Ecuador and the European Union

Relations between the EU and Ecuador have strengthened in recent years, in accordance with the numerous political and institutional changes that have taken place in the country.

**Political relations**

At the bilateral level, Ecuadorian and EU authorities hold a High Level Political Dialogue once a year, which allows high-level officials to exchange ideas to strengthen and deepen bilateral relations and develop a political and cooperation agenda.

The fourth meeting of this mechanism took place on 28 November 2017 in Quito. The dialogue focused on a number of important issues, including migration, refugees, development cooperation, human rights and governance, environmental management and climate change.

The dialogue also falls within the broader framework of regional relations between the EU and the Community of Latin American and Caribbean States (CELAC), of which Ecuador is a member. This dialogue has led to a qualitative advance in the depth and scope of the relations between both parties, including new areas, such as the fight against illicit drugs, regional integration and the promotion of sustainable development. The EU-CELAC Summit takes place once every two years at the level of Heads of State or Government: the last Summit took place in Brussels in 2015.

More information:

**Commercial relations**

On 1 January 2017, the Multiparty Trade Agreement between Ecuador and the European Union came into force, replacing the previous GSP+ system of tariff preferences.

The Trade Agreement is a landmark in bilateral relations between the EU and Ecuador. It grants important and immediate tariff concessions to agricultural products and liberalizes 100% of industrial and fishing products for Ecuador. The European Union also enjoys tariff benefits, progressively increasing over a period of 17 years, recognizing the asymmetry in
the parties’ development levels. The markets for services and for financial and public procurement will be opened gradually to avoid negative impacts on each parties’ economies. The Trade Agreement also guarantees capital movements and investments.

The Agreement establishes a long-term, stable and transparent legal framework with clear rules, providing greater predictability for economic operators and investors. The Agreement will therefore increase the transfer of technology and innovation that Ecuador needs, creating a much more favorable business climate for investments and opportunities for new commercial activities.

Similarly, growing trade between the parties should generate employment and have a positive impact on poverty reduction.

Through the Trade Agreement, Ecuador and the European Union have become equal and privileged partners. Trade relations are now guided by best practices agreed upon at the international level, and ensure a transparent environment between the two parties which aims to prevent a discriminatory treatment. The Agreement includes mechanisms to address a range of issues, such as barriers to trade, sanitary and phytosanitary measures, trade defense and mechanisms to settle disputes.

The Trade Agreement also contains a chapter on trade and sustainable development, where both parties commit to strengthen the economic and social development of their populations by complying and promoting international labor and environmental legislation.

It is also important to mention that the impact of the Agreement in the labor and environmental fields will be monitored and evaluated through consultations with civil society.

Please find here the full text of the Multiparty Trade Agreement EU – Colombia / Peru / Ecuador: Official Register L 356.

You can download a brochure with more information about the Trade Agreement here.

Bilateral trade between the EU and Ecuador: basic data

Bilateral trade in goods between the EU and Ecuador grew by 3% in 2018, reaching € 5,386 million. EU exports to Ecuador increased by 6% (€ 2,353 million) while Ecuador’s exports to the EU increased by 0.5% (€ 3,032 million). Ecuador maintained a trade surplus with the EU of € 680 million.

The commercial exchange of non-agricultural goods in 2018 was similar to that of 2017. EU exports to Ecuador increased by 5% (€ 2.2 billion) and was distributed as follows: machinery (18%), fuels (15%), vehicles and pharmaceutical products (7%) and medical equipment (5%). Ecuador’s non-agricultural exports fell by 2%. Fish and crustaceans as well as tuna preparations each accounted for 22% of total exports to the block. Wood and tobacco accounted for 1% and cultured pearls 0.5%.

