held. The president powers are considerable, and because of tradition, presidential authority often extends beyond confines. The president has a prerogative to declare a state of siege because of national emergency, ruling by decree from that time. constitutional authority for this formidable prerogative ends automatically in 90 days unless congress expressly authorises its extension. The president has power to appoint members of the cabinet, diplomatic representatives and archbishops and bishops from a panel proposed by the senate. The president is responsible for the conduct of foreign affairs and is also empowered to issue decrees, and initiate legislation by special message to congress.

The congress consist of 27 senators (3 from each department) and 130 deputies (in 1990). Members of both houses are elected for four years terms. Bolivia utilizes a form of proportional representation in the chamber of deputies and an incomplete list system for the senate. If no presidential candidate receives majority congress chooses among the three leading candidates. The regular session of congress last for 90 days. Between 1969 and 1979, and again between 1980 and 1982, congress was dissolved by mandate of the armed forces.

The supreme administrative, political and military authority in each department is vested in a prefect appointed by the president. The subdivisions of each department, known as provinces are administered by sub-prefects. the provinces are further divided into cantons. There are 94 provinces and some 1,000 cantons. The capital of each department has its autonomous municipal council and controls its own revenue and expenditure. The decree issued in July 1952, conferred the franchise on all persons who had reached the age of 21 years, whether literate or illiterate. Previously the franchise had been restricted to literate person. The voting age for married persons was lowered to 18 years at the 1989 elections. The constitution include a bill of rights, which guarantees the right to express ideas freely, petition the government and obtain release under a unit of habeas corpus in case of illegal detention like we have in India.

### **Political Parties :**

From independence until 1952, Bolivian politics were dominated by the army. Few president came to power peaceably, and fewer completed their terms<sup>6</sup> .

Free elections were held in 1951 and Victor Paz Eslensoro, leader of National Revolutionary Movement (MNR), was elected. With the prospect of MNR control, an army junta stepped in and nullified the election. In April 1952, the MNR overthrew the junta with the help of Revolutionary workers party, the Carabineros (national police), and the miners and peasants militias. Paz governed with a congress until 1956 when elections were held. the MNR' presidential candidates, Harnan Siles Zuazo, won easily. With

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<sup>6</sup> Klein, Herbert S. "Parties and Political change in Bolivia 1880-1952" Cambridge : Cambridge University Press 1960.

economic and technical help from US and the UN, the MNR under sites between more conservative, giving Bolivia a stability rare in its turbulent history.

In November 1974 all political activity was suspended followed by bloody three day resolution.

