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## Bolivia: An Overview

After experiencing instability following the ouster of populist President Evo Morales (2005–2019), Bolivia remains politically polarized but has begun to recover economically under President Luis Arce. Arce, Morales' former finance minister, took office in November 2020 after a first-round victory in October 2020 elections in which his Movement Toward Socialism (MAS) party maintained a legislative majority. High natural gas prices related to the Ukraine conflict have helped Bolivia's economy recover from the Coronavirus Disease 2019 (COVID-19) pandemic. U.S. relations with Bolivia remain challenging, in part because of Bolivia's 2008 expulsion of the U.S. Ambassador and U.S. law enforcement and development agencies.

### Background

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

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 of European, mixed European and Indigenous, or 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 continue to be disproportionately affected by poverty.

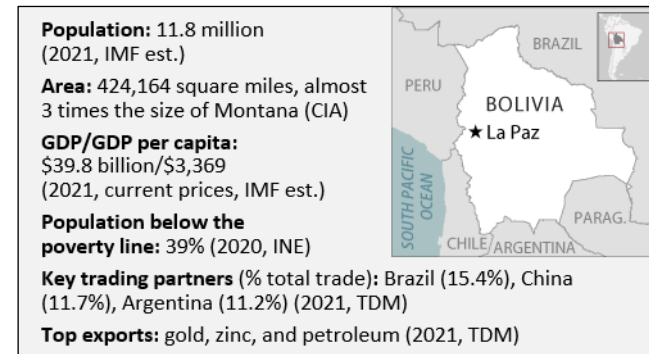
Cultivation of the coca leaf remains a contentious issue in Bolivia and in Bolivian-U.S. relations. Many of Bolivia's Indigenous communities consider the coca leaf sacred and use it for traditional, licit purposes (the leaf also is used to produce cocaine). Opposition to years of U.S.-backed forced coca eradication policies led to the rise of coca growers' trade unions and a related political party, the MAS. In 2005, years of protest against those policies led to the election of Morales, president of the coca growers' union and a self-identified person of Aymara descent.

### Political Conditions

Morales and the MAS transformed Bolivia. Morales decriminalized coca cultivation outside of traditional zones where it had been legal, increased state control over the economy, used natural gas revenue to expand social programs, and enacted a new constitution (2009) protecting the rights and autonomy of indigenous peoples. Previously underrepresented groups increased their representation at all levels of government. In foreign policy, Morales aligned

Bolivia with Hugo Chávez of Venezuela in taking a hostile stance toward the United States. In 2008, he expelled the U.S. Ambassador for allegedly fomenting opposition to his government, charges the State Department said were false.

Figure 1. Bolivia at a Glance



**Sources:** CRS, based on the International Monetary Fund (IMF), Central Intelligence Agency (CIA), *Instituto Nacional de Estadísticas* (INE), and Trade Data Monitor (TDM).

Under Morales, the government launched judicial proceedings against its opponents, dismissed hundreds of judges, and restricted freedom of the press. Concerns increased after the Constitutional Tribunal ended constitutional limits on reelection in 2017, overruling a 2016 referendum in which voters rejected allowing Morales to run for a fourth term.

In October 2019, allegations of fraud in vote tabulation marred Bolivia's first-round election. The electoral agency said Morales won a narrow first-round victory; the opposition rejected that result. Organization of American States (OAS) election observers found irregularities in the process. Protesters demanded a new election, and then Morales's resignation. After a police mutiny and an army declaration urging him to step down, Morales resigned and sought asylum. Three officials in line to succeed Morales also resigned. The MAS maintains that the OAS observers contributed to Morales's ouster.

### Interim Government

Opposition Senator Jeanine Áñez, formerly second vice president of the senate, declared herself senate president and then interim president on November 12, 2019. Áñez, a conservative, sought to erase the ethnic pluralism Bolivia had embraced under Morales. Áñez issued a decree giving the military permission to participate in crowd-control efforts and immunity from certain prosecutions for doing so. A report by a Group of Independent Experts (GIEI) from the Inter-American Commission on Human Rights asserted that "grave violations of human rights occurred" under Áñez, including two massacres in November 2019.

Áñez officials also rolled back MAS policies such as community-based coca control and prosecuted former MAS officials for terrorism and sedition.

### Arce Administration

After two delays due to COVID-19, a new Supreme Electoral Tribunal administered elections in October 2020; election observers deemed these elections generally free and fair. Contrary to predictions, Luis Arce avoided a runoff election by winning 55% of the vote. President Arce is an economist who worked in Bolivia's central bank prior to serving as finance minister. The MAS maintained majorities in the Senate and the Chamber of Deputies.

