





Ecuador as a Gateway to Trade

2018 Latin American Cities Conference
“Investing in Ecuador’s Future”

May 30, 2018

MINISTERIO DE COMERCIO EXTERIOR E INVERSIONES

Country of Opportunities

- Hydrocarbons
- Mining
- Agriculture
- Aquaculture and Fishery
- 90% Renewable Energy
- Road Infrastructure (13,000 km of first-class roads)
- Weather
- Water
- Hardworking People
- Tourism
- Dollarized Economy



- Dialogue!
- Pragmatism
- Legal Security
- Predictability
- Tax Incentives
- Attraction of Investment as a State Policy





More trade agreements



Opening markets



Export diversification



Attraction of investments





Economic boost and growth



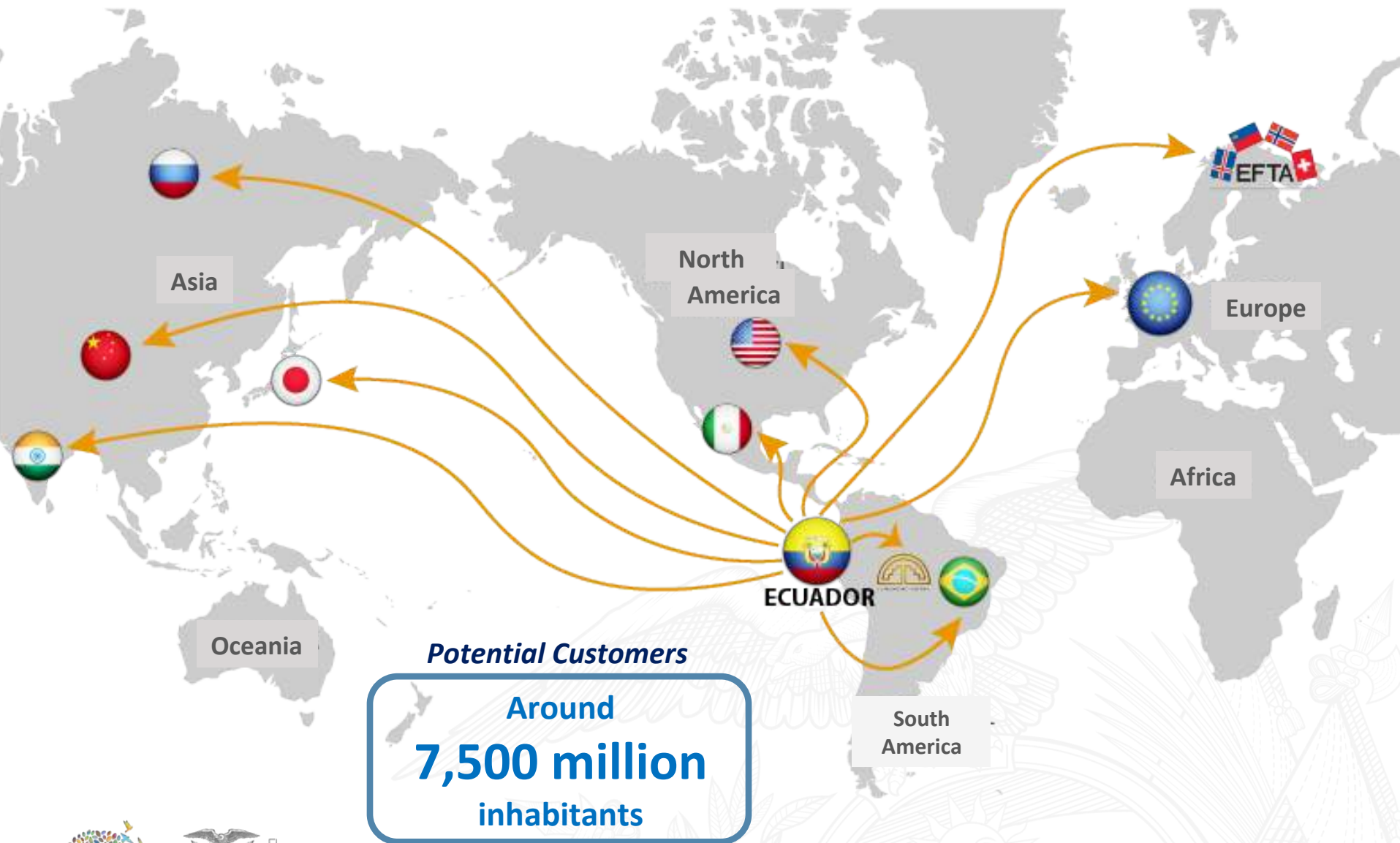
Job creation



Dollarization sustainability



Opportunities in the Global Market



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Foreign Trade General Assessment

