





# Ecuador as a Gateway to Trade

2018 Latin American Cities Conference  
“Investing in Ecuador’s Future”  
May 30, 2018

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# 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





**Strengthening trade relations**



**Opening markets**



**Export diversification**



**Attraction of investments**



**Economic boost and growth**



**Job creation**

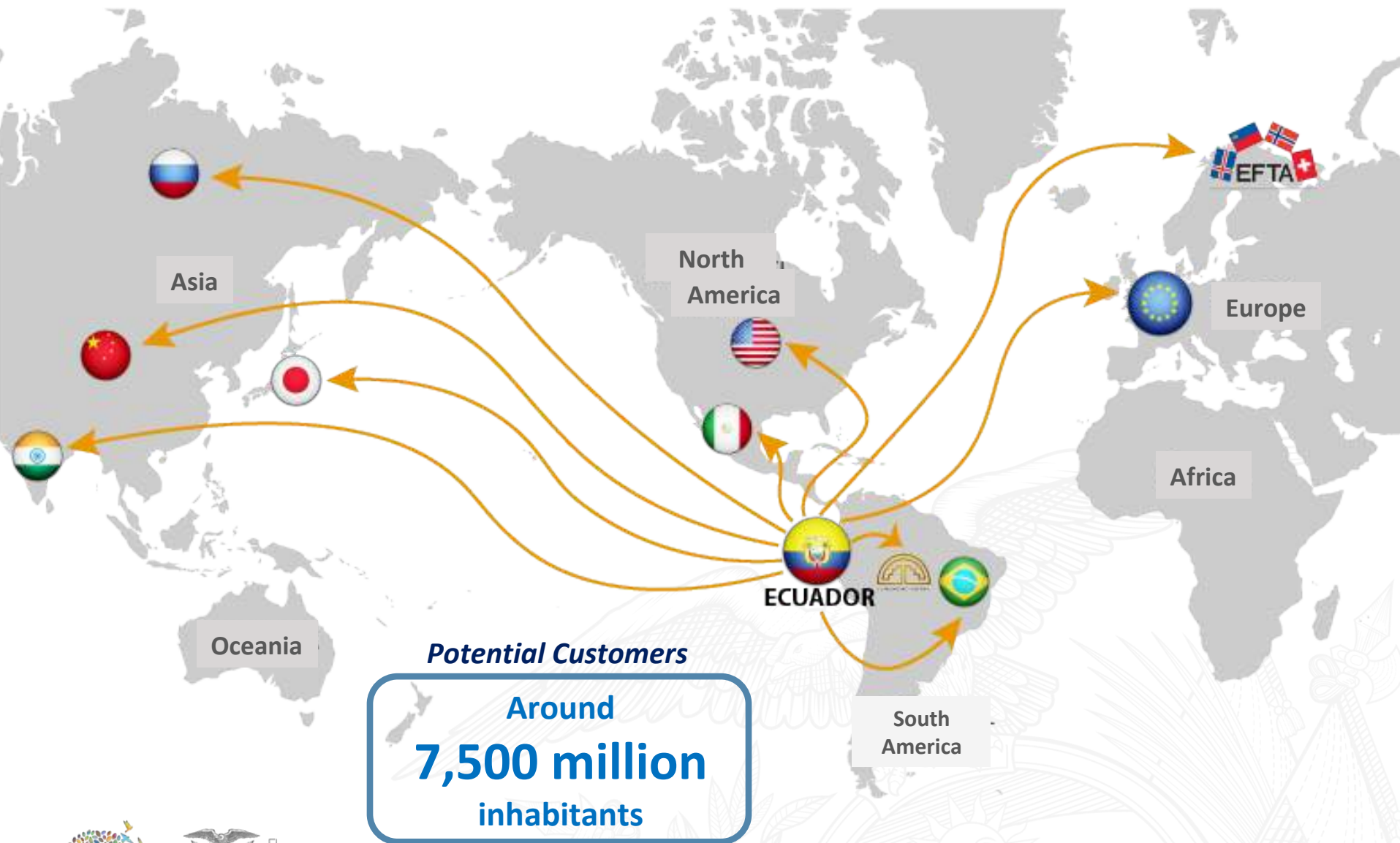


**Dollarization sustainability**



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# Opportunities in the Global Market



