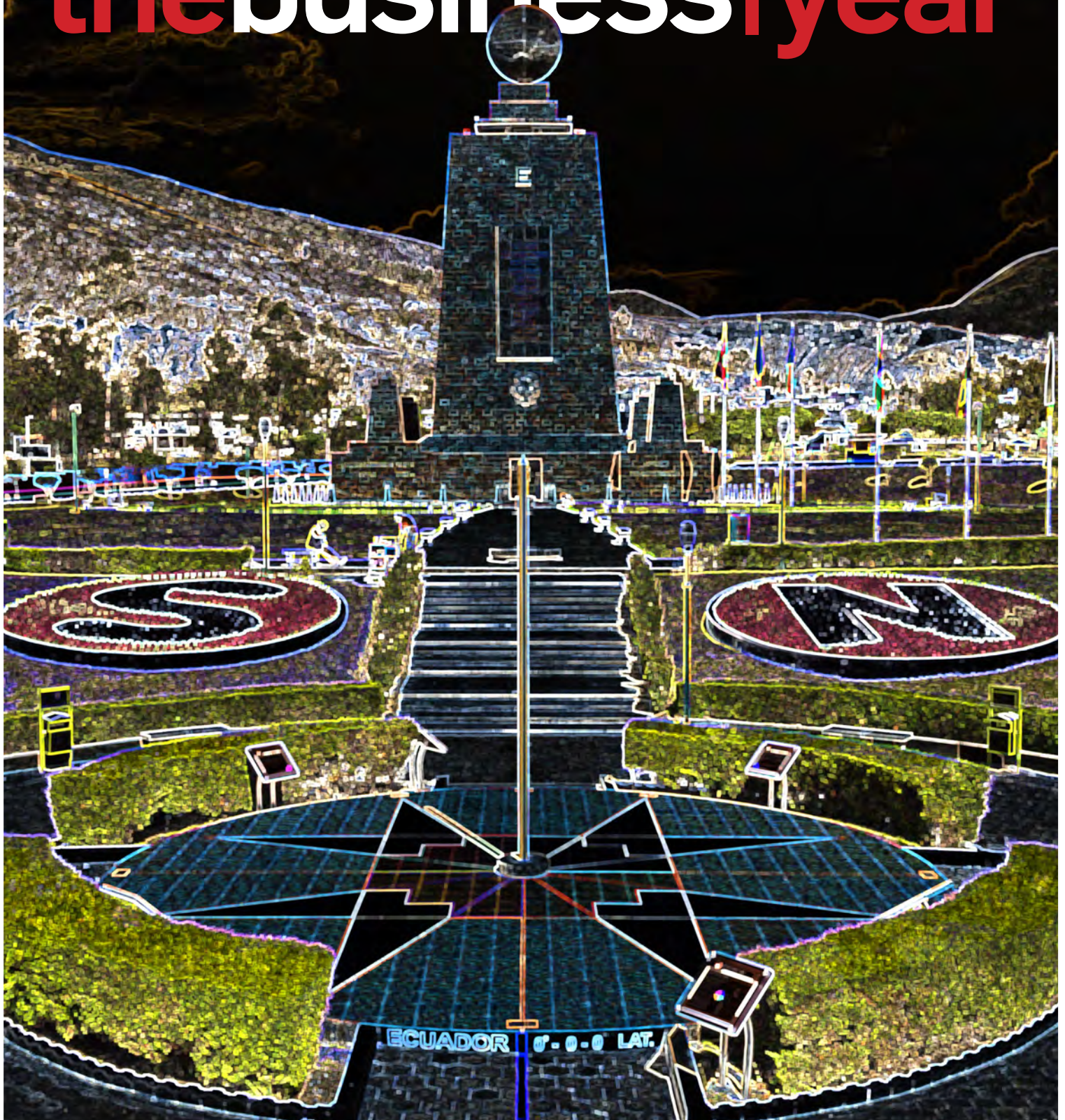


ECUADOR
2023

the business | year



Economy | Sustainability & ESG | Finance | Energy & Renewables | Mining & Hydrocarbons
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THE BUSINESS YEAR: ECUADOR 2023

The Business Year: Ecuador 2023 is our eighth annual publication focusing on the Ecuadorian economy, and has a particular emphasis on sustainability in the post-COVID-19 era. This edition marks a significant shift toward a more sustainable and environmentally conscious approach in Ecuador's business landscape. The country's recent political transformation, following the election of Guillermo Lasso, has set the stage for a renewed focus on sustainable development.

The government has prioritized initiatives aimed at achieving a greener economy and addressing climate change challenges. The administration's catchphrase, "More of Ecuador in the world and more of the world in Ecuador," reflects its vision to promote sustainable business practices and strengthen international cooperation. A clear example of this has been the launching of a large "debt-for-nature swap." On May 9, 2023, Ecuador's government successfully completed the Galapagos Debt for Nature swap, repurchasing USD1.6 billion worth of outstanding bonds at approximately 40 cents on the dollar. The operation will save Ecuador USD1.1 billion in debt service repayments over the next 17 years, with USD450 million invested in conservation and sustainable activities. Conservation investment will benefit the Galapagos National Park, the Galapagos Marine Reserve, and the new Hermandad Marine Reserve, which together total 198,000 square marine kilometers.

