



Doing Business in Ecuador:

2016 Country Commercial Guide for U.S. Companies

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Table of Contents

<i>Doing Business in Ecuador</i>	4
Market Overview	4
Market Challenges	4
Market Opportunities	5
Market Entry Strategy	5
<i>Political Environment</i>	6
Political Environment	6
<i>Selling US Products and Services</i>	6
Using an Agent to Sell US Products and Services	6
Establishing an Office	6
Franchising	8
Direct Marketing	8
Joint Ventures/Licensing	8
Selling to the Government	9
Distribution and Sales Channels	10
Express Delivery	11
Selling Factors and Techniques	12
eCommerce	12
Trade Promotion and Advertising	12
Pricing	14
Sales Service/Customer Support	14
Due Diligence	14
Local Professional Services	14
Principal Business Associations	15
Limitations on Selling US Products and Services	16

Selling U.S. Products and Services Web Resources	16
<i>Trade Regulations, Customs, and Standards</i>	17
Import Tariff.....	17
Trade Barriers.....	18
Import Requirements and Documentation.....	21
U.S. Export Controls	21
Temporary Entry.....	21
Labeling/Marking Requirements.....	22
Prohibited and Restricted Imports	22
Customs Regulations.....	23
Trade Standards.....	23
Trade Agreements.....	26
Licensing Requirements for Professional Services	26
Trade Regulation Web Resources.....	27
<i>Investment Climate Statement</i>	27
Executive Summary.....	27
Openness to and Restrictions upon Foreign Investment.....	28
Conversion and Transfer Policies.....	30
Expropriation and Compensation.....	31
Dispute Settlement.....	31
Performance Requirements and Investment Incentives.....	32
Right to Private Ownership and Establishment.....	33
Protection of Property Rights	33
Transparency of the Regulatory System.....	36
Efficient Capital Markets and Portfolio Investment.....	36
Competition from State-Owned Enterprises.....	36
Corporate Social Responsibility.....	37
Political Violence	37
Corruption	37
Bilateral Investment Agreements.....	42
OPIC and Other Investment Insurance Programs.....	43
Labor.....	43
Foreign Trade Zones/Free Ports/Trade Facilitation.....	44
Foreign Direct Investment and Foreign Portfolio Investment Statistics	44
<i>Trade and Project Financing</i>	45

Methods of Payment.....	45
Banking Systems.....	46
Foreign Exchange Controls.....	46
US Banks and Local Correspondent Banks.....	46
Project Financing.....	46
Financing Web Resources.....	47
<i>Business Travel.....</i>	48
Business Customs.....	48
Travel Advisory.....	48
Visa Requirements.....	49
Currency.....	50
Telecommunications/Electric.....	50
Transportation.....	51
Language.....	52
Health.....	52
Local Time, Business Hours and Holidays.....	54
Temporary Entry of Materials or Personal Belongings.....	54
Travel Related Web Resources.....	54
<i>Leading Sectors for US Exports and Investments.....</i>	55
Education.....	55
Food Processing and Packaging Equipment.....	56
Construction.....	57
Mining Industry Equipment.....	59
Electric Power and Renewable Energy.....	59
Travel and Tourism.....	61

Doing Business in Ecuador

Market Overview

The U.S. and Ecuador share a long history of partnership and cooperation. The U.S. and Ecuador have mutual interests in reducing poverty and fostering Ecuador's economic development through trade.

In 2015, Ecuador had a nominal GDP of \$100.87 billion. After several years of robust economic growth, in 2015 GDP growth fell to 0.3 percent. This slowdown was largely driven by the decline in oil prices during late-2014 and 2015 and the appreciation of the U.S. dollar, Ecuador's currency since 2000.

The U.S.-Ecuador commercial relationship is significant with \$13 billion in total trade during 2015. In 2015, U.S. exports to Ecuador exceeded \$5.7 billion and included mineral fuel, machinery, electrical machinery, plastic, and vehicles. Top U.S. exports of agricultural goods include soybean meal, wheat, and cotton.

The existing U.S.-Ecuador Bilateral Investment Treaty (BIT) provides guarantees for national treatment; unrestricted remittances and transfers; prompt, adequate, and effective compensation for expropriation; and the resolution of investment disputes through international arbitration.

In 2015, total FDI inflows into Ecuador were USD \$1.06 billion with \$186 million coming from the United States.

In order to promote economic growth and encourage the inflow of dollars into the economy, the Ecuadorian government actively encourages foreign investment in certain sectors of the economy.

Top reasons why U.S. companies should consider exporting to Ecuador:

U.S. companies can take advantage of the fact that Ecuador allows 100 percent foreign equity ownership without the need for authorization or prior screening.

Ecuador has no limits on royalties that may be remitted when it comes to license and franchise transactions. Remittances are subject to a capital exit tax, currently set at five-percent.

There are no foreign exchange issues. In 2000, Ecuador adopted the U.S. dollar as the country's official currency.

Since 1986, Ecuador has had an Investment Guarantee Agreement with the Overseas Private Investment Corporation. Ecuador is also a signatory to the Multilateral Investment Guarantee Agreement.

Market Challenges

Ecuador's overall investment climate remains challenging as economic, commercial, and investment policies are subject to frequent changes. Frequent changes in Ecuador's tax code make business planning difficult. Please see the Investment Climate Statement for additional information on this subject.

Ecuador has a civil codified legal system. Systemic weakness in the judicial system and its susceptibility to political pressures create challenges for U.S. companies investing in Ecuador. According to the 2015 Rule of Law Index of The World Justice Project, Ecuador ranked 77 out of 102 within the countries surveyed.

The legal complexity resulting from the inconsistent application and interpretation of existing laws complicates the enforcement of contracts and increases the risks and costs of doing business in Ecuador. Business disputes with U.S. companies can become politicized, especially in sensitive areas such as the energy sector. Several high-level investment disputes involving U.S. companies, mostly linked to the energy sector, are under international arbitration.

In April 2016, the United States Trade Representative moved Ecuador from Priority Watch List to Watch List in its annual Special 301 Report on intellectual property. This decision was in recognition of Ecuador's passage of an amendment reinstating criminal procedures and penalties for intellectual property violations. Enforcement against intellectual property infringement remains a serious problem in Ecuador.

Market Opportunities

Ecuador has a strong labor pool, which makes the country a particularly attractive investment opportunity. Minimum compensation levels are set by the Ministry of Labor according to the job and industry and can be adjusted by the National Assembly. The 2016 minimum compensation package is \$366 a month, plus social security contributions.

The Ecuadorian government is attempting to increase Foreign Direct Investment into sectors including: agribusiness and forestry, tourism, mining, real estate, and fishing and aquaculture.

There are significant opportunities within the Ecuadorian market for small-to-medium sized U.S. exporters of a range of products, including plastics machinery, automotive parts and accessories, water resources equipment, orthopedic equipment, telecommunications equipment, and tourism.

Ecuador's free-trade zones allow importers to bring in raw materials and machinery duty-free and then export finished or semi-processed goods without paying taxes. Businesses within the free-trade zones have no restrictions on the repatriation of their profits.

Although Ecuador is the world's leading exporter of bananas, significant opportunities exist in import markets for other agricultural goods, including cotton, yellow corn, soybean meal, and consumer food products.

Market Entry Strategy

Ecuador is open to foreign investment in many sectors. However, frequent changes in Ecuador's tax, commercial, investment, and economic policies make business planning a challenge.

U.S. companies should take the time to visit Ecuador frequently to develop long-term relationships with local Ecuadorian business partners.

U.S. companies are advised to appoint a local agent or distributor to service the Ecuadorian market.

Political Environment

Political Environment

Links to the State Department's website for background on the country's political environment:

<http://www.state.gov/p/wha/ci/ec/>

Selling US Products and Services

Using an Agent to Sell US Products and Services

When appointing a local distributor, U.S. firms should seek counsel from an Ecuadorian law firm to ensure that their distribution agreements provide appropriate protection. The Embassy maintains a list of Ecuadorian attorneys (<http://ecuador.usembassy.gov/service/assistance.html>).

It is advisable to appoint non-exclusive representatives for a limited period of time, and to include an international arbitration clause as a means of resolving any disputes that may arise.

U.S. firms have many options, including local lawyers, consultants, and banks, when searching for a suitable local agent or distributor.

Establishing an Office

The procedure for establishing an office is usually entrusted to local lawyers. Costs vary depending on the size of the company's capital share. Foreigners may own an Ecuadorian enterprise in most industry sectors.

A step by step process can be found on the World Bank's "Doing Business Project."

(<http://www.doingbusiness.org/data/exploreconomies/ecuador/starting-a-business/>)

Foreign investors starting a business in Ecuador most frequently establish local corporations, or local branches of offshore entities. Alternatives include limited liability companies, partnerships, and mixed economy companies (when including government participation). Corporations, branches, limited liability companies, and mixed economy companies are registered with and controlled by the Superintendent of Companies and governed by the Companies Law. The legal representative may be an Ecuadorian citizen or a foreign national with an Ecuadorian resident or commercial visa.

Foreign companies may only be shareholders of Ecuadorian companies if their capital is represented by shares or stocks issued in the name of their partners or shareholders.

Corporations

The corporation is the most flexible form of legal entity, allowing a mixture of foreign and local capital. Private limited liability companies are useful as closed companies, but have disadvantages regarding the sale and transfer of capital, and are usually not advantageous to the foreign investor. The corporation offers the same major advantages to investors as does the corporate form in other countries, including: (1) the limitation of shareholders' liability to the amount of the issued capital, (2) shareholders are free to negotiate their stock without restrictions, (3) corporations are represented by managers who may be discharged at any time, and (4) continuity of the business as an ongoing concern is assured, regardless of changes in management or ownership.

Formation of a Corporation

The formation of corporations and their operations are governed by the Companies Law. The documents that must accompany the deed of incorporation include the company's by-laws, a certificate of the name of the company granted by the Superintendent of Companies, a certificate granted by the bank where the company has opened its capital account, and documents identifying the shareholders. Protection of a trade name is contingent on registration with the Ecuadorian Intellectual Property Institute (IEPI), and the Superintendent of Companies usually does not allow new companies to use names similar to those of existing companies. The Companies Law provides for the following: (a) a certificate of good standing must be issued by the competent authority of the domicile of the foreign shareholder, and a list of the stockholders of the foreign shareholders must accompany the deed of incorporation; (b) the foreign shareholder must appoint an attorney-in-fact to represent it within Ecuador; (c) foreign corporations whose by-laws contemplate the possibility of issuing bearer shares cannot participate as shareholders of Ecuadorian entities (corporations and limited liability companies). The certificate will be issued by the corresponding authority in the country of origin and the list must be signed and certified at a public notary by the secretary, administrator, or attorney legally authorized. The certificate and list must be notarized by an Ecuadorian consulate.

Capital of a Corporation

A corporation's capital must be specified in the by-laws, with total value resulting from the multiplication of the number of shares by their par value. Capital may consist of: (1) authorized capital as set forth in the corporation's by-laws, (2) subscribed capital which the stockholders are required to pay in, or (3) paid-in capital. The minimum capital required for incorporation is \$800, and at least 25 percent of the capital must be paid-in at the time of incorporation, and the balance within two years. Companies must file an annual return with the Superintendent of Companies containing financial statements and other relevant information, as well as reports from the legal representative, the corporate controller, and external auditors. Financial institutions and insurance companies regulated by the Superintendent of Banks are obliged to publish their June and December financial statements in a local newspaper.

Branches

To establish a branch in Ecuador, a foreign company must provide (1) proof that the company has been legally established in its country of origin; (2) proof that according to the laws of its country of origin, the company may establish branches and has the right to negotiate abroad; (3) a permanent legal representative in Ecuador; and (4) assigned capital of no less than \$2,000.

This documentation should be presented to the Superintendent of Companies, along with a certificate issued by the Ecuadorian consulate nearest the foreign company's headquarters certifying the establishment and legality of the company in its country of origin and that it is authorized to do business abroad.

Limited Liability Companies

This type of corporate form closely resembles a limited partnership and is suitable for that type of operation. A limited liability company is characterized by (1) having two or more members, not to exceed 15; (2) the members have limited liability for company obligations up to the amount of their individual contribution; (3) foreign corporations are excluded from membership; (4) capital cannot be less than \$400, and at least 50 percent of the capital must be paid-in at the time of formation and the remainder within one year; and (5) a legal reserve must be funded by the transfer of 5 percent of annual profits until the reserve equals 20 percent of capital.

Each year in January, the legal representative of a limited liability company is responsible for presenting to the Superintendent of Companies a list of the foreign companies that are its partners or shareholders including the name, nationality, and domicile, along with notarized photocopies of the certificate referred to above.

Mixed Economy Company

A “mixed economy” company is one with both private and public capital. Public sector funds may come from the central, municipal, or provincial governments, or from legal representatives of either public or parastatal entities.

Single-Person Company

The Companies Law allows for the establishment of single-person companies which must be constituted by one individual. Corporations and limited liability companies may convert to a single person company when these are left with only one partner or shareholder.

Franchising

The use of franchising has increased in Ecuador over the past decade. There are no specific laws that regulate franchising, except for some legal specifications established under Decision 291 of the Cartagena Agreement (<http://www.sice.oas.org/trade/junac/decisiones/dec291e.asp>).

The following provisions of Ecuadorian law also govern franchising: the Organic Code for Commercial Production and Investment, the Civil Code, the Companies Law, the Tax Law, and the Intellectual Property Law. Franchising is considered to be a private negotiation wherein a franchisor licenses trademarks and shares proven methods of doing business to a franchisee in exchange for a recurring payment, and usually a percentage of net sales as well as annual fees. The Commercial Code indicates that the commissioned merchant or agent is obligated directly and personally for his/her own franchise as if the business were entirely theirs. The principal and the agent are totally independent even with respect to legal action, except for the rights and obligations indicated by their mutual commission contract and the Civil and Commercial Codes.

Further information may be found at the web page of the Ecuadorian Franchising Association (<http://www.aefran.org/>).

Direct Marketing

Direct marketing is limited. Consumer goods, electrical appliances, and physical fitness products are often advertised on local and cable television, with local sales and telephone contact points provided. A local company stocks products and fills orders, which are often delivered to the home. Cosmetics, department stores, telecommunications, vehicles, and pharmaceuticals are increasingly marketed direct to the consumer. Local television stations are active in direct marketing.

Joint Ventures/Licensing

Joint Ventures

Two or more parties may enter into a contract to carry out a particular business activity. No obligation exists to record this contract in the Mercantile Register. According to the Companies Law, a joint venture may be considered as an association or a participation agreement.

Under the Companies Law, a business entity may give others (associates) the right to participate in its business, but these rights are limited to obtaining information on the funds contributed, the profits made, or losses incurred. Associates are not liable to third parties. If the business enters bankruptcy, the associates are liable only for their share of the investment. All other matters are regulated by the terms of the contract of association.

In Ecuador this type of joint venture occurs primarily when foreign corporations are contracted as associates to carry out specific projects with government entities. It is normal for foreign corporations entering into this type of agreement to establish a local branch.

Licenses

In Ecuador, the Intellectual Property Rights Law governs licenses, patents, and trademarks. Decision 486 of the Andean Community and the Patents, Trademarks, and Licenses Law also govern licenses. Contracts for license of trademarks, patents, patterns of usage, industrial designs, and commercial names and logos must be registered at the Ecuadorian Intellectual Property Institute (IEPI) (<http://www.iepi.gob.ec/>). Contracts for the transfer of technology must be registered at IEPI, but when they are considered to be a foreign investment they must also be registered at the Ecuadorian Central Bank (BCE) (<http://www.bce.fin.ec/>). Licenses are usually granted within six months of their request. To register the use of specific brands, a notarized contract permitting brand use and a request signed by a lawyer must be presented to IEPI.

Selling to the Government

Ecuador is not a signatory to the WTO Agreement on Government Procurement. Ecuador's 2008 Organic Law of the National System of Public Procurement regulates most areas of public contracting, except for contracts for exploration and exploitation of hydrocarbon resources, mining, and purchases of strategic goods necessary for national defense. However, non-strategic defense contracting/purchases are subject to the 2008 Public Contracting Law. The law also establishes a system of "Catalog Purchases" and an Inverse Bid System through which any contractor can lower its offer to provide a specific product to a public institution.

