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## II. *DOING BUSINESS WITH ECUADOR*

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### General Description of the Market

Ecuador has a free enterprise economy; however, most utilities and public services are owned and operated by the government.

The government encourages the promotion and development of the private sector and supports local and foreign investment through incentives such as tax exemptions and duty-free imports, mainly in the areas of oil and gas, mining, manufacturing and agriculture.

Even though the petroleum sector accounts for 70 per cent of the country's exports, other areas of significant development are agro-industry, agriculture and fisheries.

Major development projects, mainly in the energy sector, are financed through international financing agencies and contracted through international tenders.

In general, the country provides many opportunities for foreign companies, but persistence and regular contact are needed to enter and stay in the Ecuadorian market.

### Membership in Regional Trade Blocs

Ecuador, together with Colombia, Peru, Bolivia and Venezuela, is a member of the Andean Subregional Common Market (Andean Pact). The basic objectives of the Andean Pact (ANCOM) are to foster the economic development and integration of member countries through the reduction and eventual elimination of tariffs among members; the establishment of a uniform common external tariff; the distribution and rationalization of industrial activity among members; and the expansion of consumer markets.

In addition, Ecuador is one of 11 Latin American states to have signed the 1980 Treaty of Montevideo which created the Latin American Integration Association (ALADI), the successor organization to the Latin American Free Trade Association (ALALC) established by the Montevideo Treaty of 1960. The long-term objective of ALADI is to promote, through economic co-operation, the gradual and progressive establishment of a Latin American Common Market.