One of the key objectives of this publication is to assess the extent to which Ecuador has embraced sustainability and integrated it into its economic policies. Efforts have been made to attract green investments and develop renewable energy sources. The country aims to reduce its carbon footprint and enhance its resilience to climate change through sustainable infrastructure projects.

Ecuador's commitment to sustainability is evident in its pursuit of international part-

nerships and agreements. The government is actively engaged in negotiations to establish bilateral trade and investment agreements that align with its sustainability goals. These agreements will not only boost Ecuador's economy, but also promote sustainable practices in various sectors.

The private sector plays a crucial role in driving Ecuador's sustainability agenda. With increased private-sector involvement, industries such as renewable energy, sustainable tourism, and eco-friendly agriculture are expected to flourish. The publication will highlight success stories and showcase innovative initiatives undertaken by businesses that prioritize environmental stewardship.

However, challenges remain on the path to sustainability. The government faces the task of ensuring that economic growth and development benefit all segments of society. Social inclusion and equitable distribution of resources are vital aspects that need to be addressed to create a sustainable and inclusive society.

The Business Year: Ecuador 2023 features around 150 interviews with C-level executives from various sectors, including finance, the green economy, tourism, energy and renewables, mining and hydrocarbons, health and education, construction and real estate, industry, IT and telecoms, and transport and logistics. These interviews provide valuable insights into how businesses are integrating sustainability into their strategies, promoting responsible practices and contributing to Ecuador's sustainable development agenda.

By documenting Ecuador's ongoing transformation toward a more sustainable economy, The Business Year aims to inform the international business community about the opportunities, challenges, and success stories emerging from this remarkable journey. It is a testament to Ecuador's commitment to building a greener future and creating a sustainable business environment for years to come. ✖

This publication has been produced by The Business Year International's expert cadre of journalists, writers, editors, and designers. The content contained within is original and was compiled by our team on the ground.

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PRESIDENTE



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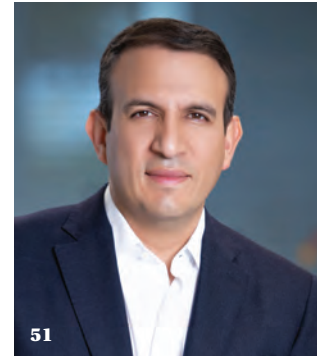
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EXECUTIVE SUMMARY

Political uncertainty now casts a shadow over *Ecuador* short term following the dissolution of parliament. Yet there remains much to be hopeful for as Ecuador looks to a greener, richer future post COVID-19.

ECUADOR is a land of remarkable natural beauty, often stuck in a dilemma between the need for economic growth and environmental preservation. Its current President, Guillermo Lasso, was elected on a platform of social progress and green thinking, although has been careful to also foster a pro-business environment. He has pushed strategic initiatives in diverse sectors, from finance and energy to tourism, health, education, mining, and industry. Yet uncertainty now reigns, with Lasso having, in May, announced a controversial decision to dissolve parliament using “cross-death” powers given to him by the 2008 constitution amidst an ongoing impeachment trial that could have ousted him from office. Snap elections will now be held in 2023, with Lasso announcing he will not stand. Incoming legislators will only serve until the end of the current presidential and executive term in 2025, when fresh elections will be held, adding to uncertainty in the coming years.

REVITALIZING THE ECONOMY

Ecuador's now outgoing administration had dedicated itself to revitalizing the economy and attracting investment post COVID-19. With a focus on reducing the fiscal burden on the public sector, the government is actively promoting private-sector participation. This initiative has resulted in record-breaking private investment contracts,

facilitating job creation and contributing to economic growth. Moreover, the pursuit of free trade agreements with various nations highlights Ecuador's commitment to expanding its global market reach and creating new trade opportunities.

OIL AND GAS

As Ecuador looks to diversify its energy portfolio and boost its generation capabilities, significant investments are being made in the energy sector. The country aims to double its oil production within the next five years, attracting both domestic and foreign investors. Additionally, Ecuador is focusing on tapping into its natural gas reserves, which have the potential to drive further growth and contribute to the nation's energy security.

SUSTAINABLE TOURISM

Ecuador's breathtaking landscapes, rich cultural heritage, and biodiversity make it an attractive destination for travelers. The government has recognized the importance of sustainable tourism and has actively promoted responsible practices to preserve natural resources and protect local communities. Efforts are underway to develop infrastructure, enhance tourist experiences, and strengthen Ecuador's position as a leading ecotourism destination.

PRIORITIZING WHAT IS IMPORTANT

Improving healthcare and education systems are key priorities for the Ecuadorian government. Access to quality healthcare services and education opportunities is being expanded to benefit all citizens. Investments in infrastructure, technology, and human resources are aimed at providing comprehensive healthcare and improving educational outcomes. This focus on health and education has underscored the government’s commitment to developing a skilled workforce and ensuring the well-being of its people.

BALANCING ECONOMIC DEVELOPMENT AND ENVIRONMENTAL PROTECTION

Ecuador possesses vast mineral resources, and the government is actively working to attract responsible mining investment while implementing stringent environmental regulations. The development of mining projects, alongside the strategic management of hydrocarbon reserves, presents opportunities for economic growth, job creation, and revenue generation. Ecuador aims to strike a balance between economic development and environmental stewardship, ensuring sustainable practices in these industries.