2017: A year seen in numbers

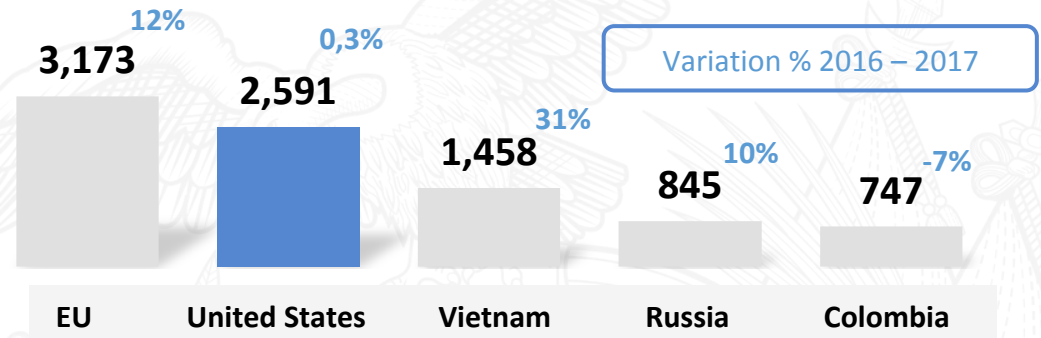


In 2017, the **European Union** consolidated itself as the main destination for Ecuador's non-oil exports, with USD 3.173 million



The **United States** was the second destination market, with USD 2,591 million exported (increase of 0.3% vs. 2016)

Top 5 Destinations for Non Oil Exports (Million USD FOB) – 2017

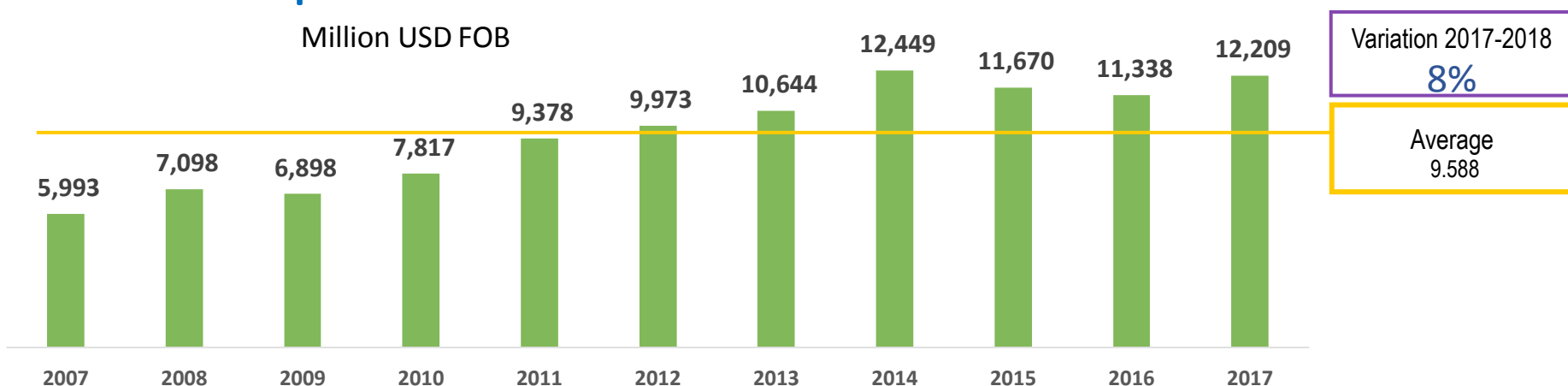


Source: Central Bank of Ecuador Database 2016 – 2017



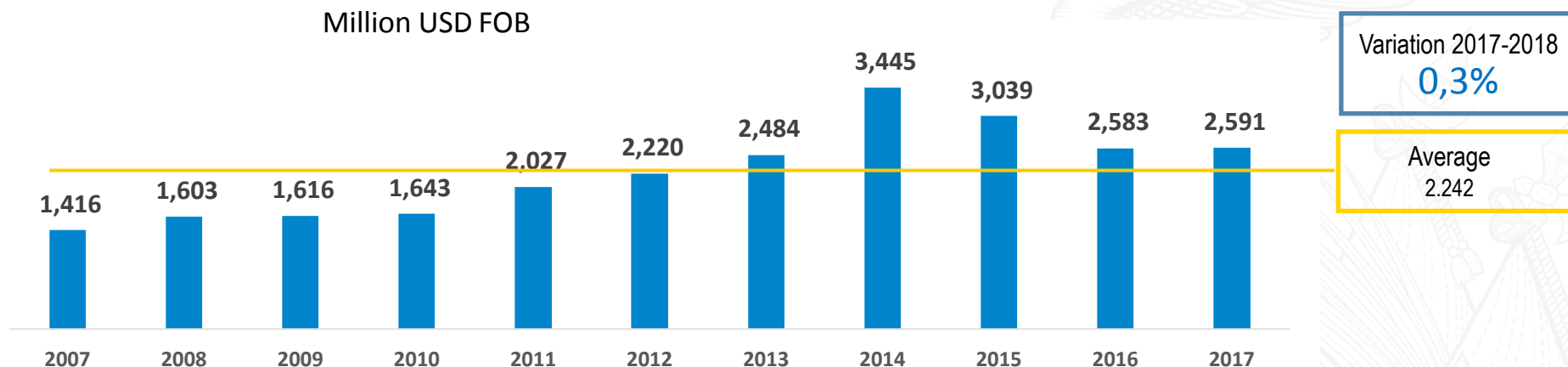
Non-Oil Exports to the World

Million USD FOB



Non-Oil Exports to the United States

Million USD FOB



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Fuente: Base de datos Banco Central del Ecuador

