

ECUADOR

*A Guide
for Canadian Exporters*

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ECUADOR

A Guide for Canadian Exporters

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EQUADOR

A Guide
for Canadian Exporters

THE OFFICE RESPONSIBLE
FOR THE
PUBLICATION OF THIS GUIDE
IS THE
INTERNATIONAL TRADE DEVELOPMENT DIVISION
OF THE
DEPARTMENT OF SUPPLY AND SERVICES
CANADA

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INTERNATIONAL TRADE DEVELOPMENT DIVISION
DEPARTMENT OF SUPPLY AND SERVICES
CANADA

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I. THE COUNTRY

Area and Geography

Ecuador is situated on the Pacific Coast side of South America, covering an area of approximately 270 670 km². One of the smallest countries in South America, Ecuador is bordered by Colombia in the north and by Peru in the south. The Galapagos Islands, located in the Pacific Ocean 1 100 km off the coast, have belonged to the country since 1932.

Geographically, Ecuador is crossed from north to south by two chains of the Andes, which divide the country into three regions of different geographical characteristics and climate.

The Costa, or lowland region, on the west coast consists of flat plains that rise gradually to the Sierra or mountain country; they are crossed by four main rivers. Along its 1 000 km of coast, several port cities have developed, the major ones being Guayaquil, Manta, and Esmeraldas. Fisheries and plantations along the coastal region produce mainly coffee, bananas, sugarcane, rice, cocoa beans, and fruits. Natural gas and oil are under limited exploration in the Gulf of Guayaquil.

The centrally located Sierra, or mountain region, includes fertile valleys, snow-covered mountains of over 4 500 m, and picturesque cities and landscape, and represents about one-fourth of the country's total area. The northern and central valleys lend themselves more easily to the cultivation of agricultural products associated with a temperate climate and to cattle raising than do those toward the south. Here the different soil formations of the mountain ranges suggest that there are minerals yet to be explored and exploited. All along the Sierra, there are high plateaus suitable for forestation, a program initiated a few years ago by the government.

The Oriente, or eastern region, consists of tropical forest which makes up approximately one-half of Ecuador's land area and extends from the eastern slopes of the Andes into the Amazon valley. Except for petroleum production, most of this region remains unexplored and unexploited, although it has some tea and sugarcane plantations, cattle raising and logging.

History and Government

Early in the sixteenth century, after the discovery of America, Spanish explorers who were attracted by the legendary riches of El Dorado invaded the territory of what is today Ecuador. For many years this area had been part of the Inca Empire whose last emperor, Atahualpa, was born near Quito.

A Spanish colony was established in the Andean highlands and consisted mainly of large estates worked by *campesinos* (peasants). The coastal plains, due to a shortage of workers and an extremely unhealthy climate, were neglected during the colonial period, the only real activity being some shipbuilding and cocoa exports from Guayaquil.

Quito is reputed to have been the location of the first uprising against Spanish rule in 1809. In 1822, Ecuadorian rebels were aided by the armies of Simon Bolivar and Antonio Jose de Sucre, and Ecuador's independence was established when Sucre won the decisive Battle of Pichincha on May 24, 1822. From that date, until 1830 when it became an independent republic along with Colombia and Venezuela, Ecuador was part of the Confederation of Gran Colombia. Hostilities between the country's liberal element, centred in Guayaquil, and the aristocratic conservatives, centred in Quito, resulted in a history of political instability, hampering social and economic progress. Since Ecuador's independence, elected conservative, liberal, and middle-of-the-road governments have alternated with military regimes. Coups have produced leadership changes but they have generally been carried out quietly, with little or no bloodshed and few major policy shifts.

Ecuador, a republic with its central government in the capital city of Quito, is divided for administrative purposes into provinces, counties, and parishes. Cities are administered by municipal governments, whose chief executive is a mayor. The executive branch of the central government is headed by a president. The constitution in force provides for a chief executive officer, who is the president, and a one-chamber legislative body, or Congress. The judicial branch remains centred in a Supreme Court, various special purpose courts and lower courts.

Climate

Ecuador's climate varies with altitude. Sea level areas of the eastern region are rather hot, although on the coast toward the south, the cooling influence of the Humboldt Current makes it quite mild most of the year. The highlands and valleys of the Sierra region are temperate or cool, but there is no severe cold weather.

There are only two seasons: the rainy season, which generally lasts from December through April (particularly in the coastal region) and the dry season which has some rain.

Quito, the capital city, located at an altitude of over 2 700 m, has an average temperature of 15°C and Guayaquil, the main seaport, enjoys pleasant tropical weather with temperatures averaging 25°C.

Population

The 1986 estimated population of Ecuador was 9.65 million with an annual growth rate of 2.9 per cent. The majority of the population (80 per cent) are Inca or of mixed blood origin with the remainder being of European and African descent. Approximately 45 per cent of the total population resides in urban areas.

Language

Spanish is the official language of Ecuador and is spoken throughout the country. Several dialects remain in use, but most visitors will have little contact with these languages. While many business people and government officials possess a working knowledge of either English or French, efforts to speak or at least to conduct business in Spanish are greatly appreciated. Interpretation and translation services are available.

Religion

There is freedom of religion in Ecuador. The population is predominantly Roman Catholic, but several Protestant denominations have churches in Quito and Guayaquil, and there are several missionary institutions as well as synagogues in Quito and Guayaquil.

Education

Ecuador has an adult literacy rate of approximately 85.5 per cent. Education is either public or private, and

includes three levels, i.e. primary, secondary and higher education.

Primary education and the first three years of secondary school are obligatory and free, while higher education is provided by 15 centres, both public and private.

Principal Cities

Quito, with a population of 1.2 million, is the nation's capital and is also the highland region's commercial centre.

Guayaquil, the country's largest city and principal port, has a population of 1.9 million and is the commercial and industrial centre of the coastal region.

The two other major centres are Cuenca and Ambato with populations of 500 000 and 350 000 respectively.