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# Foreign Trade General Assessment

## 2017: Main Trade Partners

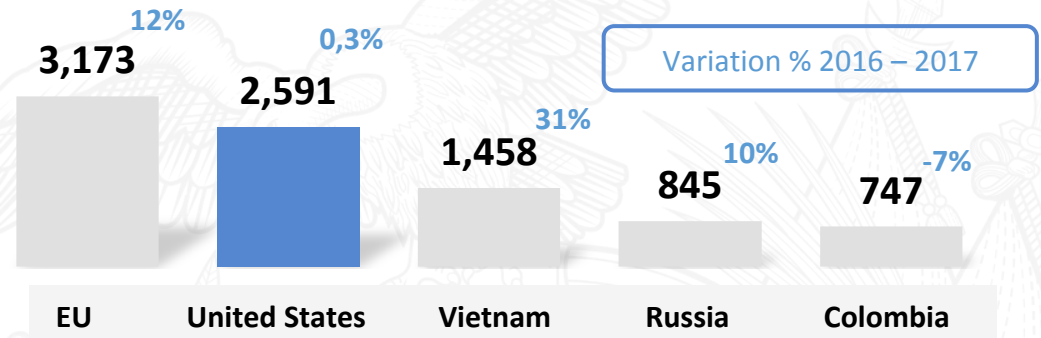


In 2017, the **European Union** consolidated itself as the main destination for Ecuador's non-oil exports, with USD 3.173 million