2017: A year seen in numbers

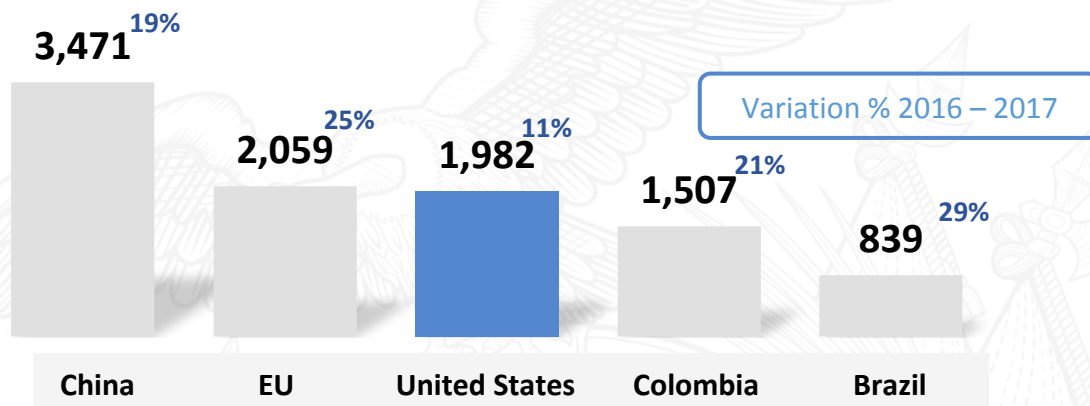


In 2017, **China** consolidated itself as the main provider for Ecuador's non-oil imports with USD 3,471 million



United States was the third provider with USD 1,982 million imported (increase of 11% vs. 2016).

Top 5 Origins of Non Oil Imports (Million USD FOB) – 2017



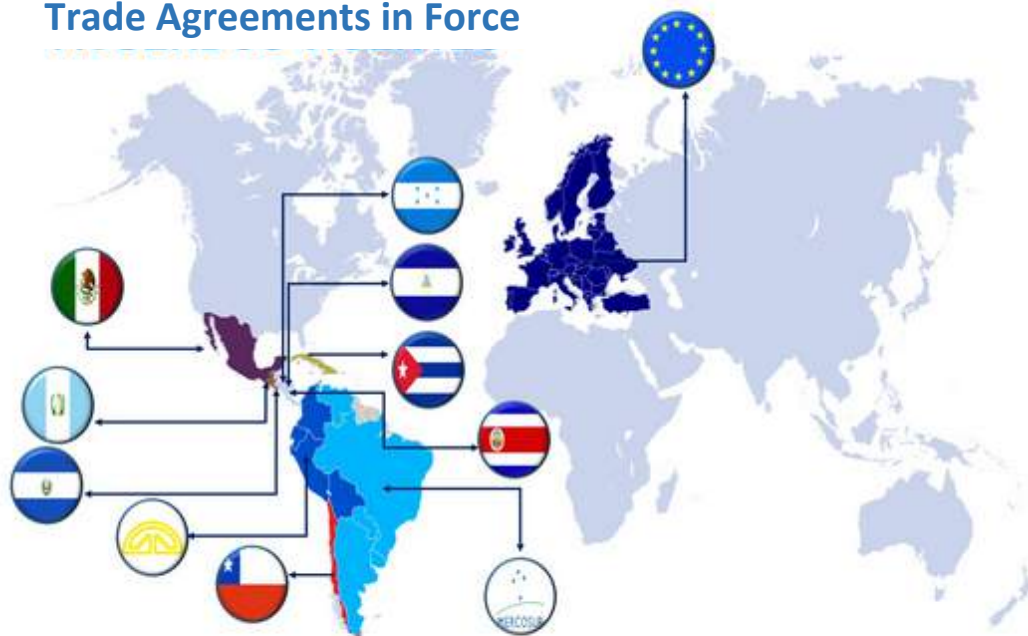
Source: Central Bank of Ecuador Database 2016 – 2017












Ecuador's Trade Policy

Trade Agreements in Force

Trade Agreements in Force



	Cartagena Agreement – CAN (1969)
	PSA R 29 – México (1987)
	PSA EC 46 – Cuba (2000)
	PSA EC 59 – Mercosur
	PSA EC 65 – Chile (2010)
	PSA A 25MT 42 - Guatemala (2013)
	MTA – European Union (2016)
	PSA A 25MT 46 – El Salvador (2017)
	PSA A 25MT 45 – Nicaragua (2017)

PSA – Partial Scope Trade Agreement
R - Renegotiation
EC – Economic Complementation
MT – Montevideo Treaty
MTA – Multiparty Trade Agreement

Trade Negotiation Agenda

Concluded Negotiations

EFTA



April 24: closure of negotiations – June 25: signing of the Agreement

Negotiations In Process

South Korea



Turkey



Reactivating the negotiation process is being analyzed

Negotiations to be Started

India (PSA)



United Kingdom



Dominican Rep.



