

## REPORT ON THE ECUADOR OIL AND GAS SECTOR

### INTRODUCTION

Ecuador is situated on the western coast of South America and covers an area of 270,570 square kilometers, less than half the size of Alberta. The oil and gas sector has become the main source of national income. However, by 1988 this sector accounted for only 27 percent of export earnings, while the oil sector had soared to 70 percent of exports and 60 percent of total state revenues.

During the oil boom (1971-1980), GDP grew at nine percent annually. As a result, no sector is more important to the Ecuador economy nor to government finances than oil and gas. Royalties and transfers from the petroleum industry finance significant portions of state investment in infrastructure and social programs. The Ecuador Government therefore has concentrated on implementing policies to favour exploration, development and downstream linkages.

The objective of this report is to provide a convenient reference document on Ecuador's oil and gas industry for Canadians interested in pursuing commercial opportunities in this sector.

This report is divided into three sections: a brief overview of Ecuador and its current economic and political situation; a review of the oil and gas industry, recent developments, activities, key players and projects; and a section on "how to do business" in this sector.

The annexes to this report contain reference information, including sectoral statistics, names and addresses of companies and organizations active in this sector, and a list of potential agents for new entrants to the market.

This is the first edition of this report and has been prepared by the Canadian Consulate in Quito and the Commercial Division of the Canadian Embassy in Bogotá. All suggestions for improvements are welcome.