



Bolivia– Establishment of Business

Fact Pack

Swedish Trade Council in Argentina

November 2007



THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

Sweden:

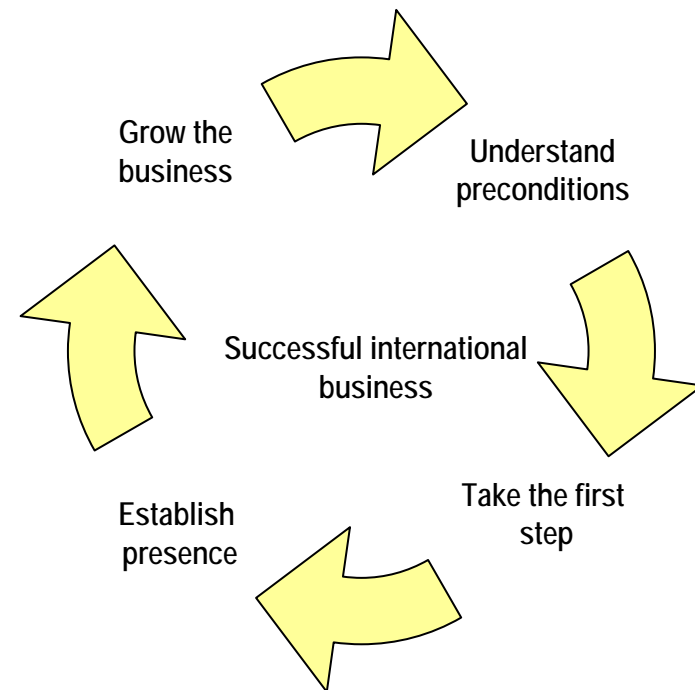
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

Abroad:

- 60 places, 400 employees in 52 countries
- Through partners and networks we cover more than 100 countries

Argentina:

- Office in Buenos Aires
- 5 employees



Vision of the office:
STC in Buenos Aires is the primary consulting partner for Swedish companies doing business in Bolivia



BOLIVIA IN BRIEF

Area: 1.098.580 km²

Inhabitants: 9.1 million

Constitution: Republic

Head of State: President Evo Morales

Languages: Spanish, Quechua, Aymara (Official)

Inhabitants per km²: 8/km²

Currency: Boliviano

GDP 2006: 10.3 BUSD

GDP per capita 2005: 1132 USD

Inflation(2006): 4.3%

Main exports: Gas, Oil, Lead, Tin, Silver

Main imports: Capital goods, Chemical products, Consumer goods

Swedish Exports to Bolivia 2006: 161 MSEK

Swedish imports from Bolivia 2006: 3.2 MSEK



FORMS OF ESTABLISHMENT IN BOLIVIA

Main ways of conducting a business in Bolivia:

