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Bolivia: An Overview

Bolivia is a landlocked South American nation of 11.2 million people (see **Figure 1**). Since 2006, the country has become more stable and prosperous under populist President Evo Morales, its first indigenous president. Governance standards have weakened, however, especially those involving accountability, transparency, and separation of powers. Relations with the United States have been strained, particularly since Morales expelled the U.S. ambassador in 2008. Morales's latest reelection, in an October 2019 vote marred by irregularities, is facing an audit and domestic protests.

Background

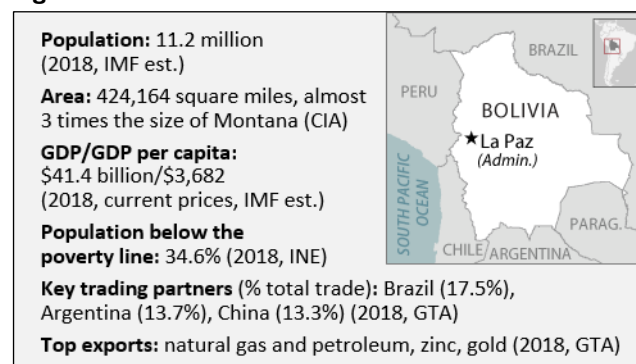
Chronic instability, poverty, corruption, regional conflicts, and deep ethnic and regional cleavages have stymied Bolivia's development. Bolivia won independence from Spain in 1825 but experienced frequent military coups and periods of authoritarian rule for much of its history. The country reestablished democratic civilian rule in 1982.

The lack of sovereign access to the ocean is a source of lingering resentment in Bolivia. After the War of the Pacific with Chile (1879-1883), Bolivia lost its territory along the Pacific coast and has had to ship its exports through Peruvian or Chilean ports. Bolivia has rights of access to the Peruvian port of Ilo but no longer has tariff-free access to the Chilean port of Arica. Bolivia lost access to the Atlantic Ocean by way of the Paraguay River and surrounding territory because of the Chaco War with Paraguay (1932-1935). Bolivia and Paraguay are currently revisiting Bolivia's access to the Atlantic Ocean.

Bolivia's population is among the most ethnically diverse in South America. In the 2012 census, some 41% of the population self-identified as indigenous (Quechua or Aymara). The rest of the population is comprised of people of mixed white and indigenous descent, white, and African descent. Bolivian indigenous peoples benefitted from the National Revolution of 1952, which led to land reform and expanded suffrage. Nevertheless, they remained underrepresented in the political system prior to Morales's government and affected by poverty and inequality.

Many of Bolivia's indigenous communities consider the coca leaf (also used to make cocaine) sacred and use it for traditional and licit purposes. Opposition to U.S.-backed forced coca eradication policies led to the rise of coca growers' trade unions and a related political party, the Movement Toward Socialism (MAS). In 2005, years of protest against leaders perceived to have governed on behalf of the elite led to the election of Morales, the president of the coca growers' union and a self-identified person of Aymara descent.

Figure 1. Bolivia at a Glance



Sources: CRS Graphics, International Monetary Fund (IMF), Central Intelligence Agency (CIA), *Instituto Nacional de Estadísticas* (INE), Global Trade Atlas (GTA).

Political Conditions

Since 2006, President Morales and the MAS, which has had two-thirds majorities in both legislative chambers, have transformed Bolivia. Morales has decriminalized coca cultivation outside of traditional zones where it was always legal, increased state control over the economy, used natural gas revenue to expand social programs, and enacted a new constitution (2009) favoring indigenous peoples' rights and autonomy. Previously underrepresented groups, including the indigenous and women, have increased their representation at all levels of government. Indigenous people now comprise more than 50% of the Bolivian Congress; there is also gender parity in that body.

Critics assert that democracy remains weak. Bolivia has remained "partly free" in Freedom House's annual *Freedom in the World* reports, scoring lowest on issues related to due process and judicial independence. The Morales government has launched judicial proceedings against many opposition politicians and dismissed hundreds of judges. It also has restricted freedom of the press.

On the foreign policy front, Morales aligned his country with Hugo Chávez of Venezuela vis-à-vis the United States while continuing to cooperate with Europe and neighboring countries. In 2006, Bolivia joined Chávez's Bolivarian Alliance for the Americas. Bolivia, along with Cuba and Nicaragua, is one of the few countries in the region that remains loyal to Chávez's successor, Nicolás Maduro. Morales has voted against Organization of American States (OAS) resolutions condemning the situation in Venezuela.

2019 Election

Concerns about democracy have increased as Morales has sought to remain in office (he was reelected in 2009 and 2014). In 2017, Bolivia's Constitutional Tribunal removed constitutional limits on reelection. The decision overruled a

2016 referendum in which voters rejected a constitutional change to allow Morales to serve another term.