Negotiations that Require Previous Processes

United States



Canada



Japan



Mexico



UEE



Costa Rica



Pacific Alliance



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Ecuador – United States Trade Relations

Ecuador – United States Trade Relations

During the last ten years (2008-2017)

The United States represented:



Main Export Destination

Main destination market for total exports (2008-2017)

Main destination market for non-oil exports in 2014 and 2015. Second destination market from 2007 to 2013, and in 2017, after the European Union

40%: of Total Exports

23%: of Non Oil Exports

Main Supplier

Main provider of total imports (2008-2017)

Main provider of non-oil imports between 2008 and 2010, and second provider between 2011 and 2017, after China

23%: of Total Imports

17%: of Non-Oil Imports

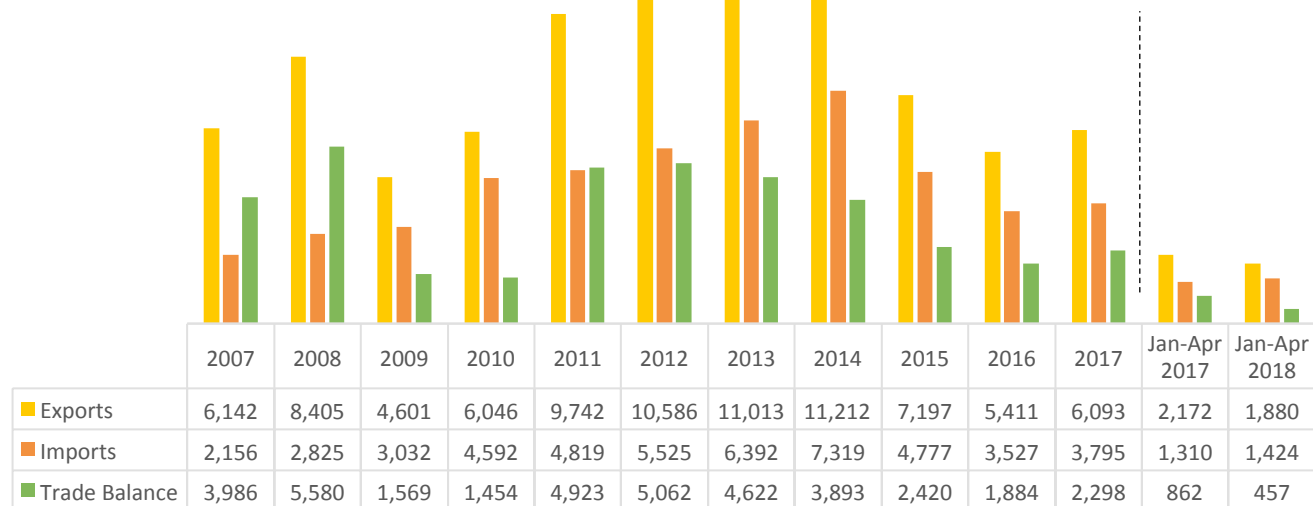


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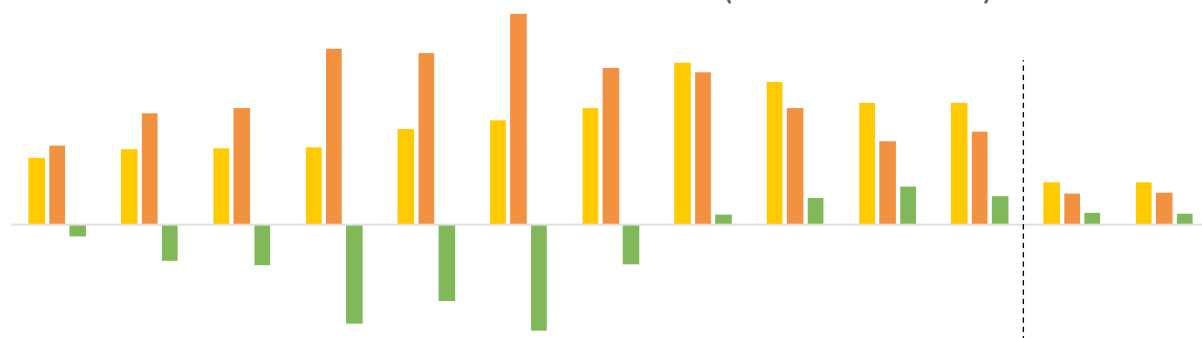
Source: Central Bank of Ecuador