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

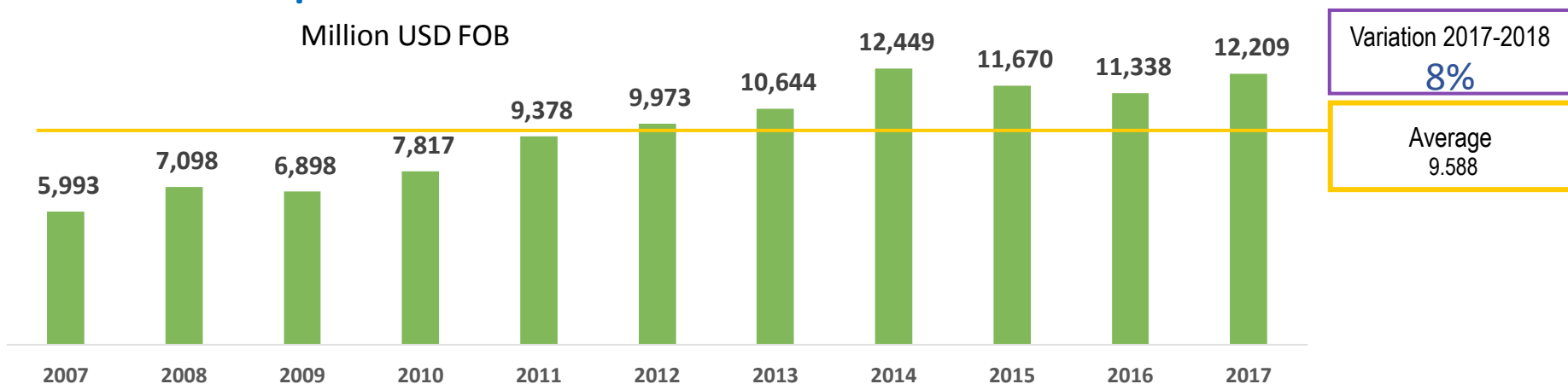


Source: Central Bank of Ecuador Database 2016 – 2017



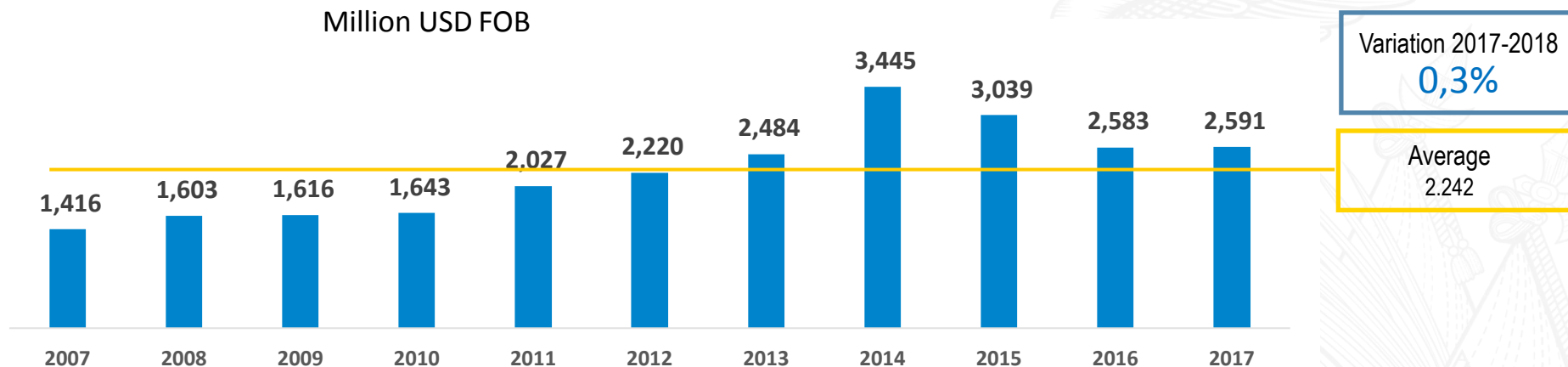
## Non-Oil Exports to the World

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: Origin of Imports

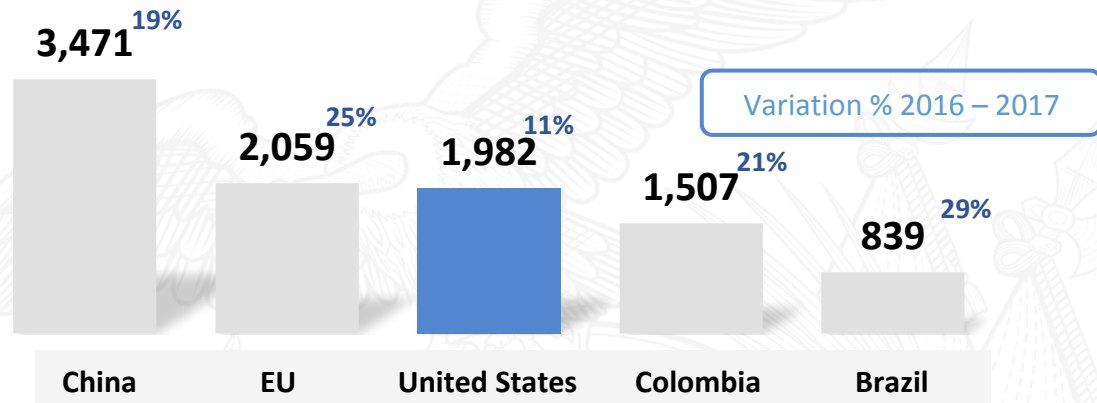


In 2017, **China** consolidated itself as the main provider for Ecuador's non-oil imports with USD 3,471 million



**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



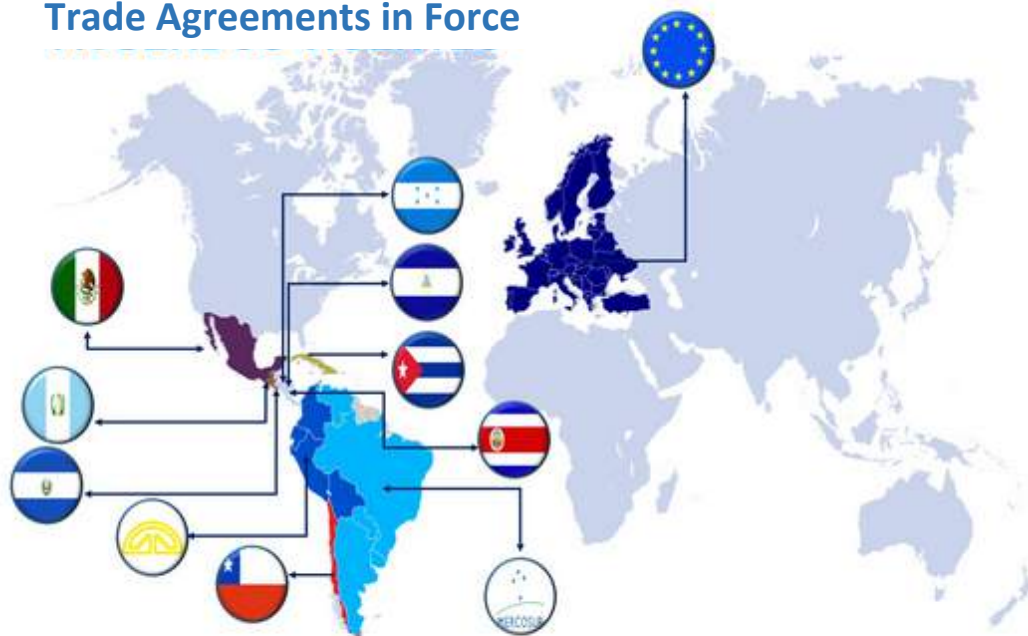
Source: Central Bank of Ecuador Database 2016 – 2017












