

ECUADOR

MARCH 2018

Executive Summary

This country fact sheet provides key trade, investment and tourism related statistics for Ecuador. Specifically, it shows global trade and investment flows including an analysis of top markets and products for Ecuador in relation to South Africa and the Western Cape, highlighting the largest and fastest growing products and sub-sectors. The key highlights in the Ecuador fact sheet are provided below:

ECONOMY

- Ecuador is one of the 17 megadiverse countries in the world.
- Ecuador is substantially dependent on its petroleum resources, which have accounted for more than half of the country's export earnings and approximately 25% of public sector revenues in recent years
- The country's GDP is expected to be 1.0% in 2018 a decline from the previous year's 2.1% growth rate.
- BMI forecasts real GDP growth will remain muted in the coming years, averaging 1.8% annually from 2018 to 2022, compared to 4.5% from 2011 to 2015.

TRADE

- Ecuador is currently ranked 118th according to the World Bank's Doing Business Index (2018). Ecuador's relative strengths lie in registering property (74th) and enforcing contracts (75th).
- Between 2007 and 2016 Ecuador witnessed a trade deficit in services, the country had an USD1.12bn trade deficit in 2016.
- In 2016 travel services were the leading services exported by Ecuador values at USD1.44bn. Travel services were also the leading imported services valued at USD1.27bn followed by transport (USD660m) and government goods and services (USD480m).
- Between 2014 and 2016 South Africa was a net exporter of Ecuadorian goods. In 2017, South African exports were valued at USD9.61m, while imports amounted to USD10.67m.
- In 2017 Western Cape's exports to Ecuador almost witnessed a five-fold increase from the previous year.

FDI

- Between January 2003 and September 2017 a total of 34 FDI projects were recorded from Ecuador. These projects represented a total capital investment of USD1bn which is an average investment of USD29.5m per project.
- Spain was the leading source market for FDI to in terms of projects, with 35 projects (USD158m), followed by the United States and Canada with 25 projects (USD30.5m) and 10 projects (USD331m) respectively.

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1. General Information

Ecuador is officially called the Republic of Ecuador, which literally translates as "Republic of the Equator". Ecuador is bordered by Colombia on the north, Peru on the east and south, and the Pacific Ocean to the west. Ecuador also includes the Galápagos Islands in the Pacific, about 1,000 kilometres west of the mainland. The capital city is Quito, while the largest city is Guayaquil. Ecuador is a middle-income country, with a developing economy that is highly dependent on commodities, namely petroleum and agricultural products. It is governed as a democratic presidential republic. Ecuador is one of the 17 megadiverse countries in the world. Ecuador hosts many endemic plants and animals, such as those of the Galápagos Islands. In recognition of its unique ecological heritage, the constitution of 2008 is the first in the world to recognize legally enforceable Rights of Nature, or ecosystem rights.

Both bio-commerce and bio-business are important subjects in the National Strategy of Bio-diversity, an instrument that Ecuador has to pursue economic advantage of its bio-diversity, generating wealth without destructing the natural base.

Ecuador is a representative democratic republic. Its capital is Quito and is divided into 24 provinces, each made up of cantons and parishes for administrative and political purposes. Spanish is the official language spoken in Ecuador, although Quechua is the language spoken by most of Indigenous living in the Highlands. The currency used is United States Dollars (USD).



GENERAL INFORMATION – ECUADOR	
Capital	Quito
Major Cities (Population)	Guayaquil
Population	16,290,913
Chief of State	President Lenin MORENO Garces (since 24 May 2017)
Government type	presidential republic
Life expectancy	77 years
Literacy	94.4%
Ethnic groups	Mestizo (mixed Amerindian and white) 71.9%, Montubio 7.4%, Amerindian 7%, white 6.1%, Afro-ecuadorian 4.3%, mulatto 1.9%, black 1%, other 0.4% (2010 est.)
Religion(s)	Roman Catholic 74%, Evangelical 10.4%, Jehovah's Witness 1.2%, other 6.4% (includes Mormon Buddhist, Jewish, Spiritualist, Muslim, Hindu, indigenous religions, African American religions, Pentecostal), atheist 7.9%, agnostic 0.1%
Languages	Spanish (Castilian) 93% (official), Quechua 4.1%, other indigenous 0.7%, foreign 2.2%
Human Development Index	0.739

Source: CIA Factbook, 2018

2. Economic Overview

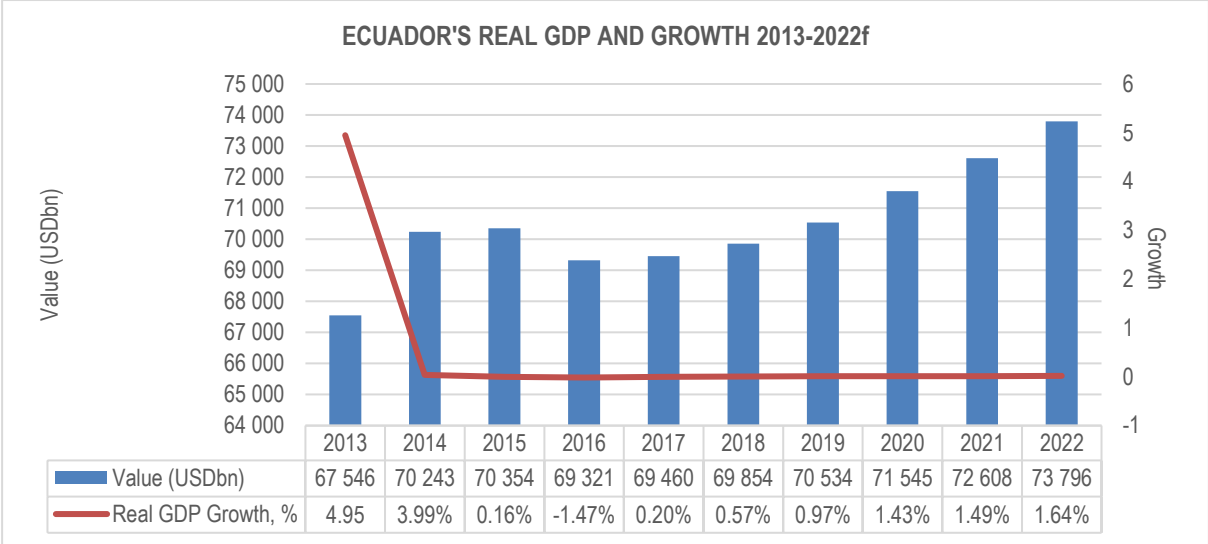
Ecuador is substantially dependent on its petroleum resources, which have accounted for more than half of the country's export earnings and approximately 25% of public sector revenues in recent years. The oil price shock has had a negative effect on Ecuador's growth and government finances, and heightened liquidity pressures. Economic policies under the previous administration raised tension with trade allies especially when Ecuador tabled its intention to terminate 13 bilateral investment treaties, including one with the United States - generated economic uncertainty and discouraged private investment. China has become Ecuador's largest foreign lender since Quito defaulted in 2008, allowing the government to maintain a high rate of social spending; Ecuador contracted with the Chinese government for more than USD9.9 billion in forward oil sales, project financing, and budget support loans as of December 2013.

Ecuador's GDP (PPP) was estimated at USD188.5bn in 2017, making Ecuador the world's 67th largest economy. At 0.2% growth in 2017 the country was ranked the 198th in terms of growth. The country has an estimated GDP per capita of USD11,200 and an unemployment rate of 5.1%.

