



**Universidad del Azuay**

**Faculty of Legal Sciences**

School of International Studies

**Topic:**

Ecuador's trade prospects in the framework of the eventual accession to the Pacific Alliance.

Thesis project prior to obtaining a bachelor's degree in International Studies with a bilingual minor in Foreign Trade

**Author:**

Denisse Estefania Arellano Zambrano.

**Director:**

Mst. Matías Abad Merchan

**Cuenca – Ecuador  
2021**

## **DEDICATION**

This thesis work is dedicated to all the people who from the beginning supported me in this stage of my life: my grandparents, parents, siblings, nephews, and my friends Sofia, Emilia and Edgar, who were an unconditional part in these four years. Also, I dedicate this work to my Dinos, who never doubted what I could achieve, were always present and guided me with the right words to be able to take this important step in my life.

## **ACKNOWLEDGEMENTS**

First, I would like to thank my parents Rosa and Miguel because without their support I would not have achieved this goal, since they taught me to understand that if I wanted something, it was only in my power to achieve it. I also want to thank my thesis supervisor and my teacher for 4 years, Mst. Matías Abad: he was the first to believe in this project, and he supported and encouraged me to conclude this research.

## INDEX OF CONTENTS

<b>ABSTRACT:</b> .....	<b>VIII</b>
<b>INTRODUCTION</b> .....	<b>IX</b>
<b>1. THE PACIFIC ALLIANCE AND ITS OPERATIONAL FRAMEWORK</b> .....	<b>1</b>
1.1 Background.....	1
1.2 The Pacific Alliance.....	3
1.2.1 History of the creation of the Pacific Alliance.....	3
1.2.2 Members of the Pacific Alliance.....	5
1.2.3 Objectives of the Pacific Alliance.....	8
1.3 Structure, operation and progress of the Pacific Alliance.....	9
1.3.1 Organizational structure.....	9
1.3.2 State Categories.....	15
1.3.1 Advances of the Pacific Alliance.....	19
1.4 Incorporation of Ecuador to the Pacific Alliance.....	20
<b>2. COMMERCIAL RELATIONS OF ECUADOR WITH THE COUNTRIES OF THE PACIFIC ALLIANCE</b> .....	<b>23</b>
2.1 Analysis of Ecuador's participation with the Latin American Integration Association (ALADI).....	23
2.1.1 Analysis of Ecuador's participation in ALBA.....	26
2.2 Exports from Ecuador to Colombia within the framework of the CAN.....	29
2.2.1 Exports from Colombia to Ecuador under the CAN.....	31
2.2.2 Analysis of the Trade Balance of Ecuador and Colombia.....	32
2.3 Exports from Ecuador to Peru within the framework of the CAN.....	32
2.3.1 Exports from Peru to Ecuador under the CAN.....	33
2.3.2 Analysis of the Trade Balance of Ecuador and Peru.....	34
2.4 Trade Relations between Ecuador and Chile: Economic Complementation Agreement No. 65	35
2.4.1 Exports and Imports from Ecuador to Chile in the framework of ECA 65: structure and trend.....	35
2.4.2 Chile's exports to Ecuador in the framework of ECA 65: structure and trend.....	36
2.4.3 Economic Indicators and Trade Balance.....	37
2.5 Trade Relations between Ecuador - Mexico: Partial Scope Renegotiation Trade Agreement No. 29.....	38
2.5.1 Exports and imports from Ecuador to Mexico in renegotiation No.29.....	38
2.5.2 Exports from Mexico to Ecuador in renegotiation No.29.....	39
2.5.3 Analysis of the Trade Balance of Ecuador - Mexico in the 2010 – 2018 period.....	40
2.6 Commercial relationship between the member countries of the Pacific Alliance.....	41
2.6.1 Exports of the Pacific Alliance.....	42
2.6.2 Pacific Alliance Imports.....	43

2.6.3 Trade Balance of the Pacific Alliance. ....	45
<b>3. TRADE CHALLENGES IN THE FRAMEWORK OF THE PACIFIC ALLIANCE. ....</b>	<b>46</b>
3.1 General aspects of phytosanitary certificates. ....	46
3.1.2 Problems in the issuance of Phytosanitary certificates. ....	49
3.2 Low index of business competitiveness. ....	51
3.2.1 Definition of competitiveness. ....	51
3.2.2 Global Competitiveness Index. ....	54
<b>4. COMMERCIAL OPPORTUNITIES IN THE FRAMEWORK OF THE PACIFIC ALLIANCE .....</b>	<b>59</b>
4.1 Greater supply of goods and services. ....	59
4.1.1 Lists of commercial complementarity products of export interest to Ecuador. ....	59
4.1.2 Reduction of the unit cost of production.....	64
4.2 Commercial competitiveness. ....	65
4.2.1 Competitor analysis.....	66
4.2.2 Position in relation to the competition.....	68
4.2.3 Comparative advantage .....	69
<b>CHAPTER 5.....</b>	<b>73</b>
<b>5.1 CONCLUSIONS.....</b>	<b>73</b>
<b>6. BIBLIOGRAPHY .....</b>	<b>76</b>
<b>APPENDIX: .....</b>	<b>83</b>

## INDEX OF TABLES

<b>TABLE 1</b> BASIC DATA OF CHILE .....	6
<b>TABLE 2</b> BASIC DATA OF COLOMBIA .....	7
<b>TABLE 3</b> BASIC DATA OF MEXICO .....	7
<b>TABLE 4</b> BASIC DATA OF PERU .....	8
<b>TABLE 5</b> PACIFIC ALLIANCE OBSERVER STATES.....	18
<b>TABLE 6</b> BASIC DATA OF ECUADOR .....	21
<b>TABLE 7</b> TOTAL EXPORTS FROM ECUADOR TO THE MEMBERS OF ALADI 2002-2008 (THOUSANDS OF FOB DOLLARS) .....	24
<b>TABLE 8</b> TRADE BALANCE ECUADOR-ALADI (VALUES IN FOB DOLLARS).....	25
<b>TABLE 9</b> TOTAL EXPORTS FROM ECUADOR TO EACH OF THE ALBA MEMBERS IN THE 2009-2015 PERIOD (THOUSANDS OF FOB DOLLARS) .....	27
<b>TABLE 10</b> TRADE BALANCE ECUADOR- ALBA (VALUES IN THOUSANDS OF DOLLARS) ...	28
<b>TABLE 11</b> DOING BUSINESS OF LATIN AMERICAN COUNTRIES 2019 .....	53
<b>TABLE 12</b> COMPETITIVENESS OF LATIN AMERICAN COUNTRIES 2019: PILLAR SCORES...	55
<b>TABLE 13</b> DAIRY PRODUCTS .....	59
<b>TABLE 14</b> EDIBLE VEGETABLES AND TUBERS .....	60
<b>TABLE 15</b> CITRUS FRUITS .....	60
<b>TABLE 16</b> DIVERSIFICATION OF SPICES AND TEA.....	61
<b>TABLE 17</b> CEREAL .....	61
<b>TABLE 18</b> SEEDS AND INDUSTRIAL PLANTS .....	61
<b>TABLE 19</b> PASTRY AND BAKERY GOODS.....	62
<b>TABLE 20</b> PREPARED FRUITS, VEGETABLES AND OTHERS. ....	62
<b>TABLE 21</b> CLOTHING.....	62
<b>TABLE 22</b> IRON MANUFACTURES.....	63
<b>TABLE 23</b> TOP EXPORTING COUNTRIES OF ORGANIC QUINOA. ....	71

## LIST OF FIGURES

<b>FIGURE 1</b> MEMBER STATES OF THE PACIFIC ALLIANCE .....	5
<b>FIGURE 2</b> ORGANIZATIONAL STRUCTURE .....	9
<b>FIGURE 3</b> TRADE BALANCE ECUADOR- ALADI 2002-2010.....	25
<b>FIGURE 4</b> TRADE BALANCE ECUADOR - ALBA IN THE PERIOD 2009-2015 .....	28
<b>FIGURE 5</b> EXPORTS FROM ECUADOR TO COLOMBIA 2010-2018.....	30
<b>FIGURE 6</b> EXPORTS FROM COLOMBIA TO ECUADOR 2010-2018.....	31
<b>FIGURE 7</b> TRADE BALANCE ECUADOR- COLOMBIA 2010-2018 .....	32
<b>FIGURE 8</b> EXPORTS FROM ECUADOR TO PERU 2010-2018.....	33
<b>FIGURE 9</b> EXPORTS FROM PERU TO ECUADOR 2010-2018.....	34
<b>FIGURE 10</b> TRADE BALANCE ECUADOR-PERU 2010-2018.....	35
<b>FIGURE 11</b> EXPORTS FROM ECUADOR TO CHILE 2010-2018.....	36
<b>FIGURE 12</b> IMPORTS FROM CHILE, 2010-2018.....	37
<b>FIGURE 13</b> TRADE BALANCE ECUADOR-CHILE 2010-2018.....	38
<b>FIGURE 14</b> EXPORTS FROM ECUADOR TO MEXICO 2010-2018.....	39
<b>FIGURE 15</b> ECUADORIAN IMPORTS FROM MEXICO, 2010-2018.....	40
<b>FIGURE 16</b> TRADE BALANCE ECUADOR-MEXICO 2010 – 2018 .....	40
<b>FIGURE 17</b> EXPORTS AMONG THE MEMBERS OF THE PACIFIC ALLIANCE, IN THE 2012- 2019 PERIOD .....	42
<b>FIGURE 18</b> IMPORTS BETWEEN THE COUNTRIES OF THE PACIFIC ALLIANCE.....	43
<b>FIGURE 19</b> TRADE BALANCE BETWEEN THE COUNTRIES OF THE PACIFIC ALLIANCE.....	45
<b>FIGURE 20</b> GLOBAL COMPETITIVENESS INDEX AMONG LATIN AMERICAN COUNTRIES 2019.....	55
<b>FIGURE 21</b> TOP TEN TREE-TOMATO EXPORT COUNTRIES.....	69
<b>FIGURE 22</b> MAIN COUNTRIES THAT IMPORT TREE-TOMATO FROM ECUADOR.....	70
<b>FIGURE 23</b> MAIN IMPORTING COUNTRIES OF ORGANIC QUINOA FROM ECUADOR. ....	72

## **ABSTRACT:**

This graduation work begins with the study of the creation and evolution of the Pacific Alliance, acknowledging its objectives, member countries, Observer States and advances that have been made in recent years. An economic analysis is made of the member countries (Mexico, Peru, Chile, and Colombia) with Ecuador during the 2010-2018 period and how they can have a free trade zone due to the trade agreements that exist with each other. Subsequently, sanitary, and phytosanitary inspection issues, certifications, and other requirements that Ecuador would face in the Pacific Alliance will be scrutinized. Finally, trade flows, products with the greatest export and import potential, as well as the eventual challenges that Ecuadorian industrial companies will have to face in order to become competitive against products that could enter the domestic market will be analyzed.

**Key words: Pacific Alliance, Associated State, Trade, Competitiveness, Regional Integration.**



## **Introduction**

Throughout Latin American history there have been different initiatives for the creation of integration blocks, especially commercial ones, in which the free circulation of goods and services between the different countries of the region is facilitated. Among the most successful blocks are the Southern Common Market (MERCOSUR), the Andean Community (CAN), and the North American Free Trade Agreement (NAFTA), which have established new markets for products with defense and integration initiatives with other economic blocs around the world, however, total trade integration has not been successfully accomplished in the region.

The most recent initiative is the Pacific Alliance bloc, made up of Mexico, Peru, Chile, and Colombia, which have high competitiveness around the world and share close ties with China and Asia Pacific. This represents a great opportunity for Ecuador to expand its market since there is a political desire of the current government to insert itself within the Alliance as a full member.

The present work seeks to establish, in general terms, information on the Pacific Alliance, its history, structure, organization and functioning. It also presents certain changes produced since its creation and the process that Ecuador must undergo to become a member of the Pacific Alliance. Then, the issue of Ecuador's trade relations with each of its counterparts in the Pacific Alliance will be addressed more specifically, dealing with aspects such as the history of trade between them, basic data on the different markets, main trading partners, exports and imports from 2010 to 2018, trade balance and main exported and imported products. Subsequently, the commercial challenges that Ecuador may have in the areas of competition and certificate procedures are mentioned, and finally, the potential commercial opportunities that the Ecuadorian country can have as a full member of the Pacific Alliance are demonstrated.

## **CHAPTER 1**

### **1. THE PACIFIC ALLIANCE AND ITS OPERATIONAL FRAMEWORK.**

#### **1.1 Background.**

A precedent to the creation of the Pacific Alliance is the global economic factor called the “great recession” of 2008, which originated in the United States and spread to the European continent, showing the weakness of the western economies. With this crisis, anti-globalization movements and left-wing blocs began to develop in Latin America, opening doors for new political and economic alliances in different parts of the world, putting the political hegemony of the United States at risk.

The 2008 crisis became an opportunity for development of markets worldwide, especially for those countries that until that decade had not had the opportunity to do so. The Asia-Pacific economies, especially China and South Korea, are a relevant example. By 2010, China was the second economy, standing out for being the largest exporter and the second largest importer globally. This change in the world economy had a greater impact in Latin America since an extensive relationship with the Asian market was developed, with cooperation interests in various areas be it social, cultural, political, security and especially the economic aspect, due to the imminent commercial concentration that occurred in this region, thus putting aside markets of the United States and Europe.

This context made the current concept of international trade change, due to the growing role of the Chinese economy worldwide, which led the country to promote new regional agreements like the Trans-Pacific Partnership Agreement (TPP) and the Transatlantic Association for Trade and Investment (TTIP), which intends to group the two largest economic zones in the world: The European Union and the United States. As García Belaúnde argues, the regional integration process had the objective of promoting a set of cooperation, political, but especially commercial ties that could cross the entire Latin American Pacific coast, that is, from Mexico to Chile (Heine, 2016).

The creation of the Pacific Alliance occurred thanks to two important aspects: first, the geopolitical situation that the regional integration processes were going through and second, the new world geopolitical situation that created new emerging economies and in turn the desire to be the main world economy, in which China has great relevance.

Countries like Mexico, Colombia, Peru maintained their traditional liberal orientation to be able to continue connections with the United States. Simultaneously, the Socialism bloc of the 21st century began to build its own agenda.

Thus, the desire for integration took place on January 29 and 30, 2007 in the city of Cali (Colombia), in which the initiative of the Latin American Pacific Arc was carried out, which was launched with the first Forum of Ministers of Commerce in which Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama and Peru met, resulting in the signing of the Declaration of Santiago de Cali (García, 2013), in which two major objectives were highlighted: the first, to serve as a space for informal dialogue and agreement in order to identify and implement joint economic and trade integration actions with a projection to the Asian-Pacific markets and, the second, to establish a platform for political dialogue and coordinated projection of the countries from the Latin American Pacific basin to the Asian-Pacific region.

Different themes were identified such as: the promotion and protection of investments; the promotion of infrastructure, logistics and trade facilitation and economic and technical cooperation to improve competitiveness. However, these initiatives could not be translated into concrete decisions due to the different degree of relationship that the economies of Colombia, Chile and Peru had with the country of China, which was the world's economic power, making it difficult to generate agreements and the establishment of a clear roadmap for the future.

In the political sphere, there was not one concrete collective vision. Venezuela, Ecuador and Nicaragua focused on strengthening their bond in other spaces such as the Bolivarian Alliance for the Peoples of Our America (ALBA), influenced by an ideological conception led by Chávez, who was at that time president of Venezuela. Another aspect that failed to materialize was the full interest of the Asian countries on the other side of the Pacific, since the outlook for this integration bloc failed to meet the expectations of an agenda of substantial economic and political commitments, which was why the initiative was put on standby (García, 2013).

## **1.2 The Pacific Alliance.**

### **1.2.1 History of the creation of the Pacific Alliance.**

The emergence of the Pacific Alliance occurred with the initiative of the former president of Peru, Alan García, who contributed with the idea of creating a regional mechanism, welcoming the counterparts that had a broader relationship in terms of trade policy. Thus, former President García, in October 2010, sent the invitation to the countries of Colombia, Peru, Panama, Ecuador, Chile to form a "Deep Integration Area" ensuring an expanded space for investment, trade and tourism. After a long process of negotiations and based on the needs of trade and economic policies, on April 28, 2011 in Lima, the Presidential Declaration on the Pacific Alliance was signed for the formation of an Area of Deep Integration within the framework of the Latin American Pacific Arc between Chile, Colombia, Peru and Mexico and Panama as an observer state (Pacific Alliance, 2012).

Since the countries that make up the Alliance share equality in the adoption of open regionalism policies, trade initiatives and the signing of free trade agreements between them and with world powers such as the United States and the European Union, including some observer countries, this generates paths for bi-regional cooperation. As indicated in its Framework Agreement, it is an area of regional integration, thus introducing the formation of a High Level Group (HLG) which is made up of the vice ministers of foreign relations and foreign trade of the member states, who are in charge of holding regular meetings (Pacific Alliance, 2018).

Also, the importance that the Minister of Foreign Trade and Foreign Relations would have in order to define a roadmap to follow was determined, which not only focused on traditional commercial issues, but also considered all areas as equally important, thus obtaining a broader integration. For the fulfillment of all the Declaration of Lima, four technical groups were eventually formed, which are supervised by the GAN, these being: trade and integration; services and capital; mobility of people; cooperation and dispute settlement mechanisms.

Later, in December of the same year, the Second Presidential Summit of the Pacific Alliance took place in Mexico, in which the Declaration of Merida was approved, this being a complementary instrument to the previous declaration, highlighting two aspects: the first, to establish a framework of political contracting since it must be complemented

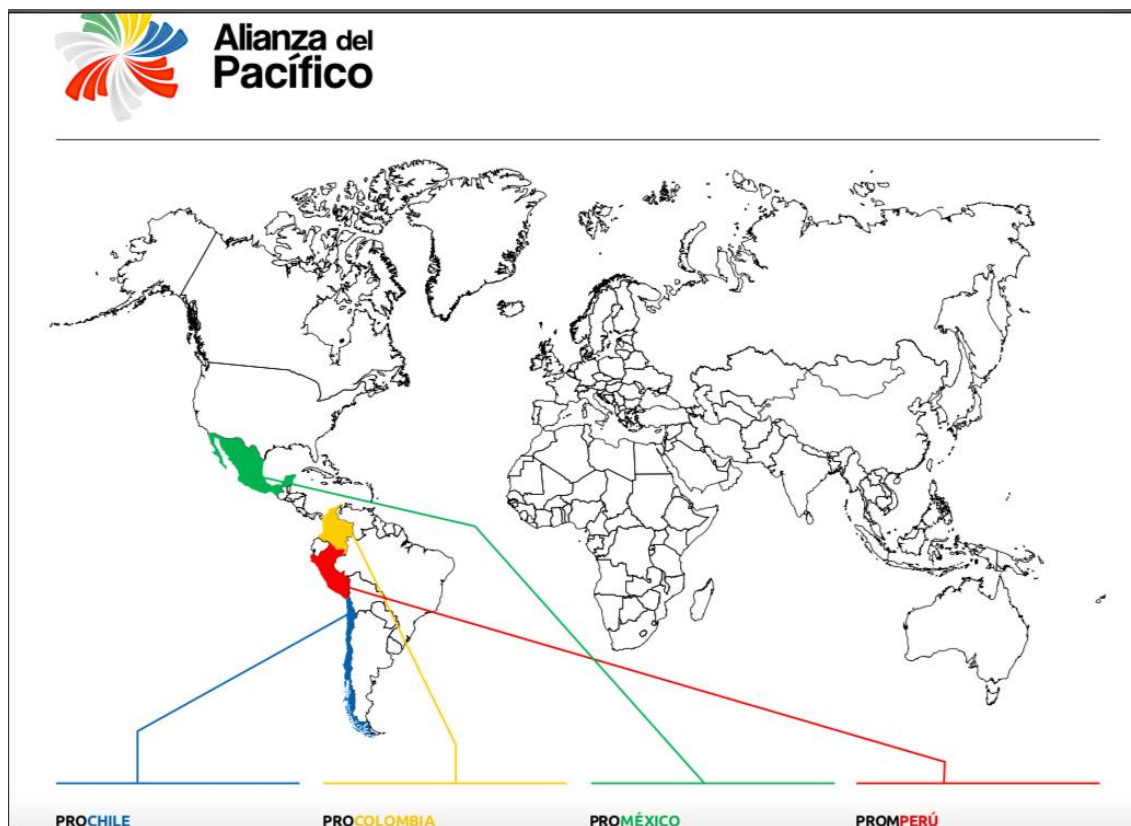
with integration in economic terms and the second, the strengthening of democracy, respect for human rights, the principles of cooperation, solidarity, dialogue and political agreement, considered the main foundations upon which the union of the PA is based on. As a result of the establishment of these two main documents, the Alliance would be developed and later be formalized in the Constitutive Treaty (Pacific Alliance,2011).