In January 2019, President Morales won the MAS primary and began to campaign for a fourth term. Opposition candidates included former President Carlos Mesa of the Civic Community Party; Oscar Ortiz, a senator from the “Bolivia Says No” Party; and Chi Hyun Chung, an evangelical minister from the Christian Democratic Party. Many pollsters predicted Morales would win reelection, albeit not in the first round. They also predicted the MAS would win a legislative majority.

Bolivia’s October 20, 2019, first-round election was marred by allegations of fraud in the vote tabulation. The country’s electoral agency maintains that Morales won a narrow first-round victory, but opposition candidate Mesa rejected that result. Results indicated the MAS also retained control over both legislative chambers, but it is yet unclear whether it will have a two-thirds majority. Protests across the country since the election have resulted in at least two deaths, with some opposition supporters calling for Morales to resign.

The Morales government has agreed to have the OAS audit the election results and to participate in a mid-December 2019 runoff election if recommended by the OAS. Critics question whether Morales will comply with that pledge. Mesa has called for a completely new election. The United States has joined neighboring countries in supporting the OAS audit and calling for the cessation of violence in Bolivia.

Economic Conditions

Bolivia’s economic performance has been relatively strong under Morales. According to the International Monetary Fund (IMF), economic growth averaged almost 4.5% from 2006 to 2018. Although growth is slowing due to lower prices for its natural gas and mineral exports, Bolivia has created a sovereign wealth fund to help it weather economic downturns. The IMF forecasts 4% growth for 2019.

Sustained growth, combined with wage increases and expanded social programs, has helped to reduce poverty and inequality in Bolivia. According to government estimates, poverty rates fell from 60% in 2006 to 34.6% in 2018. According to the U.N. Economic Commission on Latin America and the Caribbean, income inequality also declined by 20% from 2007 to 2017. Despite this progress, per capita income remains low by regional standards.

In a December 2018 report, the IMF expressed concerns about Bolivia’s rising debt, declining reserves, and poor investment climate. In particular, foreign investment, which economists assert is needed to develop mines and gas fields, has declined. Bolivia has received investment from China, however, and President Morales is seeking additional investment from Russia, Iran, India, and Turkey.

U.S.-Bolivian Relations

U.S.-Bolivian relations have deteriorated under the Morales administration. Although Bolivia and the United States have not formally severed diplomatic or consular relations, they have not exchanged ambassadors since President

Morales expelled the U.S. ambassador in 2008. Morales accused the ambassador of fomenting opposition to his government, a charge the State Department rejected.

U.S. bilateral assistance to Bolivia began to decline in FY2007 and was cut completely by FY2013. President Morales expelled the U.S. Agency for International Development (USAID) from the country in 2013 for allegedly conspiring with the opposition; USAID denied the charge. The State Department subsequently ended its antidrug programs in Bolivia due to a lack of adequate bilateral cooperation. Although Bolivia now receives most of its foreign aid from the European Union (EU), civil society groups in Bolivia continue to receive small amounts of U.S. regional and global funds.

Since 2007, U.S. Presidents have identified Bolivia as a major drug-producing country that failed meet its obligations under international counternarcotics agreements. President Trump issued this year’s designation on August 8, 2019. The designation is due, in part, to a law Bolivia enacted in 2017 to expand the amount of coca permitted to be cultivated beyond what an EU-funded study estimated was necessary to satisfy its traditional coca demand.

Coca cultivation has slightly increased since Morales assumed office. According to the U.S. Office of National Drug Control Policy, coca cultivation in Bolivia rose from roughly 26,500 hectares in 2006 to 31,000 hectares in 2017. The State Department’s 2019 *International Narcotics Control Strategy* report estimated a decline in Bolivia’s coca cultivation and potential cocaine production from 2016 to 2017. As a comparison, estimated coca cultivation in Colombia rose from 157,000 hectares in 2006 to a record 209,000 hectares in 2017.

Bolivia receives trade benefits as a beneficiary country of the U.S. Generalized System of Preferences (GSP), but the Trump Administration is reviewing Bolivia’s eligibility due to concerns over worker rights issues. In 2018, two-way trade totaled \$1.1 billion, according to the U.S. Department of Commerce. Bolivia’s largest U.S. exports are tin, silver bullion, tungsten, and quinoa; its primary U.S. imports are civilian aircraft and parts, food preparations, petroleum oils, insecticides, and compressors.

Issues for Congress

Congress has had limited oversight interest in Bolivia over the past decade, as the country no longer receives bilateral U.S. foreign assistance and is not the primary source country for U.S.-bound cocaine from South America. Congressional concern about Bolivia has increased over the past year, however, as President Morales has pursued a fourth term. S.Res. 35, approved in April 2019, expresses concern over efforts to circumvent term limits in Bolivia and calls on the government to allow electoral bodies to “administer the October 2019 election in adherence with international democratic norms.” Congress also is monitoring Bolivia’s eligibility for GSP benefits.

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