ECONOMIC INFORMATION	
Financial Center	Quito
Currency	Ecuadorian centova
GDP (PPP) (2017 est.)	USD188.5 billion
GDP growth (2017 est.)	0.20%
GDP per capita (2017 est.)	USD11,200
Inflation (2016 est.)	0.70%
Commercial Bank Prime Lending Rate (Dec 2018)	8%
Unemployment rate (2017 est.)	5.1%
Doing Business in...(2018 ranking)	118
Total Exports (2017)	USD18.34 billion
Total Imports (2017)	USD16.84 billion
Stock of foreign investment at home	USD17.33 billion
Stock of foreign investment abroad	USD6.33 billion

Source: CIA factbook, 2018

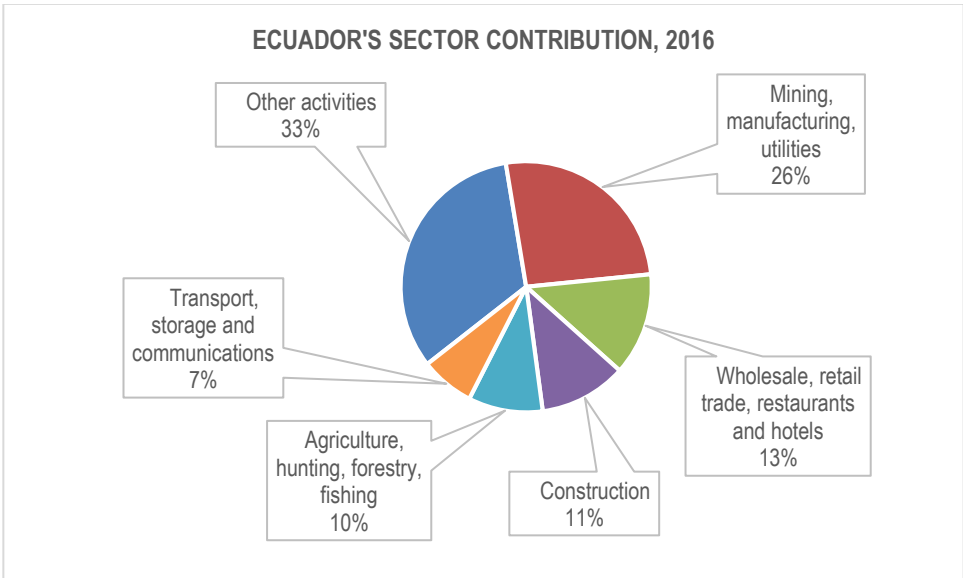
According to Business Monitor International Ecuador's economic recovery remains fragile and is expected to grow at a slow pace in 2018. The public sector spending cuts and the re-implementation of import restrictions is said to dampen public and private consumption growth respectively over the coming quarters. Additionally, persistent structural weaknesses, including a large informal economy and poor operating environment, is said to undermine Ecuador's growth potential. As a result BMI forecasts real GDP growth will remain muted in the coming years, averaging 1.8% annually from 2018 to 2022, compared to 4.5% from 2011 to 2015.



Source: BMI, 2018

The diagram below shows Ecuador's industry contribution to Gross Domestic Product (GDP) in 2016. The largest industry contributors in 2016 were:

- Industry: 26%
- Wholesale, retail trade, restaurants and hotels : 13%
- Construction: 11%



Source: UNCTAD, 2018

2.1 Doing Business in Ecuador

Ecuador is currently ranked 118th according to the World Bank's Doing Business Index (2018). Ecuador's relative strengths lie in registering property (74th) and enforcing contracts (75th).

ECUADOR'S EASE OF DOING BUSINESS, 2018	
SELECTED INDICATORS	RANKING OUT OF 190 COUNTRIES, 2018
Starting a Business	168
Dealing with Construction Permits	105
Getting Electricity	85
Registering Property	74
Getting Credit	105
Protecting Investors	124
Paying Taxes	145
Trading Across Borders	102
Enforcing Contracts	75
Resolving Insolvency	157
Doing Business 2018	118

Source: *Doing Business, 2018*

2.2 Ecuador's Risk Ratings

Credit ratings are used by sovereign wealth funds, pension funds and other investors to gauge a country's credit worthiness thus having a big impact on the country's borrowing costs. In November 2016 Moody's Investors Service affirmed Ecuador's B3 issuer rating with a stable outlook.

The key motivators for the rating were the government's policy measures to adjust expenditures in response to lower oil revenues as well as the ongoing stabilization in broader macro-economic metrics which is said to be followed by a gradual growth recovery.

However, relative to Moody's rated universe, Ecuador's economic strength is moderate and fiscal strength is high, and both factors support its B3 rating. These credit strengths counterbalance its very low institutional strength and a moderate susceptibility to event risk, particularly liquidity risks.

On the 24th of August 2017, Fitch affirmed Ecuador's sovereign ratings at B; negative outlook. Fitch said Ecuador's high fiscal deficits and weak growth prospects were leading to a rapid rise in general government debt.

ECUADOR'S COUNTRY RATINGS				
STANDARD & POORS SOVEREIGN RATINGS			FITCH RATING	MOODY'S RATINGS
Local Currency Rating	Foreign Currency Rating	T&C Assessment	Credit Rating	Credit Rating
B-	B-	B-	B	B3

Source: *Trading Economics, Moodys, Reuters; 2018*

The table below shows Ecuador's risk assessment in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators. The table shows that the political risk in Ecuador is high. While the war risk is viewed to be low however the risk of expropriation and transfer risk is considered to be high.

ECUADOR'S RISK ASSESSMENT		
EXPORT TRANSACTIONS		
Political Risks	Short Term	5
	Medium-Long term	6
	Special Transactions	5
Commercial Risk	C	
DIRECT INVESTMENTS		
War risk	3	
Risk of expropriation and government action	6	
Transfer risk	6	

Source: ONDD, 2018

2.3 SWOT Analysis

Below is a SWOT Analysis on Ecuador.

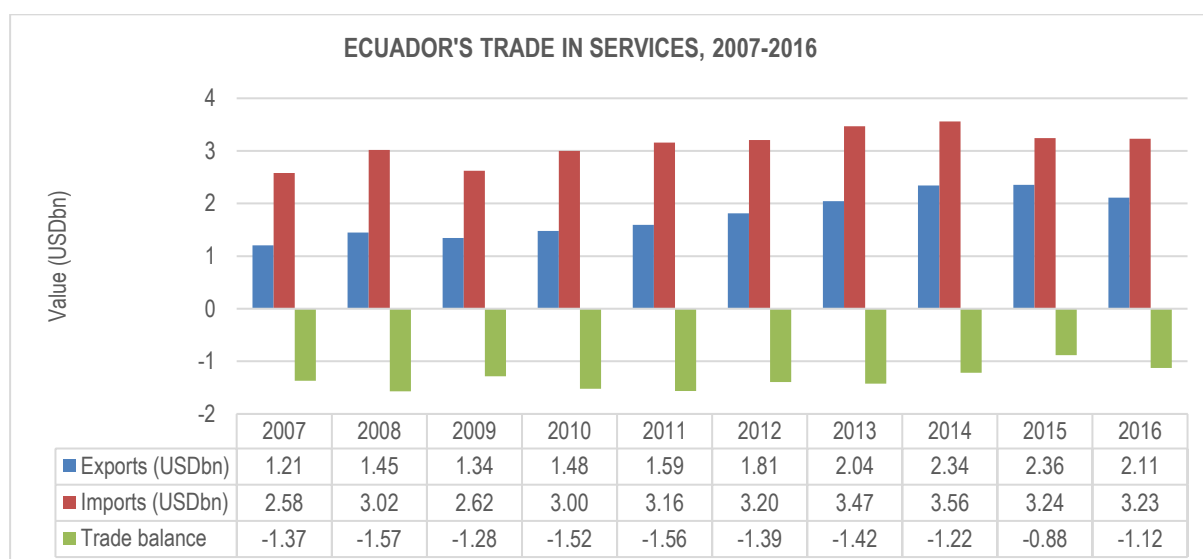
SWOT ANALYSIS	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> Increasing public investment in education is widening access and improving quality. The low unemployment rate is indicative of a healthy labour market. There is a significant minority of migrant workers from developed states, ensuring some availability of highly-skilled labour. 	<ul style="list-style-type: none"> Rigid labour regulations limit the flexibility with which businesses can organise and manage their workforce. The quality of education at all levels remains low on an international comparison. Quotas are imposed on the employment of foreign nationals.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> Reforms to the tertiary education sector will improve the quality of graduates produced. Job retention rates are high due to considerable benefits received by workers. The country boasts favourable demographics, which will ensure good availability of labour over the coming years 	<ul style="list-style-type: none"> Ecuador's increasing international alienation will limit the educational advantages conferred by aid programmes. Persistent challenges to enrolment rates, including widespread poverty, will continue to limit school attendance. Rising urbanisation will limit the availability of workers in rural areas, who are needed for the economically vital and labour-intensive agricultural industry.