# 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



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## 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



Eurasian Union



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**

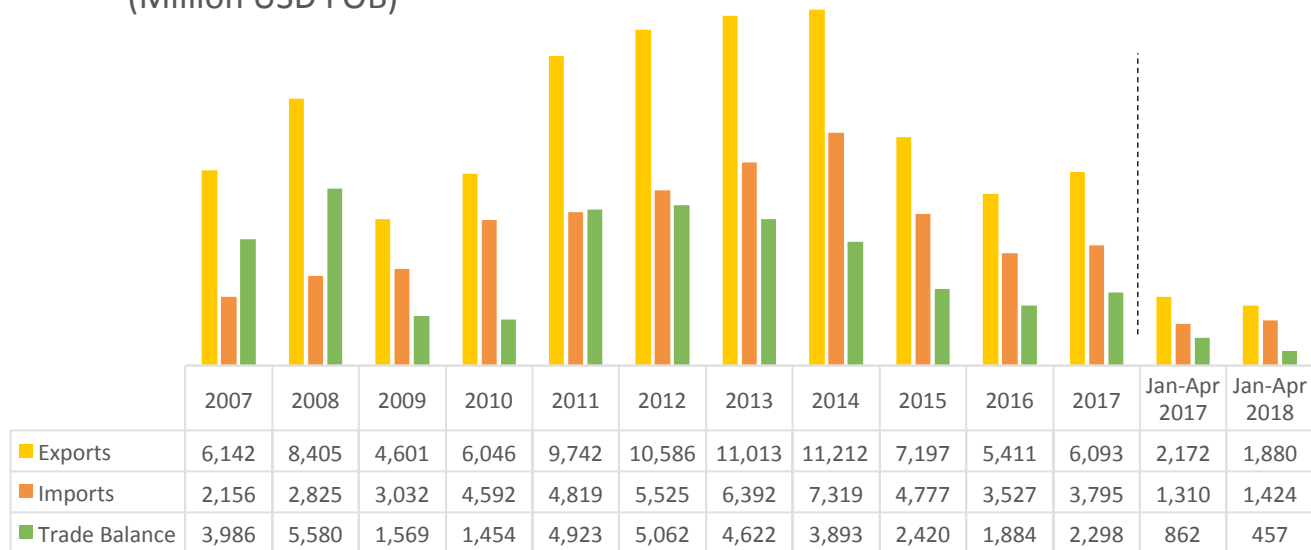


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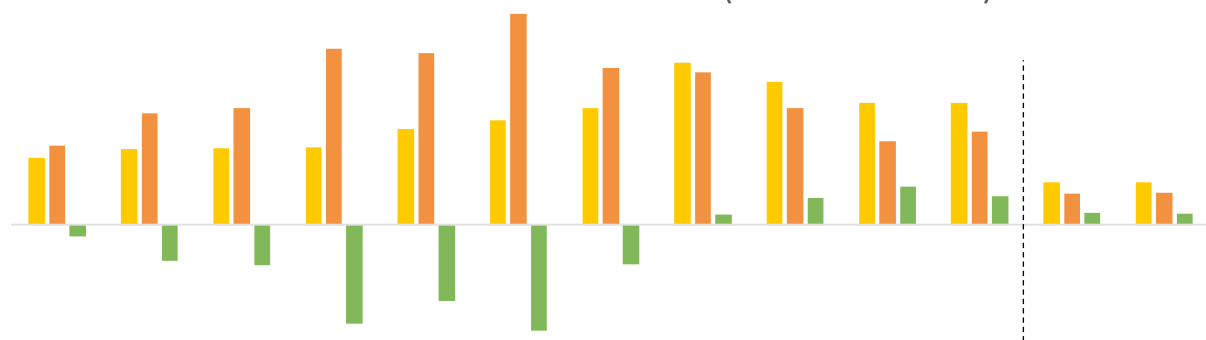
Source: Central Bank of Ecuador

