

# Torino - Flash Report - Bolivia: An economic model under pressure?

NEW YORK, NY, UNITED STATES,  
September 26, 2022 /

EINPresswire.com/ -- Torino Economics, the economic research unit of [Torino Capital](#), has published this week its latest report on the main challenges that Arce's Administration must face to ensure the sustainability of the growth model, which sets the exchange rate and price stability as fundamental objectives through the capacity to export commodities.

## Bolivia Flash Report highlights

The economic growth model implemented under the presidency of Evo Morales (2006-2019), which has continued under Luis Arce's current administration, appears to be under significant pressure. This has been manifested in the sustained fall of international reserves, which represent a fundamental factor in sustaining the country's exchange rate parity and price stability.

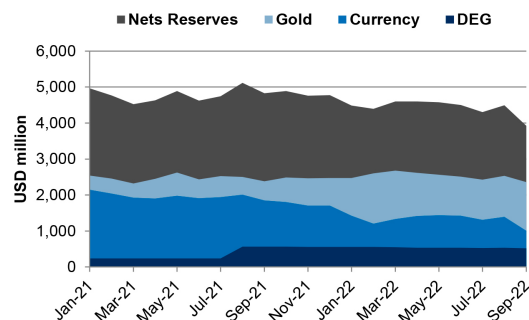
Although inflation in Bolivia is at controllable levels, even ranking as the lowest rate in the region, this is partly due to the policy of fuel subsidies and controlled or administered prices. However, these subsidies could accentuate the already high fiscal deficit, increasing the need for liquidity requirements by the Treasury.



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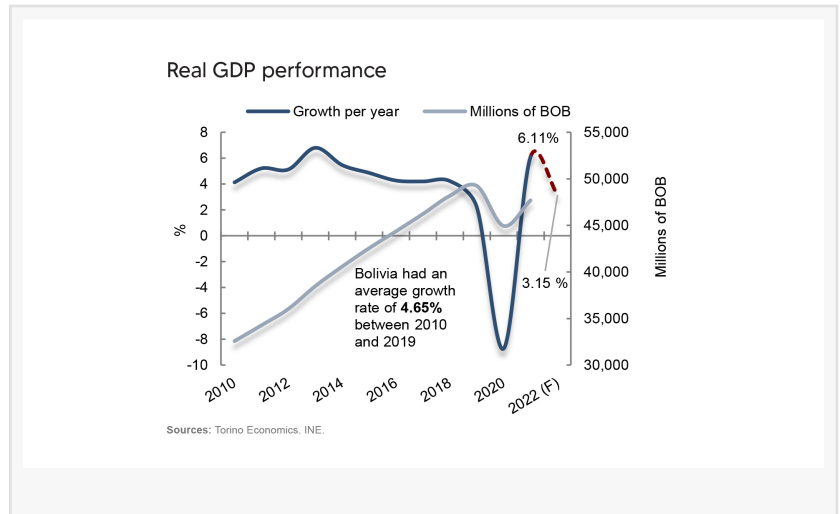
Capital LLC

Bolivia: International Reserves



Sources: Torino Economics, BCB.

Although the pace of the decline in international reserves has slowed down during 2022, due to the increase in remittances and the significant trade surplus recorded so far this year, the subsidy for energy imports and the decline in the volume of natural gas exports introduce considerable risks in terms of fiscal sustainability, which may contribute to higher financing needs and thus continue to put pressure on international reserves.



Torino Economics is the Economic Research Unit of Torino Capital, a certified minority-owned firm. Our work consists of rigorous and in-depth monitoring of the evolution of the macroeconomic environment of several countries in Latin America and the Caribbean.

### [Link access to the Report](#)

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