This process which initiated with the Declaration of Lima culminated in Paranal-Chile, on June 6, 2012, with the signing of the Framework Agreement of the Pacific Alliance, highlighting its importance as a legal instrument, laying the institutional foundations of this regional integration initiative, as well as establishing the participation of Observer States and the accession of new States Parties, which must have a free trade agreement with at least half of the member states. (2018) On the other hand, among the declarations that have been made in these years, it is worth highlighting the declaration of Cali in 2017, in which several achievements stood out such as: the interoperability of the points of single window facilities of foreign trade, consolidation, the platform for Student Mobility and the creation of the Network of Innovation Agencies and the Investment Facilitation initiative of the Pacific Alliance, among others (Pacific Alliance,2012).

In the Framework Agreement, the member states demonstrate a joint vision of ensuring all member countries and not individual interests, focusing on establishing an area of deep integration through the free movement of goods, services, capital and people, promoting the economic growth and social development of its populations, thus achieving greater well-being and reducing socio-economic social inequalities, and forming a platform with a view to becoming a common economic block with world projections, mainly towards the Asia-Pacific region.

## 1.2.2 Members of the Pacific Alliance

Figure 1 Member States of the Pacific Alliance



Source: Pacific Alliance (2019)

The Pacific Alliance is made up of Chile, Mexico, Peru, and Colombia, formally established on June 6, 2012 with the signing of the Framework Agreement. The basis for the creation of this economic bloc are the trade agreements previously signed between the countries, considering the obligations within the multilateral and regional forums that they participate in. The four countries are members of the World Trade Organization (WTO), the Latin American Integration Association (ALADI), and Colombia and Peru are part of the Andean Community (CAN).

Among the main reasons that the member countries agreed to create the Pacific Alliance was the desire and need to create a counterweight to the integration initiatives that were proposed from the bloc of like-minded countries of 21st century socialism, which for several years had led the new regionalization process in South America, generating a division with the states that opposed this model. The response of this economic bloc goes beyond a political strategy, it aims to achieve a regional geopolitical balance.

On the other hand, the four countries maintain certain degrees of economic-commercial ties through the free trade agreements in force between them, which is for each individual country. This initiative makes it possible for the member states to continue growing economically, leaving aside the other regional integrations that did not successfully offer significant advantages.

In addition, the projection of doing business with the Asia Pacific markets made the expectations of each country grow, since it offered the opportunity to get closer to obtaining a commercial relationship which was already extensive, but at the same time was very promising with countries like China that have become important actors both in the Latin American and worldwide economy.

### 1.2.2.1 Chile

*Table 1* Basic data of Chile

<b>Official name</b>	Republic of Chile
<b>Capital</b>	Santiago
<b>Land área</b>	756,096 sq km
<b>Population</b>	19,107,216
<b>Official language</b>	Spanish
<b>Independence date</b>	September 18, 1810

Made by: author  
Source: Pacific Alliance

### **Economic data**

Chile's economy has been characterized as an emerging economy very well evaluated in the Latin American region and recognized worldwide. In 2010, the Chilean country was the first South American nation incorporated as a member of the Organization for Economic Cooperation and Development (OECD).

According to data from the Central Bank of Chile, one of the main pillars of the solid Chilean economy is fiscal discipline, since they maintain sustained stability over time demonstrating in recent years an average of 2.36% and an inflation of 2.5% (Pacific Alliance, 2019a).

### 1.2.2.2 Colombia

**Table 2** Basic data of Colombia

<b>Official name</b>	Republic of Colombia
<b>Capital</b>	Bogota
<b>Land área</b>	1,141,749 sq km
<b>Population</b>	48,740,672
<b>Official language</b>	Spanish
<b>Independence date</b>	July 20, 1810

Made by: author  
Source: Pacific Alliance

### **Economic data**

The country of Colombia is known as one of the countries with the greatest economic stability in the region. The average economic growth is above 4%, which stands out for having a conducive business environment, qualified human talent, incentives, and quality of life. It currently has several trade agreements in force that allow the Colombian market to have preferential access in important markets worldwide (Pacific Alliance,2019b).

### **1.2.2.3 Mexico**

**Table 3** Basic data of Mexico

<b>Official name</b>	<b>United States of Mexico</b>
<b>Capital</b>	Mexico City
<b>Land área</b>	1,964,375 sq km
<b>Population</b>	119,530,753
<b>Official language</b>	Spanish
<b>Independence date</b>	September 18, 1821

Made by: author  
Source: Pacific Alliance

### **Economic data**

Mexico occupies the 15th place in the world economy with a GDP of 1.4% of the world total, which has influenced its trade abroad in a positive way since it has preferential access to more than 1 million potential consumers with products such as: automobiles, auto parts, data processing machines, crude petroleum oils, telephones, monitors and projectors (Pacific Alliance,2019c).



#### 1.2.2.4 Peru

*Table 4* Basic data of Peru

<b>Official name</b>	Republic of Peru
<b>Capital</b>	Lima
<b>Land área</b>	1,285,216 sq km
<b>Population</b>	32,162,184
<b>Official language</b>	Spanish
<b>Independence date</b>	July 28, 1821

Made by: author  
Source: Pacific Alliance

#### **Economic data**

Peru's economy has been developing positively with an average of 5.9% per year due to increased investment, especially in the mining sector, which represents a large percentage of Peru's total exports. Thanks to the rapid expansion and investment that this country has had, the national poverty rate has been reduced by 33 percentage points. Its main trading partners are China, the USA, Canada, and Japan (Pacific Alliance, 2019d).

#### 1.2.3 Objectives of the Pacific Alliance

In the Framework Agreement, three objectives of the organization were established that focus on:

1. Building, in a participatory and consensual manner, an area of deep integration to progressively advance towards the free movement of goods, services, capital and people.
2. Promoting greater growth, development, and competitiveness of the economies of the Parties, with a view to achieving greater wealth, overcoming socioeconomic inequality and social inclusion of its inhabitants.
3. Becoming a platform for political articulation, economic and commercial integration, and projection to the world, with special emphasis on the Asian-Pacific region (Pacific Alliance, 2012).

The Pacific Alliance decided to develop cooperation modalities to achieve the objectives established in the Framework Agreement, such as:

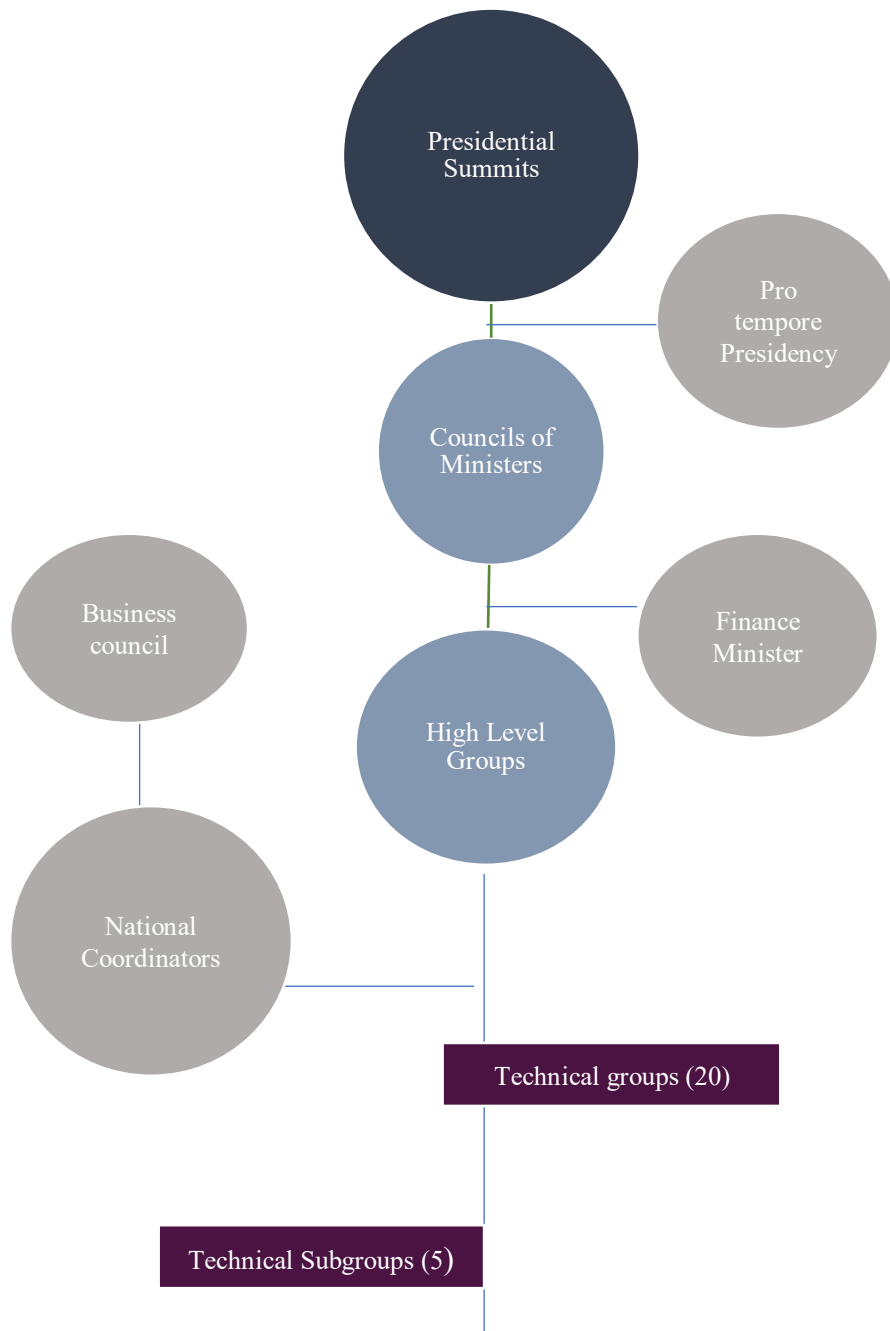
- Promotion and development of initiatives, plans, programs, and projects.
- Carrying out joint studies and diagnoses.
- Education and training activities including the exchange of knowledge of specialists and technicians.
- Technical visits by officials, researchers, and practitioners in each of the member countries.

### **1.3 Structure, operation and progress of the Pacific Alliance.**

#### **1.3.1 Organizational structure**

With the Framework Agreement of the Pacific Alliance, which was signed on June 6, 2012 and entered into force since 2015, the process is given legal capacity, establishing the work structure of the Pacific Alliance through articles 4, 5, 6 and 7 where they are divided into:

*Figure 2* Organizational structure



Made by: Author  
 Source: Pacific Alliance

The Pacific Alliance is organized by hierarchical levels, in which the presidents of the four countries are the highest decision-making body of the Alliance, carrying out their work in the presidential summits where the Heads of State of the member countries meet periodically to analyze progress and determine where the process is heading.

In the organizational structure, it is evident that the Pro tempore Presidency is exercised by each of the member countries, in alphabetical order, for annual periods. Currently, as of July 1, 2019, Chile exercises this position.

Art. 7 of the Framework Agreement indicates that the powers of the Pro Tempore Presidency are:

1. Organize and host the Presidents meetings.
2. Coordinate the meetings of the Council of Ministers and the GAN of the Pacific Alliance.
3. Maintain the record of the minutes of the meetings and other documents.
4. Present for the consideration of the Council of Ministers the programs of activities of the Pacific Alliance, with dates, venues and agenda of the meetings.
5. Represent the Pacific Alliance in matters and acts of common interest, commissioned by the Parties.
6. Exercise the other powers expressly conferred by the Council of Ministers.

(Pacific Alliance, 2012a).

The Council of Ministers, which is made up of the Ministers of Foreign Affairs and the Ministers responsible for Foreign Trade, establish rules and procedures that are adopted by consensus. The powers of the Council of Ministers according to Art. 4 of the Framework Agreement are:

- a) adopt decisions that develop the specific objectives and actions provided for in this Framework Agreement, as well as in the presidential statements of the Pacific Alliance.
- b) ensure compliance and correct application of the decisions taken.
- c) periodically evaluate the results achieved in the implementation of its decisions.
- d) modify its decisions taken accordingly.
- e) approve the programs of activities of the Pacific Alliance, with dates, venues, and agenda of the meetings.
- f) Define the political guidelines of the Pacific Alliance in its relationship with third States or integration schemes.
- g) convene the High-Level Group (HLG) established in the Presidential Declaration of Lima, when deemed appropriate.
- h) establish the working groups it deems appropriate to achieve the objectives and carry out the actions of the Pacific Alliance.

- i) adopt other actions and measures that ensure the achievement of the objectives of the Pacific Alliance (Pacific Alliance,2012b).

The High-Level Group is made up of the Vice Ministers of Foreign Affairs and Foreign Trade of the member countries, and its purpose is to supervise the progress of the twenty-three technical groups of which the Committee of Experts analyzes the proposals of the CEAP since this is the body in charge of examining the proposals of the Business Councils of each country, which reflects the economic activity that each country has. In addition, it reports the new areas of work that may be developed.

Finally, there are the technical groups and subgroups that are made up of officials from the member countries, and their function is to ensure that the provisions coming from the higher ranks are carried out and achieve the expected results in the topics of main interest to the Pacific alliance. In the Lima declaration, the first groups were established: The Technical Group on Mobility of People, Trade and Integration, Services and Capital and the Cooperation Group. Subsequently, two groups were created as a link of the organization, these being the Expert Relationship Group and the Committee of Experts of the Business Council of the Pacific Alliance. In a systematic way, a series of groups have been incorporated that correspond to Promotion Entities, Institutional Affairs; Public Purchases; Communicational strategy; International Fiscal Transparency; SMEs; Culture; among others.

The five subgroups correspond to regulatory cooperation on cosmetics, security and foreign trade single window facility, trade facilitation and customs cooperation, consumer protection (Aranda, 2014).

Based on this explanation of the structure of the Pacific Alliance, the analysis can be carried out based on the work areas that the organization has, which technical groups and subgroups work together so that the Alliance has a better perspective at the Asian-Pacific level as with the rest of the world. The most prominent are: Expert Committee of the Pacific Alliance, global value chains and productive chains, services and capital, trade facilitation and customs cooperation, environment and human mobility, public purchases, promotion entities.

- A) **Expert Committee of the Pacific Alliance:** during the VII Summit of the Pacific Alliance, the member states, based on what was proposed by the Business Council of the Pacific Alliance, decided to create a Committee of Experts to analyze the topics suggested by business sectors through CEAP, in order to give a correct response to the proposals that are presented for possible incorporation into the organization. Furthermore, it seeks to establish itself as a commitment to coordinate, link and articulate the initiative and the CEAP (Committee of Experts of the Pacific Alliance). Likewise, it promotes and suggests joint visions towards third markets, especially with the Asian-Pacific region (Beltran & Ferrer,2016).
- B) **Global Value Chains and Productive Chains:** at the XII Summit of the organization in Mexico, by presidential mandate, this work area was created with the aim of improving the development of productive chains by describing the complete process of activities carried out by companies and especially the production department, that focuses on elaborating products starting with the idea to its production and the end use of each product or service. With regards to the global value chain, it consists of cross-border and inter-company networks that bring a product or service to the market, expanding and deepening industrial complementarity worldwide. The World Trade Organization works with this area of work, estimating that a large percentage approximately 2/3 of the trade is carried out through the Global Value Chains (Pacific Alliance,2018).
- C) **Services and Capitals:** there is the Technical Group of Services and Capitals made up of representatives of the members of states, working based on two pillars: the first works to position itself as an attractive destination for investment and the second aims to increase the flow of trade in services, among its members and towards the rest of the world. In terms of services, it is focused on diversifying the exportable supply of services that meet quality standards, supplying volumes required by the market. This means that it consolidates added value to attain development, innovation, and growth for the region. Moreover, in terms of investment, there is an investment commitment under clear, stable, and comprehensive rules between member countries with the rest of the world and intra-Alliance investment. Promoting investments among business sectors so that they become more important, especially in the Asian-Pacific region and for the rest of the world (Aranda,2014).

- D) **Trade Facilitation and Customs Cooperation:** in Art. 4.30 of the Additional Protocol to the Framework Agreement of the PA, it specifies that the objective of this area is to facilitate trade between the countries of the Pacific Alliance, based on the principles of predictability, transparency and cooperation between customs. In this way, the four Member States have agreed on various commitments so that customs procedures based on risk management can be carried out in an effective and simplified manner, thus helping to provide agility in the dispatch of goods, agility in processes; information available in databases; interoperability of the single windows of contact for foreign trade facilitating the availability of phytosanitary certificates initially, which makes it possible for the exchangeability possible of digital origin certificates, animal health certificates and the customs declaration (Beltrán & Ferrer,2016).
- E) **Environment:** it is better known as the technical group of Environment and Green Growth (GTMACV). On March 30, 2016 a meeting of the Ministers of Environment of the Pacific Alliance is held in which the need to strengthen the growth and sustainable development among the member countries of the Alliance is established, with the objective of combating the impacts of local pollution and promoting a space for dialogue between the governments of Mexico, Chile, Peru and Colombia with the private sector, and to generate and implement actions towards green growth, that is, focusing on sustainable consumption and production, green markets and green investments; managing to identify four areas of common interest and the need of the member states for the exchange to take place: Instruments for the reduction of GHG emissions; Information systems for environmental management; Promotion of green markets and Policies for waste management. In this activity it has the support and participation of the representatives of the Pacific, the Ministry of the Environment of Chile, the Ministry of the Environment and Sustainable Development of Colombia, the Ministry of the Environment and Natural Resources of Mexico and the Ministry of the Environment of Peru (Pacific Alliance,2018).
- F) **Human Mobility:** the subject of human mobility is highlighted in the Framework Agreement, being a mechanism that contributes to creating better proposals for competitiveness and economic development. The member states view human mobility not only as an aid for business but goes beyond that in establishing it as a method to achieve the goals of deep integration, growth and competitiveness of the

mechanism through the facilitation of migratory transit in the territory of the parties. Thanks to this project, the mobility of people may enter their territories for up to six months and carry out unpaid activities, such as tourist trips, transit or business. In 2012, the country of Mexico announced the elimination of visas for nationals of Peru and Colombia, Chile does not enter into this suppression because it previously had an international treaty with Mexico allowing the Chilean population to enter Mexico without a visa. In 2013, Peru proclaimed the exemption of visas for businesspersons from Colombia, Chile and Mexico as long as they carry out an unpaid activity, within a period of 183 days.

- G) Public Procurement:** The Technical group progresses through joint actions in favor of improving access to public procurement markets in order to obtain greater benefits in terms of quality and price. In other words, through these regulations, there is a positive response that private companies from any of the member countries enter negotiations with government entities from the member countries.
- H) Promotion Agencies:** each member state has a ministry of foreign trade that is in charge of working to promote and expand exports, increase foreign direct investment, generate internationalization of regional companies and SMEs with the aim of promoting the arrival of tourists to member countries that can promote the positioning of the Pacific Alliance as a macro destination for the intra-regional market. They rotate the presidency pro tempore annually, in alphabetical order. (Pacific Alliance,2019)

### **1.3.2 State Categories**

#### **1.3.2.1 Full Membership Requirements**

In the first instance, any country had the possibility to participate in the initiative, as long as it shared the common principles of the bloc, which were more related to the vision of development created by the precursor countries and the obtaining of free trade agreements with the member countries. However, at the second Summit held in 2011, the need arose to provide the bloc with a political vision that until then was not manifested in the organization. This is how different requirements were included to which countries must agree to when submitting the application to join the bloc.