1. Agent or Distributor
2. Franchise
3. Branch Office (Filial)

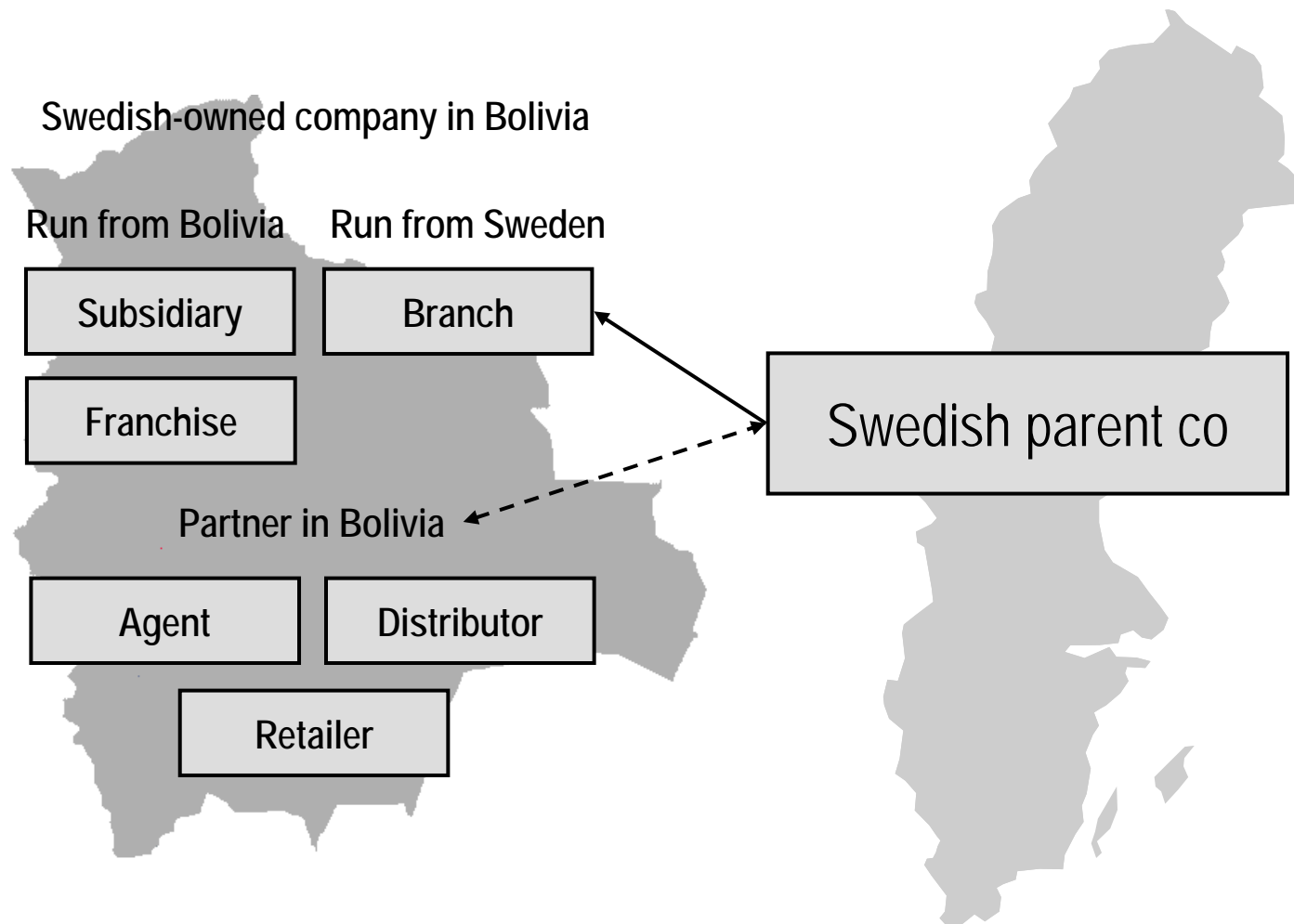
According to the Bolivian Commercial Code there are 6 legal business entities:

4. Corporation or Stock Company (S.A.)
5. Limited Liability Company (S.R.L.)
6. General Partnership (S.C.)
7. Limited Partnership
8. Joint Stock Company
9. Temporary associations for transitory or specific operations

Corporations and Limited Liability companies are the most common

WHAT SIZE AND SHAPE SHOULD THE SET UP HAVE

- Risk, control, locally run or run by Swedish parent – it all matters



COMPANY REGISTRATION IN BOLIVIA

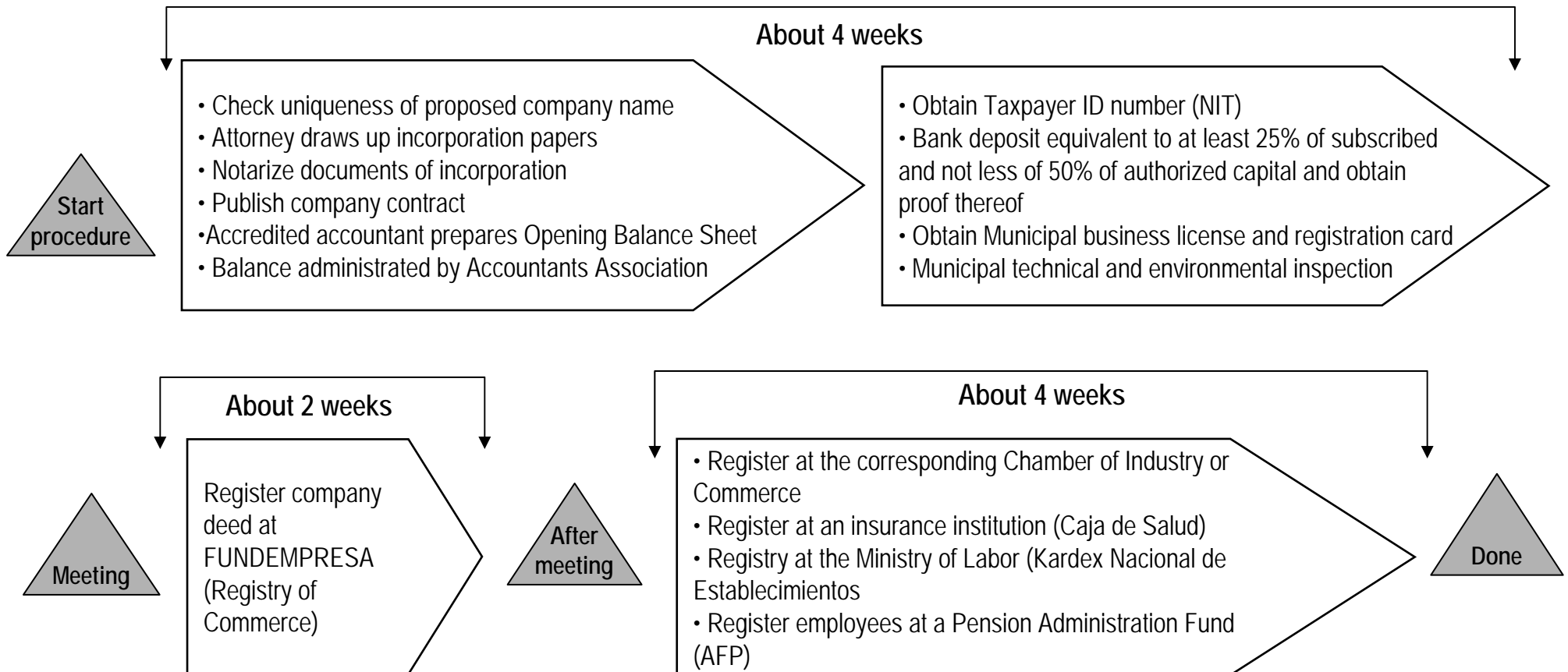
- National Service of Registry of Commerce is the main authority