Ecuador – United States Trade Relations

Total Trade with the United States (Million USD FOB)



Non-Oil Trade with the United States (Million USD FOB)



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Jan-Apr 2017	Jan-Apr 2018
Exports	1,416	1,603	1,616	1,643	2,027	2,220	2,484	3,445	3,039	2,583	2,591	908	910
Imports	1,674	2,372	2,472	3,748	3,652	4,481	3,326	3,234	2,475	1,781	1,982	655	682
Trade Balance	(258)	(769)	(856)	(2,105)	(1,625)	(2,261)	(842)	211	564	802	609	253	228

Source: Central Bank of Ecuador: Years 2013-2017

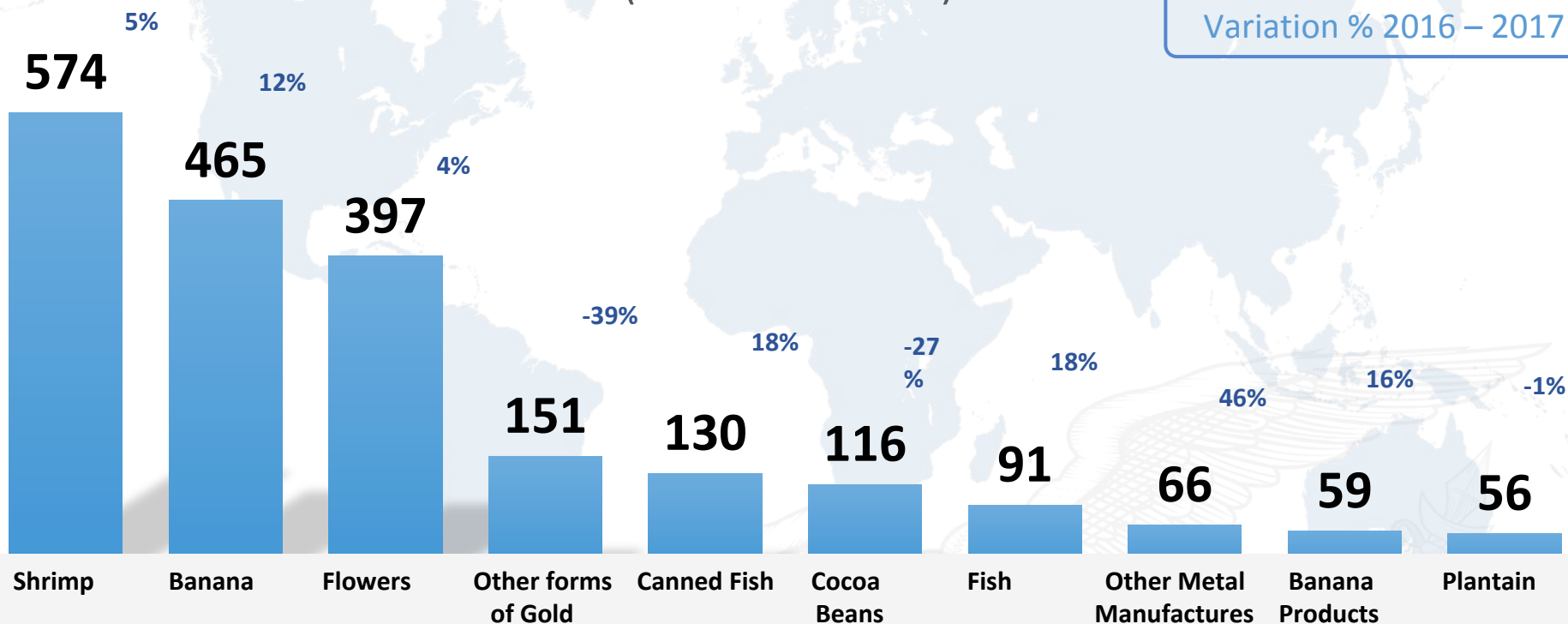


Main Non-Oil Products Exported to the United States

2017

(Million USD FOB)