Source: BMI, 2018

3. Trade

3.1 Trade in Services

The graph below shows Ecuador's trade of services from 2007 to 2016. Ecuador witnessed a trade deficit in services over the 10 years under review. In 2015, Ecuador recorded its largest annual export of services valued at USD2.36bn, while imports peaked in 2014 and were valued at USD3.56bn.



Source: TradeMap 2018

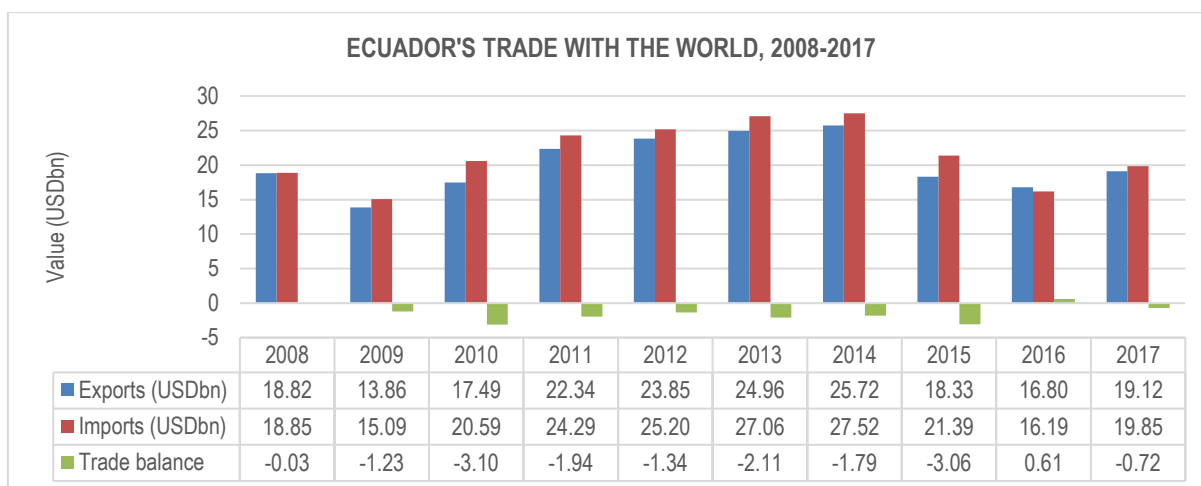
The table below shows the top services that were traded by Ecuador in 2016.

TOP 8 SERVICES EXPORTED BY ECUADOR, 2016				TOP 8 SERVICES IMPORTED BY ECUADOR, 2016			
CODE	SERVICE	VALUE 2016 (USDbn)	% GROWTH 2012-2016	CODE	SERVICE	VALUE 2016 (USDbn)	% GROWTH 2012-2016
4	Travel	1.44	11.96%	4	Travel	1.27	-5.96%
3	Transport	0.37	-1.23%	3	Transport	0.66	2.17%
12	Government goods and services	0.14	5.86%	12	Government goods and services	0.48	18.86%
9	Telecommunications, computer, and information services	0.07	-15.96%	9	Telecommunications, computer, and information services	0.33	12.21%
11	Personal, cultural, and recreational services	0.04	-9.11%	11	Personal, cultural, and recreational services	0.22	70.08%
7	Financial services	0.04	-	7	Financial services	0.12	2.23%
2	Maintenance and repair services	0.01	0.00%	2	Maintenance and repair services	0.09	0.00%
6	Insurance and pension services	0.00	0.00%	6	Insurance and pension services	0.05	0.00%
TOTAL EXPORTS		2.11	6.24%	TOTAL IMPORTS		3.23	0.63%

Source: TradeMap 2018

3.2. Ecuador's Global Trade

The decline in imports in 2015 can be attributed to tariff surcharges which were imposed by Ecuador. When the tariffs and other guard measures were lifted in 2017 it led to a demand for imported goods. Ecuador imposed the surcharges in March 2015, for 15 months, in response to a sharp drop in oil prices starting in late 2014, which led to a deterioration in the country's balance of payments. The tariff surcharges were initially fixed at between 5% and 45% and were applied to nearly 3,000 tariff lines, or 38% of the country's total. In 2017, Ecuador exports increased by 13% from USD16.80bn in 2016 to USD19.12bn in 2017.



Source: Trademap, 2018

The United States accounted for the largest share in exports (USD6.06bn) in 2017, the United States was followed by Vietnam (USD1.46bn) and Peru (USD1.28bn). Of the top 10 countries Vietnam experienced the highest growth per annum from 2013 to 2017.

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TOP 10 DESTINATION COUNTRIES FOR ECUADOR'S EXPORTS, 2017			
RANK	COUNTRY	VALUE 2017 (USDbn)	% GROWTH 2013-2017
1	United States	6.06	-8.74%
2	Vietnam	1.46	63.03%
3	Peru	1.28	-5.02%
4	Chile	1.24	-4.90%
5	Panama	0.94	22.68%
6	Russian Federation	0.85	4.15%
7	China	0.77	17.60%
8	Colombia	0.76	-5.96%
9	Spain	0.60	11.66%
10	Italy	0.59	6.57%
38	South Africa	0.01	110%
TOTAL EXPORTS		19.12	-3.11%

Source: Trademap, 2018

The United States was main source market for Ecuador, exporting goods to the value USD3.96bn in 2017. The United States was followed by China (USD3.69bn) and Colombia (USD1.60bn).