President Arce pledged to govern in a conciliatory fashion, but clashes with regional leaders and within the MAS have hindered governability during his tenure. The MAS lost several mayoral and gubernatorial contests in 2021 subnational elections. Arce has yet to publish detailed plans for handling public security and other public policy challenges. Observers predict more intraparty conflict will occur once current fiscal stimulus ends.

As during Morales and Áñez's tenures, Bolivia ranked "partly free" in Freedom House's 2022 *Freedom in the World* report, scoring lowest on issues related to due process and judicial independence. The March 2021 arrest, pre-trial detention, and trial of former Interim President Áñez for assuming the presidency unconstitutionally has renewed concern about Bolivia's politicized justice system. U.S. officials have called for Áñez and other former officials' rights to be respected as their trials continue. At the same time, they also have praised the GIEI report's findings regarding rights abuses under Áñez, expressed solidarity with the victims, and urged implementation of the report's recommendations.

### Economic Conditions

Bolivia's economic growth averaged almost 4.7% annually from 2005-2019, according to the International Monetary Fund (IMF). The Bolivian government channeled earnings from Bolivia's natural gas export boom to fund social programs and wage increases that helped reduce poverty from 60% in 2006 to 37.2% in 2019.

The COVID-19 pandemic, which had caused nearly 22,000 deaths through mid-May 2022, weakened demand for Bolivia's gas exports and led to an extended lockdown that decreased economic output. Those factors contributed to an economic contraction of 8.7% in 2020, according to the IMF. Challenges delivering vaccines to rural areas and vaccine hesitancy have hindered vaccination efforts. As of May 16, 2022, 50.9% of Bolivians were fully vaccinated, according to Johns Hopkins University.

High energy and mining prices are supporting economic recovery. The IMF estimates Bolivia's economy grew by 6.1% in 2021 and could grow 3.8% in 2022. Nevertheless, an April 2022 World Bank report warns that declining reserves, weak private and foreign investment, and inflation could limit the government's ability to help the poor cope with food insecurity and learning losses from the pandemic.

## U.S.-Bolivian Relations

U.S.-Bolivian relations are likely to remain challenging. In March 2021, Secretary of State Antony Blinken issued a statement asserting a desire for a "mutually respectful relationship with the Arce administration" but condemning actions taken against interim government officials. The Bolivian government dismissed this statement as interventionist. The Biden Administration did not invite Bolivia to its December 2021 Summit for Democracy.

Each year since 2007, the U.S. President has identified Bolivia as a major drug-producing country that failed to meet its obligations under international counternarcotics agreements; such designations have triggered foreign aid restrictions. The most recent designation occurred on September 15, 2021. According to the U.S. Office of National Drug Control Policy (ONDCP), coca cultivation in Bolivia totaled some 39,400 hectares in 2020, down slightly from 2019 but far above the country's legal limit of 22,000 hectares. ONDCP asserts that potential cocaine production rose to 312 metric tons. In January 2022, Bolivia arrested Maximiliano Dávila-Pérez, a former drug czar indicted in the United States on drug and weapons charges. It is yet unclear whether Bolivia will extradite him.

U.S. bilateral assistance to Bolivia began to decline in FY2007 and ended by FY2013. Morales expelled the U.S. Agency for International Development (USAID) in 2013 for allegedly conspiring with the opposition; USAID denied the charge. The State Department then ended its antidrug programs in Bolivia due to a lack of cooperation. Nevertheless, Bolivia has received U.S. support channeled through international organizations. Under an FY2020 waiver from drug-related foreign aid restrictions, USAID provided \$5 million to support the October 2020 elections. In FY2021, the United States has provided \$440,000 for natural disaster relief and \$495,000 to help shelter Venezuelan migrants in Bolivia. The United States has provided \$10 million to support the Bolivian health sector and delivered 4.5 million COVID-19 vaccines.

Bolivia has good relations with China and Russia. Bolivia has abstained from U.N. votes regarding Russia's invasion of Ukraine. Bolivia has strong relations with Cuba, Iran, and the Maduro government in Venezuela.

### Issues for Congress

In the 117<sup>th</sup> Congress, some Members of Congress have expressed hope for improved relations; others have expressed concerns about some antidemocratic actions by the Bolivian government. The explanatory statement accompanying the FY2022 Consolidated Appropriations Act (P.L. 117-103) urges the Secretary of State to solicit information from "independent, internationally recognized experts" regarding the legality of Bolivia's 2019 elections, the OAS's role in the elections, and investigations into human rights violations during and after the elections.

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