The National Public Procurement Service (SERCOP) (<http://portal.compraspublicas.gob.ec/sercop/>) is the entity charged with supervision of public contracting processes, though every process is independently managed by the contracting institution with its own budget and referral terms. Bidding for government contracts can be cumbersome, and competitors from other countries do not operate under the restrictions of the U.S. Foreign Corrupt Practices Act. There is no formal discrimination against U.S. suppliers, but the Public Contracting Law establishes the criteria for minimum participation by local suppliers.

To sell to the government, suppliers must be registered in the Unique Registry for Suppliers (RUP). This electronic procedure is mandatory and is the only means to participate in the public contracting process. Offers must be in Spanish, using the format specified by the inviting agency, and delivered to the contracting agency as called for in the "pliegos" (specification sheets).

For a company (even an Ecuadorian branch of a foreign company) to qualify as a State supplier or competent bidder, it must submit a list of shareholders, stakeholders, and affiliates. If any of the shareholders, stakeholders, or affiliates is a corporate entity domiciled in a "tax haven," the bidder or supplier is disqualified from the bidding process. Branches must present a list of their headquarters' shareholders.

All information on public procurement in Ecuador is posted at the Sercop website: (<http://portal.compraspublicas.gob.ec/sercop/>).

Guarantees for the contracts are five percent of the total amount. Contracts are signed by the contracting public institution after the revision and award, and do not require further approval by any other authority. Specific clauses involving arbitration in any contract must be duly authorized by the Attorney General.

In 2015, the government passed a Public Private Partnership law. This law provides certain tax incentives for foreign and domestic firms that invest in public-private partnership projects. It also created an interagency committee that will approve proposed private investment projects in certain strategic sectors.

The U.S. Embassy encourages U.S. companies interested in government contracts, or in business activities requiring government licensing or approvals, to consult with us early in the process.

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (Inter-American Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the Inter-American Development Bank (<http://export.gov/idb>) and the World Bank (<http://export.gov/worldbank>).

Web Resources

Commercial Liaison Office to the Inter-American Development Bank: <http://export.gov/idb>

Commercial Liaison Office to the World Bank: <http://export.gov/worldbank>

Distribution and Sales Channels

For sales to the government, a local agent or representative is legally required, and is often a practical requirement when first entering the Ecuadorian market. Until local sales and brand recognition are sufficiently established to support a direct presence, most companies minimize risk and capital by selling to or through an Ecuadorian representative. U.S. exporters with a few local customers often sell directly from the U.S. or through orders taken by a local or regional representative.

Ecuadorian buyers prefer to purchase directly from the manufacturer to remove intermediaries and lower product cost. For sales of machinery and equipment, the provision of parts and after-sales service is a key competitive factor. Likewise, buyers appreciate that communication is carried out in Spanish.

Quito and Guayaquil are the major distribution centers for imported products, while Manta, Cuenca, and Santo Domingo de los Colorados serve as secondary national distribution centers. Virtually all distributors cover the entire country with their own sales force, and most have branches and warehouses in each major city. Options for distribution in Ecuador include:

Distributors are commonly medium- to large-sized firms that purchase and import relatively large quantities from foreign companies, then distribute wholesale within the country. Distributors typically maintain local inventories and set local prices independently of foreign manufacturers. Distributors occasionally place orders with foreign manufacturers for direct delivery to in-country customers.

Commissioned agents are usually specialized firms or individuals who take orders in Ecuador for foreign goods by means of a well-trained and experienced sales force. Agents are paid a commission by the company filling these orders. Occasionally, agents may import goods with their own funds for resale in the local market.

Direct importers are generally large manufacturing companies and government agencies purchasing equipment or materials for their own use, or large retail chains with national distribution outlets. Purchases are normally made directly from the manufacturer.

Express Delivery

Generally it is easy to mail letters and packages from Ecuador, but receiving mail can be difficult. Post offices and couriers are located in all major Ecuadorian cities. The national postal service, Correos del Ecuador, offers several options. In general, mail sent via Correos del Ecuador takes several days to reach its destination, including about 10 business days to reach the United States.

Several international couriers have offices in Ecuador, including DHL (http://www.dhl.com/ec/en/country_profile.html), Federal Express (<http://www.fedex.com/ec/>), and UPS (<https://www.ups.com/content/ec/en/index.jsx>).

Packages received from overseas and weighing over two kilograms will need to be picked up at customs (aduana). Import taxes are calculated according to the declared value of the package and these fees can be relatively high. In addition, packages are subject to a 12 percent value-added tax (IVA) and a 0.5 percent children's tax. (As part of a tax package passed after the April 2016 earthquake, Ecuador temporarily raised the VAT to 14 percent for one year. The increased VAT is scheduled to expire on May 31, 2017.)

According to Ecuador's Ministry of Foreign Trade, a tax of \$42 dollars will be assessed on items purchased online and delivered by expedited courier. This means that any package that falls into the "4x4" category (four kilos or under \$400 dollars in declared value) will be subject to the tax if it is an item that has been purchased online or will be used for commercial purposes.

For a package to be duty free, it must comply with the following:

Maximum weight: four kilograms (exactly 8.8 lbs)

Maximum FOB declared value = \$400 (according to the receipt(s) which must accompany the box)

Must not be in the prohibited list: No pressurized containers, tobacco, weapons, medicines/drugs, live animals, seeds, plants, any perishables, cleaning solutions, lighters or matches.

Only five packages per year, with an accumulated value of \$1200, will be permitted to any individual.

For the most up-to-date information about importation duties on packages that exceed the 4x4 limits, please see the customs website (<http://www.aduana.gob.ec/pro/courier.action>).

In general, it is difficult to send commercial samples due to the applicable duties and rigorous technical requirements.

Selling Factors and Techniques

Most U.S. products do not require any changes to comply with regulations applicable to the Ecuadorian market. Some products are subject to technical requirements such as compliance with specific ISO standards, Good Manufacturing Practices (GMP) and conformity assessment certificates. Price competitiveness is an important sales factor. For practical rather than legal reasons, U.S. firms selling high-tech products usually provide training and maintenance support to their distributors and agents. Local distributors frequently expect foreign suppliers to underwrite marketing and promotion costs, as well as sales support and training. Sales materials should be in Spanish.

Under the current invoicing system mandated by Ecuador's Internal Revenue Service (SRI), a sales invoice must be submitted for every transaction regardless of the amount – even when carrying out a free transfer of title. This obligation applies equally to the provision of professional services of any nature and transactions where the 12 percent value-added tax (VAT/IVA) rate applies. The SRI also requires foreign suppliers to obtain a federal tax number (RUC).

eCommerce

The Latin American Institute of Electronic Commerce (<http://www.einstituto.org/site/>) helped expedite the expansion of the Ecuadorian e-commerce market through organizing the yearly E-Commerce Day. This event creates a space for the dissemination, promotion, and reflection on the importance and potential of e-commerce in Ecuador. Despite these efforts, few domestic companies have a robust e-commerce presence.

Although the majority of e-commerce is conducted by foreign businesses, in 2014, the government's Committee on Foreign Trade (COMEX) (<http://www.comercioexterior.gob.ec/comex/>) passed Resolution 23 in order to create e-commerce market opportunities for Ecuador's domestic businesses.

Electronic Commerce Trends in Latin America

In 2014, \$37 billion in e-commerce trade was conducted in Latin America, an 18% increase from 2013. This accounted for 0.8% of the region's overall GDP (total GDP of Latin America in 2014 was \$4.494 billion). E-commerce makes up an estimated 2 percent share of total merchandise retail and the average online spending per shopper is \$428.

Trade Promotion and Advertising

Advertising

The advertising market and the media in Ecuador are centered in Quito, Guayaquil, and Cuenca. The principal means of advertising in Ecuador is through television. In addition to eleven national TV networks, there are several local stations in larger cities and six cable/satellite television networks that broadcast Latin American, U.S., and European programming. On-demand providers such as Netflix are entering the Ecuadorian market. According to the National Institute of Statistics and Census, 94 percent of the population owns a television. Cable television has a market penetration of 30 percent according to the Agency for Regulation and Control of Telecommunications (ARCOLTEL).

Newspapers are the second-most important advertising medium. Five newspapers offer nationwide circulation. El Universo is the largest circulation newspaper in Ecuador, while El Comercio is the dominant paper in Quito. For radio advertising, there are approximately 1,000 radio stations broadcasting to approximately 8 million daily listeners. Radio is particularly important when target markets include suburban and rural areas.

The major international advertising firms, a majority of which are based in the U.S., operate in Ecuador through representation agreements. Most have offices in Quito and Guayaquil.

Main Newspapers and Periodicals

El Universo: www.eluniverso.com

El Comercio: www.elcomercio.com

El Telegrafo, state-owned: <http://www.eltelegrafo.com.ec/>

La Hora: www.lahora.com.ec

Expreso: www.expreso.ec

Vistazo: www.vistazo.com

TV Networks

Ecuavisa: www.ecuavisa.com

Teleamazonas: www.teleamazonas.com

Telerama: www.telerama.ec

RTS: www.rts.com.ec

RTU: www.rtunoticias.com

Latele: www.latele.com.ec

Oromar Television: www.live.futectv.com/2015/07/ver-oromar-tv-en-vivo-online-gratis.html

TC Television: www.tctelevision.com

Gama TV: www.gamatv.com.ec

Canal Uno: www.canal1tv.com

Cable/Satellite TV Networks

Direct TV: www.directv.com.ec

Univisa: www.univisa.com.ec

TV Cable: www.grupotvcable.com

Claro TV: www.claro.com.ec/portal/ec/sc/personas/tv/television-satelital/

CNT TV: www.cnt.gob.ec/tv/

Cablevision

Major advertising Agencies

The Grey Group: www.grey.com/ecuador

McCann Erickson: www.mccann.com/

Norlop Thompson: www.norlopjw.com.ec/

Publicitas/Saatchi and Saatchi: www.facebook.com/PublicitasEcuador

Rivas | Young and Rubicam: www.rivasyr.com/#/inicio

Trade Promotion

Centro de Exposiciones: www.expoceq.ec/

Toledo Eventos Cia Ltda: www.facebook.com/toledo.eventoscialtda/

HJ Becdach Ferias: www.hjbecdachferias.com/

Pricing

Electric power and petroleum products like diesel, gasoline, and natural gas are subject to government price controls, as are telephone tariffs, fertilizers, agrochemicals, and pharmaceutical products. There is a minimum support price for milk, bread, and other agricultural products. Prices for other imported products are defined by supply and demand and for the most part have not been subject to official price controls.

Imported products are subject to import quotas, tariffs, and a variety of taxes, including a special consumption tax, value-added tax, and, indirectly, a capital exit tax. Moreover, in recent years, the Ecuadorian government has sought to limit imports (and thereby the outflow of U.S. dollars) through additional means, including temporary export surcharges (salvaguardias). Due to the changing import climate, interested parties are encouraged to contact the U.S. Embassy for up-to-date information.

Ecuadorian markets are more concentrated than is typical of larger, more competitive markets. In other words, relatively few players dominate most market sectors. This conveys considerable pricing power to distribution companies and creates the opportunity for collusive pricing practices. In the case of packaged consumer products, retail chains are few in number and well positioned. Vertical integration, where the manufacturer controls its own distribution, is common.

Services, business and commercial transactions, and imports are subject to a 12 percent value-added tax (IVA). (As part of a tax package passed after the April 2016 earthquake, Ecuador has temporarily raised the VAT to 14 percent for one year. The increased VAT is scheduled to expire on May 31, 2017.) Luxury items are subject to a special consumption tax (ICE). A list of products exempt from paying IVA can be viewed at Ecuador's Internal Revenue Service (SRI) website (<http://www.sri.gob.ec/web/10138/151>).

Sales Service/Customer Support

Ecuador's Consumer Protection Law calls for suppliers of goods and services to provide appropriate warranties for products sold. The availability of trained and competent service technicians and spare parts is often a critical part of purchasing decisions for equipment, machinery, and technically-sophisticated products. U.S. companies exporting products that require maintenance and spare parts should ensure that their Ecuadorian distributor provides both.

Due Diligence

U.S. companies should take care in selecting their Ecuadorian partners. In performing due diligence, U.S. companies should seek the services of a reputable local lawyer.

U.S. small and medium-sized businesses can save time and money by contracting with Partner Post Quito to perform an International Partner Search (IPS) to find pre-qualified global partners who express interest in their products and services. Partner Post Quito can generate a customized International Company Profile (ICP) to evaluate your potential business partner. The ICP is researched and prepared by our trade specialists and enable U.S. small and medium-sized businesses to more effectively assess overseas companies. To contract for an IPS or an ICP, contact ecuadorcommercial@state.gov.

Local Professional Services

Companies new to the Ecuadorian market are strongly encouraged to retain professional services to structure commercial transactions. Establishing a wholly-foreign owned subsidiary, joint venture, or representative office requires compliance with complex contract approval requirements, business registration requirements, taxation regulations and statutes, and labor regulations. Some Ecuadorian professional service providers also have substantial experience serving foreign clients.

Accountants

Foreign companies should consider contracting for accounting services to prepare and file annual financial statements and other financial documents required by Ecuadorian law.

Attorneys

There are many international and domestic law firms in Ecuador, although no major U.S. law firms have offices in the country. In order to be licensed to practice in Ecuador one must attend and graduate from an Ecuadorian law school. However, those who have attended law schools in other countries are not prohibited from being partners at firms. Only attorneys licensed in Ecuador may appear in court and provide legal advice on Ecuadorian legal matters. Due to the restrictions and specific requirements in the banking and finance industry as well as for importing or exporting, retaining a domestic or international law firm that has licensed Ecuadorian lawyers is essential. The U.S. Embassy in Quito maintains a list of local attorneys:

<http://photos.state.gov/libraries/quito/153436/ACS/Attorney-list.pdf>.

Management Consultants

Foreign companies new to the Ecuadorian market often employ the services of local consultants to develop market entry strategies, conduct due diligence investigations, and identify potential investment partners, sales agents, and customers. Many of the major foreign consulting firms are active in the Ecuadorian market, along with a number of small niche players and many local companies.

Advertising

Advertising in Ecuador is regulated by the Regulatory and Development Council of Information and Communication (Cordicom). In June of 2013, the government passed the Organic Law of Communications which included restrictions on advertising. The law banned foreign-produced advertisements by instituting domestic ownership and production requirements for advertisements. The law also requires government approval of all advertisements for food products and all advertisements to be shown during children's programming. Additionally, an advertisement for any product whose regular use may affect the health of the user is prohibited. Such products include alcoholic beverages, tobacco products, and other products selected by the Health Ministry. Advertising is also regulated by the Consumer Protection Laws and Regulations, the Childhood and Adolescence Protection Laws, and other various ordinances.

The advertising industry also self-regulates by voluntarily adhering to the Ecuadorian Code of Ethics and Self-Regulation for Advertisers. This code stipulates that the advertising agency will comply with the regulations and can be held responsible.

Principal Business Associations

Ecuador has five American Chambers of Commerce, i.e. AmChams. They are located in Quito, Guayaquil, Cuenca, Ambato, and Manta.

The AmChams are independent and non-profit business organizations that provide an important link between the private sector and the Ecuadorian government, and also to the United States Embassy

in Ecuador. AmCham's provide important services to businesses that serve the American market, including networking, government relations, trade events, commercial information resources, and more.

Local chambers of commerce are also located in Ecuador's main cities (<http://www.ecuadorexports.com/chambers.htm>).

AmCham Quito: (<http://www.amchamec.org/#>)

AmCham Guayaquil: (<http://amchamgye.org.ec/>)

AmCham Cuenca: (<http://www.amchamc.com/>)

AmCham Ambato: (<http://amcham-ambato.com/web/>)

AmCham Manta: (<http://www.amcham-manabi.com/>)

Limitations on Selling US Products and Services

Certain public utilities are controlled by the Government and such products or services may only be sold directly to consumers through public agencies. These public utilities include electricity, water, and trash collection.