TOP 10 SOURCE COUNTRIES FOR ECUADOR'S IMPORTS, 2017			
RANK	COUNTRY	VALUE 2017 (USDbn)	% GROWTH 2013-2017
1	United States	3.96	-8.22%
2	China	3.69	9.23%
3	Colombia	1.60	-4.81%
4	Panama	0.89	-5.24%
5	Brazil	0.88	-0.09%
6	Peru	0.76	-6.53%
7	Mexico	0.74	1.30%
8	Korea	0.66	-0.69%
9	Spain	0.59	6.67%
10	Germany	0.53	-0.78%
39	South Africa	0.07	11.07%
TOTAL EXPORTS		19.85	-2.98%

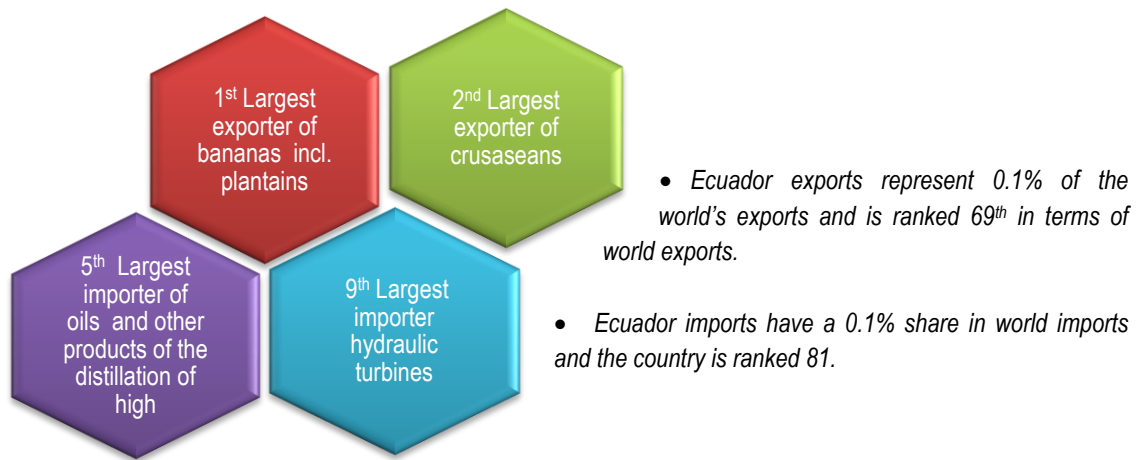
Source: Trademap, 2018

The leading product exported by Ecuador was crude petroleum oils (USD6.19bn). Crude petroleum oils was followed by Crustaceans (USD3.05bn) and bananas (USD3.05bn).

The leading imported product by Ecuador in 2017 was refined petroleum oils (USD1.69bn). Oils and other products of coal tar (USD1.17bn) were the second largest import product. Motor cars ranked third, Ecuador imported USD930m worth of motors cars in 2017. Of the top 10 imports, self-propelled bulldozers experienced the highest annual growth of 33% over the last 5 years.

TOP 10 PRODUCTS EXPORTED BY ECUADOR, 2017				TOP 10 PRODUCTS IMPORTED BY ECUADOR, 2016			
RANK	PRODUCT	VALUE 2016 (USDbn)	% GROWTH 2012-2016	RANK	PRODUCT	VALUE 2016 (USDbn)	% GROWTH 2012-2016
1	Crude petroleum oils	6.19	-9.32%	1	Refined petroleum oils	1.69	-6.18%
2	Crustaceans	3.05	20.46%	2	Oils and other products of coal tar	1.17	-7.00%
3	Bananas	3.05	8.05%	3	Motor cars	0.93	10.82%
4	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs	1.16	2.75%	4	Medicaments	0.74	-0.97%
5	Cut flowers and flower buds	0.88	3.05%	5	Petroleum gas and other gaseous hydrocarbons	0.47	-0.55%
6	Refined petroleum oils	0.72	13.22%	6	Telephone sets	0.42	0.07%
7	Cocoa beans	0.59	12.76%	7	Motor vehicles	0.34	-3.76%
8	Palm oil and its fractions	0.21	-6.05%	8	Oilcake and other solid residues	0.32	6.48%
9	Gold	0.17	1.10%	9	Preparations of a kind used in animal feeding	0.29	19.74%
10	Flours, meals and pellets, of meat or meat offal	0.12	3.56%	10	Wheat and meslin	0.28	7.56%
TOTAL EXPORTS		19.12	-3.11%	TOTAL IMPORTS		19.85	-2.98%

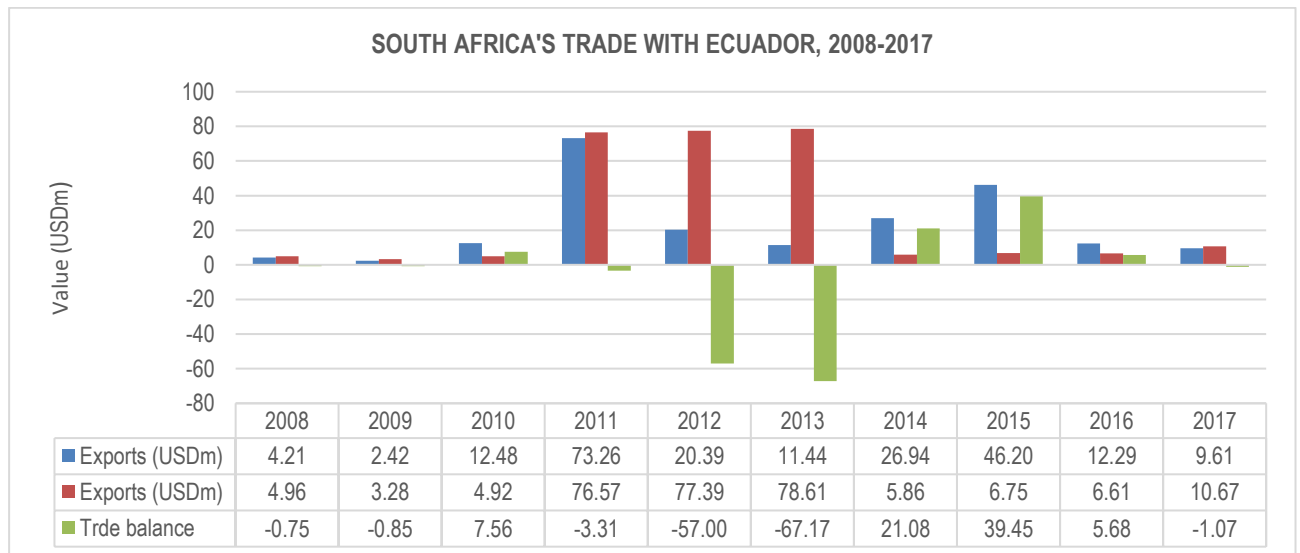
Source: Trademap, 2018



Source: TradeMap, 2018

3.2 3.3 Trade with South Africa

Between 2014 and 2016 South Africa was a net exporter of Ecuadorian goods. In 2017, South African exports were valued at USD9.61m, while imports amounted to USD10.67m. There was an ebb and flow in Ecuadorian trade with South Africa, however there has been an increase in demand for citrus from South Africa.