Currency

The official monetary unit of Ecuador is the sucre (designated by the symbol S/.), which is divided into 100 centavos. Currency consists of paper bills in denominations of 1 000, 500, 50, 20, 10 and 5 sucres and 50, 20, 10 and 5 centavo piece coins. Higher denominations of paper bills and coins were introduced in 1988.

At present, Ecuador maintains a free exchange market which functions simultaneously with an official market administered by the Central Bank of Ecuador, pursuant to the *Law on International Exchange*. The Central Bank controls the official rate (used for government transactions) and the "controlled-floating rate" (used for imports). The free-floating rate can be obtained at any bank or exchange house.

Business Hours

Throughout the year Ecuador's local time is kept five hours behind Greenwich Mean Time (GMT), which corresponds to Eastern Standard Time.

Most industrial and commercial enterprises maintain an eight-hour workday, from 9:00 a.m. to 6:00 p.m. Banks are open to the public from 9:00 a.m. to 1:30 p.m.

Statutory Holidays

There are 11 national holidays, including religious holidays, as follows: January 1, Good Friday (variable), May 1,

May 24, July 24, August 10, October 9, October 12, November 2, November 3, December 25. In addition to these, other holidays, normally of one day, are decreed by various laws for some cities or industries. Statutory holidays are paid holidays for permanent employees.

Interpreters and Translation Services

Quality interpreters and translation services are available; however, arrangements should be made through the Canadian Embassy in Bogota, Colombia, or through the commercial officer resident in Quito well in advance of your business visit to Ecuador.

Weights and Measures

The metric system of weights and measures is the legal standard and must be used in official documents. Imperial measures are understood in the hardware and textile trades. The following Spanish measures are used in the retail trade:

Weights

- 1 Libra = 16 onzas = 1.0147 Imperial pounds = 460 grams
- 1 Arroba = 25 libras = 25.36 Imperial pounds
- 1 Quintal = 100 libras = 101.47 Imperial pounds
- 1 Kilo = 2.2 Imperial pounds

Length

- 1 Vara = 3 pies = 32.875 inches (variable)

Capacity

- 1 Arroba (dry) = 6.70 gallons
- 1 American gallon (liquid) = 0.83 Imperial gallons.

Electricity

The domestic voltage is 110 volts AC, 60 cycles. Light fittings are of the screw type and plugs have two flat pins. Industrial power supply of 220 volts, 60 cycles is available.

Dates

Dates, when written in numerical form, normally indicate the day, month, and year, for example, 1/4/88 for April 1, 1988.

II. *DOING BUSINESS WITH ECUADOR*

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.

Merchandising and Distribution

Most foreign manufacturers and merchants utilize the service of an agent (commission or buying on own account) to represent them. Depending upon the product, the agent should be concerned with both the Quito and Guayaquil areas since the two are quite diverse. Cuenca is becoming the third-largest centre due to the numerous new industries being established in the area and should be considered as well. Appointing a separate agent for each region has been done in the past, but using only one agent helps to reduce confusion on the part of customers.

It is difficult to find an agent dealing solely in a specific commodity area, and Canadian business people should not be surprised by the handling of a number of products.

Agents should only be appointed after a representative of the Canadian firm has visited the country and made a personal assessment of prospective representatives. The commercial section of the Canadian Embassy in Colombia or the commercial officer in Quito will be able to help you identify possible agents.

The principal-agent relationship is governed by Supreme Decree 103-2-A of December 1976. Under this law, a principal may not unilaterally modify, terminate, or refuse to renew an agency or distributorship agreement except for "just cause" judicially determined. Whereas many companies prefer to have a commercial representative to handle all their business, it is recommended that companies appoint agents only for a specific contract or project, and specify in the agency agreement a clause of non-exclusivity.

In projects where little marketing or contacts are needed, that is, the legal representative is required only to sign or present a tender on behalf of the company, it is advisable that the company appoint a lawyer, rather than a commercial agent, as its legal representative.

Advertising and Promotion

The advertising market and the media in Ecuador are centred in Quito, the capital, and Guayaquil, the principal port. These two cities account for 28 per cent of the total population.

The principal means of advertising in Ecuador is through the newspaper. There are 22 newspapers nation-wide.

El Comercio and *El Universo* are the two national circulations favoured by the business community since they carry extensive advertising, and economic and commercial news.

Television, with its seven channels, is the second-most important advertising vehicle, and the third is radio. Movie theatres also carry some advertising, especially for consumer goods.

Brochures and advertising material *should be produced in Spanish* if the firm is serious about doing business in Ecuador.

Price Quotations

Prices should be quoted in U.S. dollars, F.O.B. and C.I.F. Guayaquil.

Tendering Procedure

Most government projects and purchases, exceeding established cost limits, must be contracted through public tenders. The tendering process in Ecuador is complex and time consuming, but companies wishing to participate in government projects must strictly comply with all requirements.

Once the contracting agency has developed the terms of reference for a project, international (or domestic) public tender is called by publishing it in the national newspapers for three consecutive days. Newspaper notifications give a very general description of the requirements, the cost of the tender documents, where these may be obtained, and the deadline for the receipt of offers.

A company can register by purchasing the tender documents, the cost of which depends on the size of the project. The complete set of tender documents includes technical specifications, instructions on how to present the offer, lists of documents required, models of contract and presentation, and so on.

The closing date for receiving offers ranges from 10 to 90 days after the tender publication. Extensions may be granted with a letter from the offerer.

Proposals must be presented in *Spanish*, according to the models given in the tender documents (catalogues in another language may be included), by the date and time

of the deadline. Two sealed and numbered envelopes must be delivered in person by the company or its legal representative.

Envelope No. 1 must contain the following:

- letter or presentation and commitment according to model given;
- one or more bank certificates, indicating the economic solvency of the firm, which must be supported by additional certification from a local bank, correspondent of the foreign bank;
- latest audited financial statements of the company;
- certificates from the Ministry of Finance and the Comptroller, if the company has contracted in Ecuador before;
- list of staff available for the project and their résumés, if applicable;
- list of equipment for construction, if applicable;
- certification of the technical capacity of the firm, granted by a company that has used similar equipment; catalogues and brochures may accompany, if applicable; and
- document designating the legal representative to participate in any government project. It need not be a commercial representative; if preferred, a local lawyer can act on the company's behalf. Power of attorney may be temporary only.