Selling U.S. Products and Services Web Resources

Main Newspapers and Periodicals

El Universo: www.eluniverso.com

El Comercio: www.elcomercio.com

El Telegrafo, state-owned: <http://www.eltelegrafo.com.ec/>

La Hora: www.lahora.com.ec

Expreso: www.expreso.ec

Vistazo: www.vistazo.com

TV Networks

Ecuavisa: www.ecuavisa.com

Teleamazonas: www.teleamazonas.com

Telerama: www.telerama.ec

RTS: www.rts.com.ec

RTU: www.rtunoticias.com

LaTele: www.latele.com.ec

Oromar Television: www.live.futectv.com/2015/07/ver-oromar-tv-en-vivo-online-gratis.html

TC Television: www.tctelevision.com

Gama TV: www.gamatv.com.ec

Canal UNho: www.canal1tv.com

Cable/Satellite TV Networks

Direct TV: www.directv.com.ec

Univisa: www.univisa.com.ec

TV Cable: www.grupotvcable.com

Claro TV: www.claro.com.ec/portal/ec/sc/personas/tv/television-satelital/

CNT TV: www.cnt.gob.ec/tv/

Major advertising Agencies

The Grey Group: www.grey.com/ecuador
McCann Erickson: www.mccann.com/
Norlop Thompson: www.norlopjwt.com.ec/
Publicitas/Saatchi and Saatchi: www.facebook.com/PublicitasEcuador
Rivas | Young and Rubicam: www.rivasyr.com/#/inicio

Trade Promotion

Centro de Exposiciones Quito: www.expoceq.ec
Toledo Eventos Cia Ltda: www.facebook.com/toledo.eventoscialtda/
HJ Becdach Ferias: www.hjbecdachferias.com/

Banking and Development

Andean Development Corp. (CAF): www.caf.com/es/paises/ecuador/
Banco Central de Ecuador: www.bce.fin.ec/
Ecuadorian Assoc. of Private Banks: www.asobancos.org.ec/
Superintendencia de Bancos: www.superbancos.gob.ec/practg/p_index
Ecuadorian-American Chamber of Commerce (AMCHAM): www.ecuadorianchamber.org
Export Import Bank: www.exim.gov
Inter-American Development Bank: www.iadb.org
Overseas Private Investment Corporation: www.opic.gov
World Bank: www.worldbank.org

Trade Regulations, Customs, and Standards

Import Tariff

Ecuador has imposed a broad range of tariff and non-tariff restrictions on trade in goods and services. This trend began several years ago, but accelerated significantly in 2014 and 2015.

As a member of the World Trade Organization (WTO), Ecuador limits most of its tariff rates to 30 percent or less. Its average applied Most Favored Nation (MFN) tariff rate was 7.6 percent for industrial products and 19.6 percent for agricultural products. However, Ecuador has implemented trade restrictions since its most recent Trade Practice Review (TPR) in 2011, and accordingly the actual average applied MFN tariff rates may be higher. As a member of the Andean Community of Nations (CAN), Ecuador grants and receives exemptions from tariffs, i.e., reduced ad valorem tariffs and no application of the Andean Price Band System, for products from the other CAN countries: Bolivia, Colombia, and Peru. Currently, these countries have an Andean Free Trade Zone and apply common external tariffs (CET), as described in CAN Decision 370.

Ecuador maintains the Andean Price Band System (APBS) on 153 agricultural products –13 “marker” and 140 “linked” products – imported from outside the CAN. The 13 “marker” products are: wheat, rice, sugar, barley, white corn, yellow corn, soybeans, soybean meal, African palm oil, soy oil, chicken meat, pork meat, and powdered milk. The APBS works as an internal price stabilization mechanism whereby the basic (ad-valorem) tariff is increased or decreased using a variable levy. The amount of the variable levy is calculated based on the relation between bi-weekly reference prices and floor and ceiling prices established by the CAN for each marker product. The price band works to maintain protection for domestic industry by keeping tariffs high when world prices fall, and reducing tariffs when world prices increase.

As a condition of its joining the WTO, Ecuador committed to phasing out its price band system, starting in January 1996, with a total phase out by December 2001. No steps have been taken to comply with this commitment. Ecuador argues that retaining the APBS is WTO-consistent and does

not constitute a violation of its agreements since Ecuador bound its final tariffs for agricultural commodities between 31.5 percent and 85.5 percent, the same bindings as the APBS. In March 2015, Ecuador implemented tariff surcharges (salvaguardias) ranging from 5 to 45 percent on 2,800 tariff lines, which represents about 32 percent of the value of Ecuador's imports. The Government stated that this measure was necessary to protect the country's balance of trade, which had been negatively affected by the recent decrease in oil prices and the appreciation of the U.S. dollar.

Ecuador committed to the World Trade Organization to phase out these increased tariffs by June 2016. To that end, Ecuador reduced the surcharge rate on certain items at the end of January 2016 and outlined a plan to eliminate the tariff surcharges by June 30. In April 2016, the Ecuadorian government announced the extension of the tariff surcharges of 15, 25, or 40 percent on roughly 2,200 products until June 2017.

In addition to duties, all imports are subject to a 12 percent value-added tax and an additional 0.5 percent tax for the Children's Development Fund applied to the CIF value of the merchandise. (As part of a tax package passed after the April 2016 earthquake, Ecuador has temporarily raised the VAT to 14 percent for one year. The increased VAT is scheduled to expire on May 31, 2017.)

Trade Barriers

Ecuador requires prior authorization from various government agencies, such as the Ministry of Agriculture (MAGAP)'s Agrocalidad, Livestock Undersecretariat, or Commercialization Undersecretariat, for imports of 80 types of agricultural items. The Ministry of Health must also grant prior authorization (sanitary registration or notification) for imports of processed foods, food ingredients, beverages, cosmetics, pharmaceutical products, reagents, natural products, and pesticides.

There are a number of products that require a standards certification. For more information on standards, please review the standards section below.

Agricultural imports are subject to the decisions of "Consultative Committees" concerning import authorizations, usually related to crop absorption programs. The committees, mainly composed of local producers, often advise MAGAP against granting import authorizations of products such as corn, soybean meal, dairy, and meats. In addition, the Consultative Committees determine the price, usually higher than international prices, at which local production will be absorbed by local industry and require full absorption before imports are allowed.

As a result of combined efforts on behalf of the American Brahman Breeders Association, USDA Foreign Agriculture Service, USDA Animal and Plant Inspection Service, and other cooperatives, a live cattle shipment from the United States to Ecuador was made on May 20, 2015. A total of 171 heads of cattle were shipped via air to Latacunga Airport in Ecuador. This event was the first sale and shipment of live cattle from the United States to South America in 12 years. A second shipment took place in December 2015.

Ecuador maintains bans on the import of used motor vehicles, tires, and clothing. Used special-purpose vehicles such as ambulances, mobile clinics, street sweepers, and fire trucks are permitted as donations.

Ecuador applies a special consumption tax (ICE) to certain “luxury” products including distilled spirits, beer, cigarettes, and soft drinks. The ICE is divided into four groups, and rates as of June 2016 are summarized in the following tables:

Group 1 Products	ICE Tax
Tobacco products and tobacco substitutes. (This includes pre-prepared products or raw material intended to be smoked, inhaled, or chewed).	150%
Perfumes and eau de cologne	20%
Video games	35%
Firearms, guns used in sports, munitions (except those acquired by the police)	300%
Incandescent bulbs, except those used for automotive purposes. Water heaters and water heating systems, domestic appliances, operating wholly or partly by the combustion of gas.	100%

Group 2 Products	ICE Tax
<i>Type I (Vehicles up to 3.5 tons)</i>	
Motorized vehicles priced up to USD \$20,000	5%
Trucks, vans, trucks and rescue vehicles whose retail price is up to USD \$30,000	5%
Motorized vehicles, except trucks, vans, and rescue vehicles, whose retail price exceeds USD \$20,000 and up to \$30,000	10%
Motor vehicles, whose retail price exceeds USD \$30,000 and up to \$40,000	15%
Motor vehicles, whose retail price exceeds USD \$40,000 and up to \$50,000	20%
Motorized vehicles whose retail price exceeds USD \$50,000 and up to \$60,000	25%
Motorized vehicles whose retail price exceeds USD \$60,000 and up to \$70,000	30%
Motorized vehicles whose retail price exceeds USD \$70,000	35%
<i>Type II (Hybrid or electric motorized vehicles/road transport up to 3.5 tons)</i>	
Hybrid or electric vehicles with a retail price up to USD \$35,000	2%
Hybrid or electric vehicles whose retail price exceeds USD \$35,000 and up to \$40,000	8%
Hybrid or electric vehicles whose retail price exceeds USD \$40,000 and up to \$50,000	14%
Hybrid or electric vehicles whose retail price exceeds USD \$50,000 and up to \$60,000	20%

Hybrid or electric vehicles whose retail price exceeds USD \$60,000 and up to \$70,000	26%
Hybrid or electric vehicles whose retail price exceeds USD \$70,000	32%
<i>Type III</i>	
Planes and helicopters except those for the carriage of passengers, freight, and services; watercraft; yachts; and pleasure boats	15%

Group 3 Products	ICE Tax
Cable TV (prepaid TV)	15%
Casino services, gaming rooms, <i>i.e.</i> , bingo, and other gambling activities	35%

Group 4 Products	ICE Tax
Social club memberships/shares above \$1,500 per year.	35%

Group 5 Products	ICE Tax (percent)	ICE Tax (specific)
Cigarettes	N/A	USD \$0.160 per Unit
Alcoholic Beverages, including artisanal beer	75%	\$6.20 USD per liter of pure alcohol
Mass-produced beer		
Sodas with a sugar content less than or equal to 25 grams per liter. Energy drinks.	10%	
Sodas with a sugar content greater than 25 grams per liter, except for energy drinks.		\$0.18 USD per 100 grams of sugar

Regulations issued in November 2011 changed the way the tax is applied to cigarettes and alcohol, adding an additional specific tax per unit, in the case of cigarettes, or liter, in the case of alcohol. In 2016, Ecuador again changed the way it applied the taxes to sodas, energy drinks, and alcoholic beverages. The new taxes are listed above for the Group 5 products.

Ecuador maintains anti-biotechnology laws and regulations. Despite these laws, trade continues in genetically engineered (GE) products, *e.g.*, soybean and soybean products, cotton, and corn. Starting in August 2014, Ecuador requires mandatory labeling of food and beverage products containing more than 0.9 percent transgenic content.

Imports of psychotropic medicines and certain precursor chemicals used in narcotics processing require prior authorization from the National Drug Council (CONSEP) (<http://www.prevenciondrogas.gob.ec>).

Imports of weapons, munitions, explosives, armored vehicles, ships, and other related equipment require prior authorization from the Ministry of National Defense (<http://www.defensa.gob.ec/>).

Foreign professionals are subject to national licensing legislation. Foreign insurance companies may present offers on government tenders. If the company is awarded a contract, however, they must obtain authorization from the Superintendent of Banks to operate in Ecuador.

Maritime transport services are generally open, subject to reciprocity with other countries. Since January 2002, telecommunications services have been open to free competition. A new telecommunications law was implemented on June 14, 2013 that considerably increased central government control in the sector and hindered new foreign investment.

Ecuador's complicated legal and regulatory regime may impose additional non-tariff barriers, increasing the difficulty and cost of doing business in the country. The Foreign Trade Council (COMEX) (<http://www.comexi.gob.ec/>) is in charge of foreign trade policy and regulations.

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 labeling 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.

U.S. Export Controls

U.S. companies must obtain an export license from the U.S. Government when exporting defense technology, goods, and services to Ecuador, i.e., arms and ammunition. For information on export license application procedures, please contact the U.S. Department of Commerce's Bureau of Industry and Security.

A list that consolidates eleven export screening lists of the Departments of Commerce, State, and the Treasury into a single search serves as an aid to industry in conducting electronic screens of potential parties to regulated transactions. This list is available at <http://developer.trade.gov/consolidated-screening-list.html>.

Temporary Entry

Ecuador's Régimen 20 (http://www.aduana.gob.ec/pro/special_regimes.action) sets forth the regulatory framework for the temporary entry of up to one year of items used for demonstration, trade fairs, and special projects. For government tenders, temporary entry is allowed from 20 to 90 days depending on the contract. In some instances, the time period may be extended. During this period, the obligation to pay taxes and duties is suspended with the condition that the commodities be re-exported. Commodities may also be nationalized after paying the required taxes and fees on the CIF value of the merchandise.

For maquila operations, the equipment needed for assembly operations can also be imported free of duties, although a bond has to be deposited. No import permits are required. Special labor regulations apply to companies operating under this system.

According to Ecuadorian import regulations, when merchandise is temporarily exported for repair, applicable import duties are only charged on the aggregate value, i.e., new or reconditioned replacement parts, added to the original merchandise. Merchandise temporarily leaving the country will be marked by SENAEC, the Ecuadorian customs agency, in order to identify it upon its return.

Labeling/Marking Requirements

The Ecuadorian Standards Institute (INEN) sets all labeling requirements. Labeling 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.

INEN follows U.S. Food and Drug Administration standards and requirements for labeling and marking.

In some instances, specific product labeling 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. The U.S. Embassy recommends verifying up-to-date labeling requirements with INEN prior to shipping.

Prohibited and Restricted Imports

Prohibited imports include used clothing, used tires, used shoes, used vehicles, certain pesticides, certain epoxies and esters, reptile hides, worked ivory, and ivory articles.

Used special-purpose vehicles such as ambulances, mobile clinics, street sweepers, and fire trucks are permitted as donations.

For details visit the COMEX web site (<http://www.comercioexterior.gob.ec/>).

Customs Regulations

Because the U.S. dollar is the legal tender in Ecuador, currency exchange calculations are unnecessary. This has simplified international trade procedures, including Customs.

Non-Tariff Barriers: In 2013, the Ecuadorian government enacted approximately 250 technical regulations, sanitary and phytosanitary requirements, and conformity assessment procedures for certain strategic industrial sectors. Since then, the government has periodically modified the regulations. Exporters should consult SENAE's website (http://www.aduana.gob.ec/pro/to_import.action) for the most up-to-date regulations. Ecuador's Agriculture Quality Assurance Agency (AGROCALIDAD) is an agency within the Ministry of Agriculture, MAGAP. It is responsible for administering Ecuador's sanitary and phytosanitary (SPS) controls.

Please see the *Trade Standards* section for additional information on this subject.

NIST Notify U.S. Service: Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S., operated by the National Institute of Standards and Technology, is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Interested parties can register at Notify U.S.'s website (<https://tsapps.nist.gov/notifyus/data/index/index.cfm>).

Trade Standards

Describes the country's standards landscape, identifies the national standards and accreditation bodies, and lists the main national testing organization(s) and conformity assessment bodies.

Standards

National standards are set by the Ecuadorian Standards Institute (INEN). INEN is a member of the International Standards Organization (ISO), the Panamerican Technical Standards Commission (COPANT), the Interamerican Metrology System (SIM), the Organisation Internationale de Metrologie Legale (OIML), and is the point of contact for the Codex Alimentarius Commission. Products subject to technical standards must obtain the INEN-1 certificate in order to clear customs. It is highly recommended that U.S. firms visit INEN's website for an up-to-date list of products. The Servicio de Acreditación Ecuatoriano (SAE) establishes the framework, mechanisms, and procedures, and qualifies laboratories or institutions that may issue conformity assessment certificates.

Ecuador's Agriculture Quality Assurance Agency (AGROCALIDAD) is an agency within the Ministry of Agriculture (MAGAP). It is responsible for administering Ecuador's sanitary and phytosanitary (SPS) controls. As a member country of the WTO, Ecuador must comply with the WTO Agreement on the Application of Sanitary and Phytosanitary Measures. In most cases, the SPS certificate may be obtained quickly and access is granted hassle-free so long as the proper documentation is submitted. However, denials of SPS certification have been used in a discriminatory fashion to block the import of U.S. products that could compete with Ecuadorian production, e.g., poultry, and dairy products. The ability to import some products, such as rice, corn, soybeans, and soybean meal, is at the

discretion of the MAGAP due to government programs aimed at supporting local agricultural production. The government has established import quotas for these and other items based on domestic consumption patterns using an opaque methodology.

AGROCALIDAD follows the “Andean Sanitary Standards” established under the Andean Community of Nations (CAN). Some standards applied to third countries are different from those applied to CAN members. Although CAN is working to harmonize its regulations with those of the WTO, there are cases when specific regulations apply to imports from third countries, some of which do not comply with WTO standards. There are, for example, differences in the requirements for CAN and third countries for the importation of live animals, animal products, plants, and plant by-products. AGROCALIDAD also requires certifications for each product stating that the product complies with risk analysis and that the country of origin or the area of production is free from certain exotic plant or animal diseases. According to the guidelines of the International Plant Protection Council (IPPC), importing countries are free to develop a pest risk assessment (PRA) and implement mitigation measures to reduce the risk of introduction of exotic diseases or pests. There have been instances when it appeared that PRAs and mitigation measures have been used as trade barriers to protect domestic producers.