Environmental protection and sustainability are integral to Ecuador’s development strategy. The government is actively implementing policies to mitigate the environmental impact of productive activities and promote sustainable practices across sectors. Initiatives include the expansion of protected areas and marine reserves and the adoption of renewable energy sources. Ecuador’s commitment to sustainability not only safeguards its unique ecosystems, but also positions the country as a responsible global actor in the face of climate change.

FOSTERING INDUSTRIAL GROWTH

Ecuador’s diverse industrial sector plays a crucial role in economic growth and job creation. The government is committed to promoting innovation and R&D and fostering a supportive environment for industries such as manufacturing, agribusiness, biotechnology, and telecommunications. By nurturing these sectors, Ecuador aims

to enhance productivity, attract investment, and create a favorable business climate.

INFRASTRUCTURE, SUSTAINABILITY, AND TECHNOLOGICAL INTEGRATION

Ecuador’s transportation and logistics sector is experiencing transformative changes in 2023, driven by infrastructure development, sustainability initiatives, and technological integration. Major road projects and the expansion of the Pacific Corridor have enhanced connectivity and trade links. The country is witnessing steady growth in the electric vehicle market, with increased sales and a wider range of models. Elsewhere, Equair, the first true green airline in Ecuador, prioritizes sustainability in its operations. These advancements strengthen Ecuador’s economic growth, trade facilitation, and overall connectivity, positioning the country for a promising future in transportation and logistics.

NAVIGATING CHALLENGES AND GROWTH

The real estate and construction sector in Ecuador was battered by the challenges posed by the COVID-19 pandemic, necessitating professionals to adopt a more innovative and creative approach. Yet in the post-pandemic period, a full recovery remains elusive, prompting industry experts to reevaluate their strategies and prioritize accessible projects. The increasing costs of construction materials and labor have presented significant obstacles, demanding professionals to devise resourceful solutions within limited budgets. Simultaneously, the rapid population growth in cities like Quito and Guayaquil has created opportunities alongside infrastructure and urban planning challenges. To address these complexities, a comprehensive growth plan for the coming years is crucial. Notably, companies like Uribe Schwarzkopf have successfully diversified their projects, moving beyond saturated markets to areas like the Cumbayá and Tumbaco valleys and even to cities like Guayaquil. Despite ongoing obstacles, Ecuador’s real estate and construction sector persists, demonstrating resilience and adaptability in the face of adversity. ✖

GDP PER CAPITA (2021)

SOURCE: WORLD BANK

USD5,965.13

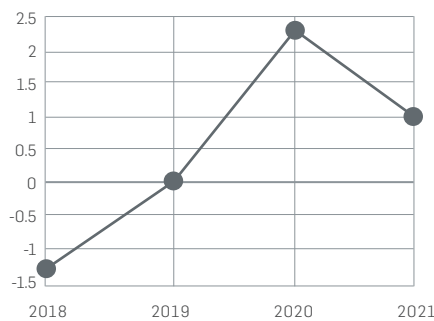
INFLATION (2022)

SOURCE: WORLDDATA.INFO

3.5%

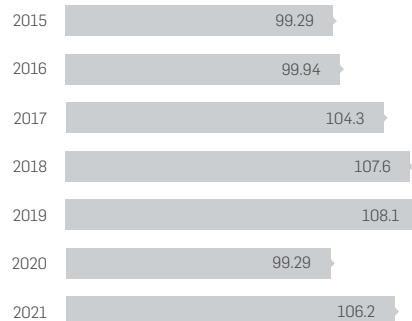
TRADE BALANCE (USD BN)

SOURCE: MACROTRENDS



GDP IN USD BILLIONS

SOURCE: THE WORLD BANK



**JANUARY 3,
2023**

After four rounds of negotiations and numerous technical meetings, Chinese and Ecuadorian teams successfully conclude the technical negotiation process of the Ecuador-China Free Trade Agreement.

**MARCH 24,
2023**

Ecuador assumes temporary presidency of the Ibero-American Summit of Nations, and begins preparing to host the next summit in November 2024.

**MAY 9,
2023**

Ecuador's government successfully completes the Galapagos "Debt for Nature swap," repurchasing USD1.6 billion worth of outstanding bonds. The operation will save Ecuador USD 1.1 billion in debt service repayments over the next 17 years, with USD450 million invested in conservation and sustainable activities.

**MAY 11,
2023**

The newly opened Quito metro is closed after just over a week due to technical problems. It is expected to reopen in December.

**JAN 10,
2023**

The government and private sector establish new mechanism to discuss key issues affecting businesses. The first session focuses on control agencies and competitiveness.

