

Ecuador: more than just the Galapagos

To those who are familiar with this tiny country located on the Equator between Colombia and Peru, the name conjures up images of exotic flora and fauna and the marvels of the Galapagos Islands. However, few are aware of the tremendous business opportunities that exist in Ecuador.

Over the last four years, Ecuador's political situation has stabilized and the country has seen a strong economic recovery. In fact, Ecuador's macroeconomic figures now satisfy even the toughest economic critics, like the International Monetary Fund, which has recently awarded the country a US\$200 million line of credit.

The Canadian Embassy in Ecuador has been monitoring this recovery and has been working to ensure that Canadian companies get in on the action as soon as possible. Leading the way has been the recent Canadian-led project to construct a 512-kilometre oil pipeline that connects Ecuador's western oil-producing region with its coast. The pipeline rises to 6000 metres, ends at sea level and spans 17 provinces. In addition to the pipeline

project, the embassy is working with Canadian firms on two large infrastructure projects: a new international airport and the modernization and overhaul of three oil refineries.

Ecuador's potential has not escaped the Canadian Commercial Corporation (CCC), which has picked Ecuador to be its test market in South America. Indeed, Hugh O'Donnell, CCC's Executive Vice-President, has visited Ecuador no fewer than 10 times in the last few years to meet contacts and pursue various opportunities.

Of course, there is plenty of room for other Canadians in this market. Canadian companies enjoy the reputation of being providers of high-quality and high-technology products and services, and are frequently sought after by Ecuadorian companies as partners and suppliers.

Hot sectors in Ecuador

The Canadian Embassy in Ecuador has identified the following sectors as offering the best opportunities to Canadian firms:

Oil and Gas: Ecuador's oil reserves total 6.175 billion barrels, and some 20% of these reserves lie in an

untapped oilfield. Currently, several Canadian companies are carrying out oil exploration and production on concessions in northeastern Ecuador. Overall, the new pipeline has created demand for a wide assortment of equipment. In fact, the country has only recently started to tap into its natural gas reserves.

Mining: Although the mining sector has not been developed at an industrial level, recent studies and current activity confirm that Ecuador is an untapped market with significant mining resources.

Electricity: Opportunities abound in the Ecuadorian power distribution and generation markets. Ecuador is working to privatize the management of its 17 state-owned electricity providers and has developed a priority list of hydro generation projects.

Telecommunications: Ecuador relies entirely on imports to supply the domestic market. Recent regulatory reforms have permitted the entrance of a third mobile service provider, further driving competition in this sector.

Environment: There are a large number of business opportunities in water and solid waste treatment, emission reduction, waste collection, environmental studies, services related to oil and gas industries and alternative sources of energy.

Quito Airport: In September 2002, a Canadian consortium was selected to construct and operate the new Quito International Airport. The project will require an estimated investment of US\$350 million.

For more information, contact Mark Richardson, Trade Commissioner, Canadian Embassy in Quito, tel.: (011-5932) 223-2114, fax: (011-5932) 250-3108, e-mail: quito-td@dfait-maeci.gc.ca, Web site: www.quito.gc.ca. 🇨🇦



Quito, Ecuador

The Caspian's black gold

Kazakhstan taps into massive oil and gas deposits

For many years, the main treasure of Kazakhstan's part of the Caspian Sea has been its sturgeon population—the major source of the world's caviar. Now, however, oil and gas are bringing big business to the area too.

Most of Kazakhstan's present production of oil comes from onshore reserves in the western part of the country. Almost all of world's largest oil and gas companies have a presence in Atyrau, the country's oil and gas capital. The areas around the cities of Aktau on the Mangistau Peninsula on the eastern shore of the Caspian Sea, and Aksai in the north, close to the Russian border, are also the location of well-known oil and gas deposits. There are also several very large offshore deposits in the northern part of the Caspian Sea, such as Kalamkas or Kurmangazy.

However, the most famous, and probably the largest, is the huge North Kashagan formation, discovered only a few years ago. With estimated reserves of up to 12 billion barrels of oil, this deposit is believed to be the world's largest offshore discovery in the past 30 years. All the more reason for Canadian companies to get involved.

Digging for opportunities

There are many ways that Canadian companies can explore the Kazakhstan market:

- Establish a direct contact with large operators, such as Agip KCO, TCO or Karachaganak. Although these companies have their own internal procedures, many contracting and procurement decisions are made by local content units located in Kazakhstan, as well as international offices.

- Sell to international companies, such as PetroKazakhstan, that have their own procurement departments, or to large sub-contractors like Parsons Fluor Daniel, Baker Hughes, Halliburton or Parker Drilling. Again, procurement procedures at these companies may also be subject to local content regulations.



- Partner with a reliable and trustworthy local company. Over the past several years, the Kazakhstani government has been actively pursuing the development of local oil and gas support services and industries. Foreign companies have been encouraged to use local products and labour as much as possible. Having a partnership with a local firm can help Canadian companies become eligible to compete in tenders on equal terms with local companies.
- Sell directly to KazMunayGas (KMG), the national oil and gas operator. Under the Program for Development of the Caspian Sea Region, KMG will hold at least 50% in all future oil and gas projects with foreign companies, whether onshore or off. The company will likely favour projects and proposals that are able to address the local content issue.
- Attend industrial shows and exhibitions, such as the Kazakhstan International Oil and Gas Exhibition (KIOGE), held in Almaty in October each year, or the North Caspian Oil and Gas Exhibition, held in Atyrau in April. KIOGE is the major oil and gas show in Central Asia. For more information, interested companies can contact the Canadian Embassy in Almaty (see below for contact information).
- Participate in trade missions organized by Canadian provincial organizations such as Alberta Economic Development (AED). AED is planning a trade visit to Kazakhstan, tentatively scheduled for May 2004. Interested companies should contact Shaun de Bruijn, Alberta Trade Development Officer, e-mail: shaun.debruijn@gov.ab.ca.
- Attend special activities and seminars on oil and gas development in Central Asia and Kazakhstan, such as those organized by the Canada Eurasia Energy & Industry Alliance (CEEIA). For more information, go to www.ceeia.org.
- Register with the Department of Foreign Affairs and International Trade's free Virtual Trade Commissioner at www.infoexport.gc.ca/registration/CCRegistration.jsp.

For more information, contact the Trade Section at the Canadian Embassy in Kazakhstan, tel.: (011-7-3272) 501-151, fax: (011-7-3272) 582-493, e-mail: arthur.iralin@dfait-maeci.gc.ca. 🇨🇦