Variation % 2016 – 2017



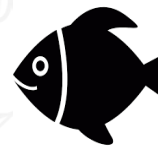
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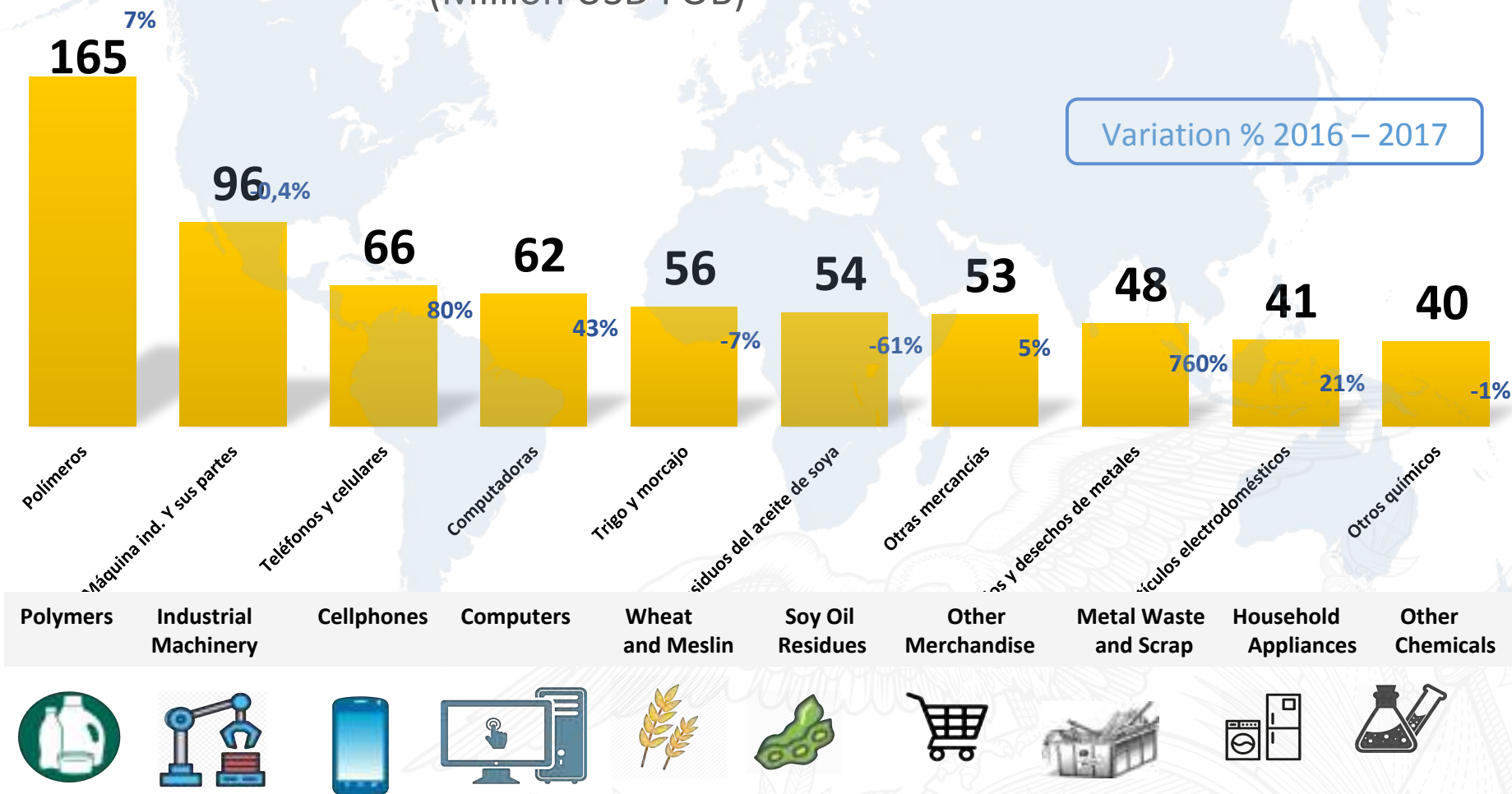
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Source: Central Bank of Ecuador Database 2017

Main Non Oil Products Imported from the United States

2017

(Million USD FOB)



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Source: Central Bank of Ecuador Database 2017

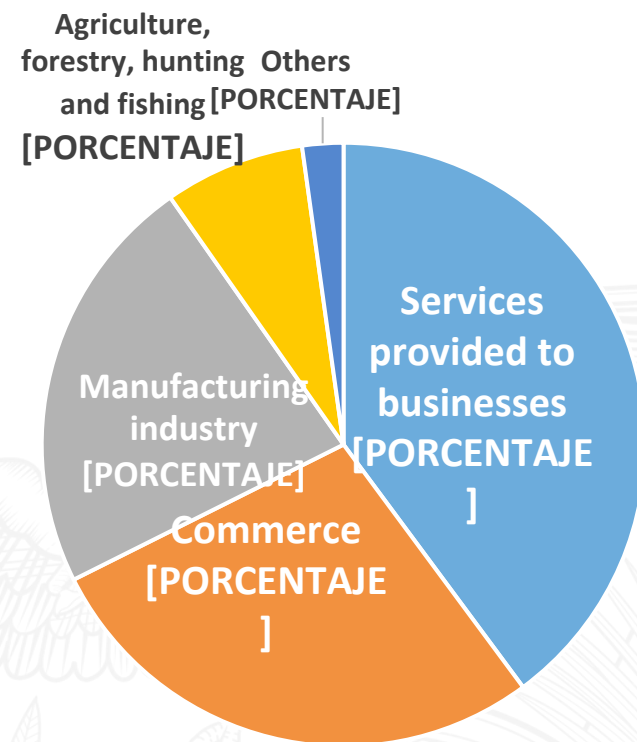
Ecuador – United States Trade Relations

United States Foreign Direct Investment in Ecuador

During the 2012-2017 period, the **United States** was the **third** most important investor in Ecuador, after The Netherlands and China.