The Ministers of Foreign Affairs and the Ministers responsible for Foreign Trade of the Pacific Alliance mention that before submitting the application for full membership, as essential requirements the applicants must have the rule of law, a democratic system, comply with the protection, respect and guarantee of fundamental freedoms and human rights and have a free trade agreement signed with each of the permanent members. After regularizing these requirements, the following adhesion guidelines may be adopted:

1. Acceptance without reservation of the Framework Agreement of the Pacific Alliance, hereinafter referred to as “the Framework Agreement” and its instruments and commitments agreed upon by the Council of Ministers of the Pacific Alliance.
2. The applying State must send a written request to the Presidency Pro Tempore, who will communicate it to the other Parties for subsequent consideration by the Council of Ministers.
3. The Council of Ministers will establish a work group that is made up of a representative of the members of the PA that will evaluate compliance with the requirements established in these guidelines and will formulate a recommendation, since it can meet with representatives of the requesting State.
4. The Council of Ministers will consider the recommendation of the work group and will decide unanimously on accession, which will be communicated to the requesting State, through the Presidency Pro Tempore. If the accession is accepted, it will be formalized by means of a Protocol of Accession.
5. The Accession Protocol may only be signed once the Framework Agreement has entered into force.
6. At the time of signing the Accession Protocol by all the States Parties of the Pacific Alliance and by the adhering State, it must be ratified by all the party members so that the adhering state can deposit its instrument of adhesion to the Framework Agreement, providing changes regarding that treaty and all international instruments, agreements and commitments in the organization, without exception.
7. The Framework Agreement and all other international instruments, agreements and commitments adopted within the scope of the Pacific Alliance, for the acceding State, will enter into force in sixty days.

8. All States Parties of the Pacific Alliance participate on equal terms.  
(Pacific Alliance,2014)

To date, Australia, Canada, South Korea, Ecuador, New Zealand, and Singapore have formalized their request to belong to the Alliance and the evaluation process is in charge of the members of the economic bloc (Gomez,2019).

### **1.3.2.2 Observer Membership Requirements.**

According to the guidelines on the participation of the Observer States of the Pacific Alliance, States that are not part of the organization may participate as an Observer State in accordance with the following:

1. The Observer State must share the principles and objectives established in the Framework Agreement of the Pacific Alliance.
2. Interested States must send a written request to the Presidency Pro Tempore, who will communicate it to the States Parties for their consideration by the Council of Ministers of the Pacific Alliance.
3. The Council of Ministers may grant the status of Observer State, in accordance with article 10 of the Framework Agreement and its decision will be communicated by the Presidency Pro Tempore to the interested State in approximately 62 days.
4. The Observer States may participate in both ministerial and presidential meetings to which they have been previously invited, under the consensus of all member states. In these scenarios, they only have speaking rights.
5. Provided that it has signed free trade agreements with at least half of the States Parties, an Observer State may submit its application to be a candidate at any time. In the event that the application has not been accepted, the Observer State may resubmit it.
6. Within one calendar year from the date of acceptance of the application to be a candidate, the Observer State must comply with the conditions to begin its process of joining the Pacific Alliance. If after the specified period expires, the Observer State has not complied with these conditions, the Council of Ministers, depending on the approach found by the observer state, may grant recommendations and a new term for their effects.

7. The status of Observer State will be preserved as long as the interested State maintains its commitment to the principles and objectives established in the Framework Agreement, as well as its interest in monitoring the work of the Alliance. Such status will also be maintained as long as it is not revoked by a decision of the Council of Ministers or if the Observer State does not decide to give it up or become a State Party of the Pacific Alliance.
8. Prior to each meeting, the Observer States and guests will receive a communication through the Presidency Pro Tempore in which the topics to be discussed as well as the segments of the meetings and instances that will be open to their participation will be specified. Likewise, the necessary documents and information will be sent to them.
9. The Observer States, as well as the invited States, must maintain a confidential and/or reserved treatment of the information that they access or exchange in the different instances of the Pacific Alliance that they attend, except if the States Parties agree to different terms.

(Pacific Alliance,2015)

At the XIV Summit of the Pacific Alliance, the member countries of the Pacific Alliance expressed their satisfaction with the incorporation of 59 observer countries that come from five different continents. It should be noted that observer countries have the benefit of being a candidate for State party, they obtain the right to speak in the deliberations in instances to which they have been invited and may initiate projects, actions and agreements with other countries that are framed in the objectives of the Pacific Alliance. The following table details the countries of each continent that participate as observer members in the Pacific Alliance, highlighting that the countries of the European continent are big participants as Observer States.

**Table 5 PACIFIC ALLIANCE OBSERVER STATES**

<b>CONTINENT</b>	<b>COUNTRIES:</b>
<b>AMERICA</b>	Argentina, Canada, Costa Rica, Ecuador, El Salvador, United States, Guatemala, Haiti, Honduras, Panama, Paraguay, Dominican Republic, Trinidad and Tobago, Uruguay.
<b>EUROPE</b>	Germany, Armenia, Austria, Azerbaijan, Belgium, Belarus, Croatia, Denmark, Slovakia, Slovenia, Spain,

	Finland, France, Georgia, Greece, Hungary, Italy, Lithuania, Norway, Netherlands, Poland, Portugal, United Kingdom, Czech Republic, Romania, Serbia, Sweden, Switzerland, Turkey and Ukraine.
<b>ASIA</b>	Korea, United Arab Emirates, Philippines, India, Indonesia, Israel, Japan, Kazakhstan, R.P. China, Singapore, Thailand.
<b>AFRICA</b>	Egypt and Morocco.
<b>OCEANIA</b>	Australia and New Zealand.

Made by: author  
Source: Pacific Alliance

### 1.3.1 Advances of the Pacific Alliance

Eight years after the creation of the Pacific Alliance, its development has led to its importance in the variety of agreements that coexist in the region. This has become a global interest since various countries and organizations have pointed to this integration as a project of the utmost importance, reaffirming the vocation of the members of the PA to develop deep integration based on the objectives that were proposed as an organization. The results include:

- The incorporation of 59 countries as observer states.
- Entry of the Mexican Stock Exchange (BMV) in the Executive Committee of the Latin American Integrated Market.
- Representation of 45% of the flows of Foreign Direct Investment received by Latin America and the Caribbean.
- Financial market transactions are carried out in real time and with low transaction costs.
- Regional Catastrophic Bonds are available for earthquake risk management in the countries of the Pacific Alliance.
- The Platform for the Immediate Information Exchange for Migration Security of the Pacific Alliance contributes to human mobility among member countries.
- Obtain an informative ministerial meeting on the Pacific Alliance with member states of the Southern Common Market.
- Action plan for the promotion of tourism.
- Review of a single electronic format of the phytosanitary certificate for export and import of goods to reduce foreign trade procedures.

- Tariff elimination of 92% of the products in common and the rest of tariffs will be eliminated over following years.
- Support of SMEs in the region through the Economic Cooperation and Development organization to insert them into global value chains.
- Establishment of shared embassies and offices abroad, an example of this is the shared embassy in Ghana and the joint commercial offices in Istanbul (Turkey) and Casa Blanca (Morocco).
- The creation of intellectual property projects, that is, to generate opportunities to create, renew and enhance information services and the dissemination of intellectual property among member countries.
- Scientific Research Network on Climate Change.
- Academic and Student Mobility that has awarded a large percentage of scholarships.
- Development of macro business rounds mainly for the following sectors: automotive, agri-food, electronics, pharmaceutical industries, information technology, tourism, among others.
- Analysis of productive chains in the intra and extra agricultural sector of the Pacific Alliance.
- Interoperability of the Single Window Facility for Foreign Trade.
- Reduction of service and migratory rights costs immersed in the PA Work and Vacation Program.
- Development of the Inter-Parliamentary Commission of the organization made up of the legislative powers of the member countries.
- Subscription of an agreement that allows the population of the four countries to receive consular assistance in those countries where they do not have diplomatic or consular representation.

The time in which the Pacific Alliance has been developed reflects the initiative that each member state has to continue to achieve the series of agreements they have for the future, especially in the political aspect, an element to which various countries of the region have had to confront each other through the organizations that they have belonged to (Peña,2016).

#### **1.4 Incorporation of Ecuador to the Pacific Alliance**

**Table 6** Basic data of Ecuador

<b>Official name</b>	Republic of Ecuador
Capital	Quito
Land area	2,237 sq. km
Population	16,498,502
Official language	Spanish
Independence date	August 10, 1810

Made by: author  
Source: CIA

In 2010, the idea of the Deep Integration Area between Colombia, Chile, Ecuador, Peru, and Panama was launched with the aim of establishing a space that is attractive for investments, tourism, and commerce. After a process of reunions and meetings, Ecuador did not adhere to it due to the differences that arose in terms of trade policy. The former president was more focused on being part of the Bolivarian Alliance for the Peoples of Our America (ALBA) and that Ecuador could not participate in any of these groups, referring to the Pacific Alliance.

As a result, at the beginning of 2018, President Lenin Moreno greatly changed Ecuador's position in terms of what the Pacific Alliance means, indicating that Ecuador's International Relations should "target those countries with which it is more convenient for Ecuador to have a good relationship, and the Pacific Alliance is an option that must be reviewed" (COMEX,2018). From that moment, the president began to have support specifically from the business class, since in that year the Multi-Party Agreement with the European Union was signed. In March of the same year, Ecuador visited Chile where the Ecuador was once again persistently invited to be part of the Pacific Alliance, since it is a regional integration initiative and acts as an observer country.

In July 2018, Ecuador requested its incorporation as an Associated State within the framework of the XIII Summit of the Pacific Alliance, held in Puerto Vallarta, Mexico, after the emergence of a new foreign policy aimed at free trade. Ecuador's request was received with the consent of the permanent members of this bloc since the foundations and components of the current trade policy of the Ecuadorian country were analyzed and approved. By August, President Lenin Moreno announced Ecuador's departure from the Bolivarian Alliance for the Peoples of Our America (ALBA) and the worsening

Venezuelan crisis caused Ecuador to distance itself more and more from Venezuela and Bolivia (COMEX,2019).

After a year, at the XIV Summit of the Pacific Alliance in Lima, Ecuador is incorporated as an Associated State to the Pacific Alliance (PA), with which it is expected that, in a few months, before the end of 2019, the country becomes a member state of this important regional bloc. The Ecuadorian productive sector, in addition to holding meetings through the National Government, decided to focus on strengthening commercial ties through the Business Council of the Pacific Alliance by holding several meetings with the presidents of the business councils of the member states (COMEX ,2019).

During a meeting with the presidents of the bloc, President Lenin Moreno was grateful for the full support from the members of the organization so that negotiations can begin that will lead to the incorporation of Ecuador as a full associate member, since it is an opportunity to increase production and exports to the world and achieve competitiveness in the western part of the Pacific. There are bilateral agreements signed with a third of the members of the bloc. Mexico is one of the countries that has not yet obtained a free trade agreement signed with Ecuador.

Mexico is willing to carry out an agreement between the two parties as soon as possible, which is why the Minister of Production, Foreign Trade, Investments and Fisheries, Iván Ontaneda Berrú, fulfilled in Mexico a work agenda focused on managing and promoting negotiations that will lead Ecuador to be part of the Pacific Alliance. On Friday, August 23, Minister Ontaneda signed a memorandum of understanding and cooperation with the Mexican Business Council for Foreign Trade, Investment and Technology AC, in order to formalize the relationship between both institutions and continue with mutual support in promotional, commercial, and investment events (Ministry of Foreign Trade, 2019).

## **CHAPTER 2**

## **2. COMMERCIAL RELATIONS OF ECUADOR WITH THE COUNTRIES OF THE PACIFIC ALLIANCE.**

### **2.1 Analysis of Ecuador's participation with the Latin American Integration Association (ALADI)**

Ecuador has always been characterized by belonging to regional integration agreements to expand the market and generate conditions for economic development. In the 1960s, Ecuador participated in the creation of the Intergovernmental Organization known as the Latin American Free Trade Association (ALALC), with the aim of forming a common market in the region. However, after several attempts it was unsuccessful due to the countries' lack of commitment, since the established policies were not adequate and because of the economic instability that existed at the international level.

In 1980, South American countries and Mexico decided to replace the ALALC with the Latin American Integration Association (ALADI). According to Salazar (1980), this change was made through the legal framework established in the Montevideo Treaty, with the declared purpose of “continuing the regional integration process” and in the long term to establish “in a gradual and progressive manner, a Latin American common market” (p. 30). ALADI constituted the largest integration group which has been able to increase the social and economic development that the population of this integration needed.

ALADI set out to achieve the creation of a Latin American common market, emphasizing economic and social development; Thanks to its legal framework, the member countries have access to significant agreements and sub-agreements between themselves and with third countries, that cover various matters such as tariff reduction, economic complementation, customs cooperation, health certificates. Among these agreements, a program for the less economically developed countries (Bolivia, Ecuador and Paraguay) was created, thus providing a preferential system for opening markets, special cooperation programs and measures (ALADI, 2012).

In 1984, a Regional Agreement Relating to Regional Tariff Preference was signed by the Ministers of Foreign Affairs of the different member countries including the Federative Republic of Brazil, the Republic of Paraguay, the Republic of Uruguay, the Republic of Colombia, the Republic of Ecuador, the Bolivarian Republic of Venezuela



and the Republic of Bolivia. Its objective was to strengthen the integration process of Latin America to achieve the mission foreseen in the 1980 Montevideo Treaty.

The Regional Agreement Relative to Regional Tariff Preference (1984), aims to “Establish an exchange environment between the subscribed countries, which tends to reduce the percentages of duties and customs taxes generated to facilitate the free circulation of goods and services and the full use of productive factors, under conditions of competition” (pp. 2-6).

As a result, Ecuador saw a possibility for its economy to establish itself and to obtain benefits in the exchange of goods, as long as it is reciprocal and gives positive results, not only for Ecuador but also for third countries, ensuring that those with less economic development are not harmed. In order to have a clearer vision of how this resolution helped improve the performance of the subscribed countries, the following table will especially detail the movement of total exports that Ecuador made to each of the members of the Latin American Integration Association:

*Table 7 Total exports from Ecuador to the members of ALADI 2002-2008 (Thousands of FOB dollars)*

<b>MEMBER COUNTRIES</b>	<b>TOTAL</b>	<b>PORCENTAGE</b>
<b>Peru</b>	9,049,289	27.62%
<b>Panama</b>	7,984,568	24.37%
<b>Colombia</b>	5,314,025	16.22%
<b>Chile</b>	5,056,043	15.43%
<b>Venezuela</b>	3,558,044	10.86%
<b>Mexico</b>	579,851	1.77%
<b>Argentina</b>	557,270	1.70%
<b>Brazil</b>	406,295	1.24%
<b>Bolivia</b>	97,439	0.30%
<b>Cuba</b>	85,749	0.26%
<b>Uruguay</b>	58,535	0.18%
<b>Paraguay</b>	12,996	0.04%

Made by: author  
Source: Central Bank Ecuador

As can be seen in Table 7, the total exports from Ecuador to each member of ALADI, specifically to Peru and Panama, presents a sustained growth throughout the six years studied with a percentage of 27.62% and 24.37 % respectively. In the case of the other trading partners, a considerable percentage can be seen, such as Colombia with 16.22%, Chile with a total of 15.43%, and Venezuela with 10.86%. The other countries such as

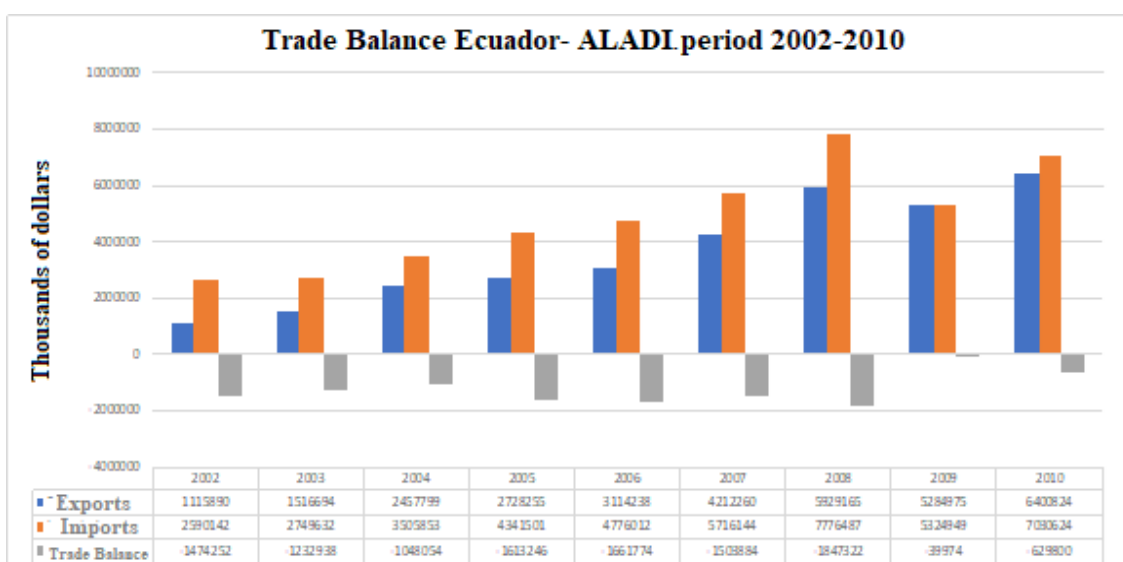
Bolivia, Brazil, Cuba, Mexico, Paraguay, and Uruguay do not represent a significant percentage for the exchange of merchandise with Ecuador. Table 8 shows the total performance that Ecuador has had from 2002 to 2008 in the Latin American Integration Association.

**Table 8** Trade Balance Ecuador-ALADI (Values in FOB Dollars)

Year	Exports	Imports	Total
2002	1,115,890	2,590,142	-1,474,252
2003	1,516,694	2,749,632	-1,232,938
2004	2,457,799	3,505,853	-1,048,054
2005	2,728,255	4,341,501	-1,613,246
2006	3,114,238	4,776,012	-1,661,774
2007	4,212,260	5,716,144	-1,503,884
2008	5,929,165	7,776,487	-1,847,322
2009	5,284,975	5,324,949	-39,974
2010	6,400,824	7,030,624	-629,800
<b>Total Periodo de Estudio</b>	<b>32,760,100</b>	<b>438,113,44</b>	<b>-1,1051,244</b>

Made by: author  
Source: SICOEX

**Figure 3** Trade Balance Ecuador- ALADI 2002-2010



Made by: author  
Source: SICOEX

The trade balance between Ecuador and the Association has shown slight fluctuations in the period 2002 to 2010, which means that Ecuador exports much less than it imports from ALADI countries, thus generating a deficit in its trade balance. It is reiterated that Ecuador needs to develop levels of competitiveness and productivity, since what is reflected in the figure cannot compete satisfactorily with countries with similar levels of development. In 2009 and 2010, the balance between the countries continues to be negative, but there is a potential for growth in Ecuador's exports, which makes the balance between those years balanced.

The exchange of products between Ecuador towards ALADI, mainly comprises raw materials, such as crude oil from petroleum or bituminous mineral that represents 55.79% of exports, this is followed by fuel oils (fuel) with a percentage of 6.28%, from there are products with low percentages such as tuna and their derivatives having a percentage of 1.87%, "Cavendish Valery" type bananas represent 1.59% of all exports (SICOEX, 2010).

In reference to imports, Ecuador receives from ALADI petroleum derivatives, especially Diesel 2 with a total of 12%, solvent naphtha represents 2.16% of imports. Until 2010, mobile phones were a representative product in imports with a total of 0.83%, the same as electrical energy, which has remained in the list of imported products with a percentage of 1.71%. It should be noted that hair products such as shampoos are products that have been on the market in the investigation period with a representation of 0.46% (SICOEX, 2010).

### **2.1.1 Analysis of Ecuador's participation in ALBA.**

The Bolivarian Alliance was proposed by the former president of Venezuela, Hugo Chávez, in 2001 as an option to the Free Trade Area of the Americas (FTAA), making it counteract the suggestion of the United States in which they could establish free trade agreements with Latin American countries, thus focusing on trade integration. By 2004, for various reasons, the FTAA was unsuccessful, causing the ALBA proposals to take shape and attention from the countries of Latin America and the Caribbean, to the point that it was formalized in the same year promoting the development of the full use of internal resources so that it has a diversification of products and is competitive in international trade.