# 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

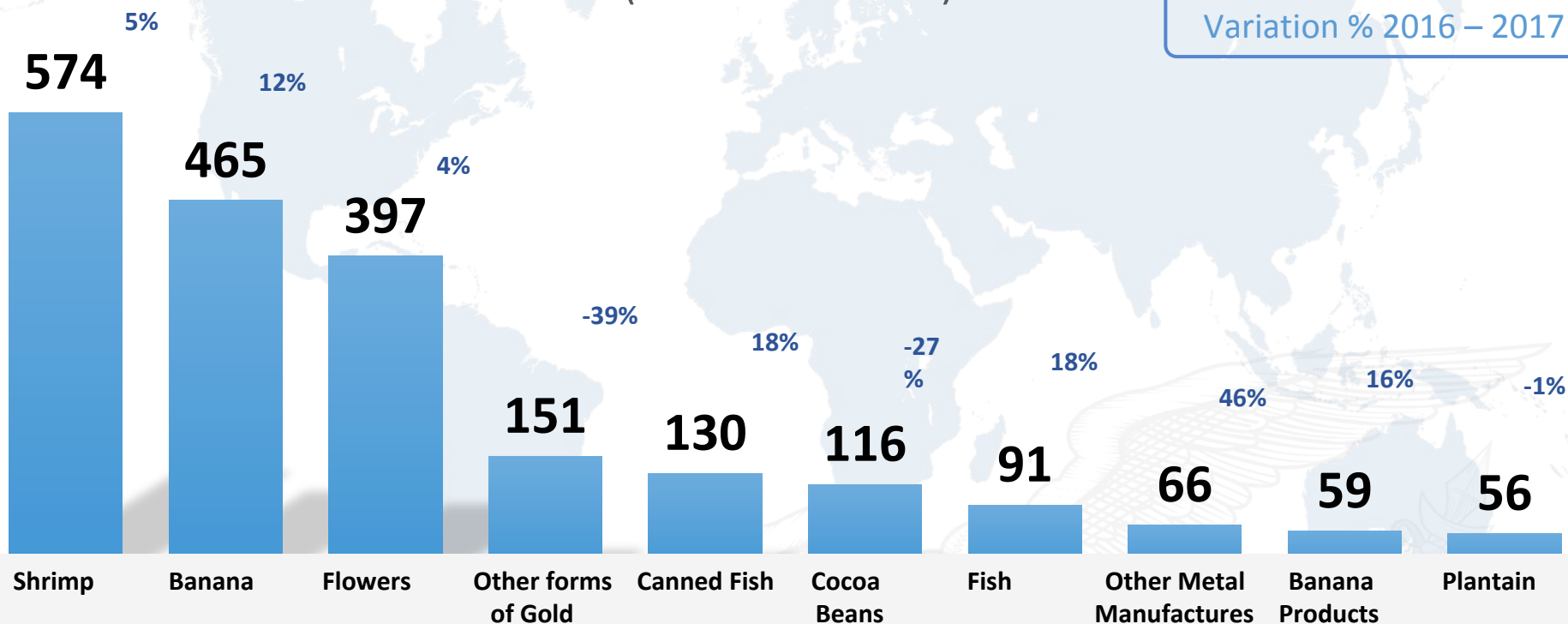


## Main Non-Oil Products Exported to the United States

2017

(Million USD FOB)