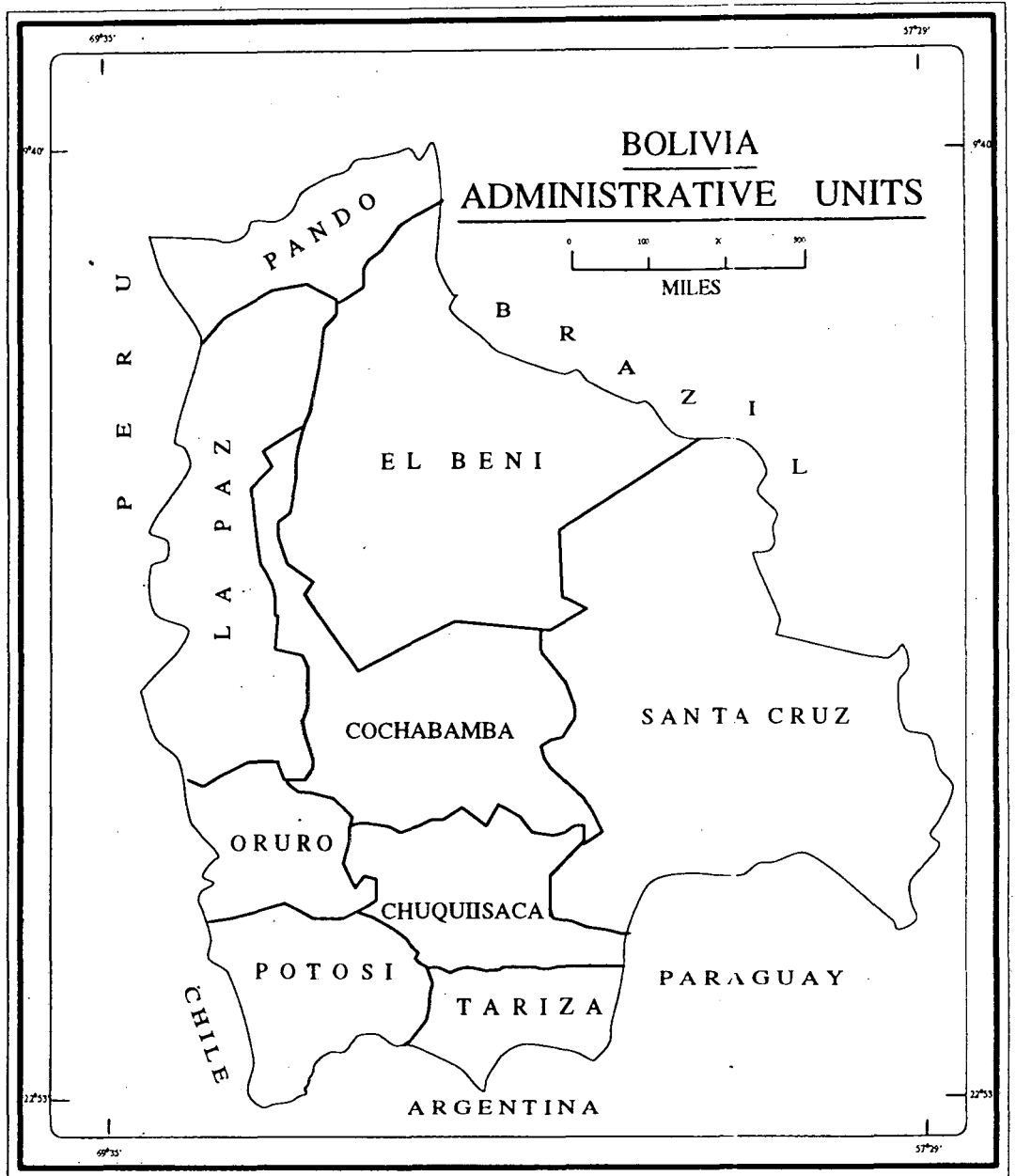
The ban political parties was lifted in December 1977. In the 1980 elections, the Democratic popular unity (Union Democratic Popular) a leftist coalition of the Nationalist Revolutionary Left movement (MNRI) and several smaller groups received 38.5% of the vote. The revived MNR received 20.5% and the right wing Democratic Nationalist Alliance (ADN) led by Hugo Barzer Suarez, 16.8%. Following the coup of July 1980 the only political allowed to function were the ADN and the FSB. The "recess" on political activity was lifted in May 1982. When Hernan Siles Zuazo, the leader of MNRI, took office as president in October 1982, he headed a coalition that also involved the movement of the Revolutionary Left (MR) and the communist party of Bolivia. Six MIR minister dropped out of the Cabinet in January 1983. At present Gonzalo Sanchez De Lozada of MNR is the President and Victor Hugo Cardenas Coude of MRTKL is the Vice President.

### **Local Government:**

Local government is highly centralised<sup>7</sup>. Bolivia has nine department (see map 8) i.e., La Paz, Cochabamba, Chuquisaca, Potosi, Oruro, Santa Cruz, Tanja, El Beni and Pando are administered by prefects appointed by the President for four years terms. The departments are sub-divided into 94

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<sup>7</sup> Carter, William E. " Bolivia : A Profile " New York : Praeger, 1971.



Map: 8

provinces (1985), each headed by a sub-perfects recommended by the perfect, appointed by the President and responsible to him through the minister of the interior. The provinces are further divided into about 1,000 cantons, each of which is under the jurisdiction of a magistrate. There are no local legislature important towns and cities have more self-government. Each has a popularly elected council of from 5 to 12 members. Mayors are chosen by the President from three candidates nominated by the municipal council. The Indian communities, although they are not formal administrative units, are recognised by law.

### **Foreign Relations:**

Bolivia usually has maintained normal diplomatic relations with all hemispheric states except Cuba and Chile. In the 1960s, relation with Cuba were broken following Castro's rise to power. The Siles government resumed diplomatic relations in 1983. Relation with Chile were severed from 1962 to 1975 in a dispute over the use of waters of the Lavca River, resumed in 1973, and broken again in 1978 over the inability of both countries to reach an agreement that might have granted Bolivia sovereign access to sea<sup>8</sup>.

During the Garcia Meza regime, Bolivia's relation with many countries including the United states, were strained. Principal concerns focused on the narcotics problem, human rights abuses, and interruption of the democratic process. The restoration of constitutional democracy in 1982 alleviated some of these concerns and greatly improved Bolivia's diplomatic standing.