**APRIL 1,
2023**

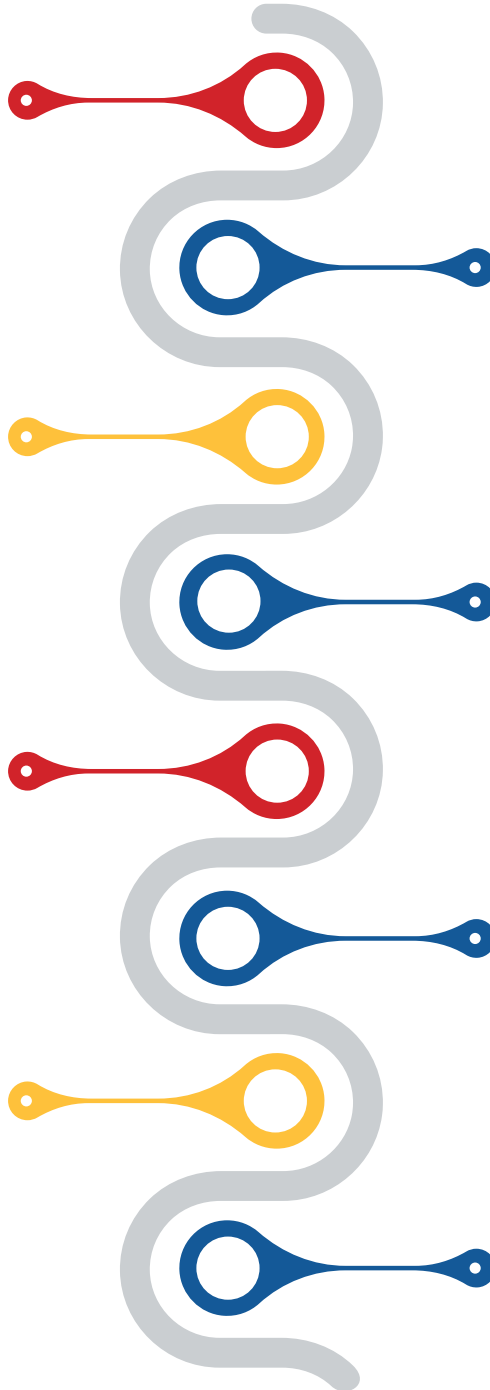
President Lasso announces the legalization of the carrying and use of guns by civilians. The carrying of weapons in Ecuador has been contemplated in legislation since the 1980s, but in 2009, when Rafael Correa was president, the carrying of weapons was suspended indefinitely, although not possession of weapons.

**MAY 10,
2023**

The government announces the completion of the Free Trade Agreement with China. The virtual signing of the agreement represents "a demonstration of mutual trust and the implementation of the consensus reached by the heads of state in 2022."

**MAY 17,
2023**

The President of Ecuador, Guillermo Lasso, controversially dissolves congress and calls early elections. This measure, a first for the country, is known as "cross death" and set out in the 2008 constitution.





ONWARD PROGRESS

With various strategies and initiatives, Ecuadorian ministries and institutions are collaboratively working to boost economic growth without leaving any member of society behind.

The different ministries in Ecuador are working concurrently to achieve their respective mandates and ensuring the country can capitalize on its main strengths. Focusing on promoting green initiatives in Ecuador, the Ministry of Environment, Water, and Ecological Transition has developed incentives for companies that go beyond their legal obligations, such as the Green Point and Zero Carbon programs, in a bid to encourage more eco-friendly practices. Meanwhile, the Ministry of Production, Foreign Trade, Investments, and Fisheries is working on reducing red tape and opening up the economy through projects such as Mesas Productivas and Innovative Ecuador, which promote value-added economic clusters and digitalization. At the Ministry of Economy and Finance, there has been a greater emphasis on achieving tax order with a social approach by removing subsidies, reallocating resources to address child malnutrition, and increasing social investment. In regard to the Ministry of Tourism, it has reaffirmed its commitment to supporting the sector through financial relief, improved promotion, and sustainable practices. The Ministry of Education has focused its efforts on returning to face-to-face learning, inclusive education, flexibility in the education system, strengthening the Ministry of Education, and promoting educational excellence. The Ministry of Energy and Mining, while focused on tapping into Ecuador's mining potential, also seeks to address concerns from indigenous groups and promote the benefits of responsible mining, as well as encourage the energy transition by exploring alternative power sources and involving the private sector in electricity generation.

José Antonio Dávalos
Hernández
MINISTER OF
ENVIRONMENT, WATER
AND ECOLOGICAL
TRANSITION

Julio José Prado
MINISTER OF
PRODUCTION, FOREIGN
TRADE, INVESTMENTS,
AND FISHERIES

Pablo Arosemena
Marriott
MINISTER OF ECONOMY
AND FINANCE

Niels Olsen
MINISTER OF TOURISM

María Brown Pérez
MINISTER OF
EDUCATION

Fernando Santos
MINISTRY OF ENERGY
AND MINING



José Antonio Dávalos
Hernández
MINISTER OF
ENVIRONMENT, WATER
AND ECOLOGICAL
TRANSITION

OUR INTENTION is to make Ecuador productive and green, and it has been proven that this is possible. From day one, we have tried to develop a closer relationship with companies to let them know what we expect from them and get them to adapt to our standards. The best way to achieve this is through incentives. We want companies to do things right and have promoted honorary and tax incentives. Among them is Green Point, which is awarded to companies with eco-friendly initiatives that go beyond their legal obligations. We also have the Zero Carbon incentive, wherein we invite companies to measure their greenhouse emissions and commit to reducing them. Once they do so, they can be compensated in order to reach carbon neutrality. Thus far, we have 290 companies enrolled in the Ecuador Zero Carbon Program, and 32 of them have completed their carbon footprint quantification or reduction processes. We also have tax incentives, for example, for companies that switch to more sustainable equipment, and they can deduct twice the amount of money they spent on that new equipment. In 2022, we also started a new incentive to finance green projects. Those are some of our initiatives to foster sustainability and encourage private companies to finance environmental projects.



