

Bolivia's Fuel Crisis: Economic Strain and Political Unrest

Bolivia is currently grappling with a severe fuel shortage amidst an ongoing economic crisis, leading to significant political upheaval. On August 12, President Luis Arce replaced Franklin Molina with Alejandro Gallardo as the new Energy and Hydrocarbons Minister. This change was prompted by public dissatisfaction with Molina's handling of the fuel shortage, which exacerbated existing economic challenges.

Bolivia's fuel and dollar shortages have been ongoing since 2023, driven by a sharp decline in natural gas exports, a critical component of the nation's economy. The downturn in the hydrocarbon industry has turned Bolivia from a natural gas exporter into a fuel importer, forcing the country to import 58% of its gasoline and 86% of its diesel. These imports have drained Bolivia's hard currency reserves, intensifying the economic crisis. The political landscape has also been shaken by a failed coup attempt in late June, led by General Juan José Zúñiga, who had been dismissed a day earlier.

In response to the crisis, Bolivia's state-owned oil and gas company, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), is seeking financing and partners to address the fuel shortages. Russia has offered to supply fuel to Bolivia, but logistical challenges, including inclement weather near Chile's coast, have delayed the unloading of these supplies. President Arce has also called for a referendum to consult the population on key issues such as subsidizing domestic fuel costs, presidential re-election, and the distribution of parliamentary seats.

Adding to the country's woes, truck drivers, frustrated by the fuel shortages, have staged nationwide protests, leading to 59 blockades on key routes for exports and imports. These protests have disrupted daily life, forcing schools to cancel classes and impacting the commercial and productive sectors, particularly in the Santa Cruz region.

The recent appointment of Alejandro Gallardo as the new Minister of Energy and Hydrocarbons is an attempt by President Arce to quell public unrest and introduce new measures to address the crisis. However, with the political situation remaining fragile and public dissatisfaction high, further protests are likely if the government fails to implement swift and sustainable solutions. The current crisis is expected to significantly influence the upcoming 2025 elections, as the public's confidence in the government wanes.