



Overseas Market Information

Ecuador

Synopsis of the Country

Capital	: Quito
Currency	: Ecuador Sucre (ECS)
Official language	: Spanish, Amerindian languages
Business Languages	: Spanish, English
Population	: 13927650 (July 2008 est.)
Total Area	: 283560 sq. kms
GDP	: \$54.67 billion (2008 est.)
GDP Growth Rate	: 3.4% (2008 est.)
GDP Per Capita	: \$8,800 (2008 est.)
Major Exports	: Petroleum, bananas, cut flowers, shrimp, cacao, coffee, hemp, wood, fish
Exports Value	: \$19.4 billion (2008 est.)
Major Countries of Export	: US, Peru, Chile, Russia, Colombia
Major Imports	: Industrial materials, fuels and lubricants, nondurable consumer goods
Imports Value	: \$16.6 billion (2008 est.)
Major Countries	: US, China, Italy, Germany, Saudi Arabia, Russia

Ecuador is the world's largest banana exporter and has ample petroleum reserves. The government-run oil industry is mismanaged and corrupt, and production is dwindling. Factions in the legislature fuel political and institutional instability, and there is a lack of respect for the rule of law. In January 2007, U.S.-trained economist Rafael Correa was elected president on a populist platform of tighter government control of banking and oil production, default on debt owed to international lenders, and opposition to a proposed free trade agreement with the United States. Capital flight has soared, and foreign direct investment has fallen. Aligned with Venezuela's leftist President Hugo Chávez, Correa has worked to weaken constitutional and legislative restraints on his authority and to silence the press by seizing media companies.

Trade Policy

Ecuador's weighted average tariff rate was 6.2 percent in 2006. Variable levies against certain agriculture goods, registration with the central bank to obtain import licenses

for all products, mandatory pre-approval for imports of certain agriculture products, import bans, inefficient administration of tariff rate quotas, discriminatory standards and regulations, non-transparent government procurement, and issues involving the enforcement of intellectual property rights add to the cost of trade. Fifteen points were deducted from Ecuador's trade freedom score to account for non-tariff barriers.

Fiscal Burden

Ecuador has moderate corporate taxes. The top income and corporate tax rates are 25 percent. Oil companies are subject to a top tax rate of 44 percent on distributed profits. Other taxes include a value-added tax (VAT), an estate tax, and a capital gains tax. In the most recent year, overall tax revenue as a percentage of GDP was 13.2 percent.

Government Intervention

Total government expenditures, including consumption and transfer payments, are low. In the most recent year, government spending equaled 23.7 percent of GDP. Despite steps to improve fiscal management, state-owned electricity and telecommunications enterprises remain inefficient.

Foreign Investment

Foreign investment receives national treatment, but investment in petroleum exploration and development, mining, domestic fishing, electricity, telecommunications, broadcast media, coastal and border real estate, and national security is subject to government approval and additional regulatory requirements. Regulation is complex, non-transparent, and prone to corruption. There are no antitrust laws, and industry is relatively concentrated. Systemic weakness and political or economic pressure in the rule of law are the most important problems for investors. Profit repatriation and foreign access to Ecuador's credit market are allowed. There are no restrictions on foreign exchange accounts, direct investment, or current transfers. In some cases, the judicial system has failed to provide adequate protection from unlawful expropriation.

Regulation

The overall freedom to conduct business is limited by Ecuador's regulatory environment. Starting a business takes an average of 65 days, compared to the world average of 38 days. Obtaining a business license takes about half of the world average of 18 procedures. Closing a business is a lengthy process.



Economy

The economic crisis at the end of 1999 triggered the adoption of the U.S. dollar in 2000. The measure helped control inflation and stabilize the economy, which grew in the wake of the hike in oil prices.

The last eight years represent an economic growth and poverty reduction significant recovery period. Since 2003 the annual growth rates between 2,04 percent and 8,22 percent (average 5,3%).

Since 2003 the Government has adopted a significant expansion of public spending policy, particularly in infrastructure, which has been reflected on continues fiscal deficits. As a result of the global crisis, Ecuador faced major challenges in the management of its economic policy. The Central Bank of Ecuador reported for 2009, an economic growth of 0,36%. However a recovery is expected for this year.

Challenges

Poverty and inequality remain to be the major challenges in Ecuador. The answer requires among others, a sustainable economic growth with macroeconomic policies consistent with dollarization, and based on inclusion in the process of developing the most vulnerable populations. It is necessary a more targeted provision of social services.

Although the external environment improves and oil prices recover, the short term Ecuadorian macroeconomics outlook highly depends on how the Government is able to solve public financing needs and private sector investment prospects.