Envelope No. 2 must contain the following:

- proposal in detail;
- work chronology and details of unitary prices. All documents must be numbered, sealed, and signed by the offerer. Spanish translations of documents in English must be notarized and certified by the nearest Ecuadorian Consulate. English originals must be included. In general, with the exceptions of catalogues and brochures, all other English documents must be translated to Spanish.

The day of the deadline, all No. 1 envelopes are opened and reviewed for prequalification. If a firm prequalifies, it must submit, within five days, an irrevocable bank guarantee for 2 per cent of the value of the contract, as proof of intent and compliance.

No. 2 envelopes, of qualified firms only, are then analyzed and compared. Depending on the size of the project, this

process could take up to three months. The contract is granted to the company that has the lowest price and meets all technical specifications. Sometimes, tenders are suspended if no one participant complies strictly with the technical specifications.

A ministry or another government agency may contract directly from a supplier without calling a tender in the following cases:

- the value of the contract does not exceed the base established for tender calls;
- the goods or services will be used to overcome a national emergency (earthquakes, flooding, fires);
- contracts financed under "concessional financing" by a foreign government; this may be in the form of a mutual assistance agreement, a line of credit, or simple financing/contracting from a foreign government agency for a specific project;
- goods and services qualified by the Ministry of Defence as necessary for national security;
- contracts for a literary, artistic, or scientific work;
- contracts for transportation of air mail and transportation by sea, air, or ground of exports/imports;
- spare parts and maintenance supplies for equipment owned by a public entity;
- contracts for consulting services which will be subject to selection and qualification under specific regulations set for each case by the entity involved; and
- contracts exempted from public tendering by special laws.

Exchange Controls

The Banco Central del Ecuador (Central Bank), which operates as an independent agency under the direction of the Junta Monetaria (Monetary Board), is responsible for administering export, import and exchange controls.

The Central Bank issues import permits without limitation for permitted goods. A separate exchange licence is not required for import transactions as the import licence automatically entitles the holder to obtain foreign exchange at the official rate of sucres to the U.S. dollar to cover the C&F (cost and freight) value of imports upon presentation of shipping documents.

In addition to its responsibility for exchange controls, the Central Bank approves foreign credits and registers

foreign investments and loans. The Central Bank provides the necessary funds for the repatriation of investments and profits and for the servicing of foreign debts when the investment or debt has been duly registered.

Usual Terms and Methods of Payment

Because most goods are retailed on a credit basis and most importers have limited capital, Canadian firms should be prepared to consider extending credit to importers. Importers, when placing orders, are greatly influenced by the credit facilities offered to them and exporters who can give from 30 to 180 days' credit have a decided advantage over those who insist on c.o.d. terms. Care is called for in arranging credit terms and bank charges should be included in the price.

Banking System and Local Financing

The organization and operation of banks is governed by the Central Bank Law and subordinate legislation. The Ecuadorian banking system includes commercial, savings and mortgage banks. The Central Bank of Ecuador is the official government bank responsible for applying general policies issued by the Monetary Board and is therefore responsible for regulating and supervising the activities of private banks. Banks are subject to the control of the Office of the Superintendent of Banks.

Finance companies in Ecuador operate pursuant to the Finance Company Law. Their organization, operation and liquidation are supervised by the Office of the Superintendent of Banks.

There are no Canadian banks with local operations in Ecuador although some maintain contact with the more important of the following banks:

i) Official Banks

Banco Central del Ecuador
Avenida 10 de Agosto y Briceno
Quito, Ecuador
Tel: 510-400

ii) Semi-official Banks

Banco Nacional de Fomento (National Development Bank for Agricultural and Small Industries)
Apartado 685, Antonio Arite Y 10 de Agosto
Quito, Ecuador
Tel: 572-748

Banco Ecuatoriano de la Vivienda
(Housing Bank)
Avenida Colon 1664
Quito, Ecuador
Tel: 237-114

Bank of London and South America Ltd.
Av. Amazonas Y Carrion
Quito, Ecuador
Tel: 564-177

Citibank N.A.
Juan Leon Mera Y Patria
Quito, Ecuador
Tel: 563-300

Banco Holandes Unido
Avenida 10 de Agosto 911
Quito, Ecuador
Tel: 524-200

The Bank of America
Av. Amazonas Y Patria, Edif. Cofiec
Quito, Ecuador
Tel: 564-834/564-802

Banco de Pichincha
Venezuela Y Espejo
Quito, Ecuador
Tel: 551-088

Banco de Guayaquil
Pichincha 105
Guayaquil, Ecuador
Tel: 305-731

Banco del Pacifico
Av. N.N.U.U. Y Suyris
Quito, Ecuador
Tel: 433-006

Filanbanco
Av. Colombia Y Briceno
Quito, Ecuador
Tel: 517-700

Banco Popular de Ecuador
Av. Amazonas Y Ramirez Davalos
Quito, Ecuador
Tel: 548-100

Banco de Los Andes
Av. Amazonas Y Robles
Quito, Ecuador
Tel: 554-215

Banco Internacional
Santa Prisca y M. Larrea
Quito, Ecuador

Most of the banks listed above have offices in the major cities of the country.

Customs and Other Regulatory Information

i) Documentation

Exporters must ensure that all shipping documents are prepared in Spanish unless otherwise advised. Documents containing errors or amendments may be rejected by customs officials in Ecuador and heavy fines may be levied against the importer.

In addition, all documents must bear the import permit number where an import permit is in fact required.

For all shipments, regardless of value and mode of transportation, the following documents must be presented at the port of entry for customs clearance: (1) copy of import permits; (2) original and three copies of the commercial invoices; (3) certificate of origin (if required); (4) the original (negotiable) and three copies of the bill of lading; and (5) any special documents required due to the nature of the shipment (e.g. sanitary and health certificates).