The ALBA approach is different from the other organizations that existed at that time since its objective was to implement a cooperative advantage. This implied regional

cooperation, establishing an interdependence between the member countries so that they could help each other in projects of economic and social aspects, to regulate the inequalities of development in the participating countries. By 2009, the Heads of State and Government of the member countries decided that the ALBA-TCP will be named "Bolivarian Alliance for the Peoples of Our America - Peoples' Trade Treaty" (ALBA - TCP), adding that Ecuador formalized its adhesion to ALBA, at the sixth summit of the group that took place in Maracay west of Caracas, taking a leading role in the historical process that promoted regional courts for the solution of problems that occurred in the course of the process.

According to the official page of the Chancellery of the Republic of Ecuador, with the new adhesions the organization was no longer made up of only two founding countries, since it became a bloc made up of a greater number of members such as: Bolivia, Nicaragua, Honduras, Dominica, Ecuador, San Vincent and the Grenadines, and Antigua and Barbuda, who wished to promote the development of all and strengthen cooperation through mutual respect and solidarity (Ministry of Foreign Affairs and Mobility, 2018).

Additionally, the organization created two important projects such as Sucre and the gran-national companies. Regarding the first project, a compensation chamber, and the generation of a means of exchange only in sucres as a common currency in the member countries was developed. In regard to the other project, it involves the exchange of goods and services to satisfy the needs of the people, provided that they comply with the principles of solidarity, reciprocity, technology transfer, analyzing the advantages that each country has (ALBA, 2017).

**Table 9** Total Exports from Ecuador to each of the ALBA members 2009-2015 (Thousands of FOB Dollars)

<b>MEMBER COUNTRIES</b>	<b>TOTAL</b>	<b>PORCENTAGE</b>
<b>Venezuela</b>	5,369,378	89.67%
<b>St. Lucía</b>	51,973	0.87%
<b>S. Vicente and the Grenadines</b>	642	0.01%
<b>S. Kitts and Nevis</b>	262	0.00%
<b>Nicaragua</b>	284,385	4.75%
<b>Granada</b>	647	0.01%
<b>Dominica</b>	998	0.02%
<b>Cuba</b>	124,246	2.07%
<b>Bolivia</b>	154,885	2.59%
<b>Antigua and Barbuda</b>	607	0.01%

Made by: author  
Source: SICOEX

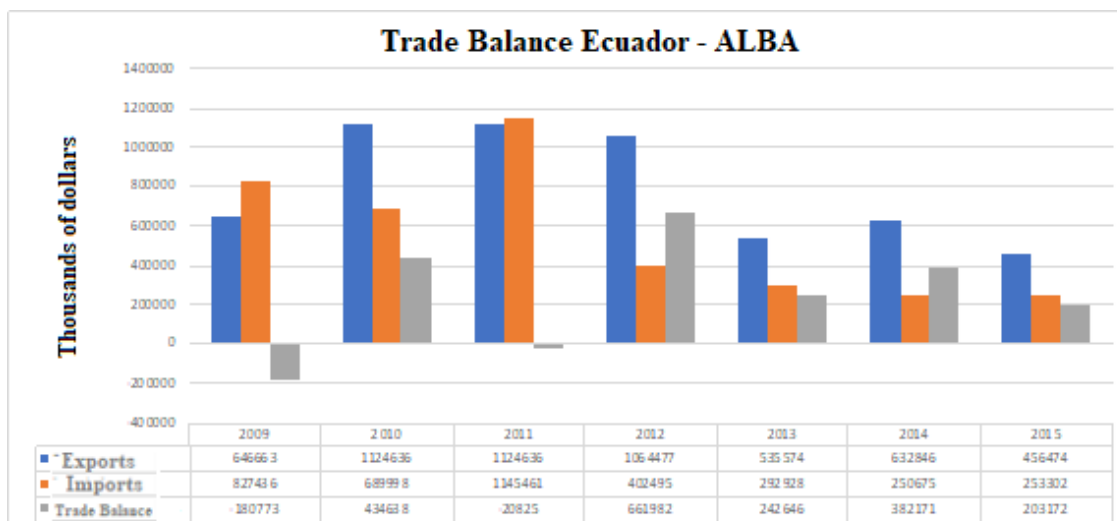
According to table 9, Ecuador's exports to the ALBA member countries show quite small percentages, since they are developing countries and do not have a balanced economy that can afford the purchase of goods from other countries. Venezuela is the main market of the bloc, with a total of 89.67% of the total exports of the six years being analyzed, followed by Nicaragua, with 4.75% and Bolivia with a total of 2.59%. The other countries like Antigua and Barbuda, Cuba, Dominica, Grenada, Saint Lucia have exceptionally low percentages.

**Table 10** Trade Balance Ecuador- ALBA (Values in Thousands of Dollars)

<b>Year</b>	<b>Exports</b>	<b>Imports</b>	<b>Total</b>
<b>2009</b>	646,663	827,436	<b>-180,773</b>
<b>2010</b>	1,124,636	689,998	<b>434,638</b>
<b>2011</b>	1,124,636	114,5461	<b>-20,825</b>
<b>2012</b>	1,064,477	402,495	<b>661,982</b>
<b>2013</b>	535,574	292,928	<b>242,646</b>
<b>2014</b>	632,846	250,675	<b>382,171</b>
<b>2015</b>	456,474	253,302	<b>203,172</b>
<b>Total Periodo de Estudio</b>	<b>5,585,306</b>	<b>3,862,295</b>	<b>1,723,011</b>

Made by: author  
Source: SICOEX

**Figure 4** Trade Balance Ecuador - ALBA in the period 2009-2015



Made by: author  
Source: SICOEX

The trade balance between Ecuador and ALBA records the exchange of goods and services. In 2009, the year Ecuador joined the block, the registered balance was negative. This is a consequence of the financial crisis that affected Latin America and Venezuela, especially due to the decrease in the price of oil, which is the country's main good. However, for the next few years there are positive balances.

Regarding Ecuador's top export products to Venezuela, Bolivia and Cuba, the following stand out: vegetable fats, cast iron and steel goods, food preparations of meat and crustaceans, cocoa, wood, plastic and manufactured goods, whereas, the main products imported by Ecuador are Diesel No. 2, mineral fertilizers, vegetable and animal fats, residues from the food industries, pharmaceutical products and products from the chemical industries (SICOEX, 2019).

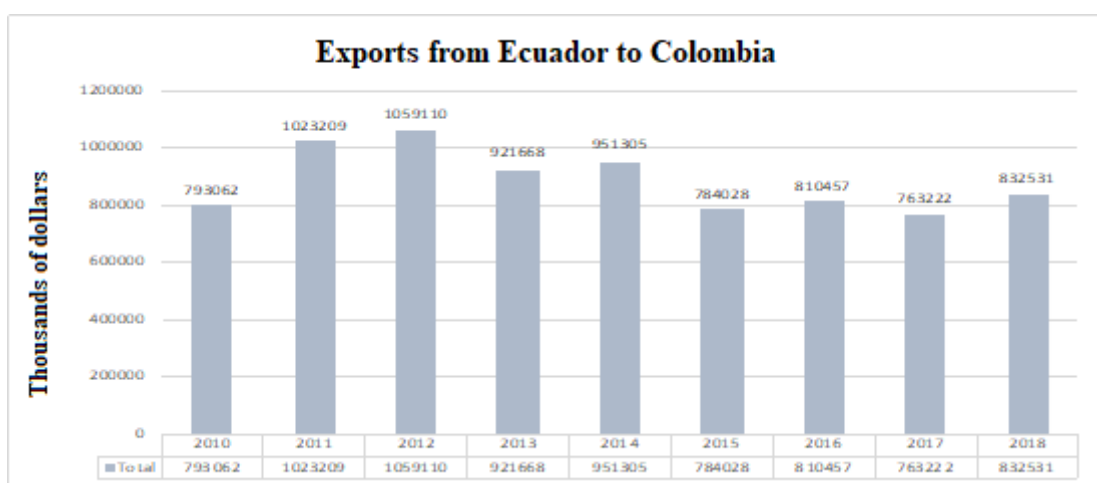
## 2.2 Exports from Ecuador to Colombia within the framework of the CAN.

Trade relations between the two countries have been long-standing since there are important links along the common border and, in general, great achievements have been made. The two countries are also part of what is now the Andean Community of Nations. In 1969, Bolivia, Colombia, Chile, Ecuador and Peru signed the Cartagena Agreement, giving rise to the creation of the Andean Pact, with the purpose of improvement and cooperation in the economic and social sector (SENAE, 2019). By 1996, the Andean Pact undergoes an institutional restructuring giving rise to the current name of Andean Community of Nations that was applied as of June 1997, when the changes produced

came into force (SICE, 2019). The objective of this integration block is to achieve a more accelerated, more balanced, and autonomous development, through Andean, South American and Latin American integration.

As a result, Ecuador and Colombia emphasize their will to develop programs in the fields of health, education, social security, economy, and culture. In addition, the signing of the Cartagena Agreement (legal framework that began the CAN) establishes 100% tariff coverage on products from Ecuador and Colombia and establishes the free movement of goods, services, capital, investment and people between the signatory parties that was established in 1996.

**Figure 5** Exports from Ecuador to Colombia 2010-2018.



Made by: author  
Source: Trademap

Between 2010 and 2018, Ecuadorian exports to Colombia registered periods of increases and decreases, making the years 2011 and 2012 the most relevant with a total of \$1,023,209 million dollars and \$1,059,110 million dollars respectively. In the following years, high amounts were not reached, but a growth potential for Ecuador's exports was maintained. From 2015 to 2017 a significant drop in the shipment of Ecuadorian products is seen due to the reduction in the cost of oil and its derivatives at the international level, which are very important items for the budget of economic development of the country, since if it falls, the budget of some economic sectors is cut. In 2018, there are positive values for exports to Colombia.

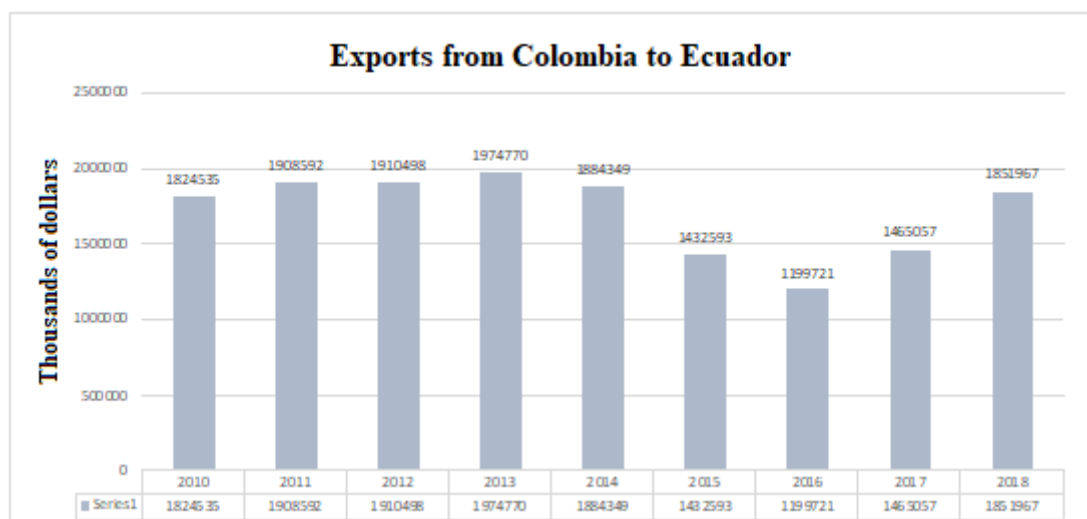
According to data from the Central Bank of Ecuador (2019), there is a large amount of export products exchanged from Ecuador to Colombia. During the period between 2010 and 2018, the main export products with the greatest impact on the economy were in the

first place: palm oil, petroleum oil, wooden boards, materials and finishes for construction, vehicles for the transport of goods, passenger cars and other vehicles for the transport of people, coffee, roasted or decaffeinated and coffee husk.

Among the main export products of the agro-industrial sector are firstly, processed products from the sea, sugar, fresh and frozen fish, rice, balanced animal feed. There are also cereals, confectionery products, alcoholic beverages, legumes, fresh vegetables, and bananas. Regarding clothing, the export of footwear, textile clothing, raw leather and prepared and manufactured leather stands out. Likewise, there are pneumatic tires, stoves, cotton fabrics, flowers, paper and cardboard, telecommunications and sound, and finally pharmaceutical products (TradeMap, 2019).

### 2.2.1 Exports from Colombia to Ecuador under the CAN.

*Figure 6* Exports from Colombia to Ecuador 2010-2018.



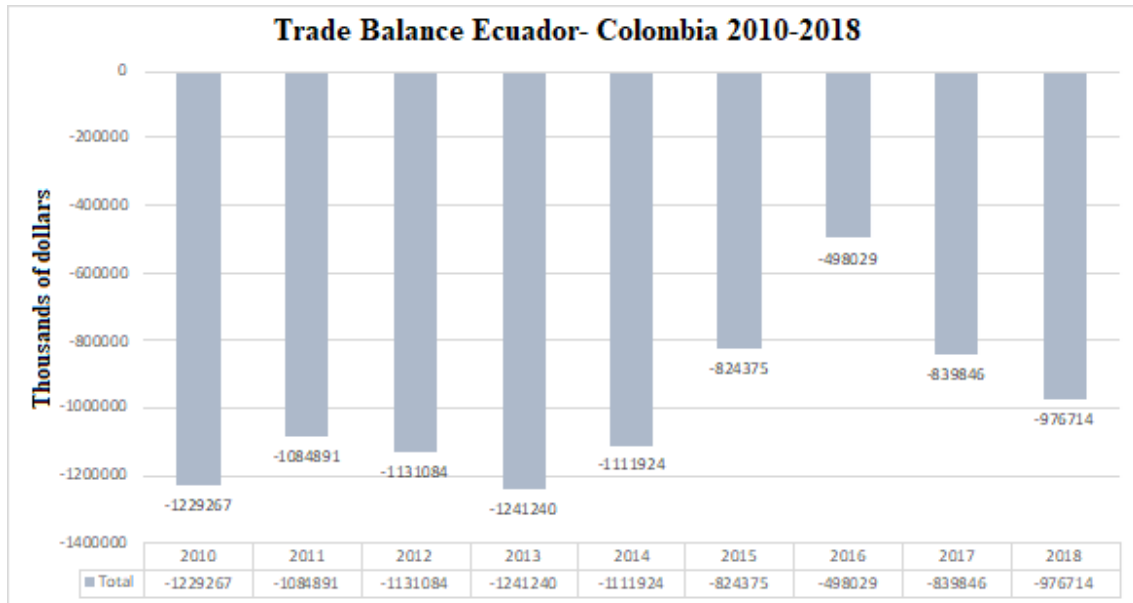
Made by: author  
Source: Trademap

Exports from Colombia to Ecuador in the 2010 to 2018 period register a sequence of positive values in the first five years. In 2015 there is a notorious drop in values due to the fact that Ecuador entered a stage of import restriction (safeguards) due to negative changes in the trade balance because of the fall of oil prices, which is the main supplier of foreign currency in the country and as a result, 21% of the tariff universe of Colombian products was imposed. In the following years, that is, since the safeguards were eliminated in 2017, there is greater stability in exports and by the end of 2018 there is a total of \$1,851,967 dollars (TradeMap, 2019).



## 2.2.2 Analysis of the Trade Balance of Ecuador and Colombia.

Figure 7 Trade Balance Ecuador- Colombia 2010-2018



Made by: author  
Source: TradeMap

As can be seen, the trade balance of Ecuador in the 2010 to 2018 period has always been negative, which means that the Ecuadorian country exports much less than it imports from Colombia, thus generating a deficit in its trade balance. The highest balances of the deficit are recorded in 2010 and 2013 with \$-1,229,267 million dollars and \$-1,241,240 million dollars, respectively. However, Ecuador barely exports around 960 items while Colombia exports an approximate of 2400 items. As of 2017, Ecuador focused on counteracting negative balances since they have growth potential in projects to diversify exports (TradeMap, 2019).

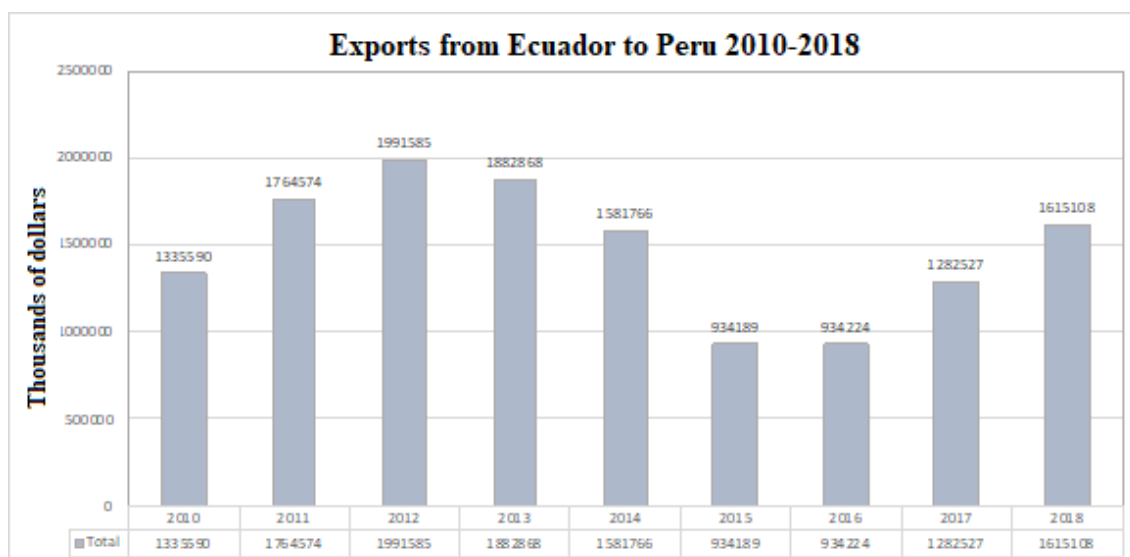
## 2.3 Exports from Ecuador to Peru within the framework of the CAN

For several years there were territorial conflicts between Ecuador and Peru that caused some pauses in political, commercial, and social relations between both countries. After several attempts at peace agreements, in 1998 a definitive treaty called the Brasilia Agreement was reached, which ended a slew of conflicts and tensions between the countries. Thanks to this agreement, new cooperation scenarios began to open since the two states have several similarities in the economic aspect. A clear example was the

participation of both countries in the creation of the Andean Pact, which is currently known as the Andean Community of Nations (CAN).

In addition, within the framework of this agreement, tariffs were eliminated for 97% of the tariff items and the free movement of goods, services, capital, investment and people was also established between the parties, which was established in 1996.

**Figure 8** Exports from Ecuador to Peru 2010-2018.



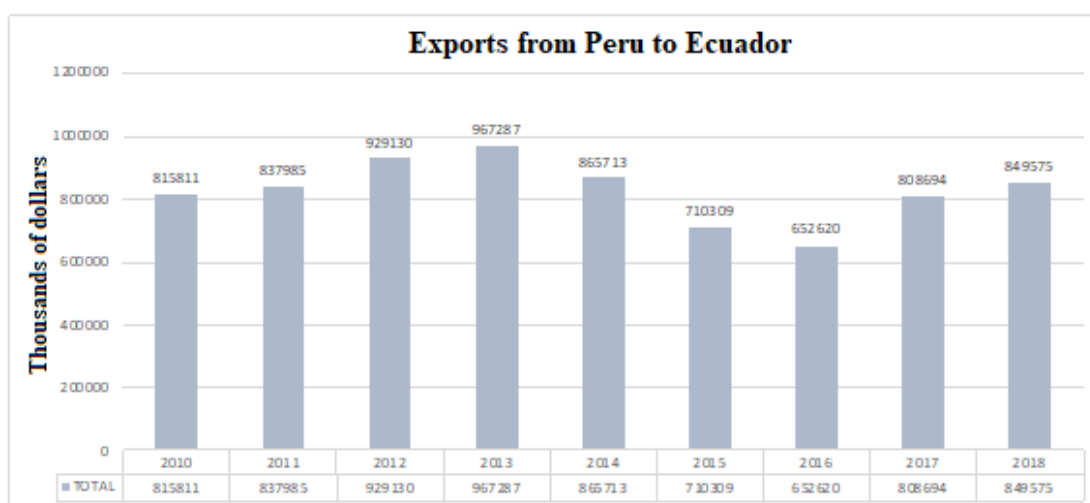
Made by: author  
Source: Trademap

Exports from Ecuador to Peru have grown over the years, especially from 2011 to 2014, a period with the most exports to the neighboring country. On the contrary, since 2015 exports have been decreasing because of the worldwide economic crisis for which strong economic measures had to be taken, such as the reduction in the price of oil. It is worth emphasizing that since 2017 exports have been increasing with significant values for the economy for Ecuador.