The exchange of agricultural products continues to increase every year. EU exports to
Ecuador grew by 29% between 2018 and 2017 and accounted for 7% of total exports to the country. Exports are led by alcoholic beverages (2%), edible preparations and residues from the food industry, animal or vegetable oil (1%) and vegetable preparations (0.5%). Ecuador increased by 3% its exports to the EU in the same period to reach a total amount of € 1,606 million. Banana accounted for 34%, followed by flowers (7%), cocoa (5%), vegetable preparations (3%) and other prepared foods (2%). These figures confirm that the EU continues to be Ecuador’s most important market for non-oil products.

Regarding bilateral trade in services, an increase of 11% was observed between 2017 and 2016. EU exports to Ecuador increased by 4% (€ 1,055 million), while Ecuador’s exports to the EU increased by 27% (€ 582 millions). This contributed to reduce Ecuador's trade deficit of services. Regarding foreign direct investment, data reveals that the EU remains the largest investor in Latin America with € 785.6 billion. In 2018, foreign direct investment (FDI) in Ecuador totaled USD 1,401 million 32% of which corresponds to the EU.

In 2018, 850 Ecuadorian companies exported to the EU, out of which 150 started or resumed their exports; 60% of the new companies are SMEs. Additionally, the Ecuadorian exportable offer registered 50 new products, including for instance: papaya juice and concentrate, fruit and vegetable derivatives, fish fats and oils, drinks containing coffee, food supplements, wood strips, sweet corn, peanuts, liquor (aguardiente), and canned herring among others.

A further increase in trade flows would require a more friendly business environment, which will allow the private sector to find more opportunities to use the Trade Agreement.

Elimination of trade barriers

Since the Agreement came into force some trade barriers have been eliminated, such as labeling in origin for imported alcoholic beverages and the customs fee, which puts into evidence Ecuador's willingness to adhere to international standards. However, there is still room for improvement. Simplification of processes and necessary law amendments will facilitate trade between both partners. On the other hand, parties should implement effective controls that ensure food safety, and animal and plant health.

How to export to the European Union?

EU Trade Help Desk: An online guide to access the markets of Europe

How can EU business partners access the European Union market in the best possible conditions? A good starting point is the EU Trade Helpdesk website of the European Commission, a free online service that includes all current EU import regulations by products and countries.

- Access the EU Trade Help Desk: here
- Access the information brochure: "How to export to the EU" here. (Spanish)
- Access the information booklet: "Export to the EU in 6 simple steps" here. (Spanish)
- Should you need further information about how to export to Member States of the European Union, you can address your queries to the following people:
Development Cooperation

The European Union is committed to sharing its achievements and values with countries and peoples beyond its borders.

Ecuador, being currently a country considered to be of medium high income, in principle, would no longer qualify to continue with bilateral development cooperation. However, in light of the persistent inequality assessed in 2014, the decision was made to continue with the EU bilateral assistance for the development of Ecuador until 2020.

The objective of the Multi-Annual Indicative Program 2014-2020, which has a budget of 67 million euros, is to consolidate the achievements of the ongoing cooperation in order to meet the development challenges that persist in the poorest regions of the country.

Supporting the Government's willingness to diversify the country's economy and to promote
sustainable trade, the EU's cooperation in Ecuador focuses its support on two main lines of intervention:

- Support for sustainable and inclusive growth at the local level.
- Promotion of sustainable trade.

Ecuador also participates in all the EU-Latin America regional and thematic programs and benefits from the Support Instruments to meet Ecuador and EU priorities in human rights, education, innovation, environment and climate change, as well as the fight against drugs.

The European Union is the largest cooperation partner in the country, through several intervention modalities: bilateral cooperation, cooperation through thematic lines and regional cooperation.

1. Bilateral Cooperation

Through bilateral cooperation, since 2008 there is work through non-refundable budget support. This financing modality generates important bonds of trust with the country, since it is granted after an analysis of the management capacity of its public finances, its macroeconomic indicators, and the existence of national development strategies or plans. This allows the interest to revolve around the achievement of the goals of the indicators beyond an audit of specific activities or expenses. In addition, since it is a disbursement that goes directly to the General State Budget, the country is free to direct these resources to the priority area that has been defined for the intervention.