ARCSA (Agencia Nacional de Regulación, Control y Vigilancia Sanitaria) is the regulating body for sanitary control. Sanitary registrations or notifications are required for imported and domestic products such as:

- Processed foods,
- Natural products,
- Cosmetics,
- Personal care items,
- Pesticides,
- Pharmaceuticals,
- Reagents,
- Medical disposable supplies, and
- Certain other consumer goods.

Ecuador accepts the U.S. Certificate of Free Sale authorized by the U.S. Food and Drug Administration. For cosmetics and personal care items, GMP (Good Manufacturing Practices) certificates can be issued by the PCPC (Personal Care Products Council) or any other independent association.

Specific sanitary controls regulations can be found at: <http://www.controlsanitario.gob.ec/servicios/>.

Conformity Assessment

INEN is also in charge of conformity assessment with support from the SAE (Ecuadorian Accreditation Organization). All products subject to standards compliance must obtain the certificate of conformity (INEN-1) prior to shipping the products to Ecuador and must present it at the port of entry to clear Customs.

In December 2013, Ecuador enacted COMEX Resolution 116 requiring conformity assessment certificates on around 300 tariff lines. The certificates were very difficult or impossible to obtain and thus restricted the import of these products.

Product Certification

INEN requires the following products to have special certification:

Vehicles,
Refrigerators and kitchen appliances,
Stoves and ranges,
Tires,
Electric generators,
Textiles, apparel, footwear, and accessories,
Certain construction materials such as Portland cement, steel bars, tubing, and piping,
Certain automotive components such as security glass, spark plugs, and brake pads,
Automotive brake fluids and lubricants,
Ceramic tableware and kitchenware,
Contraceptives,
Food products,
Toys,
Cosmetics and personal care items,
Cleaning supplies,
Fans,
Washing machines and dryers,
Pipes and pipeline accessories,
Wires,
Valves,
Radios, televisions, and computers,
Jewelry and articles manufactured with pearls and precious metals,
Bags, briefcases, backpacks, and
Christmas decorations.

Accreditation

The Ecuadorian Accreditation Organization (SAE) is the official accreditation body in Ecuador. The SAE certifies and recognizes accredited laboratories and accredited standards organizations. Certificates of conformity submitted to INEN must be validated and approved by the SAE.
Publication of technical regulations

INEN is in charge of informing the public of new and revised technical regulations and standards. These regulations are published in Ecuador's Official Gazette (<https://www.registroficial.gob.ec/>).

Contact Information

Servicio Ecuatoriano de Normalización (INEN)
Baquerizo Moreno E8-29 y Diego de Almagro
Quito-Ecuador
Phone number: (593-2) 250-1885 / 256-5626

AGROCALIDAD
Av.Eloy Alfaro y Av. Amazonas
Edif. MAGAP piso 9, EC170125
Quito – Ecuador
Phone number: (593-2) 256-7232

Agencia Nacional de Regulación, Control y Vigilancia Sanitaria (ARCSA)
La Razón 280 y El Comercio,
Edificio San Francisco.
Quito – Ecuador

Phone number: (593-2) 382-4230
atencionalusuario@controlsanitario.gob.ec

Servicio de Acreditación Ecuatoriano (SAE)
Av. América N37-204 y Juan José Villalengua
Quito-Ecuador
Phone number: (593-2) 331-6610

Servicio Nacional de Aduana del Ecuador (SENAE)
Av. 25 de Julio, Km. 4.5, Vía Puerto Marítimo
Guayaquil-Ecuador, Tel: (593-4) 500-6060

Trade Agreements

Ecuador is a member of the Andean Community (CAN), Latin American Integration Association (ALADI), and the WTO. As a member of the CAN, Ecuador is party to commercial agreements with Mercosur (Brazil, Argentina, Paraguay, and Uruguay). Ecuador also has a bilateral trade agreement with Chile, a partial trade agreement with Guatemala, and a commercial cooperation agreement with Venezuela.

Ecuador concluded negotiations with the European Union for a new trade agreement that will likely come into full effect in late 2016 or early 2017. Ecuador is also currently negotiating a trade agreement with South Korea.

A complete list of Ecuador's trade agreements can be found at:
<http://www.comercioexterior.gob.ec/acuerdos-comerciales/>.

Licensing Requirements for Professional Services

Includes license requirements for key professional services that are open to U.S. service providers.

Ecuador's licensing requirements for professional services are generally quite strict. For example, attorneys trained or licensed in the United States cannot practice law in Ecuador without obtaining an Ecuadorian legal degree. However, such attorneys may manage private law firms or work on international legal matters.

U.S.-trained professionals, such as lawyers, doctors, pharmacists, engineers, and accountants, seeking to practice in Ecuador should contact the relevant government ministries or professional associations to determine the process for receiving a license to practice in Ecuador.

Medical Professionals: Ministerio de Salud (<http://www.salud.gob.ec/>), Consejo de Evaluación, Acreditación y Aseguramiento de la Calidad de la Educación Superior (CEAACES) (<http://www.ceaaces.gob.ec/sitio/>).

Attorneys: Colegio de Abogados de Pichincha (<http://www.colabpi.pro.ec/>), Colegio de Abogados de Guayas (<http://www.colegiodeabogadosdelquayas.com/>).

Engineers: Engineers seeking licensure in Ecuador should contact the applicable college of engineering, such as the Colegio de Ingenieros Civiles del Ecuador (www.cice.org.ec), Colegio de Ingenieros Eléctricos (www.cieepi.ec), or the Colegio de Ingenieros Industriales (www.crini.com.ec).

Accounting: Accountants seeking licensure in Ecuador should contact the Colegio de Contadores Públicos de Pichincha (<http://www.ccpp.org.ec/#>) or the Colegio de Contadores Públicos de Guayas (<http://www.contadoresguayas.org/Portal/>).

Trade Regulation Web Resources

Agriculture Quality Assurance Agency (AGROCALIDAD) (www.agrocalidad.gob.ec/)
ARCSA (www.controlsanitario.gob.ec/servicios/)
Servicio de Acreditación Ecuatoriano (SAE) (www.acreditacion.gob.ec/)
Central Bank of Ecuador (www.bce.fin.ec/)
National Customs Service of Ecuador (SENAE) (www.aduana.gob.ec/pro/to_import.action)
Ecuadorian Institute for Standardization (INEN) (www.normalizacion.gob.ec/)
Foreign Trade Council (COMEX) (www.proecuador.gob.ec/en/invest-in-ecuador/business-environment/foreign-trade/)
Internal Revenue Service (SRI) (www.sri.gob.ec/web/guest/home)
Ministry of Agriculture, Livestock and Fishing (www.magap.gob.ec/)
Ministry of Environment (www.ambiente.gob.ec/)
Ministry of Foreign Affairs (www.cancilleria.gob.ec/?lang=en)
Ministry of Health (www.salud.gob.ec/)
Ministry of Industries and Productivity (www.industrias.gob.ec/)
Ministry of National Defense (www.defensa.gob.ec/)
National Drug Council (www.prevenciondrogas.gob.ec/)
U.S. Food and Drug Administration (www.fda.gov/)
Personal Care Products Council (www.personalcarecouncil.org/)

Investment Climate Statement

Executive Summary

From 2006 to 2014 the Ecuadorian economy grew an average of over four percent per year. Growth decreased to 0.3 percent in 2015 due in part to the drop in the price of petroleum and the appreciating dollar, which is the country's national currency. Ecuador is relatively open to foreign investment in most sectors; however, foreign direct investment (FDI) inflows are very low in comparison to other Latin American countries. The government has taken some steps recently to attract investment, including passing a public-private partnership law, changing tax and regulatory policies for mining, and signing investment contracts with multinational petroleum companies. Ecuador also agreed on terms of payment of an international arbitration award to a U.S. petroleum company and, in December 2015, repaid a global bond on time for the first time in its history.

Economic, commercial, and investment policies are sometimes contradictory and are subject to frequent changes. The legal uncertainty resulting from frequent policy changes increases the risks and costs of doing business. Systemic weaknesses in the judicial system and its susceptibility to political or economic pressures are issues for U.S. companies investing in or trading with Ecuador.

The existing U.S.-Ecuador Bilateral Investment Treaty (BIT) provides guarantees for national treatment; unrestricted remittances and transfers; prompt, adequate, and effective compensation for expropriation; and the resolution of investment disputes through international arbitration.

In April 2016, Ecuador partially extended tariff surcharges that it introduced in March 2015. The surcharges of 15, 25, and 40 percent apply to roughly 2,200 products and phase-out was extended from June 2016 to June 2017.

Foreign investors may remit 100 percent of net profits and capital, subject to a capital exit tax currently set at five percent. Ecuadorian law requires private companies to distribute 15 percent of pre-tax profits to employees each year.

In April 2016, the United States Trade Representative moved Ecuador from Priority Watch List to Watch List in its annual Special 301 Report on intellectual property. This decision was in recognition of Ecuador’s passage of an amendment reinstating criminal procedures and penalties for intellectual property violations.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	110 of 175	transparency.org/cpi2014/results
World Bank’s Doing Business Report “Ease of Doing Business”	2015	117 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	Data Not Available	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2014	650	BEA/Host government
World Bank GNI per capita	2014	\$6,090	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness to and Restrictions upon Foreign Investment

Attitude toward Foreign Direct Investment

Ecuador is open to foreign direct investment (FDI) in most sectors. Although Ecuador has recently taken steps intended to attract FDI, its overall investment climate remains challenging as the country’s economic, commercial, and investment policies are often subject to change. The regulatory framework has specifically targeted the banking and media sectors, negatively affecting these industries. Frequent changes in Ecuador’s import policies and tax code make business planning difficult.

In general, the legal complexity resulting from the inconsistent application and interpretation of existing laws complicates enforcement of contracts and increases the risks and costs of doing business in Ecuador. Business disputes with U.S. companies can become politicized, especially in sensitive areas such as the energy sector. Several high level investment disputes involving U.S. companies, mostly linked to the energy sector, are under international arbitration.

Other Investment Policy Reviews

In the past three years, Ecuador has not conducted an investment policy review with the Organization for Economic Cooperation and Development (OECD), World Trade Organization (WTO), or United Nations Conference on Trade and Development.

Laws/Regulations on Foreign Direct Investment

The Organic Law for Production Incentives and Tax Fraud Prevention, passed in December 2014, includes provisions to improve tax stability and lower the income tax rate in the mining sector. The Superintendent of Companies, Securities, and Insurance offers information for registering businesses on its website at <http://www.supercias.gob.ec/>.

Business Registration

Ecuador's business registration website is

<http://www.supercias.gob.ec/portaConstitucionElectronica/>.

A newly created company will at a minimum be required to register with the Superintendent of Companies, the municipal government, the Internal Revenue Service, and the Social Security Institute.

The Ecuadorian government defines a micro-sized enterprise as one having up to 10 employees, a small-sized enterprise as one having up to 50 employees, and a medium-sized enterprise as one having between 50 and 100 employees. The Ecuadorian government provides some tax incentives for micro, small, and medium-sized businesses.

Industrial Promotion

The Coordinating Ministry of Strategic Sectors publishes a catalogue of investments in strategic sectors on its website at <http://www.sectoresestrategicos.gob.ec/>.

The Coordinating Ministry for Production, Employment, and Competitiveness offers information on investing in Ecuador on its website at <http://www.produccion.gob.ec/>.

Limits on Foreign Control and Right to Private Ownership and Establishment

One hundred percent foreign equity ownership is allowed without the need for authorization or prior screening in sectors open to domestic private investment.

Articles 313 through 315 of the 2008 Constitution establish that the state is responsible for management of strategic sectors through state-owned or controlled companies. The sectors identified include: energy, telecommunications, non-renewable natural resources (including petroleum, natural gas, and mining), transportation, hydrocarbon refining, water, biodiversity, and genetic patrimony. In the last few years, new state companies were formed in mining and pharmaceuticals.

For license and franchise transactions, no limits exist on royalties that may be remitted. All license and franchise agreements must be registered with the Ecuadorian Intellectual Property Institute (IEPI). In addition to registering with the Superintendent of Companies, Securities, and Insurance, foreign investors must register investments with Ecuador's Central Bank for statistical purposes.

Selected Sectors:

Petroleum

Per the 2008 Constitution, all subsurface resources belong to the state. The petroleum sector is controlled by two state owned enterprises. Ecuador has signed several contracts with multinational petroleum services companies since 2014. Most fuel prices are controlled and subsidized by the central government.

Mining

The Ecuadorian government has taken steps to reduce taxes in the mining sector in order to attract foreign direct investment. Presidential Decree 475, published in October 2014, altered the windfall tax calculation. The Organic Law for Production Incentives and Tax Fraud Prevention, passed in December 2014, included provisions to improve tax stability and lower the income tax rate in the mining sector. The Government of Ecuador also created a separate Ministry of Mines, which was previously within the Ministry of Non-Renewable Resources.

Electricity

The Organic Law for the Public Service of Electric Energy, which took effect in January 2015, permits some private sector participation and foreign investment in Ecuador's electricity sector. Per the 2008 Constitution, the electricity sector is a public service and strategic sector.

Telecommunications

In February 2015, Ecuador's National Assembly passed a telecommunications law that requires telecommunications companies to pay a percentage of revenue to the government. This requirement applies to providers of cellular and fixed line telephone service, internet service, and subscription television with more than 30 percent of market share. The payments range from 0.5 to 9 percent of revenue.

Media

The 2013 Communications Law prohibits partial or total ownership of media businesses by foreign companies or citizens that do not reside permanently in Ecuador. This provision applies to all media owners (radio, subscription video, audio, television, and printed press) with products that reach 30 percent or more of the population. Implementing regulations for the law softened this prohibition to allow citizens or companies from countries that have signed bilateral commercial or economic agreements with Ecuador to own media companies. The United States has no such agreement with Ecuador. The Communications Law also introduced a requirement that advertising disseminated in Ecuador must have 80 percent domestic content. It also requires that television and radio frequencies are distributed 33 percent to private media, 33 percent to public media, and 34 percent to community media.

The government controls a large share of radio, television, and other press holdings. Article 312 of the Constitution prohibits financial institutions, their shareholders, board members, and legal representatives from media ownership. In addition, the Organic Law for Regulation and Control of Market Power, enacted in October 2011, prohibits anyone possessing more than a six percent interest in a media company from investing in any other business sector.

Fishing

Foreign investment in domestic fishing operations is subject to approval by the National Fisheries Development Council. Extractive fishing by foreign companies is permitted provided that the catch is processed in Ecuador.

Privatization Program

Ecuador is not implementing a privatization program.

Screening of FDI

One hundred percent foreign investment in domestic companies is allowed without prior authorization or screening in sectors open to domestic private investment.

Competition Law

The Superintendent of Control of Market Power reviews transactions for competition-related concerns.

Conversion and Transfer Policies

Foreign Exchange

Ecuador adopted the U.S. dollar (USD) as the official currency in 2000. Foreign investors may remit 100 percent of net profits and capital, subject to a five-percent capital exit tax. There are no restrictions placed on foreign investors in transferring or repatriating funds associated with an investment.

Remittance Policies

Resolution 107-2015-F from Ecuador's Monetary and Finance Board issued in July 2015 exempted some payments to foreign lenders from the capital exit tax. Among other requirements, the duration of the loan must be more than 360 days, the loan must be registered with the Central Bank, and the resources must be destined for specific purposes such as funding small businesses or social housing. The Financial Action Task Force (FATF) announced in October, 2015 that it had removed Ecuador from the list of countries with strategic deficiencies in anti-money laundering and countering the financing of terrorism (AML/CFT) regimes.

Expropriation and Compensation

The Constitution establishes that the state is in charge of managing the use and access to land, while recognizing and guaranteeing the right to private property. It also provides for the redistribution of land if it has not been in active use for more than two years.

The 2015 Telecommunications Law allows expropriation of private land in accordance with the rules and procedures of the law when necessary for the installation of network infrastructure.

Under Ecuador's Bilateral Investment Treaty (BIT) with the United States, expropriation can only be carried out for a public purpose, in a nondiscriminatory manner, and upon payment of prompt, adequate, and effective compensation.

Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts
Ecuador has a civil codified legal system. Systemic weakness in the judicial system and its susceptibility to political and economic pressures constitute challenges faced by U.S. companies investing in Ecuador. Enforcement of contract rights, equal treatment under the law, Intellectual Property protections, and unstable regulatory regimes are concerns.

Bankruptcy

Ecuador is ranked 148 out of 189 in the category of Ease of Resolving Insolvency in the World Bank's 2016 Doing Business Report.

With the goal of protecting consumers and preventing a real estate bubble, the National Assembly in June 2012 approved a law that allows homeowners to default on their first home and car loan without penalty if they forfeit the asset. The provisions do not apply to homes with a market value of more than USD 146,000 or vehicles worth more than USD 29,200.

Investment Disputes

A number of U.S. companies operating in Ecuador, most notably in the petroleum sector, have filed for international arbitration due to investment claims. The Government of Ecuador has treated these disputes as a political issue, speaking negatively about investors involved in these cases.

In January 2016, the Government of Ecuador reached an understanding with Occidental Petroleum on the terms of payment to Occidental under a November 2015 ICSID arbitration award. The award was associated with Ecuador's 2006 expropriation of the company's concession for the Block 15 petroleum field.

International Arbitration

U.S. investors' guarantees under the U.S.-Ecuador BIT include the access to dispute mechanisms to resolve any investment claim arising out of the treaty. The treaty names the International Centre for the Settlement of Investment Disputes (ICSID) as the venue. Ecuador's 2008 constitution prohibits the ceding of sovereign jurisdiction in disputes with private companies before international tribunals. In March 2013, President Correa requested that Ecuador's National Assembly terminate the U.S.-

Ecuador BIT, arguing it was inconsistent with Ecuador's 2008 Constitution. Efforts to terminate the BIT have not progressed and the treaty remains in place.

ICSID Convention and New York Convention

Ecuador was formerly a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). Ecuador withdrew from the ICSID Convention in 2010. Ecuador is a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

Duration of Dispute Resolution – Local Courts

The judicial system is subject to process delays and inconsistent rulings. Systemic weaknesses in the judicial system, including susceptibility to political and economic pressures, constitute important problems faced by U.S. companies investing in or trading with Ecuador.

[Performance Requirements and Investment Incentives](#)

WTO/TRIMS

In 2014, the government negotiated over 900 import substitution agreements with companies. The companies committed to reducing their imports and agreed to start substituting imported goods with locally produced goods. In exchange, the government relaxed import regulations for those companies to import products that are restricted under quality and standards regulations first enacted in December 2013. These contracts have not been publicly released. Contacts report that the government no longer requires these agreements from importers, but that the required reductions in imports remain in place.

Investment Incentives

In December 2015, Ecuador's National Assembly approved a Public-Private Partnership law intended to attract investment. The law offers incentives, such as the reduction of the income tax, value added tax, and a capital exit tax for investors in certain projects. It designates Latin American arbitration bodies as the dispute resolution mechanism. The law became effective upon publication in the official registry on December 18, 2015.

The Organic Law of Production Incentives and Tax Fraud Prevention, which took effect on December 30, 2014, provides for tax incentives related to depreciation calculations and income tax rates, which could benefit some foreign investors.

In May 2011, Ecuador launched the Institute for Export and Investment Promotion (PRO ECUADOR), which focuses on export promotion.

Research and Development

There is no prohibition on foreign firms participating in government financed research and development programs.

Performance Requirements

Visa and residency requirements are relatively relaxed and do not inhibit foreign investment.

The government promotes a policy of import substitution and encourages the use of local content by relaxing import regulations for companies that commit to reducing imports and increasing purchases of locally produced goods.

The Committee of Foreign Trade (COMEX) Resolution 011-2015, which took effect March 11, 2015, applied tariff surcharges from 5 to 45 percent on almost 3,000 tariff lines. In its notification to the World Trade Organization (WTO), Ecuador argued that the tariff surcharges were necessary to protect Ecuador's balance of payments in the face of decreased oil prices and the appreciation of the U.S. dollar. In January 2016, Ecuador reduced the 45 percent tariff surcharge to 40 percent. In April 2016, Ecuador eliminated the tariff surcharge of 5 percent and extended the tariff surcharges of 15, 25, and 40 percent on roughly 2,200 products. The surcharges are now scheduled to be phased-out by June 2017.

Data Storage

There are no requirements for foreign IT providers to turn over source code or provide access to surveillance.

Right to Private Ownership and Establishment

Foreign and domestic private entities can own business enterprises and engage in almost all forms of business activity.

Protection of Property Rights

Real Property

Ecuador ranks 69 out of 189 in the World Bank's 2016 Doing Business Report's category for Ease of Registering Property.

Intellectual Property Rights

Enforcement against intellectual property infringement remains a problem in Ecuador.

In April 2016, the United States Trade Representative moved Ecuador from Priority Watch List to Watch List in its annual Special 301 Report on intellectual property. This decision was in recognition of Ecuador's passage of an amendment reinstating criminal procedures and penalties for intellectual property violations.

Piracy of computer software and counterfeit activity in brand name apparel is widespread. Pirated CDs and DVDs are readily available on many streets and in shopping malls. Weak copyright enforcement remains a significant problem.

The Ecuadorian Intellectual Property Institute (IEPI) was established in January 1999 to handle patent, trademark, and copyright registrations. IEPI reports information on its activities on its website at <http://www.propiedadintelectual.gob.ec/>.

Resources for Rights Holders

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at www.wipo.int/directory/en/.

Embassy point of contact: www.ecuadorcommercial@state.gov.

Local attorneys list: www.ecuador.usembassy.gov/service/assistance.html

Camara de Comercio Ecuatoriano Americana (AmCham) Quito: www.amchamec.org/

Camara Ecuatoriano Americana de Comercio (AmCham) Guayaquil: www.amchamgye.org.ec/

Protecting Your Intellectual Property in Ecuador:

Several general principles are important for effective management of intellectual property ("IP") rights in Ecuador. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Ecuador from in the United States. Third, rights must be registered and enforced in Ecuador under local laws. For example, your U.S. trademark and patent registrations will not protect you in Ecuador. There is no such thing as an "international copyright" that will

automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world.

Granting patent registrations is generally based on first-to-file (or first-to-invent, depending on the country) basis. Similarly, registering trademarks is based on a first-to-file (or first-to-use, depending on the country) basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Ecuadorian market. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Ecuadorian law. The U.S. Embassy in Quito maintains a list of local attorneys (<http://photos.state.gov/libraries/quito/153436/ACS/Attorney-list.pdf>).

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental and necessary steps to secure and enforce their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may lead to a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Work with legal counsel familiar with Ecuadorian laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Ecuador and U.S.-based. These include:

The U.S. Chamber and local American Chambers of Commerce,
National Association of Manufacturers (NAM),
International Intellectual Property Alliance (IIPA),
International Trademark Association (INTA),
The Coalition Against Counterfeiting and Piracy,
International Anti-Counterfeiting Coalition (IACC),
Pharmaceutical Research and Manufacturers of America (PhRMA),
Biotechnology Industry Organization (BIO).

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit www.STOPfakes.gov.

For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199, or visit www.uspto.gov/.

For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: 1-202-707-5959, or visit <http://www.copyright.gov/>.

For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at <http://www.stopfakes.gov/resources>.

For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov/businesss-tools/country-ipr-toolkits . The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. You can get contact information below for the IP attaché who covers the following countries:

CHINA

Beijing, China

Joel Blank

joel.blank@trade.gov

Guangzhou, China

Timothy Browning

timothy.browning@trade.gov

Shanghai, China

Michael Mangelson

michael.mangelson@trade.gov

Southeast Asia

Vacant – contact Dominic Keating

Dominic.Keating@USPTO.GOV

South America

Vacant – contact Dominic Keating

Dominic.Keating@USPTO.GOV

Geneva, Switzerland

Deborah Lashley-Johnson

deborah_e_lashley-johnson@ustr.eop.gov

Mexico, Central America and the Caribbean

Todd.Reves@trade.gov

India and South Asia

Vacant– contact Dominic Keating

Dominic.Keating@USPTO.GOV

Transparency of the Regulatory System

Ecuador's 2011 Organic Law for Regulation and Control of Market Power in October includes mechanisms to prevent, control, and sanction market power abuses, restrictive market practices, economic concentration, and unfair competition. The regulatory body, the Superintendence of Control of Market Power, can fine companies found to be in violation of the law up to 12 percent of gross revenue.

Efficient Capital Markets and Portfolio Investment

The 2014 Law to Strengthen and Optimize Business Partnerships and Stock Markets created the Securities Market Regulation Board to oversee the stock markets. Money and Banking System, Hostile Takeovers

The country's largest banks are Banco Pichincha, with about USD 9 billion in assets, Banco Pacifico, with about USD 4.6 billion, Banco Guayaquil, with about USD 3.6 billion, and Banco Produbanco, also with about USD 3.6 billion in assets.

Between 2012 and 2013, the financial sector was the target of numerous new restrictions. By 2012, most banks had sold off their brokerage firms, mutual funds, and insurance companies to comply with constitutional changes following a May 2010 referendum. The amendment to Article 312 of the Constitution required banks and their senior managers and shareholders with more than six percent equity in financial entities to divest entirely from any interest in all non-financial companies by July 2012. These provisions were incorporated into the Anti-Monopoly Law passed in September 2011. The Organic Monetary and Financial Code, published in the official registry on September 12, 2014, created a five-person Monetary and Financial Policy and Regulation Board of presidential appointees to regulate the banking sector. The law gives the Monetary and Financial Policy and Regulation Board the ability to prioritize certain sectors for lending from private banks. The law also created an electronic currency to be administered by Ecuador's Central Bank and backed by its assets. Ecuador's Central Bank was established in 1927. Since Ecuador's dollarization in 2000, the Central Bank is no longer the lender of last resort.

The Central Bank issued Regulation 29 in July 2012, requiring all financial transfers (inflows and outflows) to be channeled through the Central Bank's accounts. In principle, the regulation increases monetary authorities' oversight and prevents banks from netting their inflows and outflows to avoid paying the five-percent capital exit tax.

Competition from State-Owned Enterprises

The 2009 Organic Law of Public Enterprises regulates state-owned enterprises (SOEs). SOEs are most active in areas designated by the 2008 Constitution as strategic sectors, especially non-renewable natural resources, telecommunications, and transportation.

SOEs follow a special procurement regime with greater flexibility and limited oversight. The Law of Public Enterprises requires SOEs to follow generally accepted accounting principles; however, SOEs are not required to follow the same accounting practices as the central government, nor do they have to participate in the electronic financial management system used in most of the public sector for budget and accounting management. SOEs are eligible for government guarantees, and face lower tax burdens than private companies.

There are at least 28 SOEs in Ecuador concentrated primarily in the petroleum, electricity, and telecommunications sectors. The government also owns an airline, a railroad company, a cement company, and a university. Two SOEs, Petroamazonas and Petroecuador, control the petroleum sector.

Ecuador is not party to the Government Procurement Agreement (GPA) within the framework of the World Trade Organization (WTO).

OECD Guidelines on Corporate Governance of SOEs

Third-party analysts generally assess that SOEs maintain some degree of independence from the government. Ecuadorian courts generally favor SOEs and court processes are often nontransparent.

Sovereign Wealth Funds

The Government of Ecuador does not maintain a Sovereign Wealth Fund (SWF).

Corporate Social Responsibility

Article 66 of the 2008 Constitution guarantees the right to pursue economic activities in a manner that is socially and environmentally responsible. NGOs such as the Institute of Corporate Social Responsibility and the Ecuadorian Consortium for Social Responsibility promote responsible business conduct. Many Ecuadorian companies have programs to further responsible business conduct within their organizations.

Political Violence

Ecuador does not have a tradition of frequent violence as a result of demonstrations or political instability. Student, labor union, and indigenous protests against government policies have been a regular feature of political life in Ecuador. While disruptive, especially to transportation, violence is usually limited and localized. Popular protests in 1997, 2000, and 2005 contributed to the removal of three elected presidents before the end of their terms. Large-scale but peaceful demonstrations against the Correa government occurred in June 2015.

Some indigenous communities opposed to certain development projects have blocked access to petroleum and mining companies.

Corruption

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anti-corruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official in international business, for example to secure a contract, should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which generally makes it unlawful for U.S. persons and businesses (domestic concerns), and U.S. and foreign public companies listed on stock exchanges in the United States or which must file periodic reports with the Securities and Exchange Commission (issuers), to offer, promise, or make a corrupt payment of anything of value to foreign officials to obtain or retain business. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. In addition to the anti-bribery provisions, the FCPA contains accounting provisions applicable to public companies. The accounting provisions require issuers to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The accounting provisions also prohibit individuals and businesses from knowingly falsifying books or records or knowingly circumventing or failing to implement a system of internal controls. In order to provide more information and guidance on the statute, the Department of Justice and the Securities and Exchange Commission published *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, available in PDF at: <http://www.justice.gov/criminal/fraud/fcpa/guidance/>. For more detailed information on the FCPA generally, see the Department of Justice FCPA website at: <http://www.justice.gov/criminal/fraud/fcpa/>.

Other Instruments: It is U.S. Government policy to promote good governance, including host countries' implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental in the expansion of the international framework to fight corruption. Several significant components of this framework are the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions negotiated under the auspices of the OECD (Anti-bribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to the United Nations Convention against Corruption

OECD Anti-bribery Convention: The Anti-bribery Convention entered into force in February 1999. As of January 2016, there are 41 parties to the Convention, including the United States (see <http://www.oecd.org/corruption/oecdantibriberyconvention.htm>). China and India are not parties, although the U.S. Government strongly endorses their eventual accession to the Antibribery Convention. The Antibribery Convention obligates the Parties to criminalize bribery of foreign public officials in international business transactions, which the United States has done under U.S. FCPA. Ecuador is not a party to the Anti-bribery Convention.

UN Convention: The UN Convention entered into force on December 14, 2005, and there are 178 parties to it as of January 2016 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, from basic forms of corruption such as bribery and solicitation, embezzlement, and trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Anti-bribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international

cooperation, and asset recovery. Ecuador ratified the UN Anticorruption Convention in September 2005.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of January 2016, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) and the follow-up mechanism created in 2001 (MESICIC) has 31 members (see http://www.oas.org/juridico/english/mesicic_intro_en.htm). Ecuador is party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions on Corruption: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention on Corruption, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and accounting offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on whistleblower protection, compensation for damage relating to corrupt acts, and nullification of a contract providing for or influenced by corruption, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). See http://www.coe.int/t/dghl/monitoring/greco/general/about_en.asp. As of January 2016, the Criminal Law Convention has 44 parties and the Civil Law Convention has 35 (see <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=173>; <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=174>). Ecuador is not a party to this convention.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. In 1993, the United States and Ecuador signed a BIT that entered into force in 1997. This treaty provides for national treatment; unrestricted remittances and transfers; prompt, adequate, and effective compensation for expropriation; and access to international arbitration to resolve any investment dispute.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. and Foreign Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its website at www.trade.gov/cs.

The United States provides commercial advocacy on behalf of exporters of U.S. goods and services bidding on public sector contracts with foreign governments and government agencies. An applicant for advocacy must complete a questionnaire concerning its background, the relevant contract, and the requested U.S. Government assistance. The applicant must also certify that it is in compliance with applicable U.S. law, that it and its affiliates have not and will not engage in bribery of foreign public officials in connection with the foreign project, and that it and its affiliates maintain and enforce a policy that prohibits bribery of foreign public officials. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel, and reported through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp. Potential violations of the FCPA can be reported to the Department of Justice via email to FCPA.Fraud@usdoj.gov.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms, individuals, and issuers to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding actual and prospective business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa and general information is contained in Chapter 9 of the publication *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, at <http://www.justice.gov/criminal/fraud/fcpa/guidance/>. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general information to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the General Counsel, U.S. Department of Commerce, website at <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>. More general information on the FCPA is available at the websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Corruption in Ecuador

Corruption is a serious problem in Ecuador. Ecuador ranked 110 out of 175 countries surveyed for Transparency International's 2014 Corruption Perceptions Index and received a score of 33 out of 100.

Ecuador has laws and regulations to combat official corruption, but they are inadequately enforced. Illicit payments for official favors and theft of public funds reportedly take place frequently. Dispute settlement procedures are complicated by the lack of transparency and inefficiency in the judicial system.