Variation % 2016 – 2017



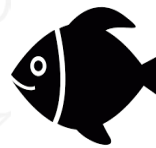
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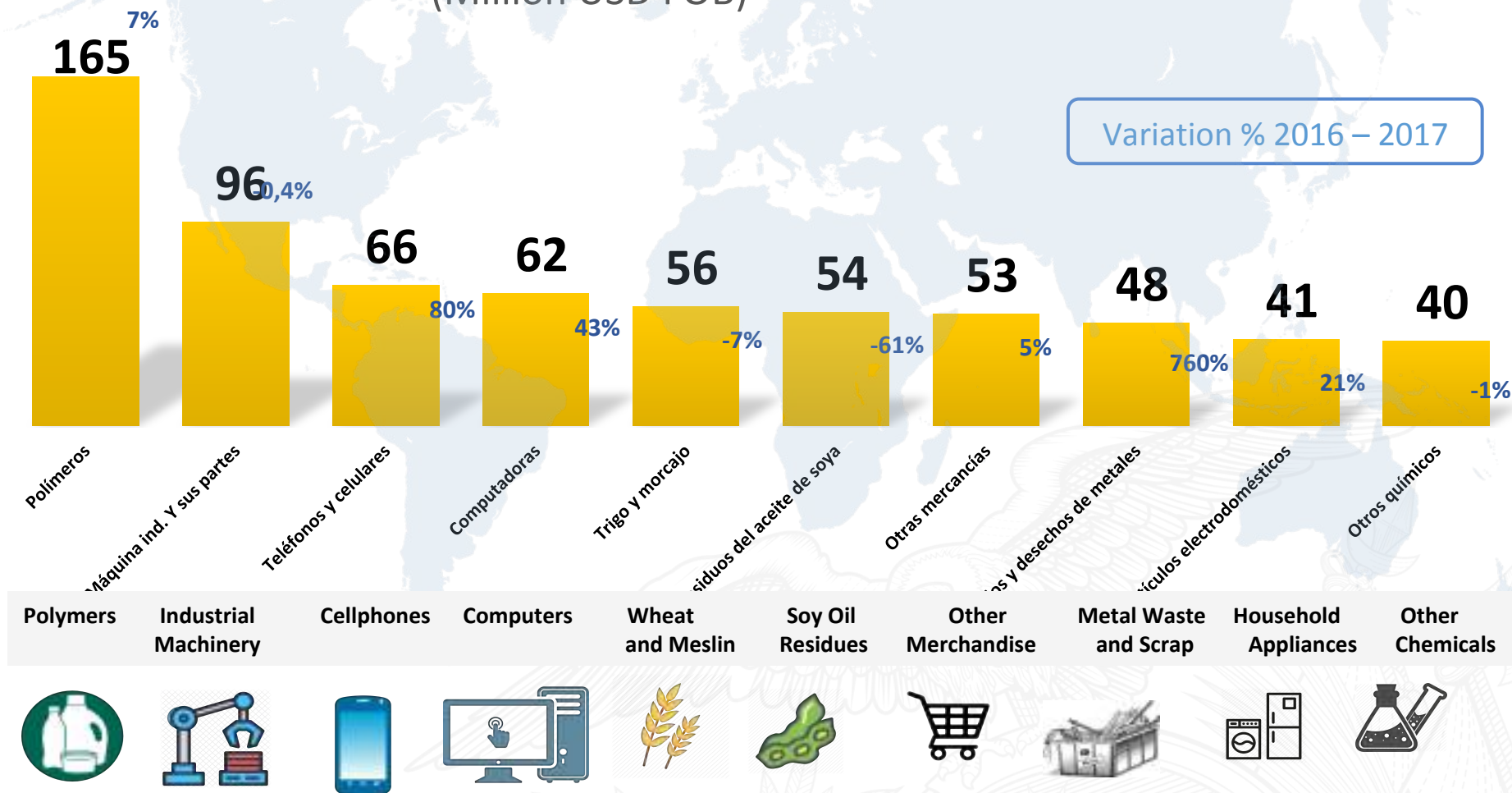
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Source: Central Bank of Ecuador Database 2017

## Main Non Oil Products Imported from the United States

2017

(Million USD FOB)



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Source: Central Bank of Ecuador Database 2017