Incorporation alternatives	Information to be submitted	Cost
<ul style="list-style-type: none"> • Uniqueness of the chosen company name can be done in person or by phone • Services of an attorney, notary and accredited accountant are necessary for company registration • Mandatory publication of company deed in a national newspaper 	<ul style="list-style-type: none"> • Company name • Application for new registration: Form 0020/03 • Opening balance sheet certified by accredited accountant • Public deed of the constitution • Bylaws • Bank certificate of deposit • Publication in a national newspaper of the deed 	<ul style="list-style-type: none"> • No charge to check uniqueness of name, but a 23 USD rate to obtain a reservation certificate for new name • Lawyer and Notary fees are variable. Lawyer fee estimate for the incorporation of a company may be about 400 USD + 2% of the company's capital. Notary cost approx. May be 65-200 USD. • Publishing company deed 11 USD per page. • Registry of Commerce fee: 35-80 USD

There are no investment or tax incentives for foreign investors in Bolivia

ESTABLISHING A CORPORATION CAN TAKE 2-3 MONTHS

- Expenses could be about 500 USD plus lawyer and notary fees



There are minimum capital requirements for starting a business in Bolivia

HUMAN RESOURCES IN BOLIVIA

- Workers with good manual dexterity, but poorly skilled

General	Cost	Regulations
<ul style="list-style-type: none"> • Labor force: 4.3 mill people • Unemployment rate: 7.8% (*) (2006) • National minimum monthly wage: <ul style="list-style-type: none"> – 70 USD (**) – Extra hours are paid a 25% more the first two hours and 35% the further. 	<ul style="list-style-type: none"> • Insurance and pension contributions: <ul style="list-style-type: none"> - Employers pay 10% on wages for Social Security - Retirement payments: 30% to the wage bill • Christmas bonus: equivalent to a monthly wage • If dismissal occurs with less than 30 days notices, 1 month salary in terms of compensation is mandatory 	<ul style="list-style-type: none"> • Contract of employment may be oral or written, individual or collective • Probation period: maximum 3 months • Not more than 15% of total workforce in a business can be foreigners, and should only be technicians. • Companies with more than 20 employees must have an Internal Labor Regulation • Paid vacations vary depending on time in the company: min 15 – 30 max

(*) Urban areas

(**) For the private sector there was established a 5% minimum rise in 2007



USEFUL CONTACTS

- National Service of Registry of Commerce www.fundempresa.org.bo
- National Service for Intellectual Property Rights www.senapi.gov.bo
- National Commerce Chamber www.boliviacomercio.org.bo
- Private Enterprises Confederation www.cepb.org.bo
- National Tax Service www.impuestos.gov.bo
- Accountants Association of Bolivia www.contadoresbolivia.org.bo
- National Institute for Social Security www.inases.gov.bo

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