Offering or accepting a bribe is illegal and punishable by imprisonment for up to five years. The Controller General is responsible for the oversight of public funds and there are frequent investigations and occasional prosecutions for irregularities.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Ecuador ratified the UN Anticorruption Convention in September 2005. Ecuador is not a signatory to the OECD Convention on Combating Bribery. The 2008 Constitution created the Transparency and Social Control branch of government, tasked with preventing and combating corruption, among other things. In December 2008, President Correa issued a decree that created the National Secretariat for

Transparency to investigate and denounce acts of corruption in the public sector. Both entities can conduct investigations into alleged acts of corruption. Responsibility for prosecution remains with the Office of the Prosecutor General.

Resources to Report Corruption

Through the Function of Transparency and Social Control, alleged acts of corruption can be reported by dialing 159 within Ecuador. The Council for Citizen Participation and Social Control also maintains a web portal for reporting alleged acts of corruption: <http://www.cpccs.gob.ec>.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

Information about the U.S. Foreign Corrupt Practices Act (FCPA), including *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, translations of the statute into numerous languages, documents from FCPA related prosecutions and resolutions, and press releases are available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa> and <http://www.justice.gov/criminal/fraud/fcpa/guidance/>.

The U.S. Securities and Exchange Commission FCPA Unit also maintains an FCPA website, at: <https://www.sec.gov/spotlight/fcpa.shtml>. The website, which is updated regularly, provides general information about the FCPA, links to all SEC enforcement actions involving the FCPA, and contains other useful information.

General information about anticorruption and transparency initiatives, relevant conventions, and the FCPA is available at the Department of Commerce Office of the General Counsel website: <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>.

The Trade Compliance Center hosts a website with anti-bribery resources, at <http://tcc.export.gov/Bribery>. This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions.

Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.

Information about the OECD Anti-bribery Convention including links to national implementing legislation and country monitoring reports is available at:

<http://www.oecd.org/corruption/oecdantibriberyconvention.htm>. See also Anti-bribery Recommendation (<http://www.oecd.org/daf/anti-bribery/oecdantibriberyrecommendation2009.htm>) and Good Practice Guidance Annex for companies: <http://www.oecd.org/daf/anti-bribery/44884389.pdf>.

GRECO monitoring reports can be found at:

http://www.coe.int/t/dghl/monitoring/greco/evaluations/index_en.asp.

MESICIC monitoring reports can be found at:

http://www.oas.org/juridico/english/mesicic_intro_en.htm.

The Asia Pacific Economic Cooperation (APEC) Leaders have also recognized the problem of corruption and APEC Member Economies have developed anticorruption and ethics resources in several working groups, including the Small and Medium Enterprises Working Group, at <http://businessethics.apec.org/>, and the APEC Anti-Corruption and Transparency Working Group, at

<http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Anti-Corruption-and-Transparency.aspx>. For more information on APEC generally: <http://www.apec.org/>.

There are many other publicly available anticorruption resources which may be useful, some of which are listed below without prejudice to other sources of information that have not been included. (The listing of resources below does not necessarily constitute U.S. Government endorsement of their findings.)

Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in approximately 180 countries and territories around the world. The CPI is available at: <http://www.transparency.org/research/cpi/overview>. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents, and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/research/gcr>.

The World Bank Institute's Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for 215 economies over the period 1996-2014, for six dimensions of governance (Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption). See <http://info.worldbank.org/governance/wgi/index.aspx#home>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>. See also the World Bank Group *Doing Business* reports, a series of annual reports measuring regulations affecting business activity, available at: <http://www.doingbusiness.org/>

The World Economic Forum publishes every two years the *Global Enabling Trade Report*, which assesses the quality of institutions, policies and services facilitating the free flow of goods over borders and to their destinations. At the core of the report, the Enabling Trade Index benchmarks the performance of 138 economies in four areas: market access; border administration; transport and communications infrastructure; and regulatory and business environment. See <http://www.weforum.org/reports/global-enabling-trade-report-2014>.

Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which typically assesses anti-corruption and good governance mechanisms in diverse countries. For more information on the report, see <https://www.globalintegrity.org/global-report/what-is-gi-report/>.

[Bilateral Investment Agreements](#)

In 1993, the United States and Ecuador signed a BIT, which entered into force in 1997. This treaty provides for national treatment; unrestricted remittances and transfers; prompt, adequate, and effective compensation for expropriation; and access to international arbitration to resolve any investment dispute. In March 2013, President Correa requested that Ecuador's National Assembly terminate the U.S.-Ecuador BIT, arguing it was inconsistent with Ecuador's 2008 Constitution. Efforts to terminate the BIT have not progressed and the treaty remains in place.

Bilateral Taxation Treaties

Ecuador does not have a bilateral taxation treaty with the United States.

OPIC and Other Investment Insurance Programs

Ecuador has had an Investment Guarantee Agreement with the Overseas Private Investment Corporation. Ecuador is also a signatory to the Multilateral Investment Guarantee Agreement.

Labor

Semi-skilled and unskilled workers are relatively abundant at low wages. The supply of available workers increased in 2015 due to layoffs in sectors affected by the downturn in Ecuador's economy. The National Wages Council and Ministry of Labor Relations sets minimum compensation levels for private sector employees annually. The minimum basic salary for 2016 is USD 366 per month. Mandatory bonuses and other contributions pushed total compensation to over USD 400 per month. Ecuador's Production Code requires that workers be paid a dignified wage, defined as an amount that would enable a family of four with 1.6 wage earners to be able to afford the basic necessities. The cost and the products that are considered basic necessities are determined by Ecuador's Statistics Institute (INEC). In March 2016, the cost of basic necessities was USD 680.70, while the official family wage level is at USD 683.20. As of December 2015, INEC estimated Ecuador's unemployment rate at 4.77 percent and inadequate employment at 48.09 percent.

Ecuador's National Assembly passed a labor reform law in March 2016 intended to promote youth employment, support unemployed workers, and introduce greater labor flexibility for companies suffering from reduced revenue. The law established a new unemployment insurance program, a subsidized youth employment scheme, temporary reductions in workers' hours for financially-strapped companies, and nine months of unpaid maternity or paternity leave.

The Law for Labor Justice and Recognition of Work in the Home, which included several changes related to labor and social security, took effect in April 2015. The law eliminated the requirement that the government contribute 40 percent of pension obligations to Ecuador's Institute of Social Security (IESS). The requirement was replaced with a government guarantee that it will provide funding to IESS in the case that IESS does not have the resources from employee and employer contributions to make the payments. The law also lowered the yearly percentage increase in pension payments to match inflation. The law limited the yearly bonus paid to employees, which is equal to 15 percent of companies' profits and is required by law, to 24 times the minimum wage. Any surplus profits are to be handed over to IESS. The law also limits the tax deduction for salaries companies are allowed to pay top executives to a multiple of the lowest salary paid to a company employee. The multiple will be set considering the size of the company, income, number of employees, sector, and other factors. The law also mandates that employees' thirteenth and fourteenth month bonuses, which are required by law, be paid in installments throughout the year instead of in lump sums. Employees have the option to opt out of this change and continue to receive the payments in lump sums. The law eliminated fixed-term employee contracts and replaced them with indefinite contracts, which shortens the allowable trial period for employees to 90 days. The law also allowed participation in social security pensions for non-paid work at home.

Trained financial professionals and engineers can be difficult to attract and many graduates require additional training to reach international standards. Little post-graduate education exists in Ecuador, and scientists and medical professionals are nearly all foreign-trained. Master's-level degrees are widely offered, but relatively few are competitive with international quality levels. Upper-level Ecuadorian business managers have frequently been educated abroad and often in the United States.

The Labor Code provides for a 40-hour work week, 15 calendar days of annual paid vacation, restrictions and sanctions for those who employ child labor, general protection of worker health and safety, minimum wages and bonuses, maternity leave, and employer-provided benefits.

The 2008 Constitution bans child labor, requires hiring workers with disabilities, and prohibits strikes in most of the public sector. Unpaid internships are not permitted in Ecuador.

Most workers in the private sector and at SOEs have the constitutional right to form trade unions and local law allows for unionization of any company with more than 30 employees. Private employers are required to engage in collective bargaining with recognized unions. The Labor Code provides for resolution of conflicts through a tripartite arbitration and conciliation board process. The Code also prohibits discrimination against union members and requires that employers provide space for union activities.

Workers fired for organizing a labor union are entitled to limited financial indemnification, but the law does not mandate reinstatement. The Public Service Law enacted in October 2010 prohibits the vast majority of public sector workers from joining unions, exercising collective bargaining rights, or paralyzing public services in general. The Constitution lists as strategic sectors health, environmental sanitation, education, justice, fire brigade, social security, electrical energy, drinking water and sewerage, hydrocarbon production, processing, transport, and distribution of fuel, public transport, and post and telecommunications as strategic sectors. Public workers who are not under the Public Service Law may join a union and bargain collectively since they are governed by the provisions under the Labor Code.

Foreign Trade Zones/Free Ports/Trade Facilitation

The 2010 Production Code authorized the creation of Special Economic Development Zones (ZEDEs) that are subject to reduced taxes and tariffs. The government considers the extent to which projects promote technology transfer, innovation, and industrial diversification when granting ZEDE status.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Host country data is from the Central Bank of Ecuador. The Central Bank publishes FDI calculated as net flows only.
Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	100.9	2014	100.9	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	n/a	n/a	2014	650	BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host	n/a	n/a	2014	64	BEA data available at

country's FDI in the United States (\$M USD, stock positions)					http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	n/a	n/a	2014	.64%	N/A

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data						
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)						
Inward Direct Investment				Outward Direct Investment		
Total Inward		1,060	100%	Total Outward	n/a	n/a%
The United States		186	18%			
Peru		170	16%			
China		94	9%			
Chile		78	7%			
The Netherlands		77	7%			

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Portfolio investment data are not available for Ecuador.

Contact for More Information on the Investment Climate Statement

Please contact Embassy Quito at ecuadorcommercial@state.gov.

Trade and Project Financing

Methods of Payment

Traditionally, private sector imports into Ecuador have been managed with confirmed letters of credit (documentary letter of credit or stand-by letter of credit) issued by an Ecuadorian commercial bank or an international bank operating in Ecuador. Those letters of credit are confirmed by correspondent banks abroad. Payments are made upon presentation of documents as per letter of credit terms and conditions.

The process of obtaining letters of credit can be a bit difficult and burdensome at first, but typically as a company establishes a good relationship with a bank and a good credit history, issuance of letters of credit is simplified.

Financing is a key ingredient in selling to both the government and the private sector. Local banks offer financing. However, corporate and commercial credit interest rates are usually higher than those in the U.S. In January 2016, the average annual corporate/commercial interest rate in Ecuador was 9.32 percent (the Ecuadorian Central Bank sets a cap, currently at 9.33 percent). As a result, U.S. exporters with the capacity to provide direct credit facilities will have a significant competitive advantage. However, U.S. companies would be well advised to exercise judgment before extending credit. Usually U.S. suppliers willing to offer an open account generally do so only after developing a long-standing relationship with the buyer.

U.S. companies should consider including mediation/arbitration clauses when negotiating contracts with Ecuadorian companies.

When negotiating an agent or distributor agreement with an Ecuadorian party, the U.S. Embassy recommends that both parties agree beforehand on quantities, delivery timing, price, shared marketing expenses or training, the selection of financial intermediaries, and credit. The U.S. Embassy encourages U.S. companies interested in government contracts, or in business activities requiring government licensing or approvals, to consult with us early in the process for advice.

Due to a financial crisis in the 1990s, many trade credits were not honored, resulting either in non-payment or delayed payment at deep discounts. Ex-Im is only open for short and medium-term financing (up to 1 year and from 1 to 7 years) for the public sector.

Banking Systems

Ecuador's financial system has operated under the supervision of the Superintendent of Banks and Insurance Companies (Superintendencia de Bancos y Seguros) since 1927.

The financial system is comprised of many highly-sophisticated institutions with state-of-the-art technology, including: four large banks (Pichincha, Guayaquil, Produbanco and Pacifico), nine medium-sized banks (Bolivariano, Internacional, Austro, Citibank, General Rumiñahui, Machala, Loja, Solidario y Procredit), nine small banks, and one international bank (Citibank). (Note: size is measured according to the bank's assets).

The Deposit Insurance Corporation (COSEDE) provides deposit insurance and guarantees the safety of deposits in Ecuadorian banks, currently up to \$32,000.

Foreign Exchange Controls

Ecuador uses the U.S. dollar as the country's official currency. The dollar replaced the Sucre in the year 2000. There are no foreign exchange or capital remittance controls as of January 2016. Ecuador charges a 5 percent capital exit tax on capital remitted out of the country, although there are exemptions for certain industries.

US Banks and Local Correspondent Banks

Citibank (<http://www.citigroup.com/citi/about/countrypresence/ecuador.html>) operates offices in Ecuador with clients valuing their relationships with international financial institutions. Helm Bank and Wells Fargo are also active in the market with large remittance services. Most Ecuadorian banks maintain correspondent relationships with U.S. banks. Produbanco, Banco Pichincha, Banco del Pacifico, Banco de Guayaquil, Internacional, and Bolivariano are among the major Ecuadorian banks engaging in international business. Banco Pichincha has a branch in the United States. For a complete list of banks in Ecuador, please contact the Ecuadorian Association of Private Banks (<http://www.asobancos.org.ec/>).

Project Financing

The Overseas Private Investment Corporation (OPIC) is the U.S. government's development finance institution. OPIC offers investment risk insurance and limited financing for projects with at least 25

percent U.S. equity. OPIC financing is available for small and large projects through both direct loans and loan guarantees (which are typically used for larger projects). Financing ranges in size from \$100,000 to \$250 million, but in certain instances can be as high as \$350 million.

The U.S. Trade and Development Agency (TDA) provides grants to both private and public sector entities supporting contracts with U.S. firms to conduct studies that determine the technical, economic, and financial feasibility of proposed major projects.

The U.S. Export-Import Bank (Ex-Im) offers loan guarantees and export credit insurance for U.S. exports. At present, coverage for Ecuador is available only for the public sector and for loan guarantees up to \$8 million for up to seven years (medium term).

The Andean Development Corporation (CAF) is actively involved in providing technical assistance and financing infrastructure development projects in Ecuador. The Inter-American Development Bank (IDB) provides support for the development of productive infrastructure (oil, energy, and transportation), access to financing, and economic and social inclusion projects.

The World Bank has also provided some limited financing for infrastructure development, health, and education projects. The World Bank committed to lending \$460 million to Ecuador for the 2016 fiscal year.

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (Inter-American Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the Inter-American Development Bank (<http://export.gov/idb>) and the World Bank (<http://export.gov/worldbank>).

Web Resources

Commercial Liaison Office to the Inter-American Development Bank: <http://export.gov/idb>

Commercial Liaison Office to the World Bank: <http://export.gov/worldbank>

Financing Web Resources

Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry and Analysis Team (<http://www.export.gov/tradefinanceguide/index.asp>)

Export-Import Bank of the United States (<http://www.exim.gov/>)

Ex-Im Bank, Country Limitation Schedule (http://www.exim.gov/tools/country/country_limits.html)

Overseas Private Investment Corporation (OPIC) (<http://www.opic.gov/>)

Trade and Development Agency (<http://www.tda.gov/>)

U.S. Small Business Administration's Office of International Trade (<http://www.sba.gov/oit/>)

USDA Commodity Credit Corporation (<http://www.fsa.usda.gov/cc/default.htm>)

U.S. Agency for International Development (<http://www.usaid.gov/>)
Andean Development Corporation (CAF) (<http://www.caf.com/>)
Ecuadorian Deposit Insurance Corporation (<http://www.cosede.gob.ec/>)
Ecuadorian Private Banking Association (<http://www.asobancos.org.ec/>)
Inter-American Development Bank (IDB) (<http://www.iadb.org/en/inter-american-development-bank,2837.html>)
Ecuadorian Superintendent of Banks (http://www.sbs.gob.ec/practg/p_index)

Business Travel

Business Customs

Business customs in Ecuador are similar to those in other Latin American countries. Ecuadorians are formal in their business relations, with suits and ties the norm in the highlands and more casual attire common on the warmer coast and amazon. Business meetings are conducted in offices or restaurants, the latter often used in order to become better acquainted with a potential business partner. While meetings normally start somewhat after the appointed time, Americans are expected to be punctual. Whatever the venue of a business meeting, small talk usually precedes business discussions.