Among the main export products from Ecuador to Peru are petroleum derivatives; wooden boards, cooking appliances, preparations for animal feed, copper minerals and their concentrates, preparations and canned tuna whole or in pieces, shrimp, prawns; cocoa butter, fat and oil, coffee concentrates, flour, crustacean powder. There is also a large export of paper or corrugated cardboard boxes and tubes; baby care products such as diapers and other similar items. Bakery, pastry, or biscuit utensils are a part of exports and lastly waterproof footwear with soles (TradeMap, 2019).

### 2.3.1 Exports from Peru to Ecuador under the CAN.

**Figure 9** Exports from Peru to Ecuador 2010-2018



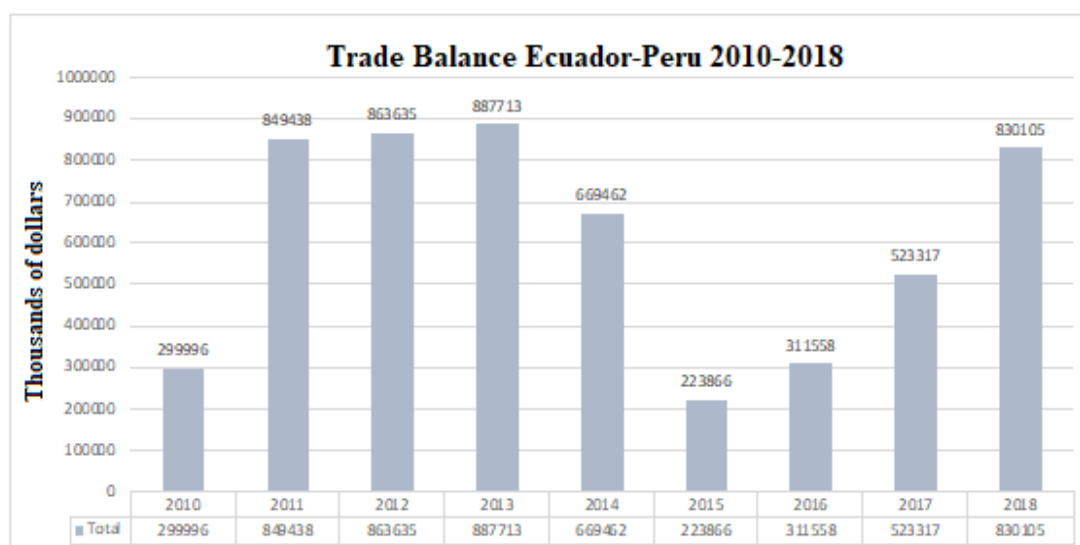
Made by: author  
Source: TradeMap

Imports from Peru to Ecuador in the period from 2010 to 2018 increased during first years of study, that is, in the period from 2010 to 2014. By 2015, there is a decrease in values of exports from Peru to Ecuador. As mentioned above, the Ecuadorian country suffered an import restriction in 2015, which is better known as a “safeguard” measure that temporarily restricted imports of some products to protect national production. Although this is contemplated in its trade policies, Peru had a 7% restriction on tariff products, this is the result of external factors such as low oil costs and appreciation of the dollar that contributed to dependence on public spending. In the following years with the elimination of safeguards, in 2017 and 2018 there is a positive balance in exports.

The main products that are imported from Peru to Ecuador are: preparations for animal feed, flour, crustacean powder or other aquatic invertebrates, raw zinc, toilet paper, make-up removal wipes, towels, napkins; beauty, makeup, and skin care preparations; Refined copper wire, foodstuffs, ethyl alcohol and drugs constituted for therapeutic use (TradeMap, 2019).

### 2.3.2 Analysis of the Trade Balance of Ecuador and Peru.

**Figure 10** Trade Balance Ecuador-Peru 2010-2018



Made by: author  
Source: TradeMap

As can be observed, the trade balance of Ecuador from 2010 to 2018 has always given positive results. Therefore, this means that the country’s exports are greater than its imports from Peru, thus generating high results in its trade balance. Ecuador's trade balance surplus grows from 2011 to 2013, where the values of exported products, especially oil, increased. In 2015 a significant decrease in the balance is observed, this is due to the safeguards that were adopted by decision of the Government and the decrease in the price of oil. But for the next two years, that is, 2017 and 2018, the positive balance again continues to grow.

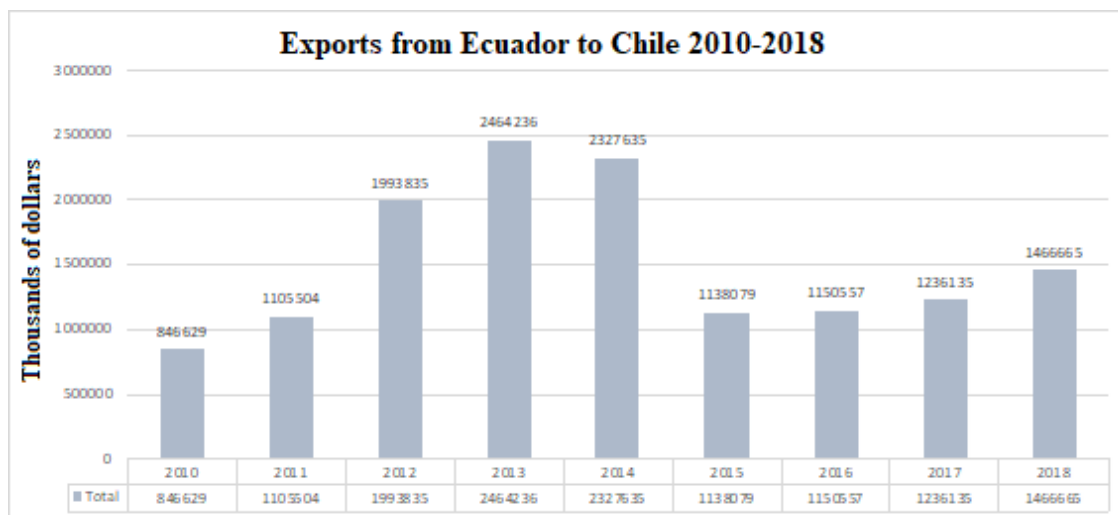
## **2.4. Trade Relations between Ecuador and Chile: Economic Complementation Agreement No. 65**

### **2.4.1. Exports and Imports from Ecuador to Chile in the framework of ECA 65: structure and trend.**

The first economic complementation agreement between the two countries was ECA No.32, which was signed in Chile in 1994. Since 2005, bilateral negotiations began to improve the agreement, and this is how the commercial relationship between Ecuador and Chile has deepened since 2010 when the new Economic Complementation Agreement No. 65 was signed in order to improve and simplify commercial operations between these two partners. For this to be fulfilled, commissions have been created that are responsible for ensuring that this is fulfilled and providing solutions to problems that

may arise. Most of the products enjoy a 97% exemption in the payment of customs taxes. In addition, this agreement addresses issues such as technical trade barriers; sanitary and phytosanitary standards; rules of origin; customs matter and dispute resolution. Currently, trade in services, investments, and public purchases is pending (SICE, 2019).

**Figure 11** Exports from Ecuador to Chile 2010-2018.



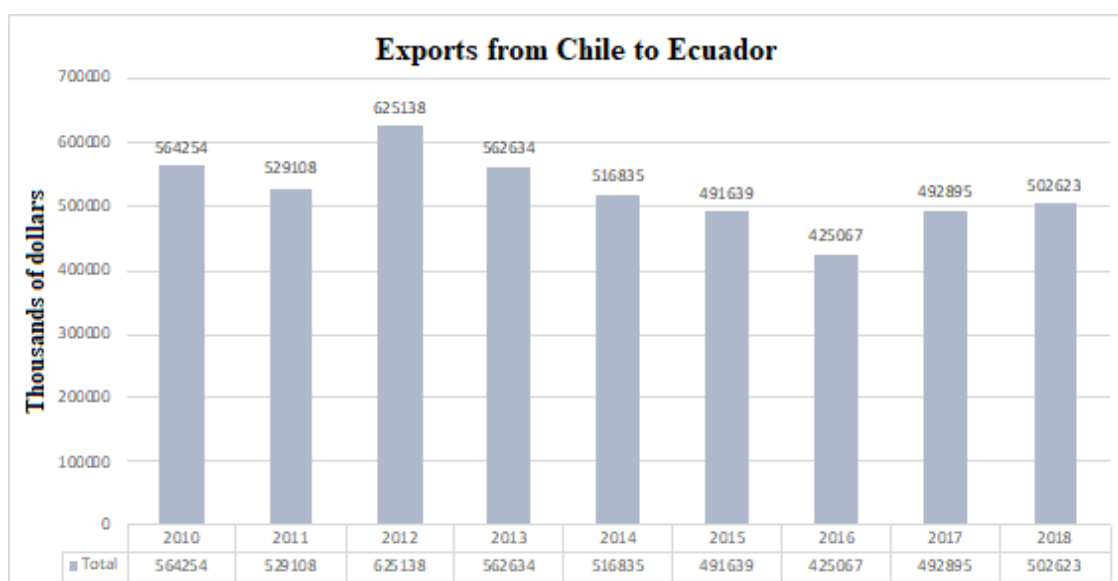
Made by: author  
Source: ODEPA

Figure 11 shows the commercial growth that Ecuador has had thanks to the signing of the Economic Complementation Agreement No. 65 with Chile that provides an almost complete tariff coverage on export products. In 2013 the highest amount of exports is registered, with a total of \$2,464,236 million dollars and since 2015, there has been a deterioration in exports with less than \$1,138,079 million dollars in its exports. As mentioned above, this is due to the decrease in the cost of oil, which is the main export product. In 2018 there is a positive balance that is not remarkably high, but which means that there is some growth in the country's economy.

Ecuadorian exports to Chile are very diversified, mainly products such as: crude petroleum oil and its derivatives and there is a strong presence of food products such as fresh bananas, crustaceans, fresh pineapples, canned tuna, vegetable fats and oils; among others there are fresh roses, plates and sheets of polypropylene, gaseous fuel stoves (TradeMap, 2019).

#### **2.4.2 Chile's exports to Ecuador in the framework of ECA 65: structure and trend.**

Figure 12 Imports from Chile, 2010-2018.



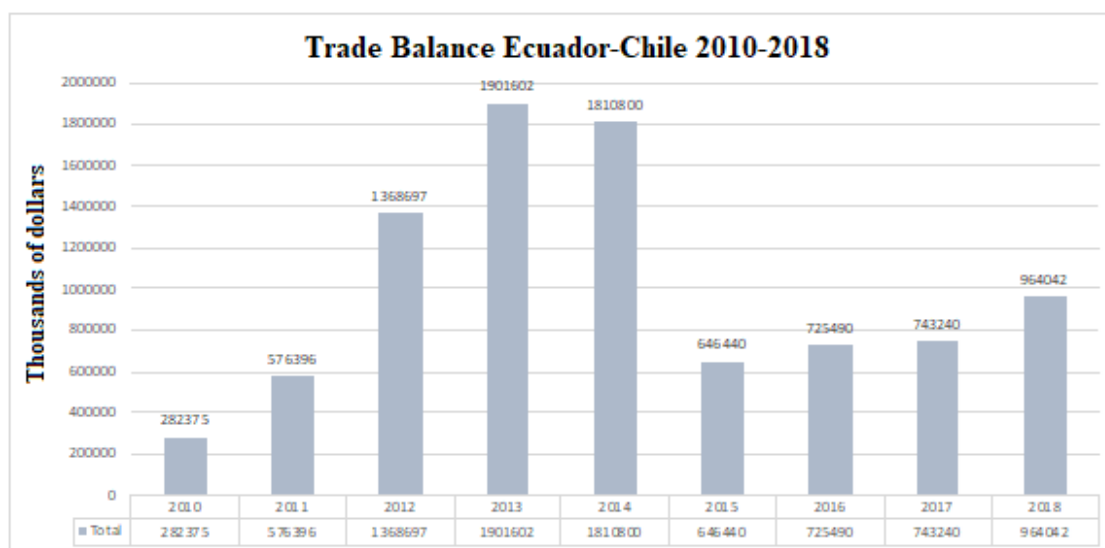
Made by: author  
Source: ODEPA

This table shows the variations in exports from Chile to Ecuador during the 2010-2018 period and shows that there is a high balance of imports. In 2012 there was the highest volume of exports with a total of \$625,130 thousand dollars. In the other years there are positive balances that help the country's surplus, since it is a country with more production capacity and has a large market.

The main export products from Chile to Ecuador include petroleum derivatives, the main item being petroleum gas, since Ecuador does not have the technology or adequate infrastructure to process it locally, which makes it necessary for the country to buy it from other countries at expensive prices. There is a range of food products that Chile exports such as fruits and edible fruits, pharmaceutical products, other paper and cardboard products, plastic raw materials, flours, starches and cereal derivatives, electrical machinery, equipment and parts, manufacture of transport equipment. (TradeMap, 2019)

### 2.4.3 Economic Indicators and Trade Balance.

Figure 13 Trade Balance Ecuador-Chile 2010-2018



Made by: author  
Source: TradeMap

With the signing of Agreement No.65, exports of non-oil products have been increasing, thus generating an increase in dynamism in the supply of Ecuadorian products and, in turn, a greater participation in the Chilean market. Although the trade balance is positive from 2015 to 2017, the values decrease, and this is due to the loss of potential of some products in the Chilean market.

Finally, Chilean products have a great opportunity in the Ecuadorian market, since there is a long-standing flow of trade in bilateral relations, in which producers have positioned themselves as reliable and competitive suppliers. The bilateral agreement, with its 97% liberalization for products, opens up new competitive spaces for the Chilean and Ecuadorian exportable supply, compared to countries that do not have this tax payment liberalization.

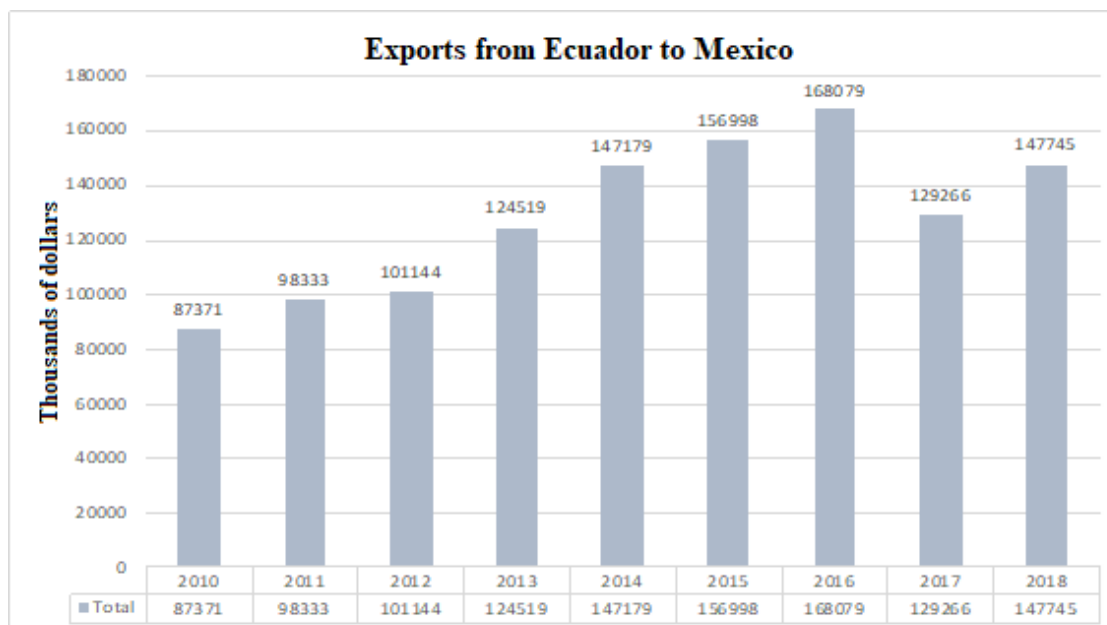
## 2.5 Trade Relations between Ecuador - Mexico: Partial Scope Renegotiation Trade Agreement No. 29

### 2.5.1 Exports and imports from Ecuador to Mexico in renegotiation No.29.

Trade relations between Ecuador and Mexico have not achieved sustained development. There are agreements between the two parties, such as the one reached on April 30, 1983 known as the Partial Scope Agreement No. 29, also known as APP No. 29. In this agreement, commercial advantages were sought through the tariff exemption for a low number of products from both countries, but total reduction of all products was not applied. However, the Agreement was more oriented towards obtaining a constant

balance in the trade balance between the countries. The percentage of tariff coverage established in the agreement granted Mexico 2.8% of the total products considered, while the tariff coverage for Ecuador was 3.4% of the total products.

**Figure 14** Exports from Ecuador to Mexico 2010-2018.



Made by: author  
Source: TradeMap

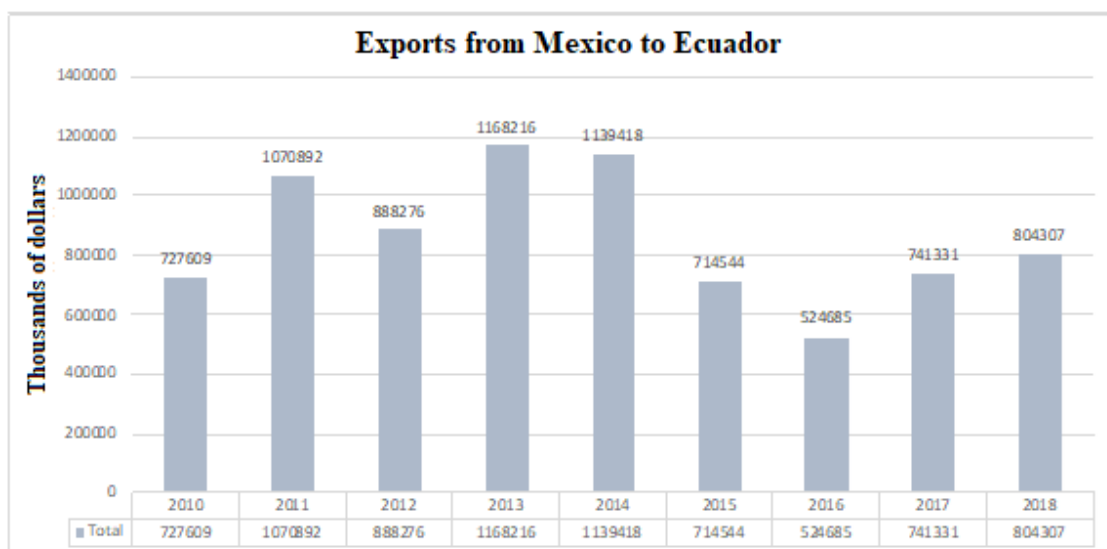
Exports from Ecuador to Mexico in the 2010 to 2018 period show positive results since, as can be seen in graph 12, each year there is an increase in the total exported value. The years that stand out are 2015 and 2016, which ended with \$156,998 thousand dollars and \$168,079 thousand dollars, respectively. According to these figures, more non-oil products were exported, which makes these years have a high value compared to the other countries that have low values. In 2017 there is a drop in exports, but for 2018 there is an increase in sales that helps to counteract the previous year. Although all the values are positive, it should be noted that they are low values for exports, due to the few agreements that Ecuador has with Mexico.

