Country of Opportunities
Ecuador has it all!

- 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
Strengthening trade relations

Opening markets

Export diversification

Attraction of investments
Objectives

- Economic boost and growth
- Job creation
- Dollarization sustainability
Opportunities in the Global Market

Around 7,500 million inhabitants

Potential Customers

Around 7,500 million inhabitants
Foreign Trade General Assessment
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

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports (Million USD FOB)</th>
<th>Variation % 2016 – 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>3,173</td>
<td>12%</td>
</tr>
<tr>
<td>United States</td>
<td>2,591</td>
<td>0,3%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1,458</td>
<td>31%</td>
</tr>
<tr>
<td>Russia</td>
<td>845</td>
<td>10%</td>
</tr>
<tr>
<td>Colombia</td>
<td>747</td>
<td>-7%</td>
</tr>
</tbody>
</table>

Source: Central Bank of Ecuador Database 2016 – 2017
Non-Oil Exports to the World

Million USD FOB

5,993 7,098 6,898 7,817 9,378 9,973 10,644 12,449 11,670 11,338 12,209

Variation 2017-2018 8%
Average 9.588

Non-Oil Exports to the United States

Million USD FOB

1,416 1,603 1,616 1,643 2,027 2,220 2,484 3,445 3,039 2,583 2,591

Variation 2017-2018 0.3%
Average 2.242

Fuente: Base de datos Banco Central del Ecuador
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).
Ecuador’s Trade Policy
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 – Partial Scope Trade Agreement
R – Renegotiation
EC – Economic Complementation
MT – Montevideo Treaty
MTA – Multiparty Trade Agreement
# Trade Negotiation Agenda

## Concluded Negotiations
- **EFTA**
  - **Date**: April 24: closure of negotiations – June 25: signing of the Agreement

## Negotiations In Process
- **South Korea**
- **Turkey**
  - **Message**: 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**
- **Eurasian Union**
- **Costa Rica**
- **Pacific Alliance**
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

Source: Central Bank of Ecuador
Ecuador – United States Trade Relations

Total Trade with the United States
(Million USD FOB)

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan-Apr 2017</th>
<th>Jan-Apr 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>6,142</td>
<td>2,172</td>
</tr>
<tr>
<td>2008</td>
<td>8,405</td>
<td>1,880</td>
</tr>
<tr>
<td>2009</td>
<td>4,601</td>
<td>1,454</td>
</tr>
<tr>
<td>2010</td>
<td>6,046</td>
<td>2,583</td>
</tr>
<tr>
<td>2011</td>
<td>9,742</td>
<td>1,982</td>
</tr>
<tr>
<td>2012</td>
<td>10,586</td>
<td>2,591</td>
</tr>
<tr>
<td>2013</td>
<td>11,013</td>
<td>3,039</td>
</tr>
<tr>
<td>2014</td>
<td>11,212</td>
<td>3,445</td>
</tr>
<tr>
<td>2015</td>
<td>7,197</td>
<td>3,039</td>
</tr>
<tr>
<td>2016</td>
<td>5,411</td>
<td>2,583</td>
</tr>
<tr>
<td>2017</td>
<td>6,093</td>
<td>2,591</td>
</tr>
<tr>
<td>2018</td>
<td>2,172</td>
<td>1,880</td>
</tr>
</tbody>
</table>

Exports | 6,142 | 8,405 | 4,601 | 6,046 | 9,742 | 10,586 | 11,013 | 11,212 | 7,197 | 5,411 | 6,093 | 2,172 | 1,880 |
Imports  | 2,156 | 2,825 | 3,032 | 4,592 | 4,819 | 5,525 | 6,392 | 7,319 | 4,777 | 3,527 | 3,795 | 1,310 | 1,424 |
Trade Balance | 3,986 | 5,580 | 1,569 | 1,454 | 4,923 | 5,062 | 4,622 | 3,893 | 2,420 | 1,884 | 2,298 | 862  | 457  |