Source: Quantec; 2018

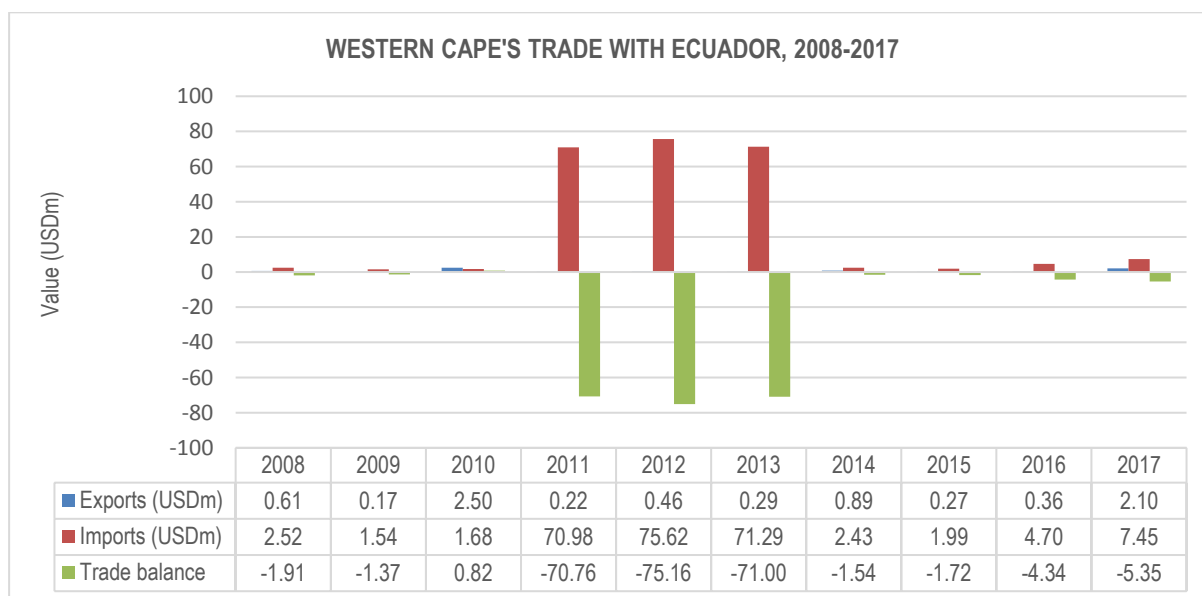
The leading export product from South Africa to Ecuador was uncoated kraft paper and paperboard valued at USD2.11m. Exports of this good accounted for 23% of all South African exports to Ecuador. Transmission apparatus for radio-broadcasting or television (USD1.40m) were the second largest export product in 2017. Of the top 10 exported products parts and accessories of the motor vehicles were the fastest growing export by South Africa with an average growth of 260% between 2013 and 2017. The leading import products into South Africa from Ecuador were bananas (USD4.47m). In 2017 Ecuador was the second largest exporter of bananas to South Africa after Mozambique. Crustaceans (USD2.91m) and other articles of wood (USD70'000m) were ranked second and third, respectively.

TOP 10 EXPORTS FROM SOUTH AFRICA TO ECUADOR, 2017				TOP 10 IMPORTS FROM SOUTH AFRICA TO ECUADOR, 2017			
RANK	PRODUCT	VALUE 2017 (USDm)	% GROWTH 2013-2017	RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2013-2017
1	Uncoated kraft paper and paperboard	2.11	-	1	Bananas	4.47	151.14%
2	Transmission apparatus for radio-broadcasting or television	1.40	-	2	Crustaceans	2.91	46.69%
3	Crustaceans	1.36	-	3	Other articles of wood.	0.70	7.39%
4	Parts and accessories of the motor vehicles	0.88	260.16%	4	Vegetable saps and extracts	0.60	28.08%
5	Polymers of ethylene	0.63	-	5	Transmission shafts	0.46	2084.17%
6	Polymers of propylene or of other olefins	0.60	94.09%	6	Machinery for working rubber or plastics	0.42	-
7	Insecticides	0.28	82.76%	7	Fruit, nuts and other edible parts of plants	0.36	2.02%
8	Chlorides, chloride oxides and chloride hydroxides	0.25	-	8	Cocoa butter, fat and oil.	0.10	9297.02%
9	Carbides	0.24	-	9	Extracts, essences and concentrates, of coffee, tea or maté	0.10	-
10	Centrifuges, including centrifugal dryers	0.21	-	10	Hats and other headgear	0.06	12.95%
TOTAL EXPORTS		9.61	13.59%	TOTAL IMPORTS		10.67	-3.29%

Source: Quantec; 2018

3.3 Trade with the Western Cape

Barring 2010 the Western Cape was a net importer of Ecuadorian goods with the import of insecticides by Ecuador witnessing the largest increase in demand.



Source: Quantec; 2018

The table below shows the top 10 traded products between the Western Cape and Ecuador in 2017. Crustaceans were the top exported product from the Western Cape worth USD1.34m followed by insecticides (USD0.26m) and chlorides, chloride oxides and chloride hydroxides (USD0.26m), respectively.

The leading import product into the Western Cape from Ecuador were bananas (USD3.86m) followed by crustaceans (USD2.36m) and vegetable saps and extracts (USD0.60m).

TOP 10 EXPORTS FROM THE WESTERN CAPE TO ECUADOR , 2017				TOP 10 IMPORTS TO THE WESTERN CAPE FROM ECUADOR, 2017			
RANK	PRODUCT (HS4)	VALUE 2017 (USDm)	% GROWTH 2013-2017	RANK	PRODUCT (HS4)	VALUE 2015 (USDbn)	% GROWTH 2013-2017
1	Crustaceans	1.34	-	1	Bananas	3.86	-
2	Insecticides	0.26	41.14%	2	Crustaceans	2.36	184.58%
3	Chlorides, chloride oxides and chloride hydroxides	0.25	28.96%	3	Vegetable saps and extracts	0.60	-
4	Enzymes	0.14	10.31%	4	Fruit, nuts and other edible parts of plants	0.31	71.05%
5	Printing machinery	0.03	-	5	Extracts, essences and concentrates, of coffee, tea or maté	0.09	-
6	Other articles of iron or steel	0.02	-	6	Pepper of the genus Piper	0.06	-
7	Printing ink	0.02	3.43%	7	Cocoa powder	0.05	19.20%
8	Works trucks	0.01	22.38%	8	Cocoa shells, husks, skins and other cocoa waste.	0.04	-
9	Instruments and appliances used in medical, surgical, dental or veterinary sciences	0.01	-	9	Cocoa butter, fat and oil.	0.03	-
10	Transmission shafts	0.01	6.58%	10	Hats and other headgear	0.01	-
TOTAL EXPORTS		2.10	14.81%	TOTAL IMPORTS		7.45	123.25%

Source: Quantec; 2018

3.4 Tariffs

Tariffs imposed by Ecuador on South African exports are listed below.

TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS TO ECUADOR , 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF, %	HS CODE AND PRODUCT DESCRIPTION	TARIFF, %	HS CODE AND PRODUCT DESCRIPTION	TARIFF, %
H01: Live animals	0	H33: Essential oils, perfumes, cosmetics, toiletries	11	H64: Footwear, gaiters and the like; parts of such articles	24
H02: Meat and edible meat offal	25	H34: Soaps, lubricants, waxes, candles, modelling pastes	16	H65: Headgear and parts thereof	29
H03: Fish, crustaceans, molluscs, aquatic invertebrates	4	H35: Albuminoids, modified starches, glues, enzymes	0	H66: Umbrellas, walking-sticks, seat-sticks, whips	15
H04: Dairy products, eggs, honey, edible animal product	6	H36: Explosives, pyrotechnics, matches, pyrophorics	2	H67: Bird skin, feathers, artificial flowers, human hair	6