Julio José Prado
MINISTER OF PRODUCTION,
FOREIGN TRADE, INVESTMENTS,
AND FISHERIES

OUR PROJECT Mesas Productivas (productive tables) is a taskforce that works with the public and private sectors to reduce the level of red tape in Ecuador, which is the first strategy. The second is related to opening up the economy. The third part of Ecuador Compete is what we call Innovative Ecuador, namely building a more dynamic ecosystem in our country to create and foster more value-added economic clusters and innovation in our industries as well as digitalization. Meanwhile, we pursue a range of projects at the ministry. For example, in 2023 we launched Tech Explorer, a program we designed with our commercial and trade offices to bring more entrepreneurs from the services sector. So, from fintech or agritech and others, the goal is to position them outside the country and establish the necessary contacts to start exporting services. We have conducted three different Tech Explorers abroad—in Spain, Mexico, and the US—to promote our exports and further digitalize the economy. Another initiative is Mesas Productivas, which focuses on eliminating minor problems that burden companies keen to invest in Ecuador. We discuss with the private sector the main problems it faces and cluster those facing similar problems at a specific desk. And where a problem is faced by numerous economic sectors, we bring it to Mesas Productivas.



Guillermo Avellán Solines
GENERAL MANAGER,
CENTRAL BANK OF EC-
UADOR (BCE)

IN THE PAST YEAR, BCE has restored its institutional strength and laid the foundations to consolidate monetary stability while guaranteeing its autonomy, with the support of multilateral organizations and foreign governments, such as the IMF, the Inter-American Development Bank, the World Bank, and the Treasury Department. Among BCE's main functions are: implementing policy in the monetary field to promote the sustainability of the monetary and financial system; acting as a fiscal, financial, and depositary agent of public resources; preserving and managing the international reserves and other assets of BCE; managing the central payment system and controlling the means of payment; ensuring the availability of cash nationwide based on demand; acting as a centralized securities clearing and settlement depository; conducting and publishing economic research, means of payment, and macroeconomic statistics; contracting external loans for the financing of the balance of payments and meeting liquidity needs; acquiring non-monetary gold from the extraction of small and artisanal mining in the national market; and preparing analysis reports of the Central Government Budget Proforma.



Niels Olsen
MINISTER OF TOURISM

SINCE THE NEW administration began in 2021, the Ministry of Tourism made several commitments to promote sustainable tourism, in particular three main ones developed together with the private sector and the academy. The first was to provide financial relief to the tourism sector, which was severely impacted by the pandemic. The ministry took several actions to meet this commitment, including allowing tourism companies to discount their pandemic-related losses from their income taxes for up to 10 years, giving them the opportunity to restructure their debts with public institutions such as Internal Revenue Service (SRI) and the Ecuadorian Institute of Social Security (IESS), and reducing the VAT from 12% to 8% during the several holidays a year when Ecuadorians tend to travel the most. The second commitment was to improve the promotion of the country, which had been rather inconsistent in the past. To address this, the ministry has secured a budget of USD47.5 million for 2022-2025 exclusively for the promotion of the country. In 2022, we invested approximately USD7 million, and we plan to invest USD9 million and USD13 million in 2023 and 2024, respectively. We will end in 2025 with USD18.5 million in investment. The Country Brand is also included in the budget, which aims to position Ecuador as a sustainable destination, bring investments, and strengthen exports.



María Brown Pérez
MINISTER OF EDUCATION

OUR ADMINISTRATION came to office right in the middle of the pandemic, and one of our main challenges was to get students back into face-to-face learning. To address this challenge, we designed a five-point plan for education, divided into 20 specific action points. The first point was called “Encontrémonos,” which translates to “getting together again” and focused on returning to traditional learning. It was important for us to help children who were behind academically and bring children back to schools. We worked with 3,207 schools in 2022 and had teams travelling around the country visiting communities to find children who were out of school and bring them back into the educational system, and more 22,000 students have been found so far. The second point of the plan is called “Todos,” meaning “Everyone,” and has to do with inclusive and intercultural education all across Ecuador. The third is “Libres y Flexibles,” or “Free and flexible,” which aims to promote flexibility of the education system and greater freedom for schools, the fourth is “Fuertes,” or “strong” and aims to strengthen the Ministry of Education and the teaching profession, and the last point is “Excelencia Educativa,” or “Educational excellence,” which seeks to encourage an educational system of excellence, fostering harmonious coexistence within it, along with the provision of educational technologies.



Fernando Santos
MINISTRY OF ENERGY AND MINING

ECUADOR HAS TREMENDOUS mining potential, with only 8% of the country having been explored so far, and we aim to be the world’s sixth-largest copper supplier thanks to the country’s large projects. Many companies are interested in investing in Ecuador due to the high probability of finding copper, gold, and silver deposits; however, some indigenous groups have raised their concerns about mining, citing a lack of consultations per International Labor Organization (ILO) Convention 169. After discussions between the government and indigenous groups, a temporary moratorium on new mining licenses was imposed until consultation law is fully implemented. Although Ecuador is a medium-income country, around 70% of rural areas are in poverty, and mining has the potential to create jobs and improve people’s livelihoods in these areas. We need to demonstrate to them all the benefits of mining. We anticipate new deposits being discovered. The ministry is not only encouraging the energy transition by working on mining but also by generating power. Our country’s main source of energy is water, and we are working on other alternative systems as well. For years, the state was in charge of electricity provision. Now, the government has decided that the private sector should be in charge of electricity generation in the future, and we are inviting international investors.