According to the graphs on the official TradeMap website, for 9 years Ecuador has exported to Mexico the following goods: transport vehicles, machinery, medicines, iron pipes, musical instruments, sugar and confectionery, photographic products, aluminum, fish and crustaceans. tuna, sardines, confectionery, fruit puree, healthy snacks, cereal bars, frozen foods, cotton, vegetables, plants, roots and tubers and finally edible fruits and fruits; melons and watermelons (TradeMap, 2019).

### 2.5.2 Exports from Mexico to Ecuador in renegotiation No.29.



**Figure 15** Ecuadorian imports from Mexico, 2010-2018



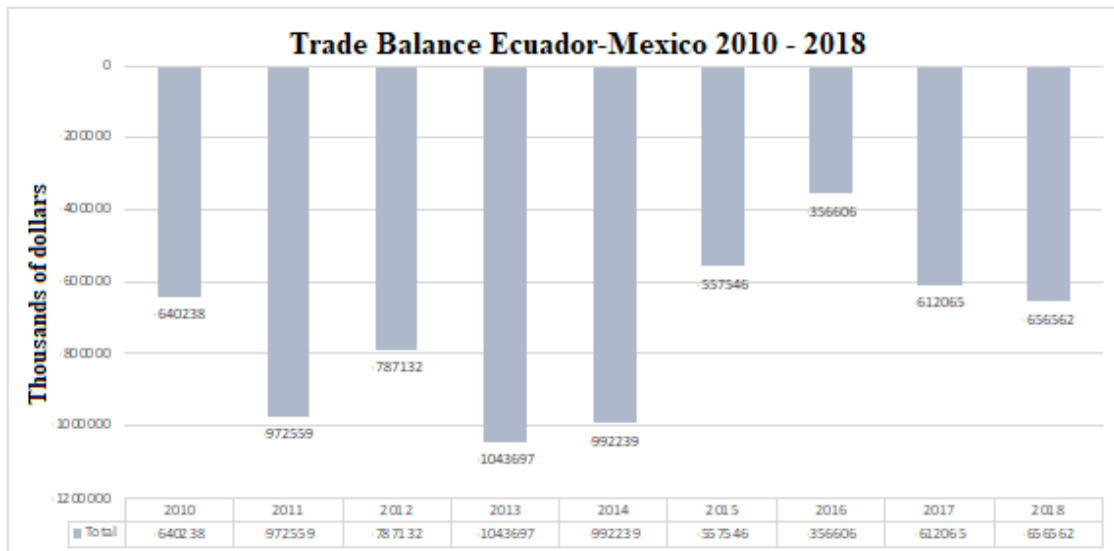
Made by: author  
Source: TradeMAP

As can be seen in graph 13, the highest values are recorded in the years 2011, 2013 and 2014 with values of \$1,070,892, \$1,168,216, and \$1,139,418, respectively. In 2015 and 2016, Ecuador has the lowest import values because of the economic recession due to external factors such as the appreciation of the dollar and the 25% drop in oil prices, which led Ecuador’s former president to take different economic measures, including the application of safeguards on a third of imported products. The tariff surcharges ranged from 5% to 45% depending on the type of product. In the following years, this import restriction was eliminated and the values of the products that enter the territory rose.

Among the main products that Ecuador imports from Mexico are tourist cars, tractors, pneumatic tires, pharmaceutical products, shampoos, washing machines, telephones, paper and cardboard, books, brochures, food mixers, malt beer, televisions and reproductive devices, and appliances such as ovens and stoves. (TradeMap, 2019)

### 2.5.3 Analysis of the Trade Balance of Ecuador - Mexico in the 2010 – 2018 period.

**Figure 16** Trade Balance Ecuador-Mexico 2010 – 2018



Made by: author  
Source: TradeMap

As can be seen, the trade balance of Ecuador with Mexico in the period from 2010 to 2018 has been negative, which means that Ecuador exports much less than it imports from Mexico, generating a deficit in its trade balance. The highest balances of the deficit are in 2011, 2013 and 2014 with \$-972,559 thousand dollars, -\$1,043,697 million dollars and \$-992,239 thousand dollars, respectively. From an economic point of view, this deficit is due to the shortage of capital goods that restricts the production capacity of companies and the tariff surcharges that are a result of the lack of trade agreements between the parties.

As of 2015, Ecuador concentrated on counteracting negative balances by focusing on their growth potential in projects to diversify exports. As a result, Ecuador adopted economic measures of not allowing certain types of products to enter, which reduced the country's imports to obtain a more stable trade balance. Currently, Ecuador and Mexico are looking for a way to deepen trade relations and to obtain more benefits from each other.

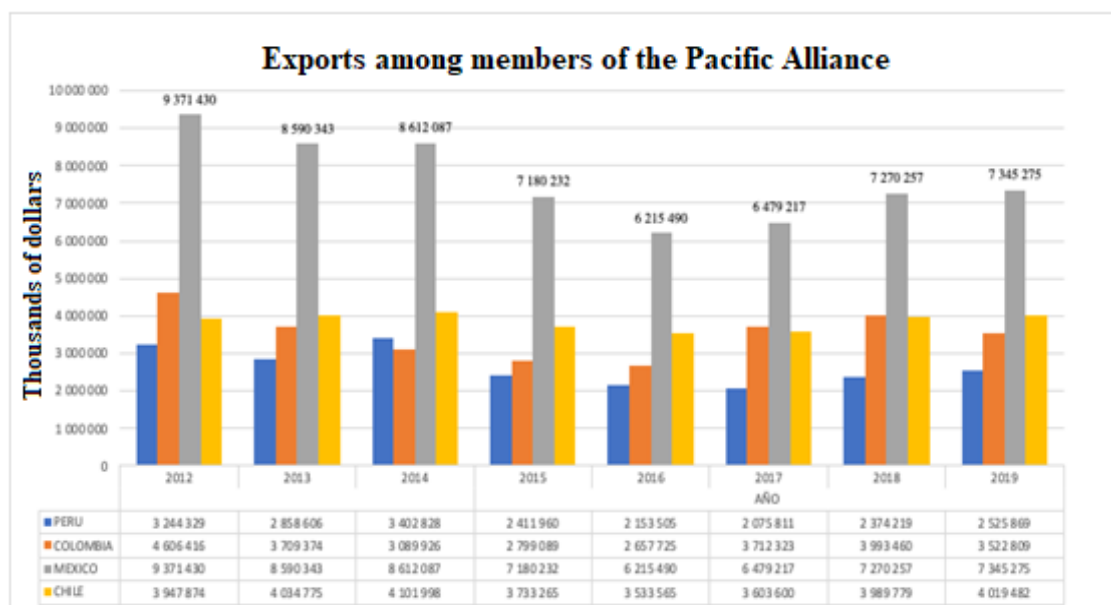
## **2.6 Commercial relationship between the member countries of the Pacific Alliance.**

This regional integration initiative made up of Mexico, Chile, Peru and Colombia gained impressive weight in the Latin American region, since it began with the elimination of borders that blocked the free movement of people, goods, capital and services.

In 2016, the Commercial Protocol of the Pacific Alliance came into force, which highlighted the permission for 92% of the products that are exchanged between the members of this integration to be carried out without paying taxes. On the other hand, during the year 2018 there have been achievements such as the simplification of customs procedures, facilitating the health registration processes between the four countries, ensuring the health of the populations of the member countries and it has been possible to be in contact with the other continents through investment events, thus allowing markets to be expanded and become competitive with other continents.

### 2.6.1 Exports of the Pacific Alliance.

Figure 17 Exports among the members of the Pacific Alliance, in the 2012-2019 period



Made by: author  
Source: SICOEX

With this graph of exports among the members of the Pacific Alliance, the percentage participation of each member in this organization can be visualized, highlighting the power and economic development of each country mentioned above, with Mexico being the country with the most participation in the block in the number of exports, Colombia and Chile are the countries that follow in the values and it is highlighted that there is a similarity of export values between the two in the study period, thus leaving Peru in last place, which has varying totals.

Among the commercial products that are exported among the members, crude petroleum oils, tourist cars, vehicles for the transport of merchandise, refined copper, zinc minerals

stand out. The geographical distribution of the four nations makes it have a variation of agricultural products that have a high demand, such as grapes, apples, kiwis, hearts of palm, coconuts, organic bananas, pineapples, avocados, passion fruit, cherries, etc. Some of the most common plants traded include live plants and seeds that are of great interest in other regions, roses, carnations, astromeliads, chrysanthemums, dahlias, lilies, anthuriums, among others.

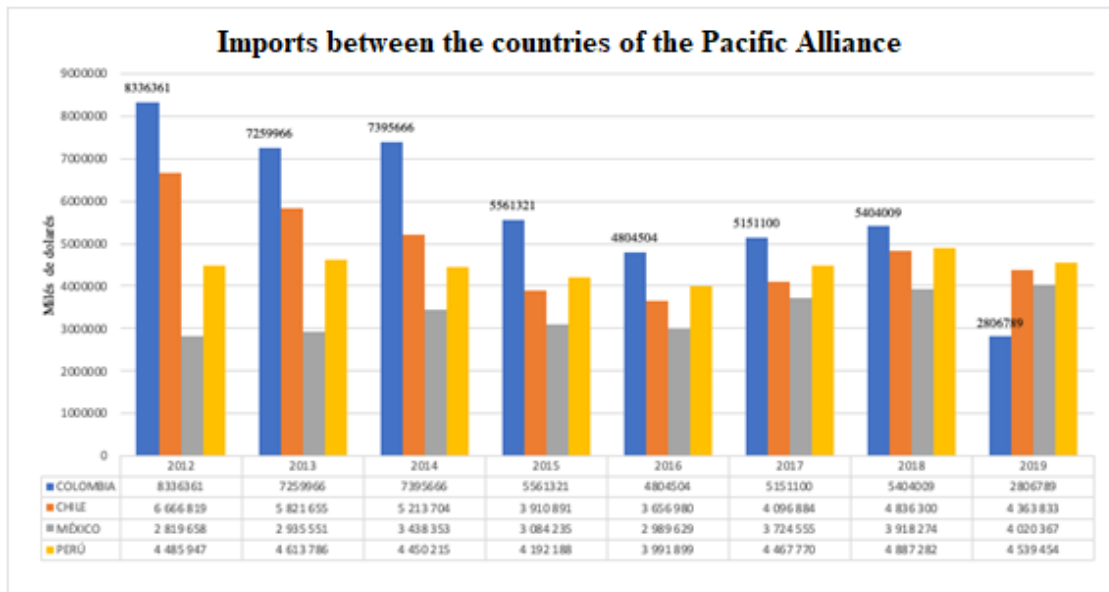
In agribusiness, the internationalization of juices, pulps, preserves, jams and derivatives of cocoa and coffee are the main products. Also, products derived from grapes in wines, olives, palm oil, dried paprika and plants of origin that can produce alcoholic beverages are also popular. Exceptions have been established for some products such as legumes, potatoes, and onions.

In the field of livestock and fishing there is a great exchange of products, mainly beef, chicken, pork, in addition to high quality eggs, butter, milk and their derivatives that have an excellent production process. In the fishing sector, products such as shrimp, tuna, salmon, tilapia, trout, prawns, and other crustaceans stand out.

Manufacturing products include handicrafts, packaging supplies, cosmetics and toiletries, electronic devices, auto parts, ceramics, home textiles, clothing, jewelry made from gold, silver, emeralds, and local materials.

### **2.6.2 Pacific Alliance Imports**

*Figure 18* Imports between the countries of the Pacific Alliance



Made by: author  
Source: TradeMap

Imports between the member countries of the Pacific Alliance give another perspective of the previous graph. Colombia has the first place in imports with a percentage of approximately 35% of total imports, the decimals change in the study period, but the Colombian country does not decrease from this percentage. On the other hand, Chile is in second place, which also imports a high value of goods, thus leaving Mexico and Peru in the last places. In the year 2017 there is a change in imports, giving second place to Peru with an increase of approximately 4% than the previous year. These changes are due to imported products which some represent a high category.

The main import products that are mainly exchanged between the member countries of the Pacific Alliance are iron, steel, cargo or tourism cars, container ships, aircraft parts. Regarding machines, electronic devices; digital or carrier-current telecommunications equipment, television receivers, radiotelephony transmission tools, projectors, optical, photographic, or cinematographic instruments are also highly imported.

Some of the most common health and personal care products imported include beauty products, perfumes, pharmaceutical products, creams, baby diapers and similar articles of any material, soap, organic surface agents, shampoo and conditioner.

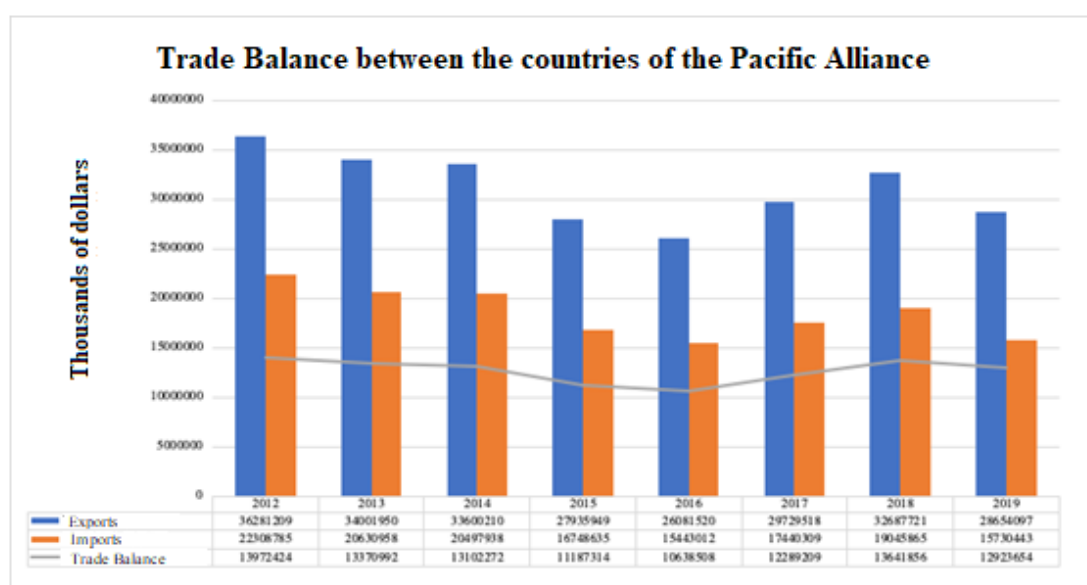
Some agricultural products that are imported include beef, fresh or frozen; dairy products; bird eggs, and natural honey. In the fishing sector, salmon, fish, squid and other crustaceans are very popular as well as alcoholic beverages like wine, stout. The various seeds and fruits, wheat, yellow corn, products of food preparations, cocoa beans

as are also well traded. Regarding fresh or packaged fruits, these include apples, melon, watermelons, figs, pineapples, avocados, guavas and mangoes.

Manufactured products include wood pulp, tools and supplies, cutlery and tableware, ceramic products; plates and tiles, ceramic, varnished or enameled either for paving or cladding.

### 2.6.3 Trade Balance of the Pacific Alliance.

*Figure 19* Trade Balance between the countries of the Pacific Alliance.



Made by: author  
Source: TradeMap

The trade balance between the countries that make up this economic bloc represents an equilibrium in the study period, that is, the member countries export more than they import among themselves, developing a symmetry in the trade balance. It is reiterated that this occurs because each one has a different way of being able to develop their economy and the exchange that takes place is more in intermediate goods such as: paper and cardboard, sawn wood, copper wire, tiles, telephones, shampoo, perfumes, prepared medicines, polypropylene, cane sugar, apples, salmon fillets, leaving aside oil and its derivatives, which always have a higher percentage in exports and imports (SIICEX, 2019).

In 2017, the Pacific Alliance created the Single Window for Foreign Trade (VUCE), which was developed based on the highest international standards, thus allowing trade

operators to process permits, authorizations, phytosanitary certificates as well as the payment of fees for foreign trade operations from a single electronic site. This has eliminated corruption and ensures that documents or data are received in advance and in a secure manner (Pacific Alliance, 2018).

## **CHAPTER 3**

### **3. Trade challenges in the framework of the Pacific Alliance.**

#### **3.1 General aspects of phytosanitary certificates.**

##### **3.1.1 General aspects of phytosanitary certificates**

In the international market for agricultural, fishery and forestry goods, the variety of sanitary and phytosanitary measures adopted by the nation states has been one of the components that uninterruptedly affects the exchange of products, as it acts as a restriction to access certain markets.

In 1945, the Food and Agriculture Organization of the United Nations (FAO) was created, an organization that has overseen the editing the procedural manual of sanitary and phytosanitary standards. However, the creation of this manual did not manage to fully harmonize the sanitary and phytosanitary measures imposed by the countries, therefore in 1982, in the Uruguay Round, the Agreement for the application of Sanitary and Phytosanitary Measures (SPS) was created after a series of multilateral negotiations. This agreement was created for the following reasons.

- A) For the protection of human, animal and plant life and health in the territory of the Parties.
- B) To simplify the trade of products and by-products of animal, vegetable, marine, and agricultural origin, between the Parties.
- C) To ensure that the sanitary and phytosanitary measures of a position do not unjustifiably affect or discriminate against the other parties, or among their own territory. These measures shall not be applied in a manner that constitutes a disguised restriction on international trade.
- D) To validate that each procedure between the parties is transparent without undue delay, whether imported goods or national goods.
- E) To provide mechanisms and procedures for cooperation between the parties to resolve, in an agile and timely manner, commercial problems related to the application of sanitary and phytosanitary measures.

(OMC, 2005)

The role of this organization is to guarantee that countries can have an adequate commercial opening in which there is a correct management of the processes of national products or products from other countries, preventing them from containing pests, diseases and pollutants that affect the food, animal health or damage certain agricultural products of a country.

In itself, every company that elaborates products such as: food, cosmetics, medicines, hygiene products, among others, normally must pass their products through the



registration process that guarantees that the product that is being exported or imported complies with the regulatory provisions of a country, which was established for the protection of human, animal and plant health, as well as consumer protection.

The member countries of the Pacific Alliance agreed to comply with the FAO guidelines to ensure the protection of human life and health, as well as animal and plant health. Thus, reflecting the correlated principles that are contemplated in the agreement, such as: harmonization, equivalence, transparency, technical assistance, special and differential treatment.

Each member country of the PA has a Phytosanitary Protection organization, which certifies the phytosanitary status of shipments of plants, plant products, agricultural products and other regulated articles, that is, it is corroborated with an inspection in accordance with established procedures that verify that they are free from harmful pests, always taking into account the phytosanitary regulations of the importing country.

It is important to highlight that not all products have a similar risk due to their varying characteristics, thus reducing the level of risk. If any inconsistency is found, each organization is responsible for indefinitely suspending licenses, registrations, marketing, export and import of animals, products, food, plants, among others.

When joining these trade agreements, Ecuador was aware that each export or import product has to go through an inspection process that can verify that they are free of pests, infections or other elements that may affect the products, plants, food, among others. Currently, Ecuador lives a constant struggle to be able to solve aspects in the export process that are not established in a correct way, such as phytosanitary certificates. For example, in 2019 there was the case of fly larvae found in bananas that Ecuador exports to Russia. The organization that is in charge of controlling the phytosanitary inspection detected fly larvae in the products being exported to Russia with the danger of serious damage to the exported merchandise as well as affecting the health of consumers (EFE, 2019). This is a big inconvenience that Ecuador had to face since Russia is one of the main export destinations of this product and that is why it was decided to reinforce controls in ports and work with Agrocalidad (Phyto and Animal Health Control Regulatory Agency) so that the verification process does not skip any steps and so these inspections are done before completing the shipment (COMEX, 2019).

### **3.1.2 Problems in the issuance of Phytosanitary certificates.**

Phytosanitary certificates are issued to approve the export of plants, plant products and regulated articles, indicating that they comply with all the phytosanitary guidelines for specified shipments and the declaration of the appropriate model certificate. Currently, changes have been made to the certification model with simpler wording and context so that it is easier to obtain.

The International Convention on Sanitary Protection (CIPF), in its article V states that "Inspection and other related activities that lead to the issuance of phytosanitary certificates will be carried out only by the official national phytosanitary protection organization or under its authority" (FAO, 2001).