H05: Products of animal origin	0	H37: Photographic or cinematographic goods	4	H68: Stone, plaster, cement, asbestos, mica, articles	13
H06: Live trees, plants, bulbs, roots, cut flowers	7	H38: Miscellaneous chemical products	2	H69: Ceramic products	9
H07: Edible vegetables and certain roots and tubers	11	H39: Plastics and articles thereof	5	H70: Glass and glassware	1
H08: Edible fruit, nuts, peel of citrus fruit, melons	4	H40: Rubber and articles thereof	16	H71: Pearls, precious stones, metals, coin	7
H09: Coffee, tea, mate and spices	3	H41: Raw hides and skins (other than fur skins) and leather	5	H72: Iron and steel	9
H10: Cereals	12	H42: Articles of leather, animal gut, harness, travel goods	29	H73: Articles of iron or steel	1
H11: Milling products, malt, starches, inulin, wheat gluten	11	H43: Fur skins and artificial fur, manufactures thereof	19	H74: Copper and articles thereof	0
H12: Oil seed, oleagious fruits, grain, seed, fruit,	5	H44: Wood and articles of wood, wood charcoal	7	H75: Nickel and articles thereof	5
H13: Lac, gums, resins, vegetable saps and extracts	5	H45: Cork and articles of cork	0	H76: Aluminium and articles thereof	0
H14: Vegetable plaiting materials, vegetable products	7	H46: Manufactures of plaiting material, basketwork, etc.	20	H78: Lead and articles thereof	0
H15: Animal, vegetable fats and oils, cleavage products,	9	H47: Pulp of wood, fibrous cellulosic material, waste	0	H79: Zinc and articles thereof	0
H16: Meat, fish and seafood food preparations	13	H48: Paper & paperboard, articles of pulp, paper and board	5	H80: Tin and articles thereof	0
H17: Sugars and sugar confectionery	11	H49: Printed books, newspapers, pictures	3	H81: Other base metals, cermet's, articles thereof	9
H18: Cocoa and cocoa preparations	8	H50: Silk	0	H82: Tools, implements, cutlery, of base metal	12
H19: Cereal, flour, starch, milk preparations and products	26	H51: Wool, animal hair, horsehair yarn and fabric thereof	6	H83: Miscellaneous articles of base metal	2
H20: Vegetable, fruit, nut food preparations	20	H52: Cotton	16	H84: Nuclear reactors, boilers, machinery	4
H21: Miscellaneous edible preparations	10	H53: Vegetable textile fibres paper yarn, woven fabric	4	H85: Electrical, electronic equipment	0
H22: Beverages, spirits and vinegar	9	H54: Manmade filaments	16	H86: Railway, tramway locomotives, rolling stock, equipment	16
H23: Residues, wastes of food industry, animal fodder	7	H55: Manmade staple fibres	14	H87: Vehicles other than railway, tramway	0
H24: Tobacco and manufactured tobacco substitutes	100	H56: Wadding, felt, nonwovens, yarns, twine, cordage	15	H88: Aircraft, spacecraft, and parts thereof	2
H25: Salt, sulphur, earth, stone, plaster, lime and cement	0	H57: Carpets and other textile floor coverings	23	H89: Ships, boats and other floating structures	0
H26: Ores, slag and ash	0	H58: Special woven or tufted fabric, lace, tapestry	16	H90: Optical, photo, technical, medical apparatus	0
H27: Mineral fuels, oils, distillation products,	1	H59: Impregnated, coated or laminated textile fabric	8	H91: Clocks and watches and parts thereof	0
HS28: Inorganic chemicals	1	H59: Impregnated, coated or laminated textile fabric	19	H92: Musical instruments, parts and accessories	14
H29: Organic chemicals	1	H: Impregnated, coated or laminated textile fabric	42	H94: Furniture, lighting, signs, prefabricated buildings	4
H30: Pharmaceutical products	0	H61: Articles of apparel, accessories, knit or crochet	43	H95: Toys, games, sports requisites	12
H31: Fertilizers	0	H62: Articles of apparel, accessories, not knit or crochet	72	H96: Miscellaneous manufactured articles	0

H32: Tanning, dyeing extracts, tannins, derivatives, pigments	3	H63: Other made textile articles, sets, worn clothing	28	H99: Commodities not elsewhere specified
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Source: *TradeMap, 2018*

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are **determined according to the importing country's national tariff line from the HS6 level and upwards**. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6.

3.5 Import Requirements and Documentation

Since 2008, the government has been using a risk analysis system run by the National Customs Service of Ecuador (SENAE). All importers must register with SENAE and obtain a company tax number (RUC) issued by the Ecuadorian Internal Revenue Service (SRI).

The following documentation is required to import products into Ecuador:

- Commercial invoice,
- Original or copy of the bill of lading or airway bill,
- Insurance policy in accordance with the Insurance Law,
- Income tax registry number (RUC),
- Certificate of origin when applicable (to qualify for tariff preferences when available), and
- INEN-1 certificate (standards compliance), when applicable.

In addition to the documents listed above, shipments must include detailed weight information, including net weight and individual gross weight of each product. Special labelling in Spanish is often required.

When the merchandise arrives in Ecuador, SENAE will authorize the payment of duties and the release of the goods using a virtual platform called "Ventanilla Unica" where all the documentation is submitted. It is advisable to use a specialized customs agent for this process.

15

Labelling Requirements

The Ecuadorian Standards Institute (INEN) sets all labelling requirements. Labelling must be in Spanish and must include:

- Name of the company,
- Address,
- Phone number,
- Tax registration number (RUC),
- Country of origin,
- Unit,
- Net weight, and
- Sanitary registration number, if required.

In some instances, specific product labelling in Spanish is required.

For food items, in addition to the nutritional label, Ecuador uses a mandatory 'traffic light' system on the front of food packaging to indicate high (red), medium (orange), or low (green) levels of fats, sugars, and salt. This legislation was put in place by the Ministry of Health and was implemented in 2014.

To determine current regulations, exporters should also contact their Ecuadorian importers and representatives.

3.6 Port-to-Port

Ecuador has four commercial state-owned ports, which are independently managed. In order to compete with the emerging port facilities that have been privatized in the region, Ecuador has decentralized the control of its ports and has given them the autonomy to promote themselves individually and seek partnerships with private consortiums experienced in the port industry. The Port of Esmeraldas located in the northern coast of the country facing the Pacific Ocean and next to the entrance to the Esmeraldas River, has the most advanced concession process.

Below are the ports that can be used when shipping goods from Cape Town:

CAPE TOWN PORT TERMINAL TO ECUADOR'S MAIN SEA PORTS		
ECUADOR'S PORTS	DISTANCE	TRANSIT TIME
Bahia De Caraquez	8832 nm	36.8 days
Esmeraldas	8670 nm	36.1 days
Guayaquil	9295 nm	37.5 days
Manta	8832 nm	36.8 days
Puerto Bolivar	7478 nm	31.2 days

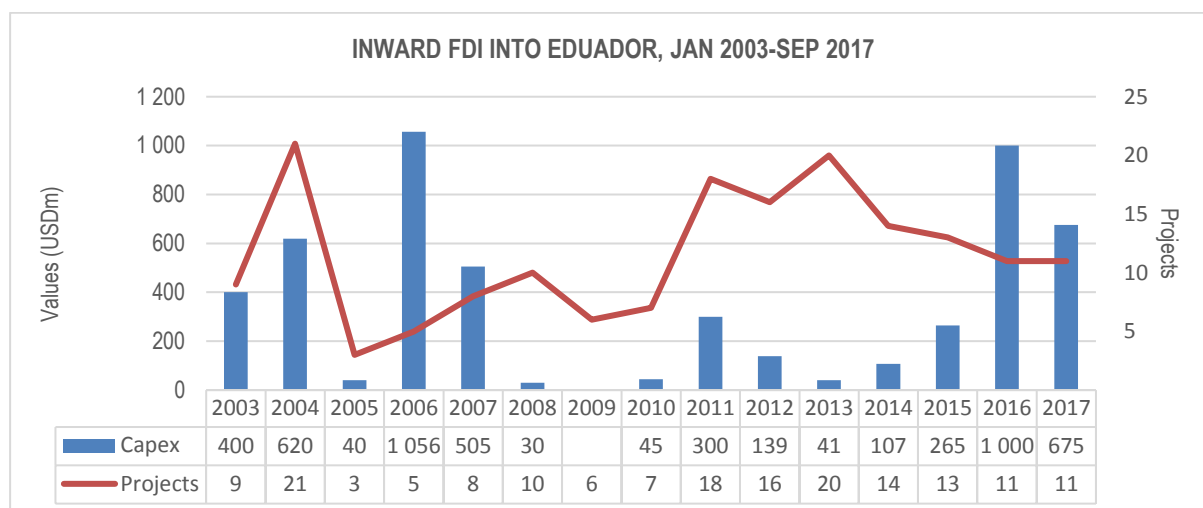
Source:Ports.com, 2018

4. Foreign Direct Investment

4.1 Global FDI into Ecuador

The level of foreign investment into Ecuador continues to be one of the lowest in the region and this can be attributed to the country's unstable regulatory environment, weak rule of law, and the crowding-out effect of public investments. Faced with a trade deficit of USD1.1 billion in 2013, Ecuador erected technical barriers which caused tensions with its largest trading partners.

