



Bolivia: Wood Industry

Author: C. Crenwelge

Date: 05/2006

ID:

Summary

Bolivia has only recently started exploiting the economic potential of its forests, which cover approximately 53 million hectares, or 43 percent, of the country's territory and account for 10 percent of South America's tropical forests.

Bolivia leads the world in sustainable natural tropical forest management. More than two million hectares of natural tropical forest have been certified as adhering to internationally recognized forest management standards, and exports of certified wood products have increased dramatically in the last few years. The sector's remarkable growth could present lucrative business opportunities for U.S. firms, particularly those supplying wood processing and finishing technologies and equipment.

Wood Production in the Bolivian Economy

Bolivia's economy grew 4 percent in 2005, its fastest rate of expansion since 1998. Gross domestic product totaled an estimated USD 8.5 billion, up from USD 8.2 billion the previous year.

Exports reached record levels in 2005, totaling USD 2.7 billion. Wood exports accounted for approximately 6 percent of total non-traditional exports that year.

Non-Traditional Exports 2005 (in USD)

PRODUCT	VALUE	% MARKET SHARE
Brazil Nuts	53,363,270	6.06
Coffee	9,352,769	1.06
Cacao	1,353,544	0.15
Sugar	30,430,715	3.45
Beverages	14,288,620	1.62
Leather	23,603,233	2.68
Wood	56,099,783	6.37
Cotton	5,284,145	0.60
Soy	423,561,085	48.08
Jewelry	61,803,537	7.02
Other	201,821,268	22.91
TOTAL	880,961,969	100

Source: National Institute of Statistics (INE)

Industry Profile

Bolivia's 53 million hectares of forest have an estimated annual sustainable production capacity of 24 million cubic meters. Thirty-five of the country's numerous wood species are exported, from more traditional mahogany, oak, and cedar to a wide range of less common tropical woods.

Bolivia leads the world in sustainable natural forest management, with more than two million hectares of natural tropical forest (primarily in the departments of Santa Cruz, Beni, Pando, and Cochabamba) certified as adhering to internationally recognized forest management standards. Exports of certified wood products have increased dramatically in the last few years, although installed manufacturing capacity remains low compared to available forest resources.

Many manufacturers are building sophisticated facilities to produce value-added products for sale in Bolivia and abroad. In the last eight years, the market share of these goods has increased from 20 to approximately 80 percent. Many firms export furniture, doors, frames, flooring, and other goods, primarily to the United States and Europe.

Laws and Regulations

The 1996 Forestry Law (Law 1700) and related regulations established the forestry sector's regulatory framework, providing guidelines for companies involved in wood extraction. The law introduced measures designed to ensure the sustainable development of Bolivia's forests, primarily through improved technical management and the issuance of clearly defined and regulated concessions.

Concessions are granted for 40-year periods, with technical audits conducted every five years. Satellite imagery is used to classify and inventory concessions, guaranteeing a professional means of administration and monitoring.

All concessionaires must present forest management and wood extraction plans to the Superintendent of Forests for approval. Plans must specify the wood species to be extracted and outline expected uses. Exploitation is limited to identified areas and to the timeframe indicated in approved plans.

Analyses of the law's impact suggest that Bolivian firms' output has increased and that tax revenues collected by the national government have risen. Most observers consider the law effective and competitive with neighboring countries.

Bolivian President Evo Morales has talked frequently of nationalizing all natural resources, including forests, since his January 2006 inauguration, but the government has not provided specifics. Before initiating investments in the forestry sector, companies should carefully consider the impact of possible changes to existing laws and regulations.

Commercial Opportunities

Demand for processing technologies and machinery has risen due to many firms' desire to boost exports of value-added items and certified wood products. U.S. companies may be able to supply the following:

- wood production, processing, and finishing technologies and equipment
- waste management technologies and equipment
- related chemicals and inputs
- consulting and/or training services

U.S. manufacturers of machinery and equipment may face competition from established Brazilian, Argentinean, and European suppliers. Countries such as Sweden are increasingly involved in the Bolivian forestry sector, and many European firms have begun entering into joint venture agreements to produce wood products for export.

U.S. firms may find Bolivia an appealing source of high-quality wood products, including furniture, doors, door and window frames, flooring, and decking.

For More Information

The U.S. Commercial Service in La Paz, Bolivia can be contacted via e-mail: sanmartinlm@state.gov; phone: 591 2 216 8986; or fax: 591 2 216 8624. The section maintains a website at <http://bolivia.usembassy.gov>.

The U.S. Commercial Service — Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting <http://www.export.gov>.

Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.

International copyright, U.S. Department of Commerce, 2006. All rights reserved outside of the United States.