Main Sectors for United States Investments

2012-2017 Accumulated Value
(Percentages)



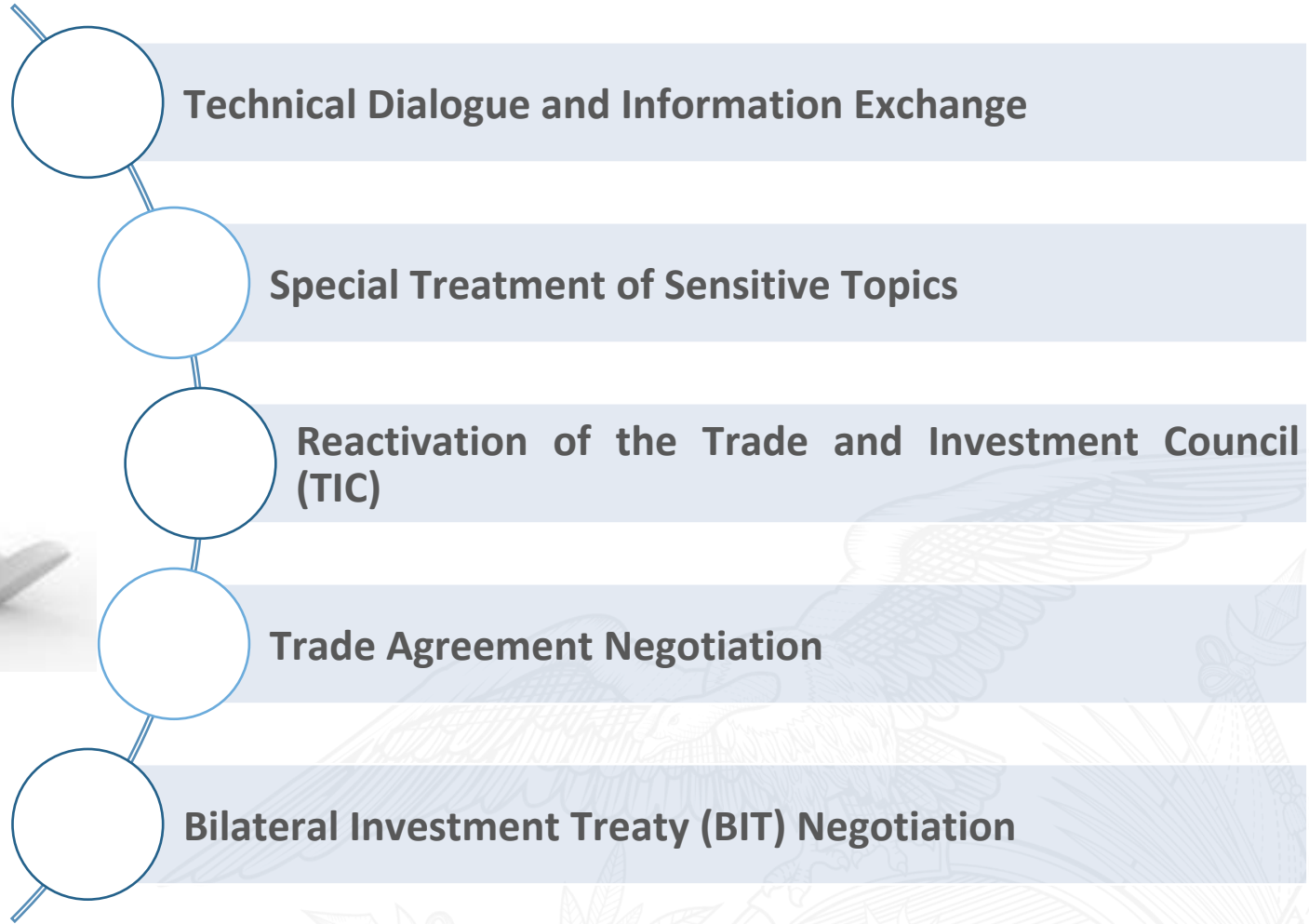
Source: Central Bank of Ecuador



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Ecuador – United States Trade Relations

Strengthening the Trade Relation with the United States



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Why Invest in Ecuador?