Between January 2003 and September 2017 a total of 172 FDI projects were recorded into Ecuador. These projects represent a total capital investment of USD5.22bn which is an average investment of USD127.4m per project. During the period, a total of 1400 jobs were created. Inward FDI into Ecuador peaked in 2004 when 21 projects were attracted into the Ecuadorian economy. In terms of CAPEX, investment peaked in 2006 with USD1.1bn being invested into the country.



Source: FDI Intelligence, 2018

Spain was the leading source market for FDI to in terms of projects, with 35 projects (USD158m), followed by the United States and Canada with 25 projects (USD30.5m) and 10 projects (USD331m) respectively.

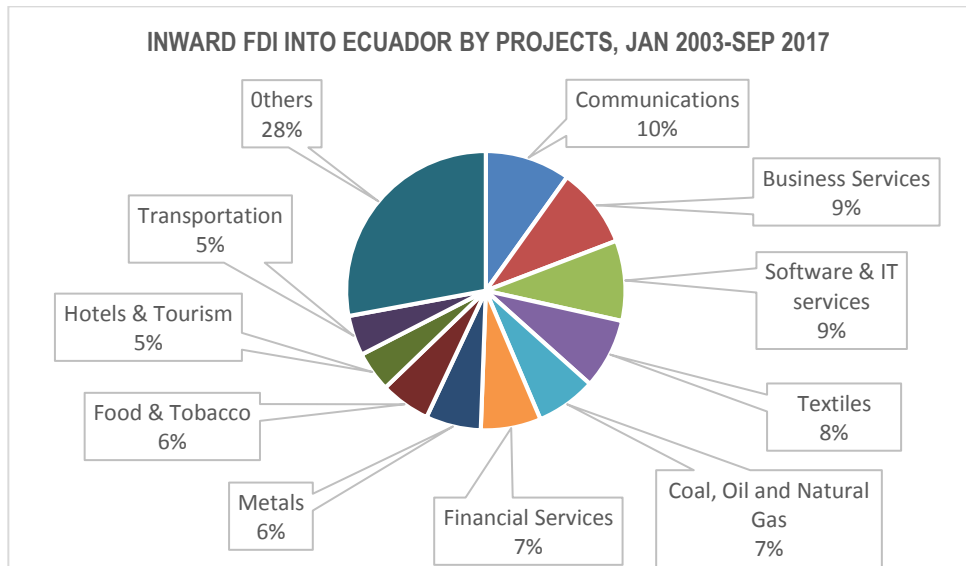
TOP 10 SOURCE MARKETS FOR FDI INTO ECUADOR, JAN 2003 – SEP 2017						
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
1	Spain	35	20%	158.0	3.03%	28
2	United States	25	15%	30.5	0.58%	24
3	Canada	10	6%	331.0	6.34%	9
4	Germany	10	6%			5
5	Mexico	9	5%	910.0	17.42%	5
6	Peru	9	5%	273.7	5.24%	8
7	Colombia	8	5%	22.3	0.43%	8
8	France	8	5%	40.0	0.77%	4
9	Switzerland	8	5%	587.0	11.24%	8

10	China	6	3%	90.0	1.72%	6
TOTAL		172	100%	5 222.5	100.00%	145

Source: FDI Intelligence, 2018

The two diagrams below represent inward investment into Ecuador's various sectors. When looking at investment by the number of projects, the following sectors received the most investment:

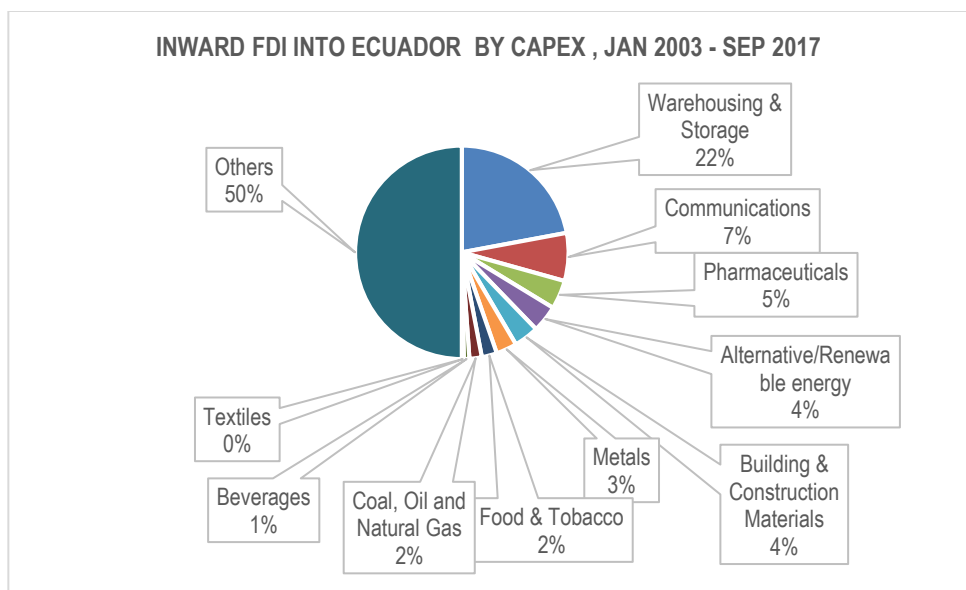
- Communications - 10%,
- Business services - 9% and
- Software and IT services - 9%.



Source: FDI Intelligence, 2018

In terms of Capital expenditure, the following sectors received the largest investment:

- Warehouse and storage - 22%,
- Communications - 7% and
- Pharmaceuticals - 5%.



