

RPTB1

TRADE AND INVESTMENT PROMOTION PLANNING SYSTEM

90/91 TRADE AND ECONOMIC OVERVIEW

Mission: BOGOTA

Country: ECUADOR

In the near future Ecuador will continue to confront severe economic difficulties arising from a heavy external debt burden, an excessive public sector deficit, and fluctuating terms of trade. The new government which took office in August 1988 is only slowly coming to grips with the economy's structural problems and appears more inclined to apply gradualist "political" solutions which seek to suppress symptoms of the country's economic ills without addressing the underlying malaises.

In commercial terms, this has led to the application of additional import restrictions. Moreover, the Ecuadorian government normally insists upon a financing offer from foreign suppliers for its projects, which the Export Development Corporation would be unlikely to concede in light of Ecuador's recent repayment record. The post therefore is concentrating its trade promotion efforts on areas of national urgency (such as maintaining oil and gas production) with guaranteed financing and projects to be undertaken with IFI or private sector financing.