According to Agrocalidad (2015), phytosanitary certification "is a system that contributes to the competitiveness of the export of plants, vegetable products and regulated articles from Ecuador in order to increase market access and therefore requires a set of coordinated actions that allow for pest control, established as entry requirements by the NPPOs of the imports countries of the vegetable and plant products" (pp. 7-8).

It should be emphasized that it is important for these documents to contain reliable, fundamental, and understandable information, and they should not include statements related to human, animal health or radioactive residues or commercial information.

When the importing countries receive the merchandise, they have the right and obligation to demand that the documents are in order, especially in relation to what type of goods they are: basic products, plants, bulbs, tubers, cut branches, seeds for propagation, fruits, vegetables, flowers, dry and growing grains. In the case of plant products that due to their origin or their elaboration, such as wood or cotton, phytosanitary certificates may be issued since they may pose a risk of insertion of regulated pests.

In the event that different criteria are met, each National Plant Protection Organization (NPPO) of each importing country must agree bilaterally with the exporting country in relation to the due justification so that the phytosanitary certificate can be approved, if it has to be issued. Any change must respect the principles of transparency and non-discrimination (FAO, 2001, pp. 9).

One of the most controversial issues at the international and national level is the requirement of a sanitary registration as a prerequisite for the commercialization of these

products and for several years the issuance of this certificate has been a big issue. This is why one of the big advances of the Pacific Alliance is the creation of the Single Window for Foreign Trade (VUCE), a mechanism implemented by the Ministry of Foreign Trade and Tourism with the aim of streamlining foreign trade procedures between the member countries of the PA (Pacific Alliance, 2018).

Through the Single Window, economic operators are allowed to process the issuance of phytosanitary certificates, permits and in some cases payment of fees for foreign trade operations from a single electronic site. In addition, it allows for cost savings of 30% for economic operators. In the case of Chile, through the with the platform health certificates can be issued, reducing its issuance from four days to just a few minutes. On the other hand, Mexico estimates that it has reduced the time to authenticate and validate health certificate data from two weeks to 30 minutes (CAMA, 2019).

The single windows for foreign trade have benefited the issuance of certificates to promote greater efficiency and to combat corruption, since when sending all certificates in advance, risk management at the border is improved, data security is guaranteed, and international standards are ensured.

On the other hand, Ecuador has had some struggles for a long time with the guidelines that the organization has when obtaining phytosanitary certificates, a key document for the commercialization of products in the international market. The organization that is in charge of the inspection necessary for the issuance of the certificate in Ecuador is AGROCALIDAD, which has tried to reduce the time to obtain the certificate, since the waiting time is approximately one week to two weeks, not complying with what is established in the regulations that is an approximate of 5 days.

The lack of this document generates more costs for export suppliers that have to comply with a date agreed upon with the destination countries and may also result in lower product development causing them to reduce the expansion of their business and receive negative company advertising.

That is why the government implemented the Ecuadorian Single Window, where a form is filled out attaching scanned files of the pdf papers of the products manufactured in the country. There is progress in the issuance process, but the business sector reports that there are still steps that could be reduced to obtain the certificate more quickly and to be able to obtain more market entry in other countries.

### **3.2 Low index of business competitiveness.**

The competitive and industrial environment are factors that surround the group of companies that have a similar line of business which shape the scenario for their operation and their products must be distinguished for their quality and ability to respond to consumer needs. The analysis of these factors encourages the analysis of the understanding of strategies implemented by the companies that are affected by this factor, which in a certain way paralyzes the access of the products to the market.

With the creation of the Pacific Alliance, the member countries have had the opportunity of making themselves known in the market, since each year they continue to increase their level of competitiveness, having a projection to the countries of the Pacific basin that includes the territories that are around the coast of the Pacific Ocean.

In the case of Ecuador, it has been held back from upgrading its level of competitiveness since it not only depends on the business environment at an international level but also at the national level, making it still face numerous challenges to reach higher levels of development that allow for the improvement of economic productivity and social progress for the benefit of the population.

Next, the term competitiveness will be defined and its main factors and the position of Ecuador in comparison with the member countries of the Pacific Alliance with respect to the Global Competitiveness Index will be presented, detailing which are the pillars that still have to be replaced or improved so that it has a balance in competitiveness with respect to the international market.

#### **3.2.1 Definition of competitiveness.**

Competitiveness is the ability of a company to offer a product or service meeting the needs of its customers, through the analysis of internal resources that the company has in relation to other companies in the same sector. According to Michael Porter (2006) in his book *Strategy and Competitive Advantage*:

"Competitiveness is the ability to provide the buyer with a value similar to that provided by competitors but performing activities efficiently or the ability to perform activities at a similar cost, but in an original way that generates more value for the buyer than the one provided by competitors and, therefore, allows for a higher price" (p. 41).

The World Economic Forum (WEF) defines competitiveness as “the set of political institutions and factors that determine the level of productivity of a country.” In other words, a competitive country is synonymous with a productive economy that leads to growth in a sustainable and inclusive way, allowing income levels to be positive and all members of society to benefit from the fruits of economic growth (WEF, 2016).

Yuri Parreño, Vice Minister of Production, Foreign Trade, Investment and Fisheries of Ecuador, points out that:

"The competitiveness of a country or sector that is created through increased productivity, based on its ability to innovate and constantly improve with quality, considering social, economic, technological, environmental and cultural factors as a whole, aimed at increasing of production and capture of external markets, with a continuous improvement of the population's living conditions" (Ministry of Production, 2019).

To understand the subject of competition, it is essential to know that it is managed through the internal resources that the company has, which go through a process where they can be created, combined and used correctly, resulting in competitive advantage, which it is nothing more than having higher price factors. Companies must have full knowledge of the resources they have and how they could conserve and increase them and have a clear discernment of the resources that their competition may have to obtain competitive advantages.

A company that is aware of its capacity to manufacture a product at a lower cost that can enter the market or produce a higher value item with high quality, innovation, service, etc. result in structural competitiveness, and therefore increase its level of competitiveness.

When it comes to competitiveness, there are several factors to consider, the main ones being economic performance, government efficiency, business efficiency and infrastructure.

Economic performance is nothing more than the analysis of traditional indicators such as GDP growth, unemployment rate, inflation, or the interest rate. For this analysis, institutional variables are also added for its construction, legal framework, or cultural aspects of each country.

In general, the countries of the Pacific Alliance, which as Mexico, Peru, Colombia and Chile, focus on being able to improve technology and human capital in the product

market and innovation ecosystems, with the financial system of each country being a facilitator so that this can continue to advance.

On the other hand, Ecuador has not had the same luck since there are several restrictions that companies face, such as human capital issues, strategic management problems and relatively higher fixed costs to join the international market. Also, financial system crisis means that there is limited credit.

Regarding government efficiency, it consists of several indicators such as control of corruption, regulatory quality, voice and accountability, political rights, and fiscal policy. Ecuador still maintains a low percentage of these indicators and tries to counteract that they are not only subject to the fiscal policy that predominates in competitiveness at the national level. The companies that obtain the most support in terms of incentives, entrepreneurship and good business management stand out

Mexico and Peru also have low percentages in what is government efficiency due to loss of control of corruption and regulatory quality. However, Chile and Colombia stand out for having a total of 1.06 and 0.07 respectively in the government efficiency index, which has been achieved in recent years with the stability of policies and an effective legal framework.

Therefore, business efficiency consists of the effectiveness that business can be carried out in companies. That is why, Doing Business, which is carried out annually by the World Bank, highlights the microeconomic factors that support improvements in the business climate. This index calculates: starting a business, labor flexibility, credit, mandatory contracts, and bankruptcy (ECLAC, 2016). The following table shows the position of the members of the Pacific Alliance compared to Ecuador.

*Table 11* Doing Business of Latin American countries 2019

<b>Country</b>	<b>Index</b>	<b>Doing Business</b>	<b>Opening a business</b>
Mexico	72.09	54°	<b>94°</b>
Chile	71.81	56°	<b>72°</b>
Colombia	69.24	65°	<b>100°</b>
Peru	68.83	68°	<b>125°</b>
Ecuador	57.94	115°	<b>157°</b>

Made by: author  
Source: Doing Business

According to the official Doing Business page (2019), which evaluates the regulations that favor company activity in 190 countries, it shows that Mexico is the leader of

business efficiency among the member countries of the Pacific Alliance since it comes in 54<sup>th</sup> place. Next is Chile in 56<sup>th</sup> place and Colombia and Peru in 65<sup>th</sup> and 68<sup>th</sup> place, respectively. In reference to the result of opening a business, Chile stands out for providing the opportunity for being able to open companies in one day, reducing documents for export and import processes. On the other hand, Peru is ranked 125<sup>th</sup> due to the limitation of support for the creation of either medium or small companies. Ecuador follows with a low position because of regulatory changes that minimize the efficiency and quality of procedures when opening a business, damaging its position at the international level.

Finally, infrastructure is based on the level of basic infrastructure a country has. Technological, scientific, and environmental infrastructure are the main problems of business competitiveness in developing countries since not having enough infrastructure in these sectors results in lower percentages. Developed countries obtain a benefit in the international market because of their access to scientific tools and state-of-the-art technology that makes their production more efficient and achieves a high position in the market.

According to Mauricio Ortiz (2015), competitiveness is associated with the development of infrastructure and the continuous improvement of logistical aspects that allow products to reach the desired destination, in the shortest possible time. In recent years, countries such as Colombia, Mexico, Chile, Ecuador, Brazil, Panama and Peru have made strategic investments such as the construction or repairing of highways, expansion of seaports, airport reforms, among others, that have generated positive impacts on foreign trade.

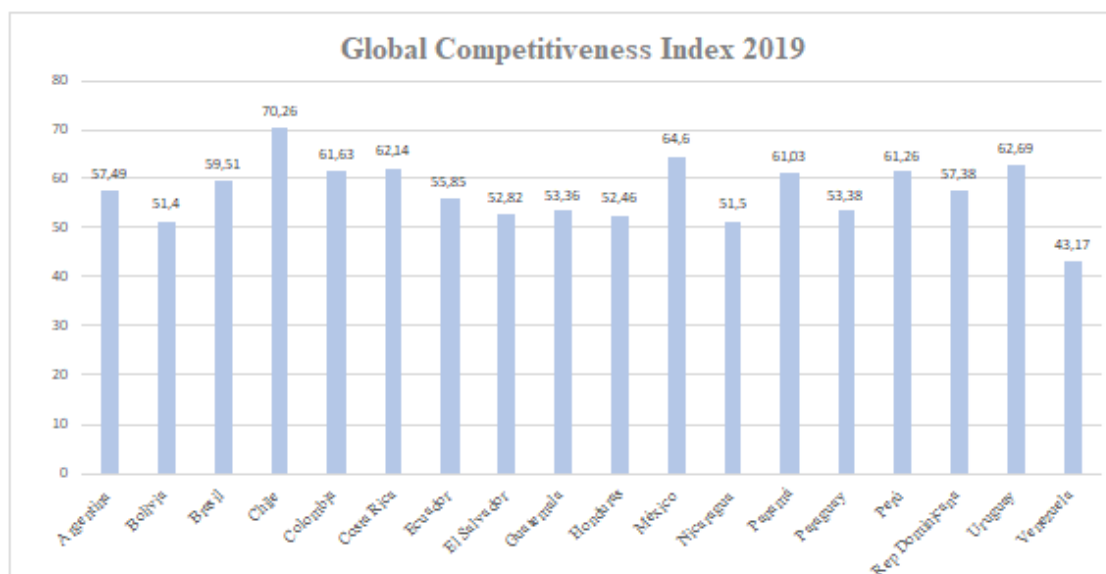
### **3.2.2 Global Competitiveness Index.**

Through the World Economic Forum (WEF) the committee of the Global Competitiveness Index was created, a ranking that measures the capacity of each country to generate economic development benefits for the population. The main factors recorded by the indicator are those that drive productivity and provide the conditions for social progress and the sustainable development agenda (Schwab, 2019).

By 2019, the global competitiveness indicator measured 141 countries worldwide, Singapore became the most competitive country, surpassing the great power of the United States that dropped to second place, thus losing its position compared to 2018. It

is followed by Hong Kong that ranks in third place (moving up one place), the Netherlands in fourth (up two spots) and Switzerland in fifth (down one spot).

**Figure 20** Global competitiveness index among Latin American countries 2019



Made by: author  
Source: WEF

Of the 18 Latin American countries analyzed, Chile leads the group as the most competitive country in the region with a score of 70.26, followed by Mexico (64.6), Uruguay (62.96), Costa Rica (62.96), Colombia (61.63), Peru (61.26). On the contrary, Nicaragua (51.5) and Venezuela (43.17) occupied the last places in the ranking of the Latin American region.

In particular, there has been a strengthening in the last three years in the positions of Uruguay and Costa Rica. In the case of Uruguay, it is due to greater stability in macroeconomic variables, improvements in education and better access to technology. In the case of Costa Rica, it has bettered its position thanks to improvements at the institutional level, greater macroeconomic stability, and advances in infrastructure.

Ecuador, which has a score of 55.85 (out of 100), ranks 90 out of 141 economies in the Global Competitiveness Index (GCI). For several years Ecuador has been working to increase its position in the international market, but it is clear that, because of the lack of permanent fiscal support, not having a long-term investment, and the decrease in patents, Ecuador maintains a low score.

**Table 12** Competitiveness of Latin American Countries 2019: Pillar Scores

Pillars	Countries				
	Chile	Mexico	Peru	Colombia	Ecuador



<b>Suitable environment</b>					
1. Institutions	32	105	94	49	<b>106</b>
2. Infrastructure	42	49	88	64	62
3. ICT adoption	56	76	98	50	92
4. Macroeconomic Stability	1	35	1	90	92
<b>Human Capital</b>					
5. Health	37	56	19	95	50
6. Skills	47	86	81	60	76
<b>Markets</b>					
Product Market.	10	54	56	53	130
8. Working market	53	100	77	59	116
9. Finance system	21	61	67	65	89
10. Market size	46	11	49	67	68
<b>Innovation Ecosystem</b>					
11. Business dynamism	47	41	97	64	130
12. Innovation Capabilities	53	50	90	36	88

Made by: author  
Source: WEF

According to the World Economic Forum (WEF) page, the competitiveness index is built on the basis of the evaluation of 12 pillars, where each country lives a different reality considering its ability to generate competitiveness by using all available resources. The country that leads in Latin America is Chile.

Within this index is the Suitable Environment factor, which consists of 4 pillars, the first is the infrastructure that specifically works on the quality of the road network, efficiency of air services, global maritime network connectivity and efficiency of port services (ECLAC, 2018). Chile and Mexico have a score of 42 and 49, respectively, which is because of improvements in basic infrastructure. Ecuador and Colombia have a similar score as a consequence of the lack of long-term State policies, reducing public investments in infrastructure that could generate sources of employment. Peru is in last place, which is evidenced by the limited capacity it has.

In reference to the institutions that determine the environment of business activities, in the region, Chile continued to be the leader with a score of 32. Colombia followed with a score of 49 due to greater guarantees regarding their stability. This leaves Peru, Mexico

and Ecuador in last place with scores around 90, which means that they do not offer sufficient trust and quality to provide physical security to institutions.

In the macroeconomic stability component, Chile and Peru are ranked first by evaluating their inflation and GDP debt dynamics. Mexico has a score of 35 thus indicating that it was affected by the increase in inflation as well as the increase in public debt. In 2019, Ecuador ranked in at 92 because of the growth of public debt in which a large amount of economic resources is destined for the payment of amortizations, interests or debts with international financial organizations.

In the human capital factor, the health pillar can be found, which analyzes the average number of years that a person can live with full health. Peru is in position 19 with the first position in Latin America. Chile, Ecuador, and Mexico have a score of 37, 50, and 56, respectively. Finally, we have Colombia with a score of 95 that is also in a good position since 100 is the limit.

Regarding skills, Chile ranks at 46 for advancing in the development of education, this being a variable related to economic growth. Colombia and Ecuador are positioned at a low level due to its lack of advances in the quality of education, however, it focuses on issues such as literacy, interpersonal skills, and critical thinking.

In the market index pillar, Chile obtained positive results in the product market category, ranking 10th for trade openness. Colombia, Mexico, and Peru ranked 53<sup>rd</sup>, 54<sup>th</sup>, and 56<sup>th</sup>, respectively, in which the product market encounters both economic and documentary barriers to trade that slow down trade liberalization but that are advancing due to trade integration policies. Finally, Ecuador ranks in at 130<sup>th</sup> place due to the weakness of the expansion of market power.

However, in the labor market ranking, Chile and Colombia are in the first positions due to salary flexibility, but with problems in the cost of dismissal associated with severance pay for years of service (DECOEX, 2019). On the other hand, Peru is in 77th place for perceived rigidity in hiring and firing. Mexico and Ecuador placed in the last positions, since they still seek to promote labor formalization as a determining factor of competitiveness that could generate quality employment and stimulate economic growth since formal workers are more productive and produce greater social benefits.

Regarding the financial system, Chile leads this pillar among the top 30 for its development of capital allocation to the most promising investments and loans to the

private sector, providing an efficient payment system and market capitalizations. It is followed by Mexico (61), Colombia (65) and Peru (67). These positions are due to the limited internal loans given to the private sector, the credit gap, and the low implementation of credits in the countries. Finally, Ecuador ranks at a position due to the insufficient availability of capital and the high amortization rates.

Finally, there is the market size factor, in which the position changes a little, leaving Mexico among the first due to the size of its internal and external market, developing an increase in the production of goods and services that the producers benefit by incurring a low unit cost of production according to the increase in quantity. (Arias, 2019) The other three countries that make up the Pacific Alliance vary in their position, but are stable, since they are among the top 100, demonstrating their commitment to seek economies of scale and that they can produce quality products at stable prices. Ecuador also belongs to the top 100 since its position is 68, two positions after Colombia as we can see in the table. Ecuador aims to promote a deepening of new markets such as specific niches.

The last pillar is the Innovation Ecosystems where the point of business dynamism is analyzed, in which Peru and Ecuador have a low ranking with a score of 97 and 130, respectively, as a result of the reductions of local suppliers, the product quality and mismanagement of marketing. Chile has a total of 49, since its regulatory framework of insolvency and the time to do business stands out. Mexico stands out for having a good position for taking commercial risks, for example the 5% tariff increase on products exported to the United States.

When it comes to the capacity for innovation, Colombia stands out because of scientific publications and trademarks, giving prestige to the country. In the same way, Chile and Mexico stand out for the same indicators, adding that they obtain prominence from research institutions. Both Ecuador and Peru have negative scores since they are in the last positions due to the lack of innovation in machinery or equipment for the production process and the incorrect periodic training for employers and workers. Finally, there is an incentive regarding improving quality management to be able to face the new indexes that could be created in the international market.

## CHAPTER IV

### 4. COMMERCIAL OPPORTUNITIES IN THE FRAMEWORK OF THE PACIFIC ALLIANCE

#### 4.1 Greater supply of goods and services.

Nowadays, developing countries have seen the need to constantly renew their products to be able to stay competitive in the international market. In recent years, both the Ecuadorian government and large, medium, and small companies have had in mind a goal of changing their production matrix to give added value to the products available in Ecuador.

Ecuador seeks to continue exporting the products that were mentioned as well as products that are popular in the international market. This is due to consumers who search for products that are good for their health and have full knowledge that they could have a higher cost due to the high quality of the goods.

In the following paragraphs, the products that could potentially have a good reception in the international market are presented, especially agricultural products that are currently achieving a good position in the national and international markets. This demonstrates the responsibility the government has for the development of the areas corresponding to the cultivation of these products.

#### 4.1.1 Lists of commercial complementarity products of export interest to Ecuador.

In recent years, the participation of non-traditional products has become relevant in the international market, which could be an opportunity for Ecuador to export its traditional products as well as non-traditional products. Data from the TradeMap page makes it possible to visualize that Ecuador has a variety of products that could be exported to the Pacific Alliance, obtaining an important role in the country's economy.

In the following tables, the possible commercial complementarity products that could obtain acquisition in new market niches are presented.