Source: FDI Intelligence, 2018

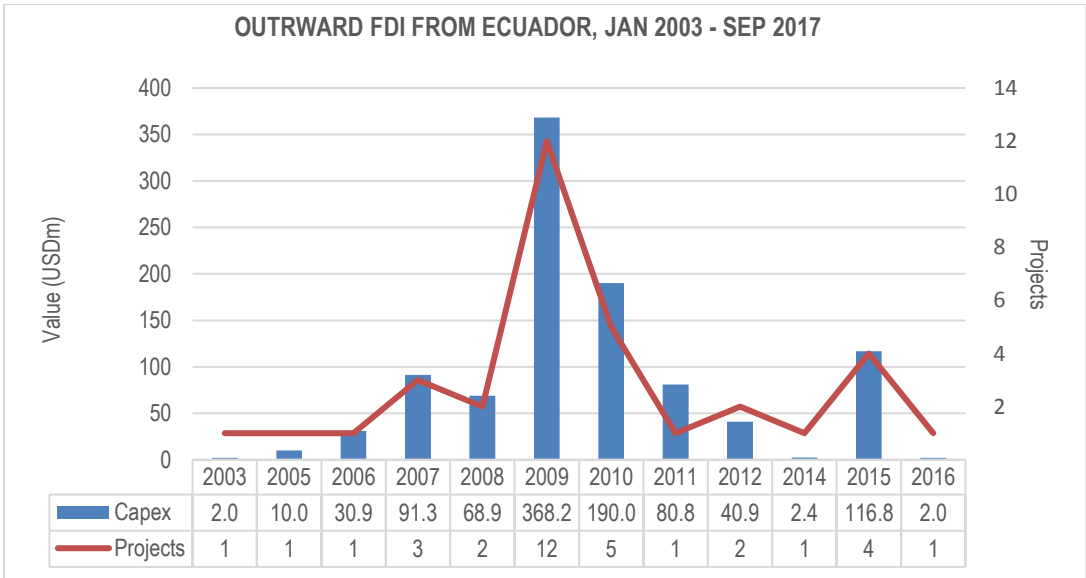
The table below shows the largest companies investing into Ecuador between January 2003 and September 2017. Over the said period Banco ProCredit Ecuador invested USD154.5m into the Ecuadorian financial services sector.

TOP COMPANIES FOR FDI INTO ECUADOR, 2003-SEP 2017				
RANKING	COMPANY	SECTOR	PROJECTS	CAPEX (USDm)
1	Banco ProCredit Ecuador	Financial services	5	154.5
2	Movistar Ecuador	Communications	5	674.6
3	Accor	Hotels and Tourism	3	194.7
4	Arca Continental	Beverages	3	149.5
5	Global Exchange	Financial Services	3	3.5
6	Atlantic Wind & Solar	Alternative/Renewable energy	2	150.0
7	Claro	Communications	2	670.6
8	Continental Tire Andina	Rubber	2	148.6
9	Discover the World Marketing	Hotels and Tourism	2	1.8
10	Ferrere Abogados	Business Services	2	5.6
TOTAL			172	5 222.50

Source: FDi Intelligence, 2018

4.2 Global FDI from Ecuador

Between January 2003 and September 2017 a total of 34 FDI projects were recorded from Ecuador. These projects represented a total capital investment of USD1bn which is an average investment of USD29.5m per project. During the period, a total of 1 038 jobs were created.



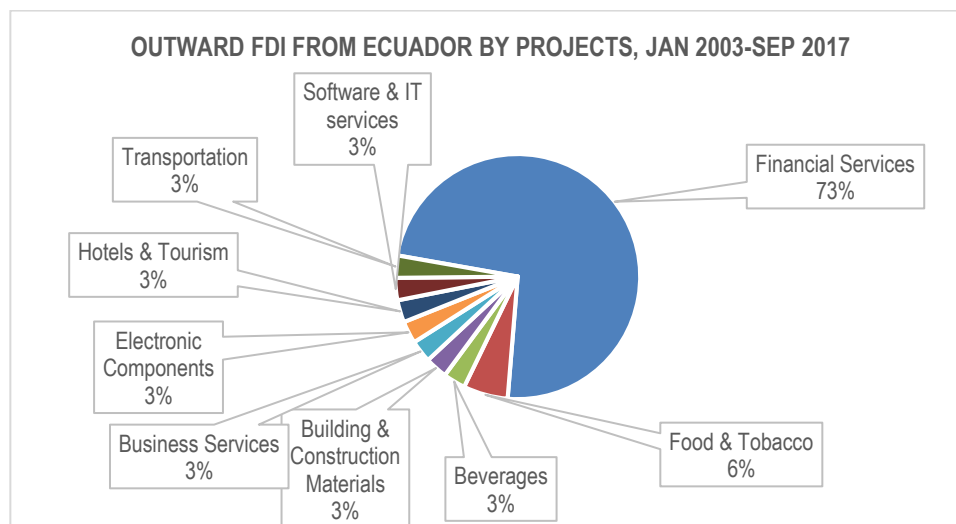
Source: FDi Intelligence, 2018

The Spain was the largest destination market for project investments from Ecuador with 22 (65%) projects, followed by Colombia and Oman receiving 3 projects, respectively.

TOP 10 DESTINATION MARKETS FOR FDI FROM ECUADOR, JAN 2003 – SEP 2017						
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
1	Spain	22	65%	747.9	74.48%	3
2	Colombia	3	9%	27.3	2.72%	3
3	Peru	3	9%	80.2	7.99%	3
4	Panama	2	6%	61.8	6.15%	2
5	Argentina	1	3%	2.4	0.24%	1
6	Chile	1	3%	.9	0.09%	1
7	China	1	3%	80.8	8.05%	1
8	Mexico	1	3%	2.9	0.29%	1
TOTAL		34	100%	1 004.2	100.00%	13

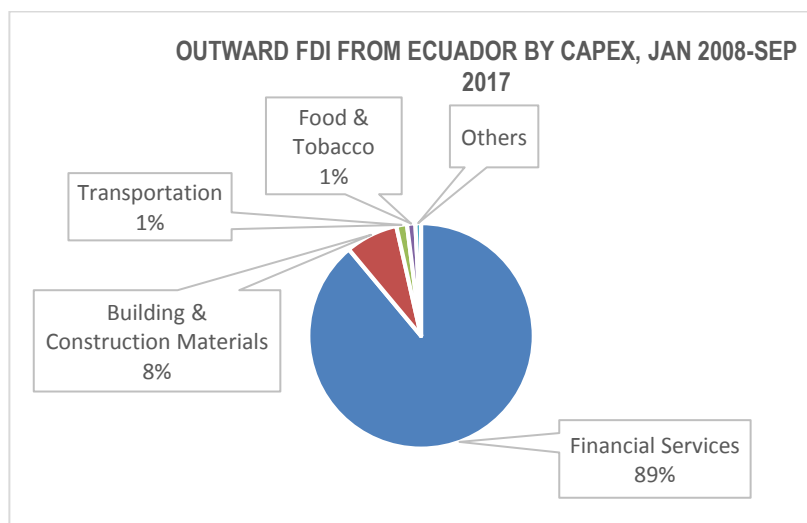
Source: FDI Intelligence, 2018

The figures below shows the global outward FDI from Ecuador by number of projects and CAPEX. In terms of projects, the financial services was the leading recipient sector with 73% of all projects followed by food and tobacco (6%).



Source: FDI Intelligence, 2018

In terms of capital expenditure; financial services (89%) received the most investment from Ecuadorian companies.



Source: FDI Intelligence, 2018

The table below shows the largest companies investing from Ecuador between 2003 and September 2017.

TOP 10 COMPANIES INVESTING IN ECUADOR, JANUARY 2003-SEP 2017					
RANK	INVESTING COMPANY	SECTOR	PROJECTS	CAPEX (USDm)	JOBS
1	Banco Pichincha	Financial Services	21	-	6
2	Banco de Guayaquil	Financial Services	2	-	-
3	Banco Bolivariano	Financial Services	1	-	-
4	Cintelam	Electrical Components	1	-	-
5	Confiteca	Food and Tobacco	1	26.2	120
6	Elastix Corporation	Software & IT services	1	-	-
7	Kruger Corporation	Business Services	1	-	-
8	Laar Logistics	Transportation	1	-	-
9	Metropolitan Touring	Hotel and Tourism	1	-	-
10	Paneles y Construcciones (Panecons)	Building and Construction Materials	1	-	-
TOTAL			34	183.3	242

Source: FDI Intelligence, 2018

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