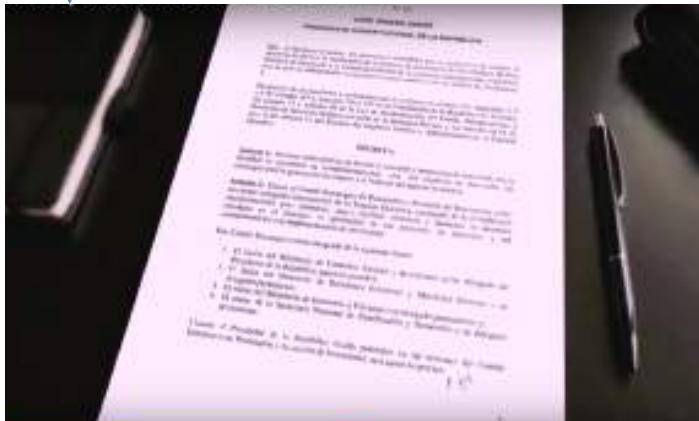
Executive Decree No. 252

22

December 2017



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- *Declares Attraction of Investments as a State Policy*
- *Creates the Strategic Committee for the Promotion and Attraction of Investments Promotion and Attraction*



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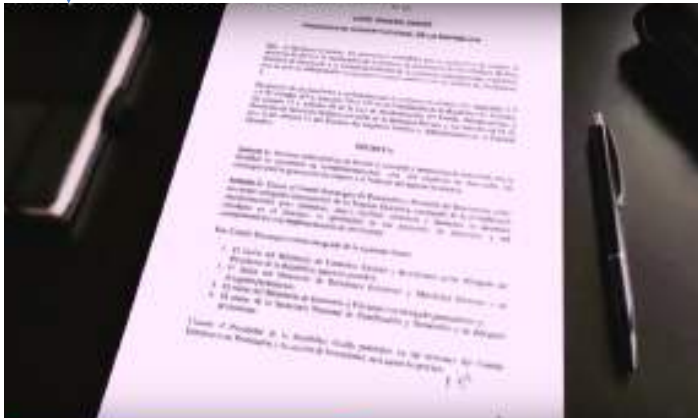
Executive Decree No. 256

27

December 2017



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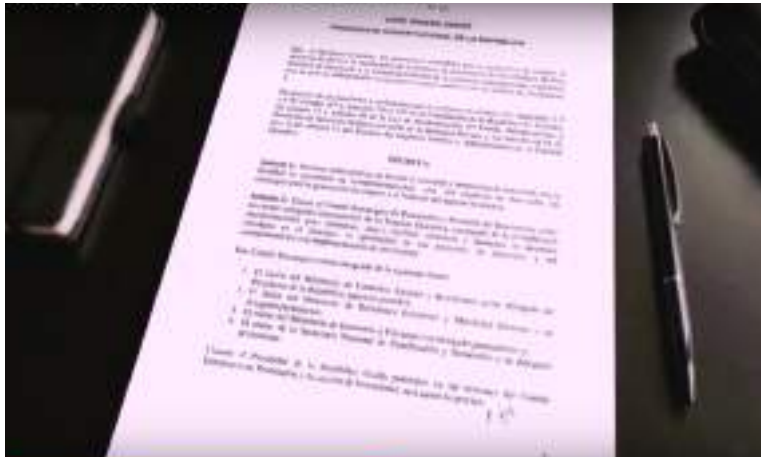


- *Declares Full Liberalization of Air Transport as a National Policy*
- *Encourages the negotiation of Open Skies Agreements*



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Draft Organic Law for Production Promotion, Investment Attraction, Job Creation and Fiscal Sustainability



Public Policy Objectives

- Legal Security
- Predictability
- Tax Incentives

01

Income Tax Exemption

- *Quito and Guayaquil: 8 years*
- *New industries: 10 years (other cities)*
- *Basic industries: 15 years*
- *Industrial investment: +5 years in bordering counties*

02

Income Tax Exemption for the Dividends of Real Estate Funds

COPCI

includes

(COPCI - Organic Code for Production, Trade and Investment)

- *Export services*
- *Real Estate Developments for tourism*
- *Other sectors*

03

10 point Income Tax reduction starting at the 11th year

- *ZEDE - Special Areas for Economic Development*
- *Tourism ZEDE- Special Areas for Economic Development for Tourism*

04

Law on Solidarity:

Income Tax Exemption Extension for Manabí and Esmeraldas

- *New Investments 10 years*
- *New Tourism Investments 15 years*



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- ***Foreign Exchange Outflow Tax Exemption***

- *New investments*
- *Dividends payment*
- *To those who reinvest 50% of their profits*

- ***VAT Refund***

- *Social housing*

- ***Creation of the Tourism ZEDE***

- *Tax exemption for 10 years*



- **Expansion of Promotion Points:**

- *Export services*
- *Receptive tourism*

- **Applicability of the PPP Model**

- *Strategic sectors*

- **Law on Labor Defense**

- **Removal of Art. 1: (shareholders linkage)**

- **Profits on Sale of Shares**

- *8% flat rate*



Investments in Ecuador

Sectors



USD

5,499 Million

43 Investment Projects

Management Models

11 Public-Private Partnership

6 International Cooperation

30 Private Investment

1 Social Responsibility



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