Pro forma invoices are usually required by the importer to obtain import licences.

There are no known special requirements regarding packing lists; however, their use should facilitate clearance procedures. If in doubt regarding this document, follow the importer's instructions.

Unless specifically waived by Ecuadorian officials, importers must purchase insurance in Ecuador.

As of July 20, 1976, consular authorization of documents is no longer necessary for exports to Ecuador and the consular invoice has been abolished. Payment

of consular fees and customs clearance will be carried out at the port of entry.

ii) Pre-shipment Inspection

The "Clean Report of Findings" by SGS Control Services Inc. must be presented to banking entities in Ecuador or payment for the imports concerned will not be permitted. This document may also be required to clear goods through customs. Additional copies of shipping documents, as well as supporting documentation, will be required by the pre-shipment inspector and by the importer and his or her bank. Follow their instructions in this matter.

iii) Import Controls

With few exceptions, all permitted imports into Ecuador must be covered by import licences obtained prior to shipment. Exceptions include medicines, spare parts for machinery and automobiles (when valued less than US \$500), books, newspapers, periodicals and printed and recorded music. Duties would still be applicable.

Permitted imports into Ecuador fall into one of four lists: LIST I is a special list covering basic foodstuffs, medicines and other high priority items; LIST I-A covers other essential items; LIST I-B covers semi-essential products; and LIST II covers luxury items or commodities produced locally.

The Monetary Board is authorized to shift items from one list to another, to establish and rescind import prohibitions when the country's economic situation and balance of payments so require.

Import licences are obtained from the exchange department of the Central Bank and are usually valid for 180 days. Securing an import licence normally takes a short time and if the required levies, deposits, etc., have been paid, there is seldom difficulty obtaining one.

iv) Tariffs and Import Taxes

Ecuador uses the NABANDINA tariff nomenclature (based on the Customs Co-operating Council Nomenclature) adopted by ANCOM. Dutiable value is C&F value.

Duties on goods already produced in Ecuador can reach as high as 125 per cent of the assessed value. Rates of duty on goods not produced in Ecuador average approximately 25 per cent. Vehicles are generally considered prohibited imports. Importers must make a deposit equal to the F.O.B. value of the goods in order to clear the goods through customs.

For products originating from countries in the Andean Pact or Latin American Integration Association (ALADI) of which Ecuador is a member, duties and certain restrictions are considerably reduced for many commodities.

v) *Packaging and Labelling*

Special packaging and labelling requirements exist for certain goods such as food products. These should be clarified with the importer in advance to ensure compliance.

Transportation and Communications

The road transportation system handles movement of most freight and passengers throughout the country with railroad transportation playing a smaller role. The country has approximately 24 000 km of all-weather roads with highways connecting all major ports and towns. Ecuador has a small narrow-gauge railroad system with 1 160 km of track; the principal line is Guayaquil-Quito-San Lorenzo. Improvements have been made in the seaport facilities for loading, unloading, and warehousing. The alternative ports of Esmeraldas and, in particular, Manta tend to ease somewhat the traditionally heavy traffic handled by the port of Guayaquil. Two international airports (in Quito and Guayaquil) handle normal international traffic through national and international airlines, and a number of local airports and airlines adequately handle domestic air traffic.

Public transportation within cities is provided by privately owned buses at relatively low fares. Taxi service is also readily available. Rates are not always uniform, and taxi meters are generally used in Quito but not available in other cities.

Good telephone service is available within the major cities, with automatic, long-distance dialing between Quito, Guayaquil, and Cuenca. Good communications also exist with foreign countries by way of telegram, telephone,

telex and facsimile. The use of post office boxes for receipt of mail is popular among businesses although home delivery service also exists, particularly in the major cities.

i) Air Services to Ecuador

There are currently no direct air links between Canada and Ecuador. The present routing from Canada is via connecting flights at Los Angeles, New York and Miami. Charter services for passengers and cargo are available as required.

ii) Shipping Services to Ecuador

A number of shipping companies provide general, refrigerated, bulk liquid and container cargo service to Ecuador from western, eastern and central Canadian ports.

For further information, contact the Service Industries Branch of Industry, Science and Technology Canada in Ottawa (Tel: (613) 954-2788).

Government Attitude towards Foreign Investment and the Protection of Intellectual Property

In the early 1970s, a nationalist sentiment opposed to foreign investment prevailed in Latin America, prompting the Andean Group to enact Decision 24, commonly referred to as the Andean Foreign Investment Code, which contained a common regime for the treatment of foreign investment and trademarks, patents, licences and royalties. The provisions of Decision 24 were considered restrictive. Conditions such as limitations on the transfer of profits abroad and the obligation to transform foreign-controlled companies into mixed or national companies through mandatory divestment were not acceptable to foreign investors.

Circumstances have changed significantly since then. The debt problems and economic difficulties of the Andean countries have resulted in a more receptive attitude towards foreign investment in the region. In this regard, the enactment of Decision 220 by the Andean Group in 1987 significantly eased the rules governing foreign investment.

All foreign investors who wish to invest in Ecuador must submit their application to the Ministry of Industry, Commerce and Integration (MICEI).

In addition, any direct foreign investment must be registered with the Central Bank of Ecuador together with the agreement that determines the conditions of the authorization.

All contracts covering the importation of technology, patents and trademarks must be approved by MICEI. Licence agreements for the importation of foreign trademarks cannot contain instructive clauses. A trademark registration is valid for 20 years, subject to renewal; each renewal lasts 15 years. Patent protection can last from 3 to 12 years.

Countertrade

Countertrade transactions, both in private and government-to-government business, are becoming increasingly common given Ecuador's balance of payments difficulties as well as liquidity problems in foreign currency. However, the country in general is not experienced in countertrade procedures. Thus, even though the countertrade option is attractive in many cases, business people are still reluctant to become involved in this process.