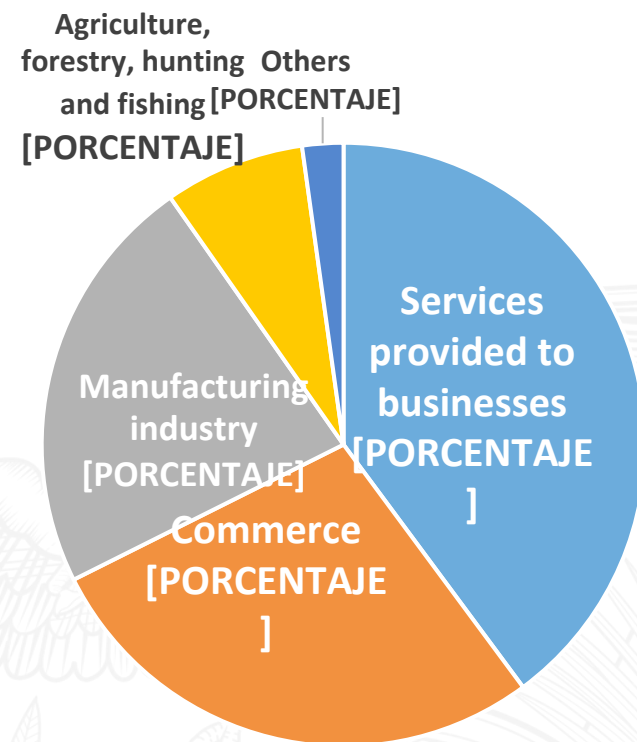
# Ecuador – United States Trade Relations

