

**CORRECTION TO THIS ARTICLE**

This article incorrectly said that President Bush signed a law that suspended trade preferences for Bolivia. Bush signed the Andean Trade Preference Act, which includes Bolivia as a beneficiary country. At the signing ceremony, Bush reiterated his intention to suspend Bolivia as a beneficiary.

## **U.S. Trade Move Shakes Bolivia**

Suspension of Preferences Raises Fears of Widespread Job Losses

By Joshua Partlow, Washington Post Foreign Service, Sunday, October 19, 2008

LA PAZ, [Bolivia](#), Oct. 18 -- The decision by the Bush administration to suspend trade preferences that benefit Bolivia has left workers here worried about the potential for widespread layoffs at a time when the nation is struggling to cope with the international financial crisis.

U.S. officials said 20,000 to 30,000 Bolivians might lose their jobs as a result of the suspension of preferences, which are important for such Bolivian exports as textiles and jewelry.

"This decision is discriminatory and political," said Emilio Pinto Marin, vice minister of the budget department. "It's going to affect our productivity."

[President Bush](#) said Thursday that he signed the law suspending Bolivia's trade privileges because the country had "failed to cooperate with the United States on important efforts to fight drug trafficking." But many officials here see it as the latest step in an escalating feud between the two countries.

In recent months, cooperation between U.S. and Bolivian anti-drug authorities has deteriorated. In September, President [Evo Morales](#) expelled U.S. Ambassador Philip S. Goldberg over accusations that Goldberg was conspiring with Bolivia's political opposition. Goldberg denied the charges, and the United States responded by dismissing Bolivia's ambassador to Washington. Amid roadblocks and outbursts of political violence last month, the [Peace Corps](#) pulled its volunteers from Bolivia.

"You have to say that the traditional relationship that Bolivia had with the United States . . . has come to an end," Bolivia's minister of the presidency, Juan Ramón Quintana, said in an interview. "I believe this is the worst moment for the relations between the United States and the entire world. The worst moment."

This is the first time Bolivia has been excluded from the Andean Trade Preference Act, enacted in 1991, which affords some South American countries lower tariffs on certain exports to the United States. Bolivia's suspension can be reviewed and possibly reversed after June, U.S. officials said.

Through September, Bolivia exported \$385 million worth of products this year to the United States, its fourth-largest export market after [Brazil](#), [South Korea](#) and Argentina. Bolivian

officials estimated that about \$70 million worth of Bolivian exports could be affected by the U.S. decision.

Quintana said that Bolivia is reorienting its textile exports to Brazil and [Venezuela](#) and that it would not be hurt economically by the loss of preferences.

"From the Bolivian perspective, this is an absurdity," he said. "Washington pretends they are going to confront the national government through this textiles sector. If Washington was aware of some basic facts, they would know this sector was always in opposition to the national government. What is this going to achieve?"

The decision to suspend trade preferences was driven by several developments that indicated Bolivia was not effectively combating the drug trade, said Christopher J. McMullen, a deputy assistant secretary of state who specializes in South America.

At Bolivia's urging, the U.S. government this year removed workers from the [U.S. Agency for International Development](#) and the [Drug Enforcement Administration](#) from coca-producing regions of the country, and Bolivian officials have cooperated less with the narcotics affairs section of the U.S. Embassy in La Paz. The amount of coca grown in the country increased by about 5 percent in 2007 over the previous year, according to [U.N.](#) statistics, although that was far below the 27 percent jump in Colombia.

"It was regrettable that we had to suspend Bolivia," McMullen said. "This is going to be a major blow, I think, for Bolivia in terms of losing these jobs."

McMullen added that the United States wants to remain engaged with Bolivia and is willing to reevaluate its position if it sees more cooperation, illegal-coca eradication and drug interdiction.

"Hopefully, by next June, they will be cooperating enough on combating drugs," he said.

Bolivian officials defend their coca policy, which allows farmers in certain areas to legally grow a third of an acre of the crop for traditional uses such as chewing the leaves and brewing teas. The days when farmers engaged in bloody struggles against U.S.-backed eradication teams are over, as coca has lost its stigma. Under Morales, cocaine seizures have risen each year; nearly 20 tons has been confiscated this year, according to government statistics.

But the drug war debate is not the primary concern for the small businesses making textiles in El Alto, the sprawling city on the plateau above the capital. Humberto Sandalio, president of the Regional Federation of Small Businesses of El Alto, said the companies are actively seeking new international markets to avoid widespread losses. One textile firm, Nueva Esperanza, said it would close down and lay off its 40 employees because of the loss of trade preferences, according to Bolivian news reports Saturday.

"The biggest problem in this situation is a political problem between governments," Sandalio said. "We can't manage this problem."