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<sup>8</sup> Alexander, Robert J. "Bolivia : Past Present and Future of its Politics". New York : Praeger, 1982.

Since 1970, Bolivia has expounded its links with the Soviet Union and various East European nations to include diplomatic relations, trade, cultural exchanges, and economic assistance.

### **U.S. - Bolivian Relations**

The normally friendly relation between the United states and Bolivia were interrupted during Garcia Meza regime. Following the unusually violet and repressive coup of July 17, 1980, the United States withdrew its Ambassador, cut off security assistance and arms sales, and suspended a substantial portion of economic assistance.

In November 1981, after the replacement of Garcia Meza by a more moderate military leader, the U.S. Ambassador returned to La Paz. Resumption of U.S. economics and security assistance programs took place after Bolivia's return to constitutional democracy.

The United states has a long standing aid relationship with Bolivia. Between 1946 and 1980 economic assistance totalled more than \$800<sup>9</sup> million, and grants made up almost half this sum.

A major issue in relation between the United States and Bolivia is the organisation in Bolivia of about one-half- the raw material (Coca) for all of the Cocaine that enters the united states for generations, Indian have chewed Coca leaves to alleviate the rigors of life on the Altiplano, but during the past few decades, the cultivation of Coca for processing into Cocaine has

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<sup>9</sup> The Europa World Year Book, 1985 Vol. I.

increased dramatically. Accompanying rises in lawlessness and corruption challenge the government and society of Bolivia<sup>10</sup>.

As mentioned earlier, the economic backbone of Bolivia constitutes the exports of raw material. Moreover Bolivia's importing capacity totally depends upon its exporting of raw materials. Though devoid of access to sea the land-locked position necessitates Bolivia to establish and maintain a cordial relations with outside world in general and with neighbours in particular. And this can help Bolivia in taking advantage of transit rights what is Bolivia's dire need. However this can not be avoided that the land locked position of Bolivia has its share of disadvantages as will like access to sea is denied. Constant security threat due to lack of natural protection, there by reducing the Bolivian policy makers to be constantly apprehensive about the security of its frontier at least on the North, North East, and South South-East. Due to land-locked characteristics. Bolivia has not yet been able to diversify its economy that causes migration in the hope of better economic opportunity that also causes irritation in political relations with neighbours. So foreign relation of Bolivia is very much influenced by its land-locked position.

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<sup>10</sup> Arnade, Charles W, "The Emergence of the Republic of Bolivia", Gainesville : University of Florida, 1957.



**CHAPTER - V**

**CONCLUSION - PROBLEMS, PLANNING AND ISSUES.**

## **CONCLUSION**

Bolivia, the land-locked state, geographically occupies an important position in the Andes mountains. Situated strategically on the eastern slopes of Andes, it is of crucial importance in its dominant neighbour Brazil's defence parameter. The Bolivian-brazil borders are open and there is hardly any natural barrier except R. Guapore, between the two countries. In the north, Bolivia's border is contiguous with the Brazil border containing almost even terrain that makes it's border more vulnerable. On the other hand the western border of Bolivia is contiguous with Peru and Chile containing difficult terrain. However there are several passes breaching the Andes through which trade had been maintained in the past with Chile and Peru. Moreover technological advancement has reduced the importance of geography to some extent. Therefore, of Bolivia falls under the influence of any unfriendly power than the entire tropical plain of Bolivia would be exposed, also the main industrial and agricultural belt of brazil is not very far from Bolivia. Thus Brazil has vital interest in the Incas of Bolivia.

Geographically Bolivia has a very important position. Situated on the eastern slopes of the Andes, occupies almost central position and has been the meeting ground of race, culture and traders, in which Indian Aymara are most important and believed to belong to Aymara speaking colla tribe (600 A.D.). Surrounding more than 3,125 km (1,942 miles) along the Brazilian plains Bolivia could be described as Brazil's Western Gateway.