Through the approval of the last bilateral cooperation package between the European Union and Ecuador, which has a budget of 67 million euros, different programs have been or are currently being executed.

- EUR 26 million of budget support to support the implementation of the Productive Reactivation agenda of Manabí and Esmeraldas, the areas affected by the earthquake of April 16, 2016.
- EUR 18.9 million for the Northern Border-Development Territory and Peace Program implemented by AECID and GIZ to empower local authorities of the Northern Commonwealth to improve access to quality public services, to the rights for people in situation of vulnerability, as well as rural and local development.
- EUR 10 million for the Trade Support Program, which will benefit small and medium businesses, through FEDEXPOR and CORPEI.
- EUR 6.4 million in support of the National Plan for Good Living, Objective 8 to promote economic development with a focus on MSMEs.
- EUR 3.4 million for accompanying measures, which includes a program administered by the Spanish Agency for International Development Cooperation (AECID) in the field of knowledge, science, technology and innovation.
2. Cooperation through thematic lines

The **Thematic Instruments** are the complement to the bilateral programs. They support the empowerment and strengthening of Ecuadorian civil society and local authorities, the promotion and defence of human rights and democracy and the promotion of global public goods, through processes of global and national calls for proposals.

The Thematic Programs are the main source of support for civil society organizations and local authorities. They have a genuine added value in this regard since their action, through a rigorous mechanism of calls for proposals, arises from the initiatives of local actors, giving them a participatory thematic approach at strategic and operational levels. This support, as well as the structured dialogue with civil society, is of great strategic importance so that the EU and all its partners can achieve the Sustainable Development Goals (SDGs) together.

Although this type of financing has more modest funds than bilateral cooperation, more than 100 thematic projects in Ecuador have been funded since 2007, with a total EU contribution of around 75 million euros.

The **European Instrument for Democracy and Human Rights (EIDHR)** is a thematic program of the European Union, of which the objective is to promote democracy and human rights in all countries of the world, through initiatives to help civil society. The EIDHR for the period 2014-2020, was adopted by the European Parliament and the Council in March 2014 (Regulation No. 235/2014). The aim of the EIDHR is twofold, seeking on the one hand to enhance respect, implementation and compliance with human rights and fundamental freedoms as proclaimed in the Universal Declaration of Human Rights and other international and regional human rights instruments. On the other hand, the EIDHR aspires to support, develop and consolidate democracy in third countries, strengthening the democratic cycle and enhancing participatory and representative democracy.

In Ecuador, the EIDHR supports the promotion of EU values through concrete actions in favour of, for instance, the construction of mechanisms to strengthen legislative management in the National Assembly, the prevention of violence against women - in especially femicide, the protection of the human rights of indigenous peoples in voluntary isolation, the strengthening and protection of human rights organizations and the right to a decent nutrition in rural communities.

The European Union (EU) is fully committed to supporting civil society organizations (CSOs) active in development, in their wide variety of forms and expressions. The EU recognizes CSOs in their function of articulating the concerns of citizens, thus strengthening development and democracy, as well as the protection and promotion of human rights.

The **European Union Thematic Program "Civil Society Organizations" (CSOs)** is part of the Development Cooperation Instrument (DCI), which was adopted in March 2014 (Regulation No. 233/2014) for the 2014-2020 period. The main objective of the CSO Program is to strengthen civil society organizations within the partner countries of the European Union, as well as to raise awareness and empower European citizens regarding development. The 2014-2020 Multi-Annual Indicative Program of the CSO Program has three priorities, of which one refers directly to actions in the EU partner countries.

In 2019, the EU carried out an evaluation of the cooperation projects managed by the local
authorities at national level for the period 2009-2019. The publication of this evaluation can be downloaded (in Spanish) here.