With regard to social courtesies, Ecuadorians are polite and well mannered. Superiors are treated in a friendly but respectful way, and the use of a title (such as doctor, economist, or engineer) before a name is common. Business is conducted in Spanish, and efforts by Americans to speak Spanish are appreciated. Interpreters are available for Americans who do not speak Spanish. When invited to an Ecuadorian home, a gift such as flowers or wine is appreciated.

Travel Advisory

Crime

Crime is a widespread problem in Ecuador. Crimes against U.S. citizens in the past year have ranged from petty theft to violent offenses including armed robbery, home invasion, sexual assault, and several instances of murder and attempted murder.

Due to the spread of organized crime, drug and small-arms trafficking, and incursions by terrorist organizations near Ecuador's border with Colombia, the U.S. Embassy in Quito advises caution when traveling to northern Ecuador, including the provinces of Sucumbíos, northern Orellana (including the city of Coca), Carchi, and northern Esmeraldas (including the city of Esmeraldas). U.S. government personnel are prohibited from traveling to the northern border unless case-specific permission is granted.

Safety and Security

For detailed security information related to Ecuador, Americans should visit the State Department's Country Specific Ecuador Website (<http://travel.state.gov/content/passports/en/country/ecuador.html>). Up-to-date information on safety and security can also be obtained by calling 1.888.407.4747 toll free within the U.S. and Canada, a regular toll-line, 202.501.4444, from other countries. These numbers are available from 8:00 a.m. to 8:00 p.m. Eastern Time, Monday through Friday, except U.S. federal holidays.

Bookmark our Bureau of Consular Affairs website which contains the current Travel Warnings and Travel Alerts (<https://travel.state.gov/content/passports/en/alertswarnings.html>).

The Department of State urges U.S. citizens to take responsibility for their own personal safety while traveling overseas.

Please use the links for local information in Quito (<http://ecuador.usembassy.gov/security-and-safety/warden-messages.htm>) and Guayaquil's (http://guayaquil.usconsulate.gov/warden_messages.html) consular districts.

Visa Requirements

A U.S. passport with remaining validity of at least six months is required to enter Ecuador. A valid U.S. passport is required to depart Ecuador. Tourists must also provide evidence of return or onward travel. U.S. citizens do not need a visa for a stay of 90 days or less. Those planning a longer visit must obtain a visa in advance. Travelers who stay in Ecuador beyond the allowed entry time may be barred from re-entering Ecuador in the future.

U.S. citizens whose passports are lost or stolen in Ecuador can obtain a new passport at the U.S. Embassy in Quito or the U.S. Consulate General in Guayaquil and present it, together with a police report of the loss or theft, to the main immigration offices in those cities to obtain permission to depart.

For further information regarding entry, exit, and Customs requirements, travelers should contact the Ecuadorian Embassy or the nearest Ecuadorian consulate at the contact information listed below. In an effort to combat international abduction of minors, many governments, including Ecuador's, have initiated procedures at entry/exit points. These often include requiring documentary evidence of relationship and permission for the child's travel from the parent(s) or legal guardian not present. Having such documentation on hand, even if not required, may facilitate entry or departure. There are additional requirements for Ecuadorian-Americans and minors not traveling with both parents. These travelers should consult the Country Specific Information Sheet (<https://travel.state.gov/content/passports/en/country/ecuador.html>).

To work in Ecuador for more than one year, U.S. citizens are required to obtain specific types of visas. For further information regarding visas and the visa application process, travelers should contact the Ecuadorian Embassy or one of the Ecuadorian consulates listed below.

Ecuadorian Embassy 2535 15th Street, N.W. Washington, DC 20009	(202) 234-7200
Ecuadorian Consulate, Atlanta 3495 Piedmont Road NE. Building 12, Suite 105 Atlanta, GA 30305	(404) 841-2276
Ecuadorian Consulate, Chicago 30 South Michigan Ave., Suite 700 Chicago, IL 60603	(312) 338-1002
Ecuadorian Consulate, Houston 13130 Memorial Drive Houston, TX 77079	(713) 572-8731
Ecuadorian Consulate, Los Angeles 8484 Wilshire Blvd, Suite 540 Beverly Hills, CA 90211	(323) 658-6020
Ecuadorian Consulate, Miami	(305) 539-8214

117 N.W. 42nd. Avenue
Suites CU-4 and CU-5
Miami, FL 33126

Ecuadorian Consulate, Minneapolis (612) 721-6468

43 Main Street, S.E., Suite 135
Minneapolis, MN 55414

Ecuadorian Consulate, New Haven (203) 752-1947

1 Church Street, #104
New Haven, CT 06510

Ecuadorian Consulate, Newark (973) 344-6900

400 Market Street, 4th Floor
Newark, NJ 07105

Ecuadorian Consulate, New York (212) 808-0170

800 Second Ave, Room 600
New York, NY 10017

Ecuadorian Consulate, Phoenix (602) 535-5567

645 E. Mississippi Ave., Suite 132
Phoenix, AZ 85012

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that all travelers must comply with U.S. entry requirements. Visa applicants may go to the following links for information on the visa application process in Ecuador.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy in Ecuador Appointment Website (https://ais.usvisa-info.com/en-US/countries_list/niv).

Currency

Ecuador uses the U.S. Dollar as its official currency. Major credit cards, including Visa, Mastercard, American Express, and Discover are accepted at larger retailers and many restaurants. Vendors will often require additional photo identification.

ATMs are commonplace in cities and towns both on street, in retail outlets and some gas stations. Visitors should be aware that bank transaction fees often apply. Traveler's checks are not accepted for purchases. Traveler's checks can be exchanged for cash at a bank or in currency exchange offices in major cities or at the airport. Many smaller retailers only accept cash. Generally merchants will not accept bills larger than \$20.

For currency or other numerical quantities, a decimal point (period) is commonly used to mark off the thousands position and a comma to denote decimal amounts; for example \$1.234.456,78.

Telecommunications/Electric

Ecuador's telephone network covers almost the entire nation, including the Galápagos Islands. Large cities and towns have relatively reliable telephone service.

Fixed-line telephony is provided by the public telecommunications company CNT (Corporación Nacional de Telecomunicaciones) and covers the coastal areas and the highlands. In the city of Cuenca, telecommunication services are provided by ETAPA (Empresa de Telecomunicaciones,

Agua Potable, Alcantarillado y Saneamiento de Cuenca), a public utility company owned and operated by the city.

There is effective cellular coverage throughout almost the entire country. There are three competing providers: Claro, Movistar, and CNT. Each company has kiosks around the country that sell prepaid and monthly plans for cellular usage as well as internet USB modems and mobile internet packages.

In the major cities and principal tourist locations, Internet access is readily available at larger hotels and Internet cafes. The latter typically also offer email, VOIP, telephone, and fax services.

Ecuador uses 110 volt, 60 cycle electricity. Plugs are typically the two-pronged flat type so travelers from the United States will not typically need a converter or adapter.

Transportation

There are a number of U.S. and international airlines servicing routes from the United States to Ecuador. Avianca, Delta Airlines, JetBlue Airways, American Airlines, TAME, Copa Airlines, and United offer a total of more than 100 flights arriving in Ecuador from the U.S. each week.

Two main international airports serve Ecuador, one located in Quito (Mariscal Sucre International Airport) and the other in Guayaquil (Jose Joaquín de Olmedo International Airport). Both airports are also used for domestic flights. Local airlines TAME, LAN Ecuador, and Avianca Ecuador offer regular service between the principal cities of Ecuador.

Taxis are plentiful, have reasonable fares, and are generally the most effective way of moving around within cities. For security reasons, the U.S. Embassy recommends that travelers use radio taxis, rather than hailing taxis on the street.

Car rental is available throughout the country, although it is expensive compared to U.S. rental costs. It can be difficult to rent vehicles with automatic transmissions. Such vehicles should be specially requested when making a rental reservation.

Travelers should be aware that Ecuador has a high rate of auto accidents. Tourists and temporary visitors are allowed to drive for 90 days in Ecuador on a valid U.S. driver's license and a passport showing the entry date stamp. While in Ecuador, you may encounter road conditions that differ significantly from those in the United States. Although some of Ecuador's roads and highways have greatly improved in recent years, road travel throughout Ecuador can still be dangerous, especially at night. Driving practices differ from U.S. standards, and drivers often disobey traffic laws and signals. Buses stop without warning to pick up or drop off passengers. Drivers often turn right and left from any lane, and rarely yield to pedestrians and cyclists.

If you are the driver of a vehicle involved in an automobile accident, even if you are not at fault, you may be taken into police custody, especially if injuries are involved or if you do not have insurance. If injuries or damages are serious, you may face criminal charges.

The following is a list of important transportation contacts along with their local telephone numbers and web addresses.

International Airline Companies

American Airlines	800-433-7300 (Reservations, 24-hour)
04-259-8800 (Guayaquil)	02-299-5000 (Quito)

Avianca	(5937) 245-5563 (Cuenca) (5934) 208-2316 (Guayaquil) (5932) 226-5385 (Quito)
JetBlue Airways	800-538-2583 (U.S.)
TAME 700-500-800 (Ecuador)	800-430-2471 (U.S.)
LAN (1800) 000527 (Ecuador)	866-435-9526 (U.S.)
Copa Airlines	800-359-2672 (U.S.)
United	800-864-8331 (U.S. Customer Service) 254-662 (Quito)
Delta 800-10-10-60 (Ecuador Reservations)	800-241-4141 (Int'l Reservations)

Domestic Airline Companies

Avianca Ecuador (formerly Aerogal)	800-284-2622 (U.S.) 1-800-00-3434 (Ecuador)
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Executive Taxi Companies

American Taxi	(593-2) 222-2333 (Quito)
J.J. Taxis	(593-2) 263-9639 (Quito)
Fast Line	(593-2) 222-2222 (Quito) (593-4) 282-3333 (Guayaquil)

Language

Ecuador's official language is Spanish, but Quichua, the lingua franca of the Inca Empire, is spoken by many of the indigenous people. Nine additional indigenous languages are also spoken in Ecuador. English is spoken in major visitor centers.

Health

Travelers to Quito may require some time to adjust to the altitude (close to 10,000 feet), which can adversely affect blood pressure, digestion, and energy level. Travelers are encouraged to consult with their personal health care providers before undertaking high-altitude travel and may wish to purchase travelers' insurance. In particular, travelers with heart or lung problems and persons with sickle cell trait may develop serious health complications at high altitudes.

Vaccines

All travelers should be up to date on their routine vaccinations, including the measles-mumps-rubella (MMR) vaccine, diphtheria-tetanus-pertussis vaccine, varicella (chickenpox) vaccine, and polio vaccine. In addition, the CDC recommends that travelers to Ecuador receive the Hepatitis A vaccine and the typhoid vaccine. Some travelers should consider additional vaccines depending upon the nature of their travel, including rabies vaccine, Hepatitis B vaccine, and Yellow Fever Vaccine.

More Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-800-CDC-INFO (1-800-232-4636) or via the CDC's internet site (http://wwwnc.cdc.gov/travel/destinations/traveler/none/ecuador?s_cid=ncezid-dgmgq-travel-single-001).

Zika and Chikungunya

In the past few years, Ecuador has experienced local transmission of both Chikungunya and the Zika virus. Local transmission means that mosquitoes in the area have been infected with these pathogens and are spreading them to people. The CDC recommends that travelers to certain parts of Ecuador protect themselves from mosquito bites. Please note that the mosquitoes that spread these diseases usually do not live at elevations above 6,500 feet (2,000 meters). Travelers who plan to be only in areas above this elevation are at a very low risk of getting Zika and Chikungunya from a mosquito. Travelers are still at risk of sexual transmission of Zika from a male partner who has been in areas with local transmission.

For information about outbreaks of infectious diseases abroad, please consult the World Health Organization's website (<http://www.who.int/en/>). Additional information on health, safety, and security is available at the Bureau of Consular Affairs- Country Specific Information website (<http://travel.state.gov/content/passports/en/country/ecuador.html>). Further health information for travelers to Ecuador can be found at the World Health Organization's website (<http://www.who.int/countries/ecu/en/>).

Special Considerations in the Galapagos Islands

The Galapagos archipelago is located more than 600 miles to the west of continental Ecuador. Geographic isolation and a lack of local resources may present challenges to travelers there. Dangers posed by relaxed enforcement of marine safety laws and rudimentary medical facilities are exacerbated by the difficulty of performing medical evacuations from the islands. A significant number of Ecuadorian tour vessels operating in the Galápagos do not meet international safety standards. The Government of Ecuador requires that vessels carrying more than 16 passengers comply with the International Safety Management Code established by the International Maritime Organization. However, the quality of oversight, crewmember proficiency, and other requisites for safe vessel operation may vary substantially. Travelers should inquire about safety features when boarding vessels. Be sure to look for lifeboats, flotation devices and, if possible, take a moment to inspect the life vest you would be using if there were an accident.

Medical resources in the Galapagos Islands are severely limited. Acute surgical, cardiac, and other types of specialty medicine are not available. There are two hospitals, located on the Santa Cruz and San Cristobal Islands. These facilities have limited personnel and resources, and often do not have basic medical supplies. Some cruise ships have on-board physicians available, who charge a fee for their services. Scuba divers in the Galapagos Islands should be aware of limited facilities for decompression. Serious injury or illness in the Galapagos typically requires costly medical evacuation to the Ecuadorian mainland or the United States for treatment. Medical evacuations by air ambulance can cost \$60,000 or more and take significant time to arrange. For that reason, we strongly recommend that you purchase traveler's health insurance that includes air evacuation before your trip.

Local Time, Business Hours and Holidays

The Ecuadorian mainland is five hours behind Greenwich Mean Time (GMT -5); the Galápagos Islands are six hours behind Greenwich Mean Time (GMT -6). Ecuador does not utilize Daylight Savings Time.

Normal office hours are 9:00 a.m. to 6:00 p.m.

The following is a listing of the official statutory public holidays in Ecuador when most commercial offices are closed. Certain other days are celebrated as holidays within local jurisdictions.

Holiday	2016/2017
New Year's Day	January 1
Carnival	February 8, 9/February 27, 28
Holy Thursday	March 24/April 13
Good Friday	March 25/April 14
Labor Day	May 1
Pichincha Battle Day	May 27
Founding of Guayaquil	July 25
Ecuador's Independence Day	August 10
Guayaquil Independence Day	October 9
All Souls' Day	November 2
Cuenca Independence Day	November 3
Founding of Quito	December 6
Christmas Day	December 25

Temporary Entry of Materials or Personal Belongings

When entering Ecuador, items bought for personal use are not subject to import duties. This includes clothing, toiletries, toys, sporting equipment, printed material, medicines, and orthopedic equipment. Other items, also exempt from duties (up to two units each) include cameras, recording equipment, typewriters, personal computers, radios, cassettes, and CD players.

For additional information on the temporary entry of machinery please refer to Chapter 5.

Travel Related Web Resources

U.S. State Department, Information on Ecuador (<http://www.state.gov/p/wha/ci/ec/index.htm>)

U.S. State Department, Visa Website (<http://travel.state.gov/content/visas/en.html>)

U.S. State Department, Bureau of Consular Affairs
(<https://travel.state.gov/content/passports/en/country/ecuador.html>)

U.S. State Department, Travel Warnings and Travel Alerts
(<http://travel.state.gov/content/passports/en/alertswarnings.html>)

U.S. State Department, Worldwide Caution
(<http://travel.state.gov/content/passports/en/alertswarnings/worldwide-caution.html>)

U.S. State Department, U.S. Embassy Quito, Visa Appointments (https://ais.usvisa-info.com/en-US/countries_list/niv)

U.S. State Department, U.S. Embassy Quito Website (<http://ecuador.usembassy.gov/service.html>)

U.S. Commerce Department, U.S Commercial Service – Ecuador (<http://export.gov/ecuador/>)
Smart Traveler Enrollment Program (STEP) (<https://step.state.gov/step/>)

Mariscal Sucre International Airport (UIO), Quito (<http://www.aeropuertoquito.aero/en>)
José Joaquín de Olmedo Airport (GYE), Guayaquil (http://www.tagsa.aero/en_tagsa.html)
Ecuador, Ministry of Tourism (<http://ecuador.travel/>)
Incoterms (<http://www.iccwbo.org/products-and-services/trade-facilitation/incoterms-2010/>)
U.S. Council for International Business (<http://www.uscib.org/ata-carnet-export-service-ud-718/>)

Leading Sectors for US Exports and Investments

Best Prospect Overview

Education

Overview

The United States is Ecuador's top higher education partner. In recent years, the two nations have witnessed robust and growing two-way academic exchange. Ecuador is one of the top five destinations for U.S. students in Latin America, hosting 3,699 U.S. students in 2014-15. During the same period, nearly 3,000 Ecuadorians studied in the United States.