Bolivia is one of the western Hemisphere's poorest countries despite on abundance of mineral resources and one of the poorest state among the land-locked states of the world. Bolivia's nearest distance to and from the

sea is about 400 kilometres from Western border. The nearest sea port is Mollendo in Chile. The South eastern border of Bolivia is separated from Paraguay by a narrow strip of Gran Chaco ( a kind of tropical plain). Bolivia's dependence on it's neighbouring states particularly Argentina and Brazil for foreign trade is nearly absolute. Due to land-locked position, the lack of territorial access to the sea, compounded by remoteness and isolation from world markets, Bolivia has not been able to diversify her export market to an good extent. Consequently Argentina, Brazil and Peru still controls Bolivia's foreign trade, claiming about 50% of the total trade. it is therefore quite natural that the geographical factors should be one of the constant factors conditioning Bolivia's role in United Nations. Indeed Bolivia's name in the United nations has become inexorably identified with the problems of land-locked countries.

Among the South American countries, Bolivia presents a fascinating case-study of small under developed countries which is overwhelmingly dependent on its neighbouring countries, for its trade and transit facilities. being a land locked country surrounded on two sides by Brazil and having high in accessible mountains on western frontier with Peru and Chile. Bolivia has to depend almost exclusively upon Argentina, Chile Peru and Brazil for its international trade and even for many essential commodities of day to day need. It is obvious that the problem of the differential costs of transport, that is one of the reason of underdevelopment, following from its land-locked status would disappear if Bolivia somehow acquired territory linking it with the sea. There was, of course, a time when Bolivia ( as claimed) had access to Pacific Ocean through Antofagasta strip, was formerly Bolivian and was acquired by Chile in the war of the Pacific. A second to be called the Arica strip, was formerly Peruvian and was acquired

by Chile in the same war. The third, to be called the Tacana strip, is and has always been part of Peru. The strongest Bolivian claim has always been to the Antofagusta strip. Indeed, one argument made by Bolivians is that this territory is still Bolivian as a matter of international law. If Bolivia gets control over it which seem to be impossible the problem of access to the pacific will be solved. Moreover because of this Bolivia became even more dependent on its Western neighbours for its trade and transit facilities. Despite all efforts at diversification Bolivia's trade with third countries is still insignificant except USA which accounted for 31% of Bolivian exports and 32% of imports in 1994.

Bolivia comprising isolated valleys known as Yungas and very high mountain plateau called Altiplano among the least since the mid 1960s the country's economic growth has barely kept pace with the increase in its population. The total geographical area of the country is 1,098,581 square kilometres. Of this only 3 percent is under cultivation while 25 percent is permanent pasture. Agricultural development has been impeded by extremely low productivity, poor distribution of the population in relation to productive land and lack of transportation facilities. 40 percent of cultivated land is concentrated within the Yungas and valleys. The agricultural sector was further weakened by poor weather and restrictions, because of foreign exchange problems, on imports of machinery and fertilisers. Rest of the Bolivia is rocky, barren, or perpetually inaccessible land therefore unculturable. In 1994 according to estimates by the World Bank Bolivia's Gross National Products (GNP) per head was US\$770 at average 1992-1994 prices. Between 1985-94 it was estimated, Bolivia's GNP per head increased, in real terms at an average rate of 1.9% per year. During the same period the population increased by an annual

average of 2.2%, Bolivia's Gross Domestic Product (GDP) increased in real terms, by an annual average of 1.1% in 1980-93, by 4.2% in 1994 and by 3.8% in 1995. Its economy has always been dependent on mining or in other word, it's economy is based on the export by primary commodities i.e., principally tin ( but these have gradually declined since world war second), and the import of manufactured goods especially large quantities of food. The estimated 35 percent population is economically active. Only about 3% land is under cultivation therefore, there is heavy burden over mining. Further Bolivia is potentially one of the World's most important forestry nations. More than 40 million hectares of forest and woodland are maintained as reserve or for immediate exploitation. More than 2000 species of tropical hardwoods is of excellent quality, such as Mahogany, rosewood, ironwood, Colo and Cedar abound in the area but little of the nation's great forest and agricultural potential has been developed. Agriculture remains little above the subsistence level, and Bolivia must import large quantities of food.

So far as the future of the Bolivian economy is concerned, since the 1952 revolution the economic development of the country has been undertaken together with the struggle against inflation, which was a legacy of the Chaco war. A number of technical mission from the United Nations and its specialised agencies as well as from United States, have contributed to the advancement of the economic programme. Although Bolivia still imports wheat, floor and livestock, further development of valleys and tropical plains and the improvement of agriculture and methods of transport should enable it to become self-sufficient in food products in the near future; it may even be able to export some food. In this country without iron and coal and where water-power resources are untapped, industry is still in its infancy

and manufactured goods and a few industrial raw materials constitute 50 percent of its imports.