III. *YOUR BUSINESS VISIT*

Advise and Consult Your Embassy

Canadian business people planning to visit Ecuador should advise the Commercial Division of the Canadian Embassy in Bogota, Colombia, with a copy to the commercial officer resident in Quito. This should be done well in advance either via airmail — please allow three weeks — or preferably by telex. You should provide information on the purpose of the visit, the products or services involved and the arrangements required. These details will allow the commercial staff to arrange a tentative itinerary and appointment schedule so that business persons may use their time effectively. The sooner the Commercial Secretary is advised, the easier it is to conduct effective market research and prepare visit arrangements.

Travel Documents

Tourists require a valid passport, a ticket to leave the country and a Migratory Control Card which is obtained from Ecuadorian immigration authorities upon arrival in Ecuador. This card is stamped on arrival and is valid for 90 days. A vaccination certificate for smallpox is also required.

If remunerative actions are to be undertaken in Ecuador, application for a business visa should be made through an Ecuadorian Embassy or Consulate well before travelling to that country.

These requirements are all subject to change and the Canadian traveller is advised to contact an Ecuadorian Embassy or Consulate well in advance of planned departure.

Internal Travel

Travel between the main centres of Ecuador, especially Quito, Guayaquil and Cuenca, should generally be made by air, which is not expensive. The road system is extensive but ranges from very good to poor condition. Travel time by road is generally greater than for comparable distances in Canada. Rail travel between Guayaquil and Quito is possible but only recommended for sightseeing.

In the cities, travel by taxi is both convenient and inexpensive. It is advisable to hire a taxi by the hour or day when tight schedules must be followed or if visits outside the centre of town are required.

Hotels

There are several hotels of international standard in both Quito and Guayaquil, with more modest accommodation in the smaller centres. Prices are reasonable by North American standards and the food is good. Some hotels are able to provide good facilities for exhibitions, film shows and conferences.

Hotels frequently used by foreign travellers to Ecuador include the following:

Quito

Hotel Colon Internacional C.A.
Avenidas Patria Y Amazonas
Tel: 56 13 33 and 56 28 88
Telex: 22542 HCOLON ED

Hotel Alameda Real
Av. Amazonas Y Carrion 653
Tel: 56 23 45
Telex: 22224 ALMEDA ED

Hotel Intercontinental, Quito
Calle Pata de Guapulo
Tel: 23 03 00 and 52 09 36
Telex: 22223 INCUIQ ED

Guayaquil

Hotel Oro Verde
9 de Octubre Y Gare's Uforeuo
Tel: 37 21 00

Hotel Continental
10 de Agosto Y Chile Esq.
Tel: 32 92 70

Customs Regulations

Personal effects, including reasonable amounts of tobacco, spirits and photographic equipment, are admitted duty free.

Health and Personal Security

The main health risk in Ecuadorian cities is from tap water, which sometimes may be unsafe to drink.

If you are travelling to coastal cities, it is advisable to take precautions against malaria and other tropical diseases.

In Ecuador, as in most countries, personal safety is a matter of prevention and precaution. Avoid certain areas, especially at night, and do not wear expensive jewellery or carry valuable objects. Business travellers should exercise good judgement and common sense when visiting the country.

Business Calls and Entertainment

Three to four business calls and a business lunch can be achieved during the working day if the meetings are taking place in centre town. Quito and Guayaquil are relatively small; however distance and at times hectic traffic, particularly at peak hours, make travelling time longer than in Canada. Manufacturing companies are located outside the centre of the city, hence the need to keep a taxi waiting and to allow sufficient time to travel between meetings.

It is convenient to have a day of unscheduled time at the end of a stay since new business leads may have occurred during discussions.

Business entertainment generally means lunch, after-hours cocktails or dinner. Good hotels, restaurants and lounges exist in Quito and Guayaquil, and private clubs are widely used for entertainment purposes.

Mail

Air mail from Canada takes at least 10 days to arrive and may take substantially longer. Reasonable amounts of literature may be sent through the mail by air.

Documents are sometimes sent by air freight or, preferably, air mail. In urgent cases, such as the presentation of costly proposals, documents are personally carried by a company representative.

Clothing

Light suits are suitable for Quito with its temperate climate. Dark suits are usually worn at social functions. Guayaquil weather is tropical and often quite humid; hence lightweight summer suits, dresses or even shirt-sleeves are appropriate.

Formal wear is not generally required in Guayaquil, but is a requisite in Quito.

IV. FEDERAL EXPORT ASSISTANCE

Market Advisory Services

As a service to Canadian business, the federal government maintains trade officers in 67 countries around the world. These representatives provide assistance to Canadian exporters and aid foreign buyers in locating Canadian sources of supply. In addition to providing the link between buyer and seller, the trade officer advises Canadian exporters on all phases of marketing, including identification of export opportunities, assessment of market competition, introduction to foreign business people and government officials, screening and recommending of agents, guidance on terms of payment, and assistance with tariff or access problems. Trade officers also play an active role in looking for market opportunities and encouraging promotional efforts.

An additional source of information is the group of geographic trade divisions at the Department of External Affairs in Ottawa. Each of these offices concentrates on markets in specific geographical regions, in this case Latin America and the Caribbean. They are the central government link in Canada for the trade officers abroad. In the case of Ecuador, the trade officers in Bogota are in constant contact with their counterparts in the Latin America and Caribbean Branch in Ottawa (Address: South America Trade Development Division — Latin America and Caribbean Branch, Department of External Affairs, 125 Sussex Drive, Ottawa, Ontario K1A 0G2, Telephone: (613) 996-5546, Telex: 053-3745). This office can provide the following type of general information:

- market information, including economic forecasts for individual countries and information on the market for particular products;
- market access information on tariff rates, regulations, licensing, no-tariff barriers, product standards, required documents, etc.; and
- publications, including editions of this publication, *Guides for Canadian Exporters*, and country briefs on smaller markets.

The geographic trade divisions are also responsible for assisting and advising exporters on marketing their

products and services and on informing business people about export services provided by the Canadian government, and export opportunities as they arise.

