

**MARKET OPPORTUNITIES IN THE OIL AND GAS SECTOR**

In recent years PETROECUADOR/CEPE has imported goods worth on average about US \$60 million annually. All foreign currency transactions must be approved by the Central Bank and the Monetary Board. However, Ecuadorian Customs will expedite import clearances by the state oil company, if these are required urgently.

With the replacement of CEPE by the PETROECUADOR family of companies, each subsidiary gains direct responsibility for its contractual relationships, with autonomy in procurement decisions of up to half a million dollars. The payment terms assumed by each subsidiary, if self-financed, may not exceed 30 days. The contracting system is substantially altered and PETROECUADOR subsidiaries are freed from public sector bidding regulations (new rules drawn up by the Presidency of Ecuador will be substituted).

As a result of Ecuador's financial difficulties in the 1980s, PETROECUADOR and its predecessor CEPE have sought financing support from the World Bank. The Bank responded rapidly to an Ecuadorian request for emergency assistance to rebuild the main oil export pipeline damaged by the 1987 earthquake. In the latter half of 1989 it was studying an Ecuadorian request for a US \$100 million energy sector adjustment loan, which if approved could begin to be disbursed as early as mid-1990.

PETROECUADOR has also received financing from the Andean Development Corporation (CAF - Corporacion Andina de Fomento), an Andean Pact entity with a mandate to finance industrial projects that will reinforce regional integration among its member countries (Bolivia, Colombia, Ecuador, Peru and Venezuela). Canadian exporters should be aware that the CAF has a US \$10 million line of credit with the Export Development Corporation, which may be applied to finance Canadian goods and services used in CAF projects in any of the Andean Pact member countries, including Ecuador. More information on the mechanics of this line of credit can be obtained from the EDC in Ottawa and from the CAF regional office in Quito: Corporacion Andina de Fomento, 18 de septiembre 332, Casilla 259, Quito, Ecuador Phone: 549-814 or 563-996; Fax: 564-246; Telex: 2402 CAF ED.

PETROECUADOR investment priorities in the near future include heavy crude extraction, improving the efficiency and operation of refineries, enhancing inhouse training programs, constructing three multiuse pipelines in southern Ecuador (Libertad-Monteverde-Manta, 165 km; Monteverde-Pasquales, 115 km; and Pasquales-Naranjal-Cuenca-Machala, 291 km), improving environment protection, and expanding its secondary and assisted recovery operations.

Canadian exporters should also contact Conoco and other foreign operators regarding their goods and service import requirements.