## 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)



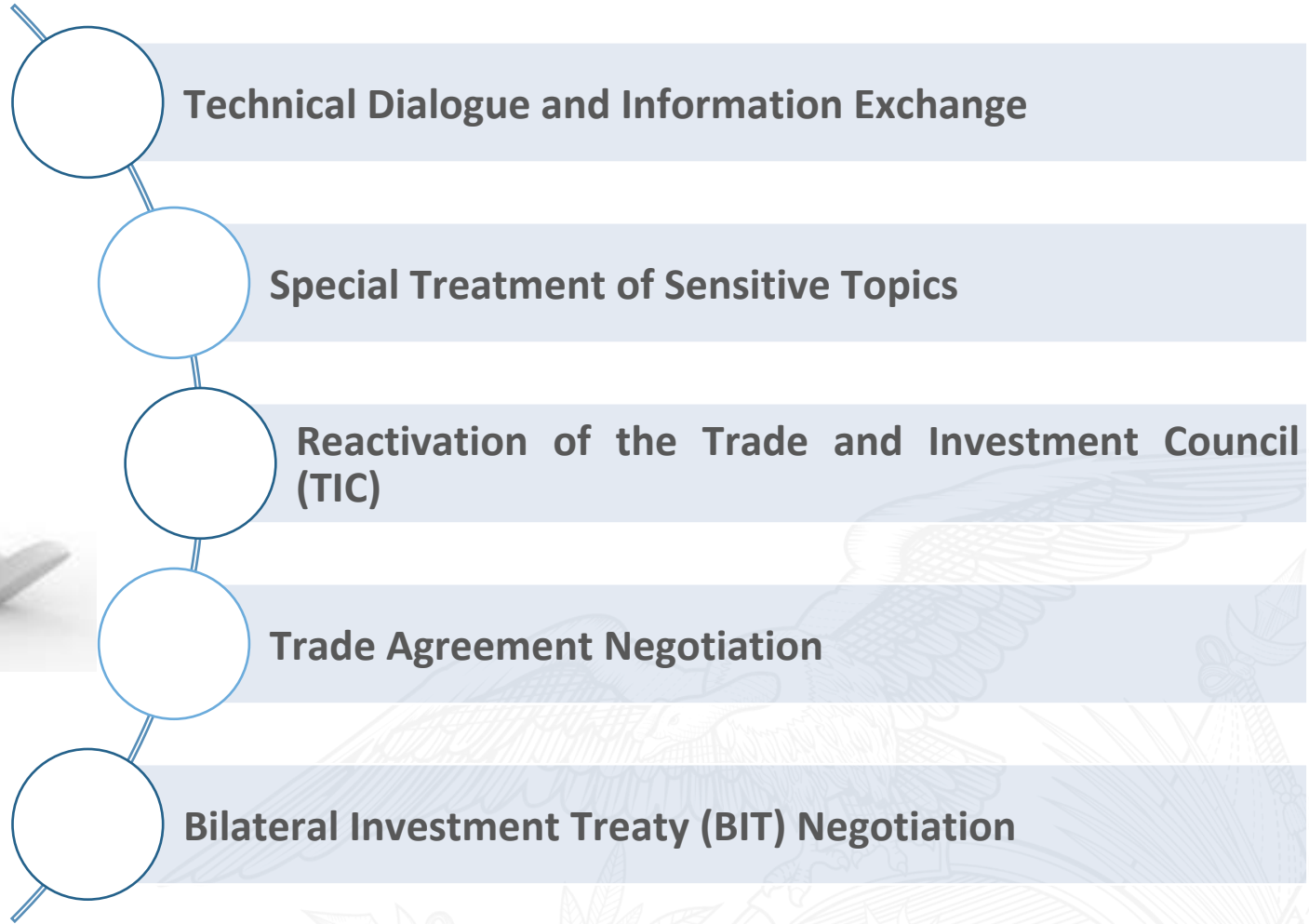
Source: Central Bank of Ecuador



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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?

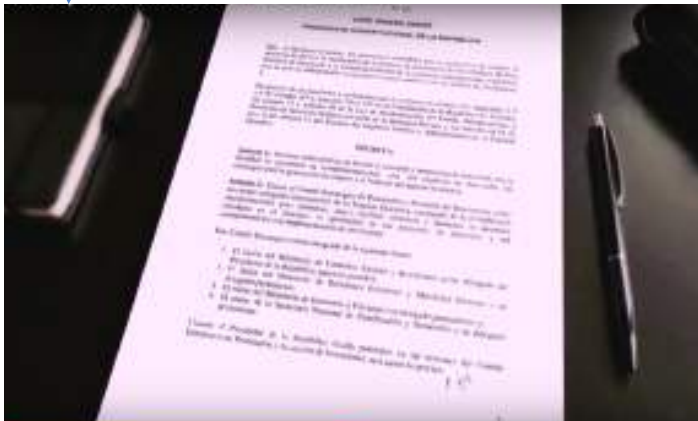
## Executive Decree No. 252

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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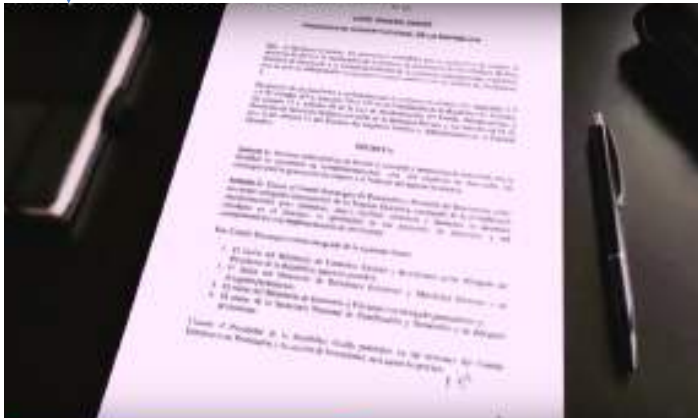
## Executive Decree No. 256

27

December 2017



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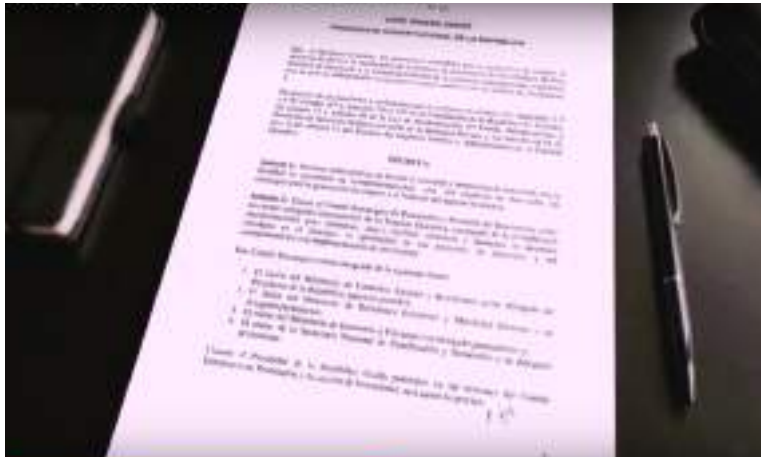


- *Declares Full Liberalization of Air Transport as a National Policy*
- *Encourages the negotiation of Open Skies Agreements*



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



## Public Policy Objectives

- Pragmatism
- 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*



- *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



## Investment Projects

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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