As well, International Trade Centres are located across Canada to provide a full range of trade services for Canadian exporters. They are staffed by experienced trade commissioners under the direction of a senior trade commissioner from the Department of External Affairs.

Services such as export counselling and the provision of market opportunity information are combined with the ability to assist in the development of individual marketing plans. The centres also act as focal points for export awareness programs such as seminars and workshops. In addition, each centre will be linked with the WIN Exports system operated by External Affairs.

The centres are located in regional offices of Industry, Science and Technology Canada (except for the Northwest Territories and the Yukon) and are often the first point of contact for potential exporters. Future centres are to be located in Calgary, Alberta; Regina, Saskatchewan; London, Ontario; and Quebec City, Quebec.

Export Development Corporation

The Export Development Corporation (EDC) is a Canadian Crown Corporation whose purpose is to facilitate and develop Canada's export trade.

The EDC provides insurance, guarantees, and export financing, which combined with financial advice and the organization of financial packages, facilitate the sale of Canadian goods and services abroad.

The Corporation offers the following services:

i) Export Insurance and Related Guarantees

- global comprehensive insurance
- global political insurance
- selective political insurance
- specific transaction insurance
- specific transaction guarantees
- loan pre-disbursement insurance
- foreign investment insurance
- performance security insurance
- performance security guarantees
- consortium insurance

- surety bond insurance
- bid security guarantees

ii) Export Financing and Related Guarantees

- loans
- multiple disbursement agreements
- line of credit allocations
- note purchases
- forfeiting
- loan guarantees

The EDC head office is in Ottawa at P.O. Box 655, 151 O'Connor Street, Ottawa, Ontario K1P 5T9, Telephone: (613) 598-2500, Telex: 053-4136. Regional offices are located in Montreal, Toronto, London, Calgary, Winnipeg, Vancouver and Halifax. General enquiries regarding other EDC services may be channelled through the regional offices. Export services are only handled by the Ottawa office. Enquiries about export financing for a specific geographical area should be addressed to the manager of the appropriate department in the Export Financing Group of the EDC in Ottawa.

Program for Export Market Development

On April 1, 1987, the Department of External Affairs consolidated the Program for Export Market Development (PEMD) and the Promotional Projects Program (PPP) into a single program called PEMD, a name well recognized by both the private sector and governments.

The new PEMD was designed to increase the marketing efforts of the private sector by helping them to participate in activities they would not, or could not, undertake on their own.

A summary of the types of assistance offered by the new PEMD follows.

Government-Initiated Activities — Trade Fairs and Missions — Under this PEMD activity, the government shares the cost of participating in national stands at trade exhibits outside Canada; sponsors outgoing trade missions of Canadian business persons to identify market opportunities abroad; and hosts incoming missions to Canada of foreign business and government officials who can influence export sales. In the case of trade fairs, a company can be eligible for assistance for up to three participations in the same fair event. There is no limit on mission

participation. A new element in the program is the introduction of a participation fee for fairs to ensure a greater sharing by industry of costs related to government-sponsored activities.

Industry-Initiated Activities (for which government contribution continues to be repayable if sales result) — Four applications per company per year.

Trade Fairs — Funding for companies wishing to participate individually in foreign trade fairs.

Visits — Actual travel costs up to 100 per cent of the return economy airfare will be paid for both incoming visits to Canada of foreign buyers and market identification trips by Canadian companies outside Canada. In the case of market identification trips to the United States, only companies with annual sales below \$10 million will be eligible for assistance.

Project Bidding — This type of assistance shares the cost of bidding on specific projects outside Canada. The projects typically involve a formal bidding procedure in competition with foreign firms for consulting services, engineering construction, the supply of Canadian goods and services, major capital projects, and a special provision for mega-projects (over \$250 million Canadian content).

Establishment of Permanent Sales Offices Abroad — Canadian exporters are assisted in undertaking sustained marketing efforts by establishing facilities in a foreign market (excluding the United States). The government will provide up to \$125 000 per project and individual companies may have up to two approvals during their lifetime.

Activities Related to the Food, Agriculture and Fish Sectors — Up to \$125 000 per project is available to cover special activities undertaken by non-profit food, agriculture or fish organizations, marketing boards and

agencies for technical trials, product demonstrations, seminars and training, as well as commodity promotion. This assistance is non-refundable; two approvals per applicant per government fiscal year are permitted.

Marketing Agreement — The new PEMD offers applicants the flexibility to enter into concentrated agreements with the government to undertake marketing programs made up of a combination of activities eligible under the regular program for a period of up to two years. It is aimed at medium-sized manufacturers with some experience in exporting.

More information on the PEMD program is available from Info Export, the South America Trade Development Division, International Trade Centres or the regional offices of Industry, Science and Technology Canada.

Publicity

CanadExport, a bi-weekly newsletter published in English and French editions, promotes Canadian exports abroad. It features a variety of articles and reports on export opportunities, trade successes, government services to industry, international market conditions and tenders, industrial development and joint industry-government trade-promotion activities. Articles also appear regularly on fairs and missions organized abroad by the Department of External Affairs under its Fairs and Missions Programs, as well as major fairs worldwide, and on multilaterally funded capital projects overseas which offer export opportunities for Canadian suppliers of goods and services.

CanadExport is available free of charge to Canadian manufacturers from the Department of External Affairs (BTC), Lester B. Pearson Building, 125 Sussex Drive, Ottawa, Ontario K1A 0G2. Call Info Export toll free: 1-800-267-8376.

Industrial Co-operation with Developing Countries

The Canadian International Development Agency (CIDA) established in 1978 the Industrial Cooperation Program to increase the effectiveness of the agency's social and economic development programs in the Third World.

This program, together with other existing bilateral programs, assists Canadian Companies in penetrating new

markets in developing countries and supports them in seeking opportunities for investment, joint ventures and transfers of technology in these markets.