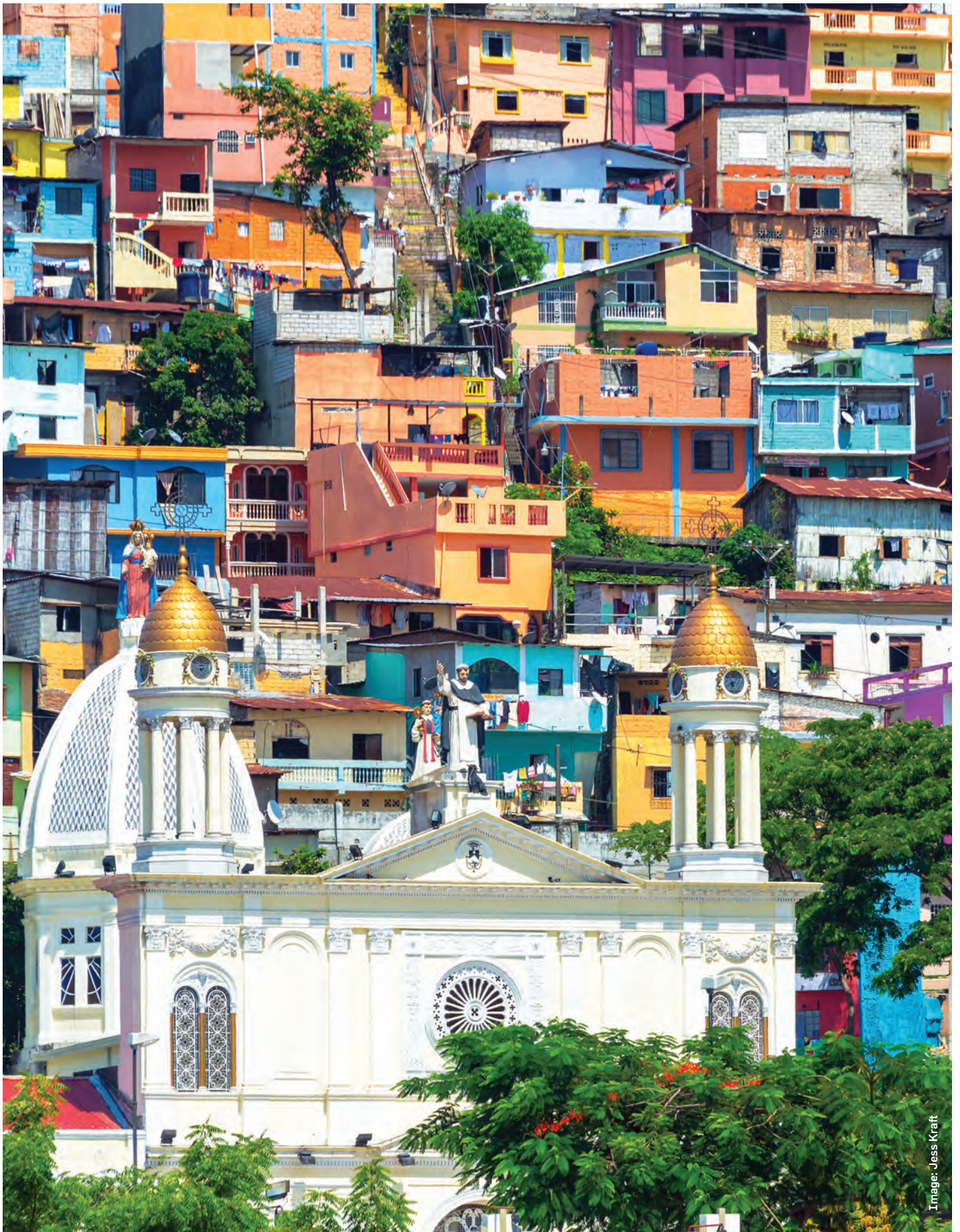
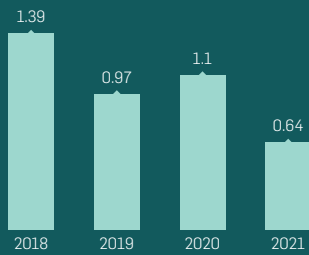


Image: Jess Kraft

A view of Quito, Ecuador's capital city

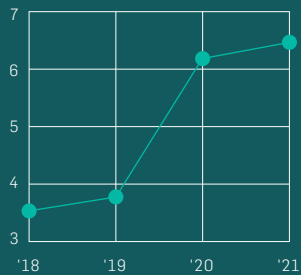
FDI INFLOWS (USD BLN)

SOURCE: WORLD BANK



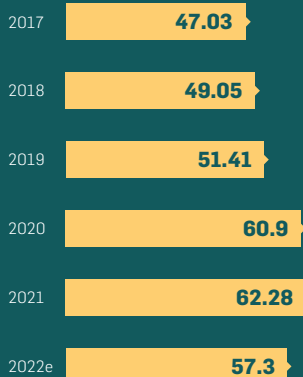
UNEMPLOYMENT RATE (%)

SOURCE: WORLD BANK



NATIONAL DEBT TO GDP (%)

SOURCE: STATISTA





Economy

THE FEEL-GOOD FACTOR

In 4Q2022, Ecuador's GDP posted YoY growth of 4.3%, mostly on the back of government expenditure, strong export performance, and expanding household consumption. Compared to the previous quarter, GDP was up 2.3%. Elsewhere, gross fixed capital formation (FBKF) presented a decrease of 1.3%, while imports grew 1.1%.