The actions range from citizen dialogue and participation tables for the implementation and monitoring of the SDGs in Ecuador, to sustainable, inclusive and innovative initiatives of local socio-economic development in areas affected by the earthquake, or the strengthening of collaboration between civil society organizations and universities, and also the participation of civil society in the electoral process, as well as the promotion of indigenous governance.

The **Local Authorities thematic line** focuses on improving the contribution of Local Authorities in governance and development processes.

The Multiannual Program, funded under Regulation No. 233/2014, establishes a cooperation instrument for the period 2014-2020, and one of its objectives is to strengthen local authorities and associations of local authorities, which in Ecuador are the AME (Association of Ecuadorian Municipalities), CONGOPE (Consortium of Provincial Autonomous Governments of Ecuador) and CONAGOPARE (National Council of Rural Parish Governments of Ecuador).

The Delegation of the European Union in Ecuador has financed in recent years projects of Public, Productive and Solid Waste Finance with Local Authorities. Currently it finances, among others, two important projects under this scheme:

The EU Delegation in Ecuador, together with the EU headquarters in Brussels, is promoting the Territorial Approach to Local Development. This includes supporting the training of local authorities and leveraging their experience to promote a territorial approach to local development, including decentralization processes.

In this context, the EU Roadmap with Local Authorities will be launched in the last quarter of this year.

<table>
<thead>
<tr>
<th>NAME OF THE PROJECT</th>
<th>COORDINATOR ENTITY</th>
<th>EU CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for the Generation and Implementation of Local Public Policies for Climate Change Adaptation and Mitigation (CONGOPE)</td>
<td>CONGOPE</td>
<td>EUR 1,000,000</td>
</tr>
<tr>
<td>Improvement of the municipal service for sustainable integral management of solid waste and implementation of public policies on ISWM in Ecuador.</td>
<td>AME</td>
<td>EUR 1,000,000</td>
</tr>
</tbody>
</table>

### 3. Regional Programs

Regional cooperation programs are open to all Latin American countries under the Development Cooperation Instrument (DCI). They strengthen relations with the EU through the exchange of experiences and the creation of networks, while establishing links between the countries of the region and promoting subregional integration.

EU cooperation with Latin America contributes to the region's efforts to reduce poverty and improve sustainable and inclusive population growth in a context of respect for human rights, the rule of law, democracy and other key elements of good governance. It is in line with the principles established in the European Consensus for Development, the regulation of the Development Cooperation Instrument (DCI) and the EU Agenda for Change.
The main programs are:

- **Security - development nexus**: Strengthen the capacity of the states to effectively guarantee the security conditions conducive to inclusive development (70 million euros).

- **Good governance, accountability and social equity**: Strengthen the responsibility and capacity of public institutions and administrations to provide high quality public services (42 million euros).

- **Inclusive and sustainable growth for human development**: poverty reduction through more inclusive and sustainable economic growth in Latin America (215 million euros).

- **Environmental sustainability and climate change**: Reduce the poverty of the most vulnerable populations by promoting environmentally sustainable development and improving the capacity to cope with climate change and disasters (300 million euros).

- **Higher education**: promote exchanges of higher education and cooperation between the EU and Latin America (163 million euros) under the Erasmus + program for 2014-2020.

- **The Latin American Investment Fund (LAIF)** was officially launched during the EU-LAC Summit in May 2010 (730 million euros).

The LAIF Fund is an innovative financial mechanism that combines grants (non-refundable financial contributions from the European Union) with other resources, such as loans from Financial Institutions for Development, in order to take advantage of additional financing for development and increase the impact of EU support. Similar to the other combined financing (blending) of the EU, LAIF acts as a catalyst to unite resources and improve coordination and coherence of donor actions, so it conforms to the principles of ownership, partnership and shared responsibilities set out in the Paris Declaration on Aid Effectiveness and the subsequent Accra Action Agenda (the link is external) and the Busan Association Agreement.