The Industrial Cooperation Program uses financial incentives to support Canadian private sector initiatives in long-term business co-operation arrangements and in project definition studies in developing countries. Support is also provided for making contacts and identifying opportunities through seminars, investment missions and viable business co-operation arrangements.

Most of these arrangements are defined as co-production or production-sharing agreements; assembly operations; licensing agreements; and various forms of equity participation.

Detailed information and application forms for the Industrial Cooperation Program are available from:

The Industrial Cooperation Division
200 Promenade du Portage
Hull, Quebec
K1A 0G4
Tel: (819) 997-7901
Telex: 053-4140

V. USEFUL ADDRESSES

Canadian Offices

(in Ecuador)

Commercial Officer (Resident in Quito)
Avenida La Coruna No. 2291
P.O. Box 6512 CCI
Quito, Ecuador
Tel: 564-343
Telex: 22622 OFCCDA ED

Honorary Consulate of Canada
Edif Torres De La Merced
Piso 4, Of. 11
Cordova 800 y V.M. Rendon
Guayaquil, Ecuador
Tel: 313-747/303-580

(in Colombia)

Commercial Division
Canadian Embassy
Apartado Aereo 53531/2
Calle 76 No. 11-52
Bogota 2, Colombia
Tel: (011-57-1) 217-5555/217-5152
Telex: (Destination Code 35) 44568 (DMCA CO)
Fax: (57-1) 235-6253

(in Canada)

South America Trade Development Division
Latin America and Caribbean Branch
Department of External Affairs
125 Sussex Drive
Ottawa, Ontario
K1A 0H5
Tel: (613) 996-5546
Telex: 053-3745 (EXTERNAL A OTT)
Fax: (613) 996-9103

Canadian International Development Agency
(CIDA Headquarters)
200 Promenade du Portage
Hull, Quebec
K1A 0G4
Tel: (613) 997-5456
Telex: 053-4140 (CIDAHULL)

Ecuador Consulate General in Canada

Consulate General
1500 Stanley Street, Suite 226
Montreal, Quebec
H3A 1R3
Tel: (514) 849-0200

Ecuador Embassy in Washington, D.C.

Embassy of Ecuador
2535 15th Street S.W.
Washington, D.C.
2009, U.S.A.
Tel: (202) 234-7000

Export Development Corporation

Head Office

151 O'Connor Street
Ottawa, Ontario
Mailing Address:
Export Development Corporation
P.O. Box 655
Ottawa, Ontario
K1P 5T9
Tel: (613) 598-2500
Cable: EXCREDCORP
Telex: 053-4136
Fax: (613) 237-2690

British Columbia and Yukon Region

Export Development Corporation
Suite 1030, One Bentall Centre
505 Burrard Street
Vancouver, British Columbia
V7X 1M5
Tel: (604) 688-8658
Fax: (604) 688-3710

Prairie and Northern Region

Export Development Corporation
Bow Valley Square III
Suite 2140
255 - 5th Avenue S.W.
Calgary, Alberta
T2P 3G6
Tel: (403) 294-0928
Fax: (403) 294-1133

Manitoba/Saskatchewan District Office

Export Development Corporation
330 Portage Avenue, Suite 707
Winnipeg, Manitoba
R3C 0C4
Tel: (204) 942-0226
Fax: (204) 983-2187
Toll Free: 1-800-665-7871

Ontario Region

Export Development Corporation
Suite 810, National Bank Building
P.O. Box 810
150 York Street
Toronto, Ontario
M5H 3S5
Tel: (416) 364-0135
Fax: (416) 862-1267

London District Office

Export Development Corporation
451 Talbot Street
Suite 303
London, Ontario
N6A 5C9
Tel: (519) 645-5828
Fax: (519) 645-4483

Quebec Region

Export Development Corporation
Suite 2724, 800 Victoria Square
P.O. Box 124
Tour de la Bourse Postal Station
Montreal, Quebec
H4Z 1C3
Tel: (514) 878-1881
Fax: (514) 878-9891

Atlantic Region

Export Development Corporation
Toronto-Dominion Bank Building
Suite 1003
1791 Barrington Street
Halifax, Nova Scotia
B3J 3L1
Tel: (902) 429-0426
Fax: (902) 423-0881

International Trade Centres

If you have never marketed abroad, please contact the Department of External Affairs' International Trade Centre in your province. As noted earlier, International Trade Centres are co-located with the offices of Industry, Science and Technology Canada, except for the North-west Territories and the Yukon.

Alberta

International Trade Centre
Industry, Science and
Technology Canada
Cornerpoint Building
Suite 505
10179 - 105th Street
Edmonton, Alberta
T5J 3S3
Tel: (403) 420-2944
Telex: 037-2762
Fax: (403) 420-4507

British Columbia

International Trade Centre
Industry, Science and
Technology Canada
P.O. Box 11610, Suite 900
650 West Georgia Street
Vancouver,
British Columbia
V6B 5H8
Tel: (604) 666-1437
Telex: 045-1191
Fax: (604) 666-8330

Manitoba

International Trade Centre
Industry, Science and
Technology Canada
330 Portage Avenue
Room 608
P.O. Box 981
Winnipeg, Manitoba
R3C 2V2
Tel: (204) 983-4099
Telex: 075-7624
Fax: (204) 983-2187

New Brunswick

International Trade Centre
Industry, Science and
Technology Canada
Assumption Place
770 Main Street
P.O. Box 1210
Moncton, New Brunswick
E1C 8P9
Tel: (506) 857-6440
Telex: 014-2200
Fax: (506) 857-6429
Toll Free: 1-800-332-3801

Newfoundland and Labrador

International Trade Centre
Industry, Science and
Technology Canada
90 O'Leary Avenue
P.O. Box 8950
St. John's, Newfoundland
A1B 3R9
Tel: (709) 772-5511
Telex: 016-4749
Fax: (709) 772-5093

Nova Scotia

International Trade Centre
Industry, Science and
Technology Canada
1496 Lower Water Street
P.O. Box 940, Station M
Halifax, Nova Scotia
B3J 2V9
Tel: (902) 426-6125
Telex: 019-22525
Fax: (902) 426-2624