Ecuador has also managed to keep a lid on inflation, an impressive feat considering global conditions. Indeed, inflation stood at just 2.8% in March 2023. It is even more impressive considering Ecuador's history of hyperinflation.

At the macroeconomic level, Ecuador's deficit has been a persistent challenge. However, the country has made significant strides in reducing it. In 2022, the deficit was 1.7 points of GNP, a significant reduction compared to 7.7 points a few years ago. However, Ecuador aims to further reduce the deficit to 1.5 points in 2023.

Furthermore, the nation has also made progress in reducing its public debt: "Regarding public debt, in 2020 it was 61% of GNP and this year it will be 55%. This is possible because we

re-negotiated our debt with China, lowered the interest rate, extended payment terms, and the collateral—a barrel of oil used to be the guarantee—was released and now we can sell oil at market price. This represented a benefit of a USD1,400 million cash flow," Pablo Arosemena, Ministry of Economy and Finance, told TBY.

Looking ahead, Ecuador faces some challenges in 2023, such as the increase in the interest rate of central banks in North America and European banks, which could have a negative effect on the country's debt.

However, Ecuador is being prudently managed, and the country has credit lines with the World Bank, the IberoAmericano Bank, and the CAF Bank for natural disasters. Ecuador also penned an agreement with the IMF in 2022, confirming the country's trustworthiness and commitment to managing its finances.

For 2023, the Central Bank of Ecuador predicts GDP growth of 2.6%, less than initially anticipated at the end of 2022 due to a slowdown in oil exports. This growth projection could be boosted by a recovery in investment and dynamism in household consumption. ✘

INTERVIEW



Carlos Loaiza
FORMER PRESIDENT,
QUITO CHAMBER OF COMMERCE

WORKING *together*

The Quito Chamber of Commerce is actively positioning the nation by identifying investment opportunities, promoting sustainable tourism objectives, and supporting environmental initiatives to attract both domestic and international visitors.

BIO

Carlos Loaiza was formerly President of the Quito Chamber of Commerce, National Federation of Ecuadorian Chamber, and Quito City Commission. He holds an MBA from the University of Quebec and Montreal and was previously a partner with PricewaterhouseCoopers (PwC). Loaiza has participated as strategic consultant in the most important Ecuadorian enterprises and also led international projects in Colombia, Brazil, Argentina, and Chile. He has worked in several national and international business organizations. Moreover, Loaiza was President of the Anti-corruption and Integrity Commission of the International Chamber of Commerce in Ecuador and is President of the Ecuadorian Institute of the Corporate Governance.

What potential does Ecuador have for foreign investment, and how is the Chamber positioning the nation?

For Ecuador, 2023 will be important. The country will have one of the lowest inflation rates in the region and one of the best in the world. The growth rate exceeds the regional average, which effectively shows the opportunity that an economy like Ecuador presents for the region and wider world. In 2023, numerous trade agreements that Ecuador has pushed for will be finalized, including with China, several Central American countries, and South Korea. To the extent that these FTAs can effectively materialize and meet Ecuador's conditions, they will undoubtedly generate opportunities, notably in mining sector. Mining is one of the sectors in which Ecuador presents a strong performance. Aquaculture, notably shrimp, has seen a record performance. Another crop that also performed well is banana, close to 25% of which had long been destined for Russia. Yet, after 2H2022, the capacity of the Ecuadorian banana industry to refocus that 25% to other parts of the world is testament of the flexibility of Ecuadorian exporters. There is also the possibility of attracting foreign investment. As of May 2023, Quito and Guayaquil will have new mayors, and there is already talk of public-private investment projects in both cities that will surely interest foreign investors.

How are your sustainable tourism objectives proceeding?

We are promoting these initiatives through the chamber. The chamber leads an initiative in Quito called The City Commission, a space where different actors have come together. All the productive unions of the city, the universities, neighborhood leaders, journalists, businesspeople, and people of importance in the city have worked to define those endeavors that will propel Quito into the future. Much of that has been translated into a competitiveness agenda that we hope to share with the new mayor, and in which we were able to identify the most prospective private sector investments. Many of them concern the agribusiness, tourism, and the economic development zone within the Quito airport, as well as the free zone and education, since the prime universities in

“We also support our close to 6,000 partners ranging from the largest companies in Ecuador to micro businesses.”

Ecuador are located in Quito. Healthcare is also an option, as we have the best hospital facilities in Ecuador. Many people from neighboring countries already come here for treatment. There is, therefore, true potential, and what we achieved was to inventory opportunities and projects to attract investment to Quito. The city is the gateway for foreign tourism to Ecuador, and the idea is to promote that, and on that basis continue to support tourism, which is also another of the nation's key sectors.

What initiatives and incentives are you working on with respect to sustainability?