Source: Central Bank of Ecuador: Years 2013-2017
<table>
<thead>
<tr>
<th>Product</th>
<th>Million USD FOB</th>
<th>Variation % 2016 – 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shrimp</td>
<td>574</td>
<td>5%</td>
</tr>
<tr>
<td>Banana</td>
<td>465</td>
<td>12%</td>
</tr>
<tr>
<td>Flowers</td>
<td>397</td>
<td>4%</td>
</tr>
<tr>
<td>Other forms of Gold</td>
<td>151</td>
<td>-39%</td>
</tr>
<tr>
<td>Canned Fish</td>
<td>130</td>
<td>18%</td>
</tr>
<tr>
<td>Cocoa Beans</td>
<td>116</td>
<td>-27%</td>
</tr>
<tr>
<td>Fish</td>
<td>91</td>
<td>18%</td>
</tr>
<tr>
<td>Other Metal Manufactures</td>
<td>66</td>
<td>46%</td>
</tr>
<tr>
<td>Banana Products</td>
<td>59</td>
<td>16%</td>
</tr>
<tr>
<td>Plantain</td>
<td>56</td>
<td>-1%</td>
</tr>
</tbody>
</table>

Source: Central Bank of Ecuador Database 2017
Main Non Oil Products Imported from the United States

2017

(Million USD FOB)

<table>
<thead>
<tr>
<th>Product Category</th>
<th>2017 Value (Million USD)</th>
<th>Variation % 2016 – 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polímeros</td>
<td>165</td>
<td>7%</td>
</tr>
<tr>
<td>Teléfonos y celulares</td>
<td>96</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Computadoras</td>
<td>66</td>
<td>80%</td>
</tr>
<tr>
<td>Trigo y maíz</td>
<td>62</td>
<td>43%</td>
</tr>
<tr>
<td>Residuos del aceite de soja</td>
<td>56</td>
<td>-7%</td>
</tr>
<tr>
<td>Otras mercancías</td>
<td>54</td>
<td>-61%</td>
</tr>
<tr>
<td>mangos y desechos de metales</td>
<td>53</td>
<td>5%</td>
</tr>
<tr>
<td>Electrodomésticos</td>
<td>48</td>
<td>760%</td>
</tr>
<tr>
<td>Otros químicos</td>
<td>41</td>
<td>21%</td>
</tr>
<tr>
<td>Otros</td>
<td>40</td>
<td>-1%</td>
</tr>
</tbody>
</table>

Source: Central Bank of Ecuador Database 2017
During the 2012-2017 period, the United States was the third most important investor in Ecuador, after The Netherlands and China.
Strengthening the Trade Relation with the United States

1. Technical Dialogue and Information Exchange
2. Special Treatment of Sensitive Topics
3. Reactivation of the Trade and Investment Council (TIC)
4. Trade Agreement Negotiation
5. Bilateral Investment Treaty (BIT) Negotiation
Why Invest in Ecuador?
Executive Decree No. 252

 Declares Attraction of Investments as a State Policy

 Creates the Strategic Committee for the Promotion and Attraction of Investments Promotion and Attraction
December 2017

Executive Decree No. 256

- Declares Full Liberalization of Air Transport as a National Policy
- Encourages the negotiation of Open Skies Agreements
Draft Organic Law for Production Promotion, Investment Attraction, Job Creation and Fiscal Sustainability

Public Policy Objectives

• Pragmatism
• Legal Security
• Predictability
• Tax Incentives
Income Tax Exemption
- Quito and Guayaquil: 8 years
- New industries: 10 years
- Basic industries: 15 years
- Industrial investment: +5 years in bordering counties

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

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

Law on Solidarity:
Income Tax Exemption Extension for Manabí and Esmeraldas
- New Investments 10 years
- New Tourism Investments 15 years
Investment Incentives

- **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
Investment Incentives

- **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

USD 5,499 Million

43 Investment Projects

Management Models

11 Public-Private Partnership
6 International Cooperation
30 Private Investment
1 Social Responsibility

Sectors

11 Industry
USD 421 Million

15 Tourism
USD 150 Million

12 Real Estate
USD 47 Million

1 Infrastructure
USD 4.539 Million

6 Logistics
USD 153 Million

6 Environment
USD 189 Million

Investment Projects