

Bolivians worry spat with US could kill jobs

Secretary of State Condoleezza Rice suspended a trade deal with Bolivia last week for failure to rein in coca growing. Some 20,000 jobs could be lost.

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La Paz, Bolivia - To Marga Targui, an indigenous woman who irons T-shirts for American firms like Ralph Lauren and Abercrombie & Fitch, the increasingly bitter diplomatic spat between the United States and Bolivia is a menace that cloaks her boisterous factory with tension.

Here among the concrete slums perched over Bolivia's capital, La Paz, any job is precious, especially one with benefits and paid vacation like Ms. Targui's.

"We want to work and we want job protection," says Targui between rhythmic hisses of the iron. "There may be something going on at the embassy, but we want Bolivia and the US to be united. As enemies you don't gain anything."

Targui's straightlaced factory is seemingly a world away from the muggy rainforest of the Chapare where ragtag coca farmers – egged on by their champion, leftist President Evo Morales, himself a former coca grower – cultivate the leaf that causes so much international consternation. But now, a trade agreement with the US is pitting the two interests against each other.

Just weeks after both countries expelled their respective ambassadors over a failure to cooperate on a range of issues, US Secretary of State Condoleezza Rice announced Thursday that the US is suspending a trade deal with Bolivia because Mr. Morales has failed to improve Bolivia's antidrug efforts.

"We don't have to be afraid of an economic blockade by the United States against the Bolivian people," said Morales. But the suspension will cost 20,000 Bolivian jobs and \$150 million a year, according to his own government's estimates. And Morales's defiance is so far failing to alleviate the concerns of average Bolivians like Targui.

Concern over jobs grows

More than 50,000 direct and some 150,000 indirect jobs in the export sector created under the Andean Trade Promotion and Drug Eradication Act, or ATPDEA, may disappear Nov. 1 as relations between Bolivia and the US falter.

The agreement, launched in 1991 for Colombia, Ecuador, Peru, and Bolivia, has created economic incentives for the Andean nations to fight drug trafficking by allowing duty-free access to the US market for thousands of products.

The United Nations Office on Drugs and Crime 2007 report on coca cultivation in the Andes found that it had increased in Bolivia just 5 percent in 2007, compared with 27 percent in Colombia. But the US Trade Representative's office says the Bolivian government has failed to close illegal coca markets and has publicly endorsed an increase in "legal" coca cultivation, which constitute grounds to suspend the ATPDEA.

Coca growers forced the US Agency for International Development (USAID) out of two provinces where it was trying to help locals find alternatives to coca. Morales, a union leader who rode a wave of support from his coca-grower base to the presidency, also barred the Drug Enforcement Administration from surveying coca fields by air, claiming he knew how to control drugs better.

But a top Bolivian official Friday accused the US of backing armed antigovernment groups in a violent jungle clash that left 15 people dead last month, including 13 of Morales's supporters.

Unreasonable US demands?

Some analysts in La Paz feel that the US has made unreasonable demands on Bolivia and that Bolivia must look for new markets for its products.

"The American market and relationship has become very politicized and demands too many conditions," says Elizabeth Peredo Beltrán, director of the Solon Foundation, a La Paz non-governmental organization focused on social issues and human rights. "We can't depend on North America and will have to look for other markets."

But businessmen say the US market cannot easily be replaced.

The United States is Bolivia's largest single investor and its main trading partner not including natural gas exports, followed by Brazil, Argentina, Colombia, Peru and Venezuela. The United States imported goods worth \$362.6 million in 2007.

"The US market for us is imperative," says Makitesa CEO Rene Meier. "We have been trying to open other markets in South America but there is high interference from governments and we don't have the working capital to hold us while we wait for Venezuela to pay us."

Business leaders say that the Morales government has relied too heavily on exceptionally high natural gas and mineral prices and demand to generate revenue, while the national manufacturing sector has been ignored. But the global financial crisis has caused gas prices to fall, and the urban private sector in Bolivia says Morales has largely ignored it in favor of its poor rural base.

"If we want to really fight against drug trafficking, we need to create wealth and more jobs in other industries to keep people away from it," says Meier. "At the moment I think we're going the other way and sending more and more people towards the drug sector."