We have established the first union in Latin America to receive a zero-carbon footprint award, which confirms the chamber's commitment to the environment. All the events that the chamber organizes are compensated, whereby for example, when we had an anniversary session, we measured the carbon impact and compensated for it by planting trees. Meanwhile, we also support our close to 6,000 partners ranging from the largest companies in Ecuador to micro businesses. In this endeavor, we provide them tools, guides, and methodologies that allow them to advance the mission. An example of this is our project called Going Back to the Center, a beautification project of the Plaza de San Francisco, supported by the chamber and other allies. We chose this because the main subway station will be located in Plaza de San Francisco. The historic center is not prepared to receive that volume of traffic, so we are protecting the heritage area. It is a project that covers several blocks around the Plaza of San Francisco and will start with beautification but also seeks to promote local long-standing businesses. That is an example of the type of project that the chamber is promoting to motivate Quito's citizens to go to the historic center to take in its wealth of culture. ✖

steady GROWTH

The Guayaquil Chamber of Commerce has been supporting the digital transformation in Ecuador through initiatives such as creating an e-commerce marketplace and working on providing debit cards for the unbanked population.

Miguel Ángel González
PRESIDENT,
GUAYAQUIL CHAMBER OF COMMERCE



What are the potential business opportunities for investors in Ecuador and the challenges that need to be addressed to ensure a stable business environment?

Ecuador has great potential because it is a country with abundant natural resources. Agriculture and the oil sector are substantial to the economy while mining is growing. Agroindustry has great potential, as we are an agricultural country and world leaders in shrimp. Bananas have historically been our main product of export, but there are others under development that represent unlimited opportunities. The mining sector may face some difficulties with certain cultures and communities that focus on the problems rather than the opportunities for the sector's development. We believe in responsible mining, which protects the environment. We are not an industrial country, so we still have a lot to develop in that area, notably in technological aspects. We also need a stable business environment. We also need to work on competitiveness, the country's great challenge.

How has the Chamber of Commerce of Guayaquil been supporting the digital transformation in Ecuador

Digital transformation is here, and we have been supporting it for many years now. The Chamber of Commerce of Guayaquil developed an iconic event, 14 years ago, called Cyber Monday where many companies receive significant discounts through a portal we created. This helps to improve e-commerce, which is not so popular yet due to public mistrust. We realized the Chamber's support for this activity provided people with confidence while they get used to the advantages e-commerce has to offer. We

also help small businesses with payment mechanisms to migrate to e-commerce. We created La Camara Shop, a marketplace for e-commerce for businesses that lack a webpage or online platforms to sell their products. The second challenge to e-commerce is the unbanked population, and we are working on a way to give people debit cards so they can pay online. There are strategies we are working on together with banks but it will take some time to bank people.

What is the role of sustainability and social responsibility in the business sector of developing countries?

This is a concept that is becoming increasingly important; however, in a developing country, companies are more focused on economic sustainability and sometimes prioritize less on ecological and social issues. According to statistics, three out of 10 companies make it to one year, and one or two make it to five years. Still, sustainability is becoming more relevant, and large companies are the ones which set the pace. We have multiple forums, one to raise awareness and another to implement changes. Sometimes for a small company, environment-related aspects sound difficult, so we are working on how they can implement changes in the first years. Regarding society, Ecuador is a country with many social and economic problems, so companies have considerable social responsibilities initiatives that are not known to the public. Today, the businessman is aware that apart from creating jobs, delivering products and services, and paying taxes, it is necessary to take additional steps to help those in need. Many of the strikes we had in Ecuador were because of people's basic need for help. Sadly, 30% of

children still suffer from malnutrition. Most of these problems are the state's responsibility, but the private sector knows it has to do something too. We need coordinated additional actions that help society and promote equal growth. The approach of the Chamber of Commerce is to create a more competitive and appealing country for investments. To have more jobs in Ecuador, we either need companies to grow or more companies to enter the country. Investments can change a country, and that is what we are seeking. We have executive challenges but will work on that. We are also keen to encourage good business practices including sustainability and social responsibility. ✖

BIO

Miguel Ángel González is a renowned Ecuadorian business leader, having served as President of the Ecuadorian Business Committee from 2022 to 2023) and the Guayaquil Chamber of Commerce from 2021. He is an entrepreneur in the hardware and industrial sectors, holding a master's degree in business administration from IESE Business School and a master's in commercial strategy from the Autonomous University of Barcelona. With a background in economics from the Escuela Superior Politécnica de Litoral, he has excelled in academia, business consulting, entrepreneurship, and corporate social responsibility. He also served as President of the National Federation of Chambers of Commerce of Ecuador from 2021 to 2022.

TBY ANALYTICS ECUADOR 2023

117 interviews were conducted for *The Business Year: Ecuador 2023* Analytics.

BUSINESS CONFIDENCE INDEX

How confident are you about the outlook for business in Ecuador this year (1-5)?

3.4
AVERAGE RATING

SECTORS TO WATCH



FINANCE
3.5



ENERGY & RENEWABLES
3.5



MINING & HYDROCARBONS
3



INDUSTRY & AGRICULTURE
3



IT & TELECOMS
3.5



CONSTRUCTION & REAL ESTATE
3



TRANSPORT
4



TOURISM
4



EDUCATION & HEALTH
3

ADVANTAGES & CHALLENGES

What are the most commonly mentioned advantages and challenges of doing business in Ecuador?

ADVANTAGES

- Improving transport network
- Dollarized economy
- Significant oil reserves
- High mining potential
- Expanding free trade agreement network
- Recovering tourism sector
- Low inflation compared to region
- Attractive foreign ownership, tax incentives
- Thriving e-commerce sector

CHALLENGES

- Political uncertainty
- Vulnerability to oil price changes
- Large informal sector
- Social unrest
- Macroeconomic instability



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