Bolivia's importing capacity is based upon its ore exporting potential, particularly tin ore. Ore makes up 95 percent of all exports, 75 percent of these being tin ore. Owing to mining difficulties, to the poor tin content and costly transport, the Bolivian mining industry can not compete favourably in the world market. Thanks to the geological structure of Bolivia, there are rich oil deposits throughout a large section of the country, extending along the foot of the eastern cordillera from Trinidad, 250 miles north east of La Paz, through Santa Cruz to the Argentina frontier. Outputs meets all the country's requirements except for aviation fuels and some oil is now exported. Oil gives room for hope of a considerable improvement in the economy. For this, a very extensive network of pipelines had been laid down to carry oil from the extraction and refinery areas to consumer and export centers. Furthermore in 1992 Bolivia signed a preliminary agreement with Brazil for the construction of a 3000km pipelines to carry natural gas from Bolivia to Southern brazil, it was the largest of its kind in South America.

In the period after following second world war, while the problems of land-locked states had been more or less satisfactorily solved in Europe, their counterparts in Asia, Africa and Latin America were still struggling hard to win concessions from their coastal neighbours, mainly through bilateral agreements. These bilateral agreements regulating transit trade between the land-locked and transit states of the regions were not adequate for the needs of the former. Hence the urgent need for a international convention, the subject was brought to the notice of the world forum of all nations, land locked and coastal, the United Nations. Some progress was made in the

direction through UN bodies. The General Agreement of Tariffs and Trade (GATT) of 1947 (Articlev) and the Havana charter of 1948 (Article XXXiii) laid down certain rules regarding freedom of transit and also freedom of access to the sea on equal terms with coastal states.

Bolivia's early efforts to focus attention of the United Nations on the problems of land-locked countries, soon after becoming member of the United Nations. Bolivia along with other land-locked states took the initiative in acquiring the committee on Industry and Trade with the problems of land-locked states. At its eight session (Jan 1956) the committee in its resolution recommended that the needs of land-locked member state and members having so easy access to the sea in the matter of transit trade be given full recognition. In which Bolivia played a significant role far maintaining peace and friendship and promoting trade and commerce with its neighbouring states. However international law does give Bolivia certain rights of transit over the territories of Chile and Peru, but they are of little value to Bolivia, which already enjoys substantially greater rights of transit under its treaties with those nations. In a sense, the international law of the right of transit seems to a Bolivian to indicate that Bolivia is getting more from Chile and Peru than it is entitled to, thus impeding rather than helping Bolivia in its attempts to reduce the differential costs of its transport. Further, it seems clear that improvement of Bolivia's legal position in international transit must be expected to take place through negotiated international agreement with its neighbours.

Bolivia's slow pace of growth and development underlies on the land locked nature of the states. The lack of port facilities within a state, create a sever economic burden. Not only in maritime transport most often the cheapest

form of international transportation, but in many respect it is the only way in which markets may be reached. Further, most of them belong to the group of least developed states, they therefore "suffer from all the extreme handicaps of least developed countries, that is low levels of income and labour productivity, very scarce skilled manpower, especially low levels of physical and institutional infrastructure and heavy dependence on a very narrow range of primary commodities in their export structure. However Bolivia, on the other hand, has the option of using the Paraguay to gain access to the Atlantic, but finds little need to do so. The underdeveloped nature of the countries Southern region which might be served by Paraguay, has meant little in the way of production for export purposes. The treaty of Trade and Transit gave Bolivia greater freedom in the field of international trade. However friction between Bolivia and its neighbouring states over trade and transit continued even after the treaty of peace and friendship. A trade and transit treaty has been concluded between Bolivia and Peru to solve the long standing issue of possible Bolivian access to the Pacific ocean. The agreement granted Bolivia free access from the border town of Desaguadero, Bolivia, to the Pacific port of Ilo, Peru, until 2091. The agreement also provided for the construction of a free-trade zone.

Though the main target of the state is to create infrastructure of the society. This means the underlying services and institutions which people use in order to get on with their productive works. A vast amount of such structures are needed before a country can move substantially towards producing enough goods and services to improve its standard of living. Bolivia where natural resources are scattered over many inaccessible places and a large portion of the people is living isolated from one another due to formidable physical barrier, economic development assume a prior



development of transportation to a considerable extent.. Bolivia has healthy tradition and living culture which can easily foster and usher in a new era of development that meets the aspirations of the growing population of Bolivia with the application of modern sciences and appropriate technology towards development of the country.

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