In Ecuador we are financing the following initiatives:

- AFD Financing of the National Program of Investments in Water, Sanitation and Solid Waste "PROSANEAMIENTO" with a global cost of € 151.17 M (of which 10 million euros are the contribution of the donation of LAIF).

- AECID Technified Irrigation Project for small and medium farmers with a global cost of € 126.53 M (of which € 8 M is the contribution of the LAIF grant).

- Program of Technical and Technological Institutes of the EIB for the construction, expansion, rehabilitation and equipment of 15 technical and technological institutes. The total budget for the operation is 120 million euros with an EU merger request of 11.6 million euros for the construction of a new institute in the city of Portoviejo.

- EIB loan within the post-earthquake reconstruction framework for technical assistance to the government and local authorities (GADs). The total indicative budget for the operation is 161 million euros with an EU Blending request of 7.3 million euros.
Humanitarian aid

South America is one of the most vulnerable regions in the world to natural disasters. Bolivia, Colombia, Ecuador, Paraguay, Peru, and Venezuela are highly exposed to earthquakes, floods, landslides, droughts, cold waves, and volcanic eruptions. Local capacity to deal with such disasters has significantly improved over the past years, but continues to be limited.

The European Commission's assistance to South America, which is channelled through the Directorate General for Humanitarian Aid and Civil Protection – ECHO and implemented by our partner UN Agencies, NGOs and Red Cross, focuses on providing emergency response to natural disasters and to prepare communities for future catastrophes by increasing the resilience and preparedness of the most affected populations and local institutions responsible for disaster management.

- Infografía América del sur - download here.

The EU immediately responded to the needs of the people affected by the 16 April 2016 earthquake by disbursing 5 million Euros to assist the most vulnerable victims. Besides complementing the government's efforts to address this disaster, our humanitarian partners focused their assistance in difficult-to-access rural and suburban areas through a comprehensive response strategy that initially included support for humanitarian coordination, food aid, water and sanitation. These efforts were complemented by emergency housing, the distribution of water and sanitation facilities, and disaster preparedness and livelihood recovery. In all these areas of intervention and in adherence to ECHO's policies for a quality response, ECHO’s humanitarian response has focused on protecting the most vulnerable groups.

Following the 16 April Earthquake, the EU Civil Protection Mechanism was also activated at the request of the Ecuadorian authorities and the United Nations, providing urban search and rescue teams, experts in damage assessment, water, and sanitation. In addition to food, the EU sent equipment such as water purifiers and electric generators, blankets, hygiene and health kits to contribute to the relief efforts. The assistance was generously offered by Austria, Belgium, Denmark, France, Italy, Portugal, Spain, Switzerland, the Netherlands and the United Kingdom, and coordinated by the European Commission Emergency Response Coordination Centre (ERCC).

However, humanitarian aid should not only assist the victims of crises once crises occur, but also help reduce the negative impact of disasters through disaster risk reduction. Through the Disaster Preparedness Programme (DIPECHO), financed in Ecuador to the amount of 14.5 million Euros since 1996, the EU has helped the most vulnerable populations to improve their capacities to deal with these phenomena.

For 2017-2018, ECHO's Natural Disaster Preparedness Program (DIPECHO) aims to reduce the vulnerability of people at risk by strengthening capacities to respond to natural disasters at a national and local level through the following actions:

- Capacity building in communities;
- Strengthening national and local institutions;
- Inter-institutional coordination at the local, national and regional levels;
- Strengthen knowledge on disaster risk reduction through improved methodologies, guides, and other tools.

Documents

Hoja de Ruta de la UE para el compromiso con la Sociedad Civil 2018-2020
Multi-annual Indicative Programme (MIP) 2014-2017 Ecuador
Guía para acceder a las convocatorias - cooperacion al desarrollo de la Union Europea en Ecuador
Acuerdo Comercial Ecuador-Unión Europea - Cartilla informativa
Entrenamiento en Horizonte 2020
Ecuador - The European Response to the Earthquake (Ficha informativa).

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