In support of Ecuador's higher education agenda and President Obama's "100,000 Strong in the Americas" initiative, the U.S. government offers educational advising to Ecuadorian students, fosters linkages between Ecuadorian and U.S. universities, and provides technical assistance to Ecuadorian officials on university administration.

Sub-Sector Best Prospects

English as a Second Language (ESL) programs.

Summer and college preparation programs.

One semester/year exchange program.

Student recruitment for undergraduate and graduate programs for engineering, business administration, environment/energy, science, and design areas.

Corporate training programs in management, as well as executive-level language proficiency programs.

Opportunities

The National Secretariat for Higher Education, Science, Technology and Innovation (SENECYT) grants scholarships to Ecuadorians who wish to obtain a post-graduate or graduate degree in foreign institutions. The scholarships are focused on science, technology, telecommunications, engineering, architecture, construction, education, agriculture, veterinary, and medicine.

Nonrefundable funding from the national government scholarships cover the full cost of tuition, travel expenses and monthly allowances up to a maximum of \$250,000. According to 2014 data, 10,000 scholarships were granted in the last seven years, with a monetary value of \$267 million.

Scholarship recipients are required to return to Ecuador to work for at least twice the length of time of their scholarship.

Web Resources

United States Department of Education, International Affairs Office
(<http://sites.ed.gov/international/?src=rt>)
Ecuadorian Education Ministry

	2013-14	2014-15	2015-16 (est.)
Number of Ecuadorian Students in the United States	2,578	2,797	3,020
Percentage Increase		8.5%	8%
Undergraduate	1,391	1,516	1,637
Graduate	701	842	909
Non-Degree	274	225	243
Optional Practical Training	212	214	231
Number of U.S. Students in Ecuador	3,438	3,699	3,883
Percentage Increase		7.6%	5%

Food Processing and Packaging Equipment

Overview

Imports dominate most of the machinery and supplies needed for the food processing and packaging industry. Market growth is largely tied to investment in technology and the expansion strategies of companies.

In the last few years, the Government of Ecuador has been pursuing a policy of selective import substitution in an effort to shift from being largely dependent on oil and agricultural exports to exporting high value-added products. The government calls this policy a shift in the “production matrix.” The government is promoting the development of the local industry. For that reason, the domestic and export market for processed goods is considerable. In order to meet this demand, there is a need for machinery, supplies, and technology from abroad.

The U.S. continues to be the largest supplier of food processing and packaging equipment to Ecuador with 18 percent of imports. Other countries that sell to Ecuador include: Germany (14 percent), Italy (13 percent), and China (12 percent).

Tariffs for processing and packaging equipment range from 0 to 5 percent. With few exceptions (like labeling and filling machines), most equipment is subject to a 12 percent value added tax (VAT) and 0.5 percent Children’s Tax. (As part of a tax package passed after the April 2016 earthquake, Ecuador has temporarily raised the VAT to 14 percent for one year. The increased VAT is scheduled to expire on May 31, 2017.)

Companies in this industry are fully aware of the need to remain competitive with up-to-date technology, as well as highly efficient production processes.

Sub-Sector Best Prospects

Packaging or wrapping machinery,
Filling, sealing, and capping machines,
Cleaning and sorting machinery,
Dairy production equipment,
Bottling services (both alcoholic and non-alcoholic),
Brewery equipment,
Mixing, grading, and filtering apparatus,
Equipment to process and pack processed foods,
Horticulture packaging equipment,
Printing and labeling equipment.

Opportunities

The food processing industry is not yet sufficiently developed to satisfy local demand, let alone increase exports. The sector is highly diversified. Besides importing processing and packaging machinery, Ecuador also imports the majority of the raw materials needed for packaging such as cardboard boxes, plastic wrap, plastic bags, and labels.

The primary end-users for packaging machinery are:

Food and agricultural industries, including supermarkets,
Meat packers,
Fruit processors,
Raw fruit exporters,
Banana, shrimp and flower exporters,
Pharmaceutical companies, and
Packaging processors.

Market opportunities for U.S. manufacturers also vary broadly, determined by equipment size and production capacity.

Web Resources

United States International Trade Commission (<http://www.usitc.gov/>)

Central Bank of Ecuador (<http://www.bce.fin.ec/>)

Pudeleco Legislacion Economica (www.pudeleco.com/site/quienes-somos)

	2014	2015	2016 (est.)	2017 (est.)
Total Imports	\$92,212,000	\$92,636,000	\$95,416,000	\$100,186,000
Imports from the U.S.	\$12,943,000	\$11,586,000	\$11,934,000	\$12,531,000

Construction

Overview

Construction makes up about 10 percent of the Ecuador's GDP. The primary investor in the sector is the government with an 80 percent share of total investment; the private sector has a 20 percent

share. Over the past several years, the sector has enjoyed exceptional growth largely due to increased government spending on infrastructure. For the decade prior to 2015, the construction sector had grown at an average annual rate of 7.2 percent since 2004, far surpassing average GDP growth of 4.7 percent for that period.

2015 was a challenging year for the construction industry. In 2015, the sector effectively stagnated due to reductions in government spending, as well as a decrease in bank lending which reduced the availability of residential mortgages. Both of these trends were driven by the dramatic decline in oil prices throughout 2015.

Despite last year's difficulties, the sector remains a promising prospect for U.S. imports and remains a significant component of the Ecuadorian economy. Moreover, although the sector will not return to the rapid growth that marked the decade ending in 2014, the sector is expected to grow at an average of nearly 4 percent annually between 2016 and 2020.

On April 16, 2016, a 7.8 magnitude earthquake struck the northern coast of Ecuador. The earthquake severely damaged infrastructure along Ecuador's northwestern coast. Reconstruction projects will be needed including the rebuilding of housing stock, commercial buildings, and roadways.

Sub-Sector Best Prospects

- New or lower cost materials,
- Software,
- Machinery, Equipment, Tools,
- Construction materials to expedite construction times, panels, gypsum,
- Green building products,
- Dividers for office buildings,
- Elevators,
- Construction products such as: ceramics, toilets, automatic faucets, value added taps,
- Automatic doors, floors, paint, roofing, fixtures, efficient lighting, and lamps.

Opportunities

Apart from earthquake reconstruction, Quito and Guayaquil have the greatest number of residential projects (houses and apartments) in construction. Most residential supply in these cities is in the \$70,000 to \$150,000 range, with an average area of 117 square meters. Over the last five years the total value and the value per square meter of construction has shown a strong upward trend. There is a market opportunity for lower cost housing projects. The greatest demand is for middle- and lower middle-income housing projects. To target this market the construction sector needs to improve construction processes and optimize resources. Historically, the Ecuadorian construction sector has been slow in implementing cutting edge technologies, preferring instead to rely on readily available low cost labor.

Most of the construction machinery and equipment used in Ecuador is imported. Thus, there are opportunities for equipment manufacturers to enter the Ecuadorian market.

Finally, the government has planned several major infrastructure projects, including the Pacific Refinery, Quito Metro, Quito Cables, Porsorja port, Solución vial Guayasamín, and earthquake reconstruction.

Web Resources

Chamber of the Construction Industry CAMICON: www.camicon.ec/

Association of Real Estate Brokers of Ecuador: www.apive.org/

Ministry of Urban Development and Housing: www.habitatyvivienda.gob.ec/

Ministry of Transportation and Public Works: www.obraspublicas.gob.ec/

Construction Chamber of Guayaquil: www.cconstruccion.net/

Mining Industry Equipment

Overview

The Ecuadorian mining sector is one of the top growth prospects for the near- and medium-term. Ecuador enjoys excellent mineral resources on par with its neighbors: Peru, Colombia, and Chile. Ecuador's most valuable mineral exports are gold, copper, and silver. Despite its tremendous mineral potential, between 2007 and 2012, the industry fell stagnant as a result of government policy changes. Starting in 2013, the government publicly acknowledged mistakes and embarked on a series of tax and regulatory reforms that have revitalized the sector and positioned it for strong growth in the coming years.

Mining contributed less than one percent to Ecuador's Gross Domestic Product in 2015. Nevertheless, two large-scale mining projects expect to begin production by 2018 and the Mining Ministry recently opened the Mining Registry to award new concessions for the first time in six years. As a result, the country expects to see an increase in foreign direct investment in the sector over the next two years.

Sub-Sector Best Prospects

Mineral exploration, including geophysics, mapping, and tunneling equipment; production equipment for drilling, extraction, loading, hauling and crushing; and mining software for resource estimation, modeling, mine design, and optimization; and mine safety equipment.

Opportunities

The Mining Ministry projects that the industry will see more than \$600 million in foreign direct investment in 2016 and approximately \$1 billion in investment in 2017. Many U.S. exporters are active in neighboring markets, including Peru and Chile, and are well positioned to supply quality products to Ecuadorian importers.

Web Resources

Ecuadorian Chamber of Mines: <http://www.cme.org.ec/>

Ecuadorian Mining Ministry: <http://www.mineria.gob.ec/>

Ecuadorian National Mining Company (Enami EP): <http://www.enamiep.gob.ec/>

Ecuadorian Ministry of the Environment: <http://www.ambiente.gob.ec/>

Ecuadorian Coordinating Ministry for Strategic Sectors: <http://www.sectoresestrategicos.gob.ec/>

Ecuadorian Secretary of Water: <http://www.agua.gob.ec/>

Electric Power and Renewable Energy

Overview

Ecuador is undergoing massive change in the energy sector. The country is moving from a heavy reliance on fossil fuels to nearly complete self-sufficiency through renewable energies – particularly

hydroelectric power. The country is also improving its energy transference infrastructure to allow massive loads to be carried more efficiently at high-voltage.

In 2014 Ecuador's effective installed electric power generation capacity reached 5,299 MW, with a hydro-based capacity share of 42 percent, internal combustion engines share of 27 percent, gas turbines share of 18 percent and the remainder through steam turbines, biomass, photovoltaic and wind power generation. By 2018, the government forecasts the installed capacity to reach 7,780 MW, with an increased reliance on large-scale hydro.

In 2013 Ecuador began execution of a plan to increase capacity by more than 3,000MW. These projects include: Coca Codo Sinclair (50% completed and currently generating 750MW), Paute-Sopladora (one turbine is operating and three more are expected to go live by 2016, total generation will be 487MW), Minas San Francisco (under construction and expected to be fully operational by 2016, total generation will be 276MW), Toachi-Pilatón (under construction and expected to be completed by 2016, total generation will be 253MW), Delsi Tanisagua (under construction and expected to be ready by 2017, total generation will be 116MW), Manduriacu (went live in 2015 and is generating 65MW), Termogas Machala, a power plant that is fueled by natural gas coming from the Amistad block in the Gulf of Guayaquil (expected to have a capacity of 327MW by the end of 2016 and to incorporate a new 110MW combine cycle gas turbine (CCGT) by the end of 2017), and other thermal generation and non-conventional renewable energy projects (including privately run solar generation of 20MW in Imbabura, Manabí, and El Oro that went live in 2014). Other hydro projects expected to operate in 2017 and 2018 include La Merced de Jondachi and Paute-Cardenillo (596MW). Additionally, to reduce costs at times when hydro generation will be insufficient, the plan is to generate power with natural gas or locally produced fossil fuels.

The construction of the extra high voltage system of 500KV was built to connect Coca Codo Sinclair's generation with the Inga (Pichincha province), Tisaleo (Tungurahua province) and Chorrillos (Guayas province) substations. The connection of Coca Codo Sinclair to the Inga substation was finalized in 2016 and the connection of the Inga substation to the Tisaleo substation and then to the Chorrillos substation is planned to be ready by 2017.

Future projects under consideration include hydro, geothermal, wind, and biomass. Studies are currently being performed to assess the most effective future options.

Imports of electric power generation equipment benefit from relative proximity of Ecuador to the U.S.
Sub-Sector Best Prospects

- Power, distribution, and specialty transformers,
- Motors,
- Industrial controls,
- Combine cycle gas turbines, steam, gas, and hydraulic turbines,
- Turbine generator sets,
- Sediment cleanup equipment,
- Steam boilers and mixed boilers,
- Spare parts,
- Water wheels and regulators,
- Turbo-jets and turbo-propellers.

Opportunities

Ecuador provides business opportunities because the government is developing or planning to develop new power generation projects, mostly hydro, to accommodate a growing demand through

2022. Additionally, the country plans to reach self-sufficiency through clean production and potentially export energy to neighboring countries.

Some important business prospects exist as a result of a push to reduce the use of fossil fuels and increase generation through renewable energies, including hydroelectric plants, natural gas and combine cycle gas plants, and geothermal, biomass and wind power projects. Furthermore, there is a tendency to use smart-technologies to reduce losses.

The Government has announced plans to sell the Paute-Cardenillo (596MW) hydro plant to private investors.

Web Resources

Please contact Sofia Zárate, Commercial Specialist at the U.S. Embassy Quito, Ecuador at zaratesc@state.gov or 011-593-2-398-5512.

- U.S. Trade and Development Agency (TDA): www.ustda.gov
- Coordinating Ministry for Strategic Sectors (MICSE): www.sectoresestrategicos.gob.ec
- Ministry of Electricity and Renewable Energy (MEER): www.energia.gob.ec
- Electricity Regulation and Control Agency (ARCONEL): www.regulacionelectrica.gob.ec
- National Center for Energy Control (CENACE): www.cenace.org.ec
- Electricity Corporation of Ecuador (CELEC EP): www.celec.gob.ec
- National Electricity Corporation (CNEL EP): www.cnel.gob.ec
- Latin American Energy Organization (OLADE): www.olade.org
- National Public Procurement Service (SERCOP): www.sercop.gob.ec/
- Regional Energy Integration Commission – Ecuadorian Committee (ECUACIER): www.ecuacier.org/

Travel and Tourism

Overview

The United States continues to be the preferred destination for Ecuadorian travelers followed by Peru, Spain, and Colombia. In 2014, Ecuadorian visitors ranked number 24 of the top 50 markets for international visitors to the United States.

Business travel accounts for about 5 percent of travel to the U.S. and leisure travel represents nearly all of the remainder. The average stay is eight to ten days, with a daily expenditure of \$150-\$200.

In order of frequency, Ecuadorians travel to the United States for the following reasons:

Vacation and shopping,
Visit friends and family,
Business,
Attend a convention or trade show,
Educational purposes, and
Medical reasons.

Top travel destinations include Miami, Orlando and New York City. Air travel gateways into the U.S. are Atlanta, Dallas, Houston, Miami, and Fort Lauderdale. Peak travel times tend to be during the summer holidays (July-August) and winter school holidays (December and February).

The U.S. is Ecuador's main trading partner, producing outstanding growth potential in the business travel market. Proximity to the U.S., family ties, and a shared currency enhance the attraction of the U.S.

The U.S. is a primary destination for Ecuadorian students participating in exchange programs.

Increased Air Connections Between the U.S. and Ecuador

In February 2013, the Mariscal Sucre Airport opened in Quito with dramatically increased capacity and connectivity compared to the old airport.

Web Resources

American Airlines (<https://www.aa.com/i18n/aboutUs/whereWeFly/internationalTickets/ecuador.jsp>)

Jetblue Airlines (<https://www.jetblue.com/vacations/quito-ecuador-vacations/>)

Delta Airlines (http://www.delta.com/content/www/en_US/shop/deals-and-offers/north-america/flights-to-latin-america.html)

United Airlines (<https://www.united.com/web/en-US/content/contact/reservations/centralandsouth.aspx>)

Ecuadorian Ministry of Tourism (<http://www.turismo.gob.ec/>)

All You Need is Ecuador (<http://ecuador.travel/>)

	2013	2014	2015	2016 (est.)
Total Ecuadorian travelers to the U.S.	254,737	335,275	372,254	
Percentage Change (%)	21%	32%	11%	
Total Outbound travelers from Ecuador	1,137,875	1,278,841		
Total Inbound travelers to Ecuador	1,364,057	1,557,006		
Total travelers from the U.S. into Ecuador		259,468 (17%)		
Exchange Rate: 1 USD				