India's Total Trade with Ecuador

Export to Ecuador (2006-07, 2007-08, 2008-09), All Commodities

<i>Exporting Country</i>	<i>Importing Country</i>	<i>Commodity Name</i>	<i>US\$ Million Cumulative 2006-07 val</i>	<i>US\$ Million Cumulative 2007-08 val</i>	<i>US\$ Million Cumulative 2008-09 val</i>
India	Ecuador	All Commodities	52.24	55.4	125.91

Export to Ecuador (2006-07, 2007-08, 2008-09), All Commodities

<i>Exporting Country</i>	<i>Importing Country</i>	<i>Commodity Name</i>	<i>Rs. Lakh Cumulative 2006-07 val</i>	<i>Rs. Lakh Cumulative 2007-08 val</i>	<i>Rs. Lakh Cumulative 2008-09 val</i>
India	Ecuador	All Commodities	23652.75	22293.26	57819.72

Import from Ecuador (2006-07, 2007-08, 2008-09), All Commodities

<i>Exporting Country</i>	<i>Importing Country</i>	<i>Commodity Name</i>	<i>US\$ Million Cumulative 2006-07 val</i>	<i>US\$ Million Cumulative 2007-08 val</i>	<i>US\$ Million Cumulative 2008-09 val</i>
Ecuador	India	All Commodities	49.29	216.78	32.55

Import from Ecuador (2006-07, 2007-08, 2008-09), All Commodities

<i>Exporting Country</i>	<i>Importing Country</i>	<i>Commodity Name</i>	<i>Rs. Lakh Cumulative 2006-07 val</i>	<i>Rs. Lakh Cumulative 2007-08 val</i>	<i>Rs. Lakh Cumulative 2008-09 val</i>
Ecuador	India	All Commodities	22318.8	87230.91	14948.88



India's Engineering Exports to Ecuador

Export to Ecuador (2006-07, 2007-08, 2008-09), Engineering Goods

Exporting Country	Importing Country	Commodity Name	Unit	US\$ Million Cumulative 2006-07 val	US\$ Million Cumulative 2007-08 val	US\$ Million Cumulative 2008-09 val
India	Ecuador	Manufactures of metals		2.23	1.25	2.79
India	Ecuador	Iron & steel bar/rods	Tonnes	2.19	2.99	3.34
India	Ecuador	Primary & semi-finished iron & steel	Tonnes	13.85	11.33	26.75
India	Ecuador	Machine tools		0.07	0.79	0.34
India	Ecuador	Machinery & instruments		1.96	5.13	11.17
India	Ecuador	Transport equipment		6.31	5.77	44.05
India	Ecuador	Non-ferrous metals	Kgs			0.00
India	Ecuador	Residual engineering items		0		0.00
TOTAL				26.61	27.26	84.44

India's Engineering Imports from Ecuador

Import from Ecuador (2006-07, 2007-08, 2008-09), Engineering Goods

Exporting Country	Importing Country	Commodity Name	Unit	US\$ Million Cumulative 2006-07 val	US\$ Million Cumulative 2007-08 val	US\$ Million Cumulative 2008-09 val
Ecuador	India	Machine tools		2.27	3.04	0.00
Ecuador	India	Non-electrical machinery		12.97	33.89	3.73
Ecuador	India	Electrical machinery.		5.07	2.84	
Ecuador	India	Professional inst. optical goods etc.		0.06	5.05	0.01
Ecuador	India	Transport equipment		0	0.88	
Ecuador	India	Primary steel pig iron based items	Tonnes	0.19	0.57	
Ecuador	India	Iron & steel	Tonnes	0.30	0.13	
Ecuador	India	Manufactures of metals		0.17	0.9	0.01
Ecuador	India	Non-ferrous metals		0.18		0.16
TOTAL				21.21	47.3	3.91

Visa Information

All nationalities will receive 90 days entry on arrival.
 The only exemptions are China, Columbia and Paraguay.

Useful Addresses

Embassy of India in Ecuador

Embassy of India
 (Under jurisdiction of Bogota, Colombia)
 Calle Francisco Andrade Marin
 274 y Eloy Alfaro
 (Sector Parque La Carolina)
 Tel. : 00 593 2 290 9836 Ext 102, 00 593 22444227 (Res)
 Fax : 00 593 2 255 9749 (Direct)
 E-mail : fcm@impsat.net.ec, loresan@impsat.net.ec

Embassy of Ecuador in India

Republic of Ecuador
 C-156, Defence Colony, First Floor
 New Delhi 110 014
 Tel. : +91-11-51555602; 51555603
 Fax : +91-11-51555604
 E-mail : emb.ecuador.ve@touchtelindia.net

Trade Associations

Federacion Nacional de Camaras de Agricultura
 Av. Amazonas 1429 Y Colon
 Edificio Espana, Piso 1
 Postal 17-21-322
 Quito
 Ecuador
 Tel. : 593 2230185



Federacion Nacional de Camaras de Industrias del Ecuador

Av. Amazonas Y Republica
Edificio Las Camaras, Piso 10
P.O. Box 17012438
Quito
Ecuador
Tel. : 593 2230185
Fax : 593 2448118
E-mail : camara@camindustriales.org.ec

(Source : EEPC INDIA Website, Statistics Department – EEPC INDIA, www.fita.org)