Ontario

International Trade Centre
Industry, Science and
Technology Canada
Dominion Public Building
4th Floor, 1 Front Street
West
Toronto, Ontario
M5J 1A4
Tel: (416) 973-5052
Telex: 065-24378
Fax: (416) 973-8714

Prince Edward Island

International Trade Centre
Industry, Science and
Technology Canada
Confederation Court Mall
134 Kent Street, Suite 400
P.O. Box 1115
Charlottetown,
Prince Edward Island
C1A 7M8
Tel: (902) 566-7443
Telex: 014-44129
Fax: (902) 566-7450

Quebec

International Trade Centre
Industry, Science and
Technology Canada
Stock Exchange Tower
Suite 3800
800 Place Victoria
P.O. Box 247
Montreal, Quebec
H4Z 1E8
Tel: (514) 283-6796
Telex: 055-60768
Fax: (514) 283-3302

Saskatchewan

International Trade Centre
Industry, Science and
Technology Canada
6th Floor
105 - 21st Street East
Saskatoon,
Saskatchewan
S7K 0B3
Tel: (306) 975-4343;
(306) 975-5318
Telex: 074-2742
Fax: (306) 975-5334

Industry, Science and Technology Canada

As noted above, the offices of Industry, Science and Technology Canada are co-located with the International Trade Centres, and are also situated in the following locations.

Business Centre

Industry, Science and Technology Canada
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel: (613) 995-5771

Northwest Territories

Industry, Science and Technology Canada
10th Floor, Precambrian Building
P.O. Bag 6100
Yellowknife, Northwest Territories
X1A 2R3
Tel: (403) 920-8568
Fax: (403) 873-6228
AES: (403) 920-2618

Yukon

Industry, Science and Technology Canada
108 Lambert Street
Suite 301
Whitehorse, Yukon
Y1A 1Z2
Tel: (403) 668-4655
Fax: (403) 668-5003

Notes

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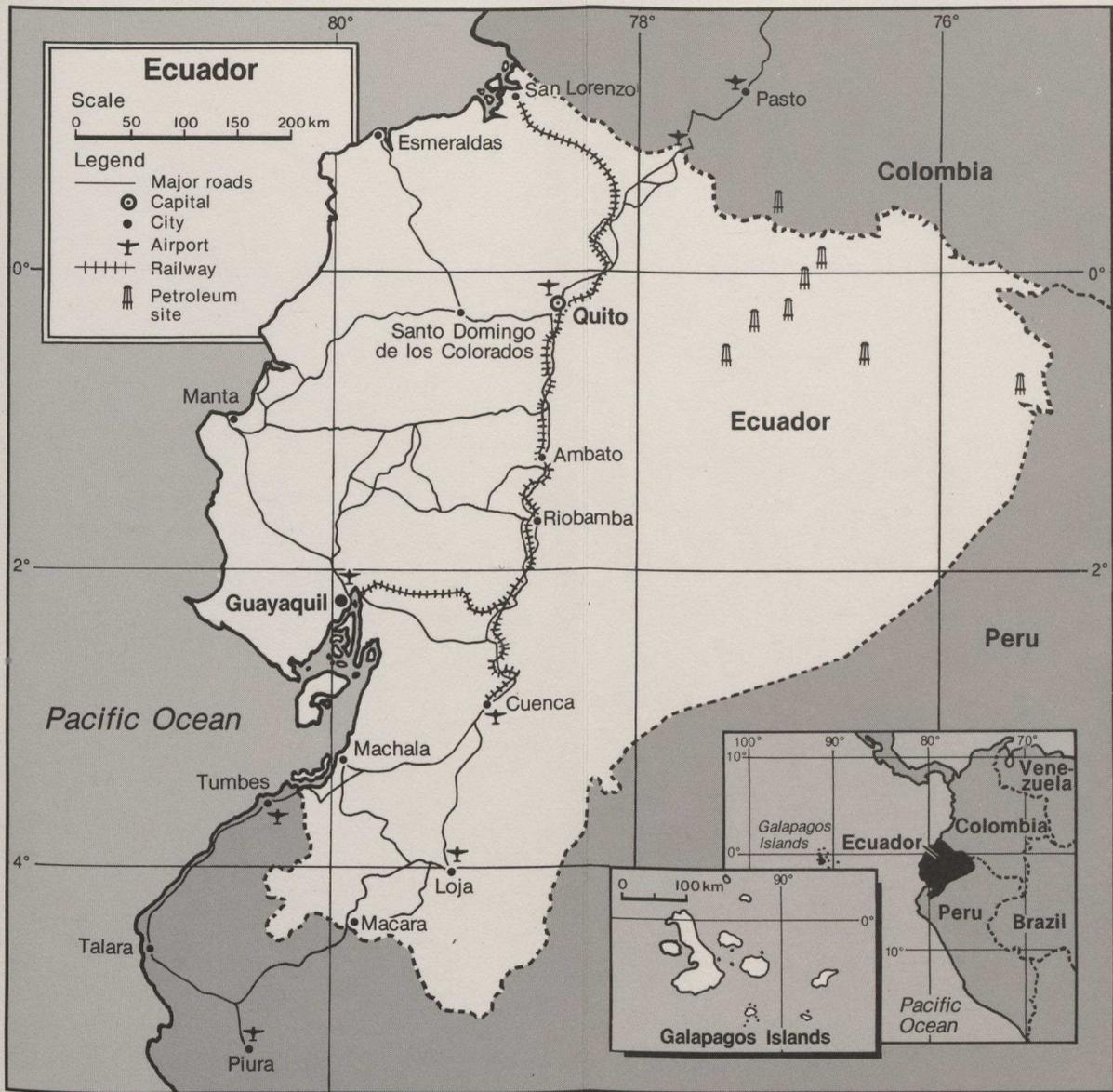
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Storage

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External Affairs
Canada

Affaires extérieures
Canada

Canada