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Bolivia and U.S. Sign Agreement to Improve Relations
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Three years after Bolivia and the US expelled each other's ambassadors, and with diplomatic and trade ties reduced to a historic minimum since then, on Nov. 7 the two countries signed a Framework Agreement "by which the two governments will pursue relations on the basis of mutual respect and shared responsibility." The document, signed in Washington by Bolivia's Vice Foreign Minister Juan Carlos Alurralde and US Undersecretary of State for Democracy and Global Affairs Maria Otero, ended the crisis that began in September 2008.

At that time, the administration of Bolivian President Evo Morales accused US representatives accredited in La Paz of interfering in the country's internal affairs and declared Ambassador Philip Goldberg persona non grata (NotiSur, Sept. 19, 2008). Hours later, in retaliation, then President George W. Bush expelled the head of the Bolivian mission in Washington, Gustavo Guzmán.

The crisis escalated when the US suspended Bolivia's trade benefits under the Andean Trade Promotion and Drug Eradication Act (ATPDEA) and Bolivia expelled the large US Drug Enforcement Administration (DEA) contingent in Bolivia (NotiSur, Oct. 31, 2008).

The inclusion of the terms "respectful" and "collaborative" in the lengthy title of the signed memorandum—Framework Agreement for Mutually Respectful and Collaborative Bilateral Relations between the Government of the Plurinational State of Bolivia and the Government of the United States of America—makes clear the state of relations and the level of distrust and confrontation between the countries.

The step is much more than significant. The Bolivian administration understands that, along with the business sector—which without the ATPDEA had lost competitiveness and found it almost impossible for its products to access the envied US markets—and workers—especially those from the wood, textile, precious-metals, and leather-goods sectors—who were facing the certainty of a reduction in production that would result in closure or downsizing of many of their employment sources.

Organization of American States (OAS) Secretary-General José Miguel Insulza saw in the "good news" the possibility that one of the conflicts clouding relations between the US and the other countries of the Americas would now gradually disappear. In a communiqué released in Washington, Insulza said that "the signing of this agreement represents the will of the two governments to work together on bilateral issues of common interest and also of hemispheric interest." The foreign ministries of practically all South American countries made similar statements.

For the Economic Commission for Latin American and the Caribbean (ECLAC), the step signifies a "great advance," all the more so given that last August it asked the US government, as part of an updating of its policies toward the region, to resume ATPDEA benefits for Bolivia.
Devil is in the details

Much remains to be done. The two words—"respectful" and "collaborative"—illustrate a priori the existing difficulties and mutual distrust. The Framework Agreement, which sets no date for the full normalization of relations, creates two bilateral commissions that will be charged with writing the "fine print" of the accord. One of them will meet—"in the future," says the text without specifying dates—to evaluate and define plans for cooperation and trade. The second will lay out areas for cooperation in the drug war, one of the most conflictive points, since the two countries maintain practically irreconcilable positions.

Bolivia has already announced that it will not allow the return of US DEA agents, and the US has given no positive sign regarding re-establishing ATPDEA benefits. Negotiations could become more complex because an unprecedented debate has begun in Bolivia regarding the desirability of a resumption of the tariff accord.

Only when all these issues have been resolved will the countries resume full diplomatic relations at an ambassadorial level. However, Bolivia already is defining what, in its judgment, would be the "ideal profile" of a future representative from Washington. "We support a diplomat who promotes a new focus regarding integration and who supports peace, justice, equality of peoples, human rights, respect, and trust, within the agreement on political dialogue and shared responsibility," said Alurralde in statements to the German news agency Deutsche Presse-Agentur (DPA).

US State Department spokesperson Victoria Nuland was laconic in her daily press briefing on Nov. 8 when she was asked about the agreement signed the previous day. "We hope that it can lead to full restoration of diplomatic relations, including the return of ambassadors. It envisions that," she said. When she was asked concretely about the possible return of DEA agents to the South American country, she was equally terse. "We also want to get back to being able to implement programs in the areas of—in the priority areas in the relationship, including law enforcement," she said. Nuland called the agreement "a positive step."

The Bolivian vice minister gave an insight into the prevalent spirit during the Framework Agreement negotiations. "We agreed that the times in the trenches had passed, that time when the ambassadors dug in to defend positions, arguments, and systems," he said.

Bolivians not of one mind about ATPDEA benefits

In Bolivia, both sides (the government and the private sector) have never agreed—not at the time when the ATPDEA benefits ceased or during the three years since—on the real repercussions of the loss of the tariff benefits. Everything indicates, however, that trade in the most affected sectors (wood, textiles, gold and silversmithing, and leather), which in 2008 accounted for US$267 million of the US$430 million in Bolivian exports, has been reduced by about 50% and that 33% of some 120,000 jobs in those sectors have been lost. What the two sides have agreed on during the past four years was the significance of the substantive tariff reduction (an average of 17%) stemming from ATPDEA benefits.

However, the government set off a controversy when Alurralde told the La Paz daily La Razón, "Now Bolivia will be able to establish a secure and favorable trade agreement rather than restore the ATPDEA benefits, which would keep the business community permanently agitated."
The regimen of Andean trade preferences was subject to annual ratification. As a unilateral benefit, it could be withdrawn at any time at the sole discretion of the US president, as Bush did in 2008.

Along the same line, Guillermo Pou Mont, president of the Cámera Nacional de Exportadores (CNE), said, "At this time, the ATPDEA no longer is important for all national products, which, with the exception of textiles and leather goods, have found an alternative in the Generalized System of Preferences (GSP) that the US gives for a sufficiently long period to be able to make plans and adopt the necessary steps."

The GSP is a program of trade preferences that the US applies to more than 5,000 products from 140 underdeveloped or developing countries, allowing them to enter the US tax and duty free.

Contrary to the opinion of the government and exporters, textile and leather-workers unions demonstrated in front of the government house to ask Morales to "speed up negotiations so that products from our factories can immediately enter the US market under ATPDEA benefits."

Throughout 2011, the Bolivian government has given clear signs of wanting to mend diplomatic relations (NotiSur, Sept. 9, 2011). The only condition that Morales put each time he talked about the issue was that, in the new scenario, relations would be "between equals." In April, Morales said that he would welcome US help to buy equipment to control coca plantations. In June, the president asked "friendly European countries" to mediate with President Barack Obama. In July, the government said that it was looking for financing to destroy 907 tons of coca leaf confiscated from drug traffickers and that "he would gratefully accept" US help.

Nothing further happened until Nov. 7. There was some news on Aug. 30, but it came through ECLAC. In a voluminous study titled "Panorama de la inserción internacional de América Latina y el Caribe," the UN agency was unusually critical of US foreign strategy. "The examination of the priorities of US trade policy reveal the lack of a strategic vision of the region," it said, among other negative findings, and it recommended that the White House review its conduct toward the region and, "as part of a new strategic alliance," send a positive signal by restoring ATPDEA benefits to Bolivia.

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