*Table 13* Dairy Products

Description	Annual % variation			
	2015	2016	2017	2018

<b>Heavy cream</b>	50.59	55.59	75.27	-
<b>Fresh cheese</b>	5.75	21.44	18.19	95.71
<b>Yogurt, with added fruit</b>	0.03	0.14	0.14	1.77
<b>Mozzarella cheese</b>	0.04	0.14	0.14	0.76

Source: Created by author based on TradeMap, 2019.

*Table 14* Edible vegetables and tubers

Description	Annual % variation				
	2015	2016	2017	2018	2019
<b>Green beans</b>	4.11	3.28	3.91	3.18	2.6
<b>Yucca</b>	0.97	0.84	0.71	0.75	2.34
<b>Dried beans</b>	0.75	0.18	0.52	0.33	2.11
<b>Arrowroot</b>	1.41	0.92	1.12	1.29	1.67
<b>Spinach</b>	1.95	1.77	1.06	1.21	1.02
<b>Mixed vegetables</b>	0.22	0.61	0.38	0.73	0.54
<b>Mushrooms</b>	0.24	0.18	0.18	0.31	0.28
<b>Asparagus</b>	0.53	0.46	0.44	0.4	0.27
<b>Cucumbers</b>	0.48	0.63	0.67	0.32	0.26

Source: Created by author based on TradeMap, 2019.

*Table 15* Citrus Fruits

Source: Created by author based on TradeMap, 2019.

Description	Annual % variation				
	2015	2016	2017	2018	2019
<b>Bananas</b>	15.38	16.32	15.92	14.89	<b>14.83</b>
<b>Pineapples</b>	1.09	1.3	1.39	1.21	<b>1.22</b>
<b>Mango</b>	0.03	1.47	1.41	1.33	<b>1.22</b>
<b>Passion fruit</b>	0.11	0.24	0.37	1.05	<b>1.26</b>
<b>Peaches</b>	0.01	0.01	0.04	0.03	<b>0.02</b>
<b>Grapes</b>	0.01	0	0.01	0.01	<b>0.02</b>
<b>Avacado</b>	0	0	0.01	0.01	<b>0.1</b>

*Table 16* Diversification of spices and tea.

Description	Annual		% variation	2018	2019
	2015	2016			
Pepper	29.39	42.48	40.84	39.39	<b>41.35</b>
Arabica coffee		23.81	35.84	19.36	<b>22.35</b>
Yerba mate	2.79	1.51	1.71	3.78	<b>8.57</b>
Pepper powder	1.95	1.67	1.14	2.69	<b>6.07</b>
Fermented black tea	4.34	3.29	4.03	4.7	<b>4.18</b>
Coffee beans	3.8	1.97	0.51	1.56	<b>2.2</b>
Ginger	2.14	0.53	0.06	0.16	<b>0.71</b>
Cumin powder	0.08	0.02	0.25	0.28	<b>0.62</b>
Green tea	0.05	0.06	0.12	0.16	<b>0.28</b>
Cinnamon	0.07	0.1	0.17	0.22	<b>0.21</b>

Source: Created by author based on TradeMap, 2019.

*Table 17* Cereal

Description	Annual		% variation	2018	2019
	2015	2016			
Semi-milled rice	13.87	3.91	6.32	80.2	<b>70.05</b>
Quinoa		6.15	48.84	12.56	<b>13.42</b>
Organic quinoa		19.21	36.1	5.98	<b>10.14</b>
Yellow corn	0.6	0.43	0.32	0.07	<b>5.76</b>
Oats	1.28	1.33	1.62	0.37	<b>0.19</b>
Barley	1.04	0.65	0.7	0.2	<b>0.18</b>

Source: Created by author based on TradeMap, 2019.

*Table 18* Seeds and industrial plants

Description	Annual		% variation	2018	2019
	2015	2016			
Chicory roots		26.63	30.42	33.21	<b>36.48</b>
Seeds used in perfumery	36.52	31.07	23.36	23.51	<b>29.11</b>
Seaweed	5.19	16.35	13.8	17.69	<b>16.1</b>
Melon seeds: for planting	1.31	3.51	4.17	5.61	<b>3.21</b>
Peanuts	24.53	1.5	2.12	1.23	<b>3.21</b>
Sunflower seeds			0.53	1.78	<b>2.97</b>

<b>Walnuts and palm kernels: for planting</b>	2.33	7.49	6.29	2.65	<b>2.86</b>
---	------	------	------	------	-------------

Source: Created by author based on TradeMap, 2019.

**Table 19** Pastry and bakery goods

Description	Annual variation		%		
	2015	2016	2017	2018	2019
<b>Bakery products</b>	26.23	33.7	50.7	40.17	<b>34.18</b>
<b>Pasta</b>	42.92	8.17	7.99	13.38	<b>25.32</b>
<b>Cookies</b>	3.92	12.52	9.82	11.23	<b>11.72</b>
<b>Toasted bread</b>	0.25	0.2	7.07	12.57	<b>6.35</b>
<b>Wafers</b>	13.79	9.79	9.32	4.68	<b>6.31</b>

Source: Created by author based on TradeMap, 2019.

**Table 20** Prepared fruits, vegetables and others.

Description	Annual variation		%		
	2015	2016	2017	2018	2019
<b>Fruit preserves</b>	9.85	14.42	21.7	29.35	<b>30.45</b>
<b>Palmettos</b>	27.91	27.87	26.52	25.68	<b>25.34</b>
<b>Fruit jelly</b>		6.26	20.79	20.27	<b>22.41</b>
<b>Fruit or vegetable juice</b>	25.92	23.48	21.08	13.86	<b>11.16</b>
<b>Vegetable mixture</b>	5.74	5.39	6.27	7.01	<b>7.76</b>

Source: Created by author based on TradeMap, 2019.

**Table 21** Clothing.

Description	Annual variation		%		
	2015	2016	2017	2018	2019
<b>Cotton blouses</b>	18.65	33.45	34.22	35.04	<b>40.39</b>
<b>Jeans</b>	51.83	29.37	20.45	22.34	<b>16.45</b>
<b>Leggings (panty hose)</b>	19.64	23.27	29.68	43.56	<b>36.01</b>
<b>Shirts</b>	3.92	4.68	3.17	8.13	<b>13.33</b>
<b>Sweaters</b>	18.02	13.28	16.89	12.5	<b>11.02</b>
<b>Socks</b>	7.09	8.94	7.18	7.28	<b>4.92</b>
<b>Neckerchiefs</b>	0.82	0.89	2.23	2.52	<b>4.71</b>
<b>Woven hats</b>	37.18	37.27	34.12	33.23	<b>33.88</b>

Source: Created by author based on TradeMap, 2019.

**Table 22** Iron manufactures.

Description	Annual variation		%		
	2015	2016	2017	2018	2019
<b>Cooking appliances</b>	49.91	52.27	44.95	49.05	<b>44.29</b>
<b>Square Pipes</b>	4.08	5.97	7.19	12.02	<b>13.91</b>
<b>Circular Pipes</b>	7.9	8.83	8.28	11.34	<b>11.98</b>

Source: Created by author based on TradeMap, 2019.

In the first place, it is necessary to point out that in the five years studied, the list of the top 10 groups of Ecuadorian export products have remained stable and for certain products there have been big changes. Dairy products have gained popularity, which in years prior to 2014 did not occupy a high percentage of exports and for the following years it establishes an increasing trend due to the renewal of less processed products, thus attributing to good nutrition for all ages, especially with flavored yogurt and milk cream.

On the other hand, it is evident that the export of vegetables and fruits obtain stable annual exports number due to the fact that the market is increasingly large, and there is a constant expansion thanks to the campaign of consumption of organic products which help consumers to have a better-balanced healthy diet. One of the components that has favored the presence these products in the international market is the diversification of products and the constant participation in international fairs in Europe, North America and South America, thus granting benefits to producers, owners of haciendas, small businesses, obtaining the necessary certifications for the export of agricultural products.

In the case of cereal exports, within this group there are two products that have a big demand which are rice and organic quinoa, standing out for having a high nutritional value. They contain almost all the essential amino acids and are a good source of protein, energy, and are cholesterol free. Ecuador ranks third among the main exporters of these products, representing 80% of the world production of these products, exporting to South America and the countries of the European and Asian continent, since the consumer profile in these areas is characterized by having a healthy lifestyle.

However, in the groups of essences, industrialized plants and fruit preparations, high and balanced percentages also stand out, since countries are currently seeking new export sectors and a change in the matrix. This is because for several years there have



been food care campaigns with products with more beneficial characteristics for the health of consumers, whether they are minors, adolescents or adults, replacing products that are industrialized and that affect the metabolism of consumers.

On the other hand, in the group of textile garments, it was revealed that the high percentage that exists is due to improvements in quality and the expansion of the commercial offer in international fairs including the mixture of natural and synthetic textiles that corresponds to the increased export of these garments. Campaigns are carried out at international fairs for buying local, highlighting that the garments that are available are of good quality and consumer comfort, which is what Ecuador wants to transmit in each garment that it exports to different countries, especially to the Andean Group and to the countries of Europe in which there is a better acceptance of this campaign.

#### **4.1.2 Reduction of the unit cost of production.**

To remain in the international market, Ecuador must have a long-term strategy in the matter of productivity, since this is a fundamental pillar in the country's economy. For several years, Ecuadorian companies have maintained a dialogue with the government to reduce the production costs in various sectors that do not have sufficient mechanisms to minimize costs.

Among the advances of the Pacific Alliance, there was a reduction in the cost of production, estimating to obtain a functionality that minimizes time, effort, and money in projects that are profitable, analyzing the most beneficial mechanisms. This has allowed for the determination of the costs with the greatest influence on the profitability of the product and to estimate future variations in sales prices.

A great step was taken in the middle of 2019, when large, medium and small Ecuadorian companies of each export sector announced that due to the excessive cost of machines, irrigation equipment, pipes, agrochemical inputs and other products that are necessary for production, they were unable to establish favorable prices in production costs and thus were unable to reach a competitive advantage in the international market. I

n turn, the Vice President of the Republic and the Ministry of Production and Foreign Trade granted favorable support to the companies by reducing the cost of taxes to 50%

or in other cases import costs were eliminated depending on the product or machine imported in order to finish the product (MAG, 2019).

The support given by the country's officials aims for companies to begin to work together benefiting the entire production chain and also adding that companies must have a mechanism of product innovation and creativity to be competitive in the international market.

Another issue that helps to increase productivity is the advances in technology that little by little reduce commercial costs as long as they can keep up with the adoption of digital technologies since this reduces the time spent in compliance with customs and logistics. The network capacity and processing of everyday objects helps to have a better operational efficiency through the maintenance of the machinery and production.

#### **4.2 Commercial competitiveness.**

Several years ago, there was a theory that commercial competitiveness is a problem for countries, however, due to the evolution of technology, information and machines, companies have become more involved in this issue and understand that competitiveness plays an important role in their companies.

Achieving commercial competitiveness is a complex process that begins with a self-assessment to be clear about the real situation of the company and thus be able to create a long-term strategic plan that adapts to the reality of the macro and micro environment in which companies and industries are developing. In the case of Ecuador, competitiveness is given a particular interest in commercial approaches since there are modifications in the commercial sphere that directly involve large, medium or small companies.

Some renewed guidelines are based on green economy that aim to strengthen the competitiveness of companies in the rural sector, the service sector, and the productive sector that have the aim of seeking strategies to solve the current environmental crisis. As a result, through SMEs, new products have been created reducing pollution processes with natural resources such as water, air, and soil.

#### **4.2.1 Competitor analysis**

Competitor analysis studies Ecuador's competition capacity which seeks to be improved due to the growth of competitiveness in foreign markets. This is a result of the growing popularity of products with added value. In recent years the representatives of the Ministry of Coordination of Production, Employment and Competitiveness have changed the productive matrix with the aim of generating systematic increase in competitiveness, that is, that the private sector, large companies, small and medium-sized enterprises, micro-enterprises, producers, actors of the popular and solidarity economy and the public sector increase investment with new products and can be maintained in the long term.

It focuses on four main axes that are linked together, each one complementing the other. The first is the diversification of production, which corresponds to obtaining new industries; a clear example was the launch of environmental care programs, whose purpose is to support the value of natural capital and social equality and the reduction of environmental risks. It promotes reforestation for commercial purposes to mitigate climate change in important areas, thus promoting the sustainable use of unproductive and degraded land. A total of more than 46.5% of the national surface that can participate in the carbon capture to reduce the negative effects of global warming. (Ministry of the Environment, 2014)

In 2015, Ecuador was recognized by the United Nations as the sustainable development model to eradicate poverty and reduce inequality, through the application of a Green Economy guaranteeing the rights of nature, adding the implementation of clean technologies and developing environmental practices to reduce pollution and optimize the use of natural resources.

An example of this was Equiplast, a company located in the city of Cuenca produces products made out of high-quality plastic. By joining this project, it has employed new and better environmentally conscious productive and service practices in the drying process of posts made of plastic, reducing the use of linear low-density polyethylene by 100%. The company is aware that it is feasible to be responsible with natural resources since it benefits both the environment and the industry.

Another example is the Nestlé company of Ecuador, which is in the city of Guayaquil. It obtained the Eco-Efficient Company Green Point certificate from the Environmental

Ministry for optimizing production processes by minimizing environmental pollution processes, since it reduced its water consumption by approximately 14.26% and its electricity consumption by 19.55%, through the use of solar energy (NESTLE,2019).

These examples demonstrate these companies' commitment to improve production processes with the aim of providing quality products to the national and international markets that are environmentally friendly, one of the most important axes in the international market since consumers have become aware of the magnitude of the problem of the misuse of plastics and other products that damage the environment. As a result, consumers are willing to pay more for natural products that are healthy and reduce pollution (Ministry of the Environment, 2012)

The second axis concentrates on the issue of added value, which states that the country must take advantage of the excellent quality raw material that is produced and should focus on the export of processed goods.

Within this category 14 productive sectors and 5 industries have been identified as appropriate for the process of changing the productive matrix of Ecuador, such as: Fresh and processed food, clothing and footwear, renewable energy, pharmaceutical industry, metalwork, forest wood products, environmental services, vehicles, automobiles, bodies and parts, construction, transport and logistics, and tourism.

A clear example of this is the export of different types of chocolates made from fine cocoa instead of exporting the raw material which is fine aroma cocoa. These examples focus on taking advantage of the dynamism of the domestic market, which means a total change in exports and allows them to become a part of the new modality of the international market, focusing on the idea of a diversified exporter with greater added value.

The third fundamental axis is the substitution of imported products with national goods. For instance, companies should produce coffee again, but with an improvement of the seed to contribute to its added value. Businesses and foreign firms operating in Ecuador promised to buy from local suppliers or in other cases increase national production, among them were the food, cosmetics, and textile sectors.

This topic was gradually incorporated, because businesses were aware that each change brings with it challenges and obstacles that will have to be resolved since this axis is beneficial for the Ecuadorian economy, as long as it has adequate planning and

execution. According to the Ministry of Industries and Production (MIP) webpage, approximately 26 large, medium and small companies have agreed to invest in resources that will be allocated to new machinery, new plants and production lines (MIP,2017).

One of them is Unilever, which is a company that is working to continue developing its butter production line (Bonella), reinforcing its local production by analyzing the different offers promoted by local producers (UNILEVER, 2018).

Another example is Tesalia Springs CBC, which also has the support of MIPRO. This company has encountered difficulties with the suppliers of certain products that are needed to produce bottle caps. Some solutions are being currently being analyzed and other products have been created such as straws since there is little competition in this market. This same company is implementing cold technology and equipment with its own characteristics to reduce energy consumption (Ponce,2017).

#### **4.2.2 Position in relation to the competition**

For a long time, Ecuador has faced the challenge of having an unstable position in relation to its competition, thus seeking to apply tools and policies to increase competitiveness and the production of products with greater added value that occurs with the changes made in the productive matrix. This demonstrates that for Ecuador it would be a great step to belong to the Pacific Alliance and take advantage of it as a commercial platform that encourages increased competitiveness.

Thanks to the commercial agreements signed in the course of recent years, it has been possible to create the four pillars in relation to Ecuadorian exports to increase the position, value and volume through the variety of exportable goods and services, as well as the flow of foreign investment that contributes to the development of the country.

Firstly, access to different markets has been consolidated and expanded through the elimination or minimization of tariff and non-tariff barriers of products, as long as they do not have contraventions in the signed agreement, since the main focus in the agreements is to respect the rights or rules that are mentioned.

It also seeks to maintain, innovate and promote foreign direct investment in Ecuadorian productive projects, improving the level of negotiation. A great advance was made on this issue with the signing of an agreement with the European Union that helped the performance of the Companies with FDI give higher results and with more experience

in the production process and with that they improve the process in an organized way with a long-term focus.

In the analysis of competition, it is important to highlight the preservation and defense of Ecuador's trade, in which macroeconomic stability is maintained as long as this is not a danger to national production, either due to unfair commercial practices and massive imports since this generates problems in the products that are exported and in the trade balance. The objective is to guarantee the compatibility of local and international regulations without interrupting the agreement that was signed either with one or several countries.

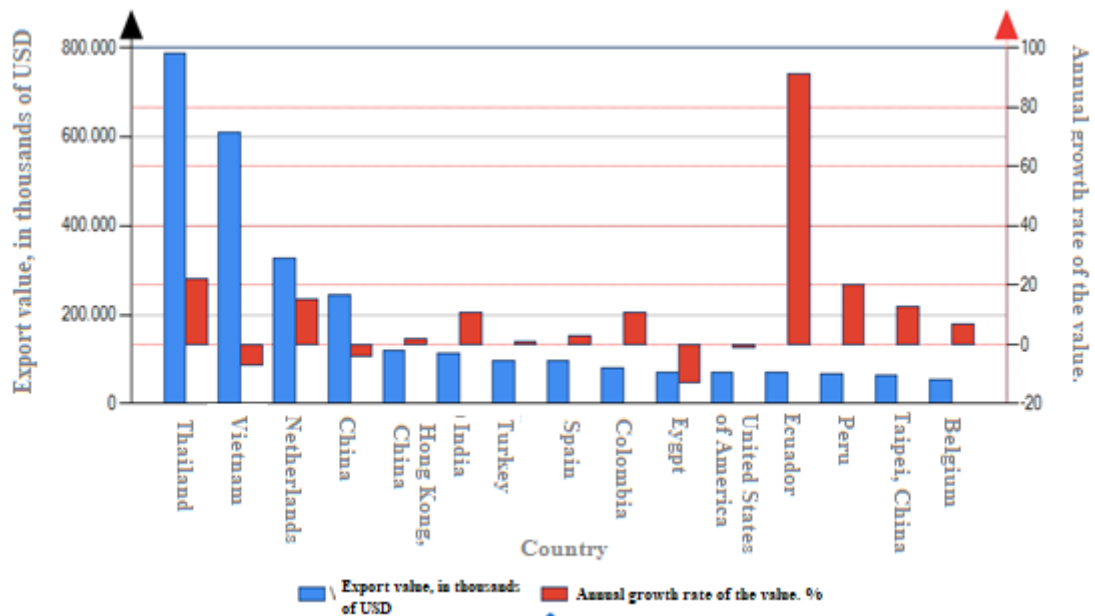
#### **4.2.3 Comparative advantage**

The concept of comparative advantage is fundamental in the theory of the International market. David Ricardo defines it as: "countries generate greater wealth when they specialize in producing at a relatively lower cost compared to the rest of the world and stand out for being comparatively more efficient" (Bolaños, 1999).

Ecuador is known worldwide as one of the countries with the greatest diversity thanks to its comparative advantage as a result of its geographical location and its four climate regions, which allows a variety of products, especially agricultural products, with unique characteristics in the international market to be produced. The most popular goods include fruits, vegetables, and flowers, that are in great demand worldwide for their incomparable quality that is registered in ISO certificates. This would be a great advantage in the Pacific Alliance since an increase in exports would be promoted.

An example of Ecuadorian non-traditional exports is the tree-tomato since its cost is competitive in the international market. This was made possible thanks to the change in the productive matrix that combines all the steps of mobilization and logistics into one process, resulting in a final product worthy of exportation, which represents an advantage over other countries. In addition, export times are shorter than the competition, which indicates that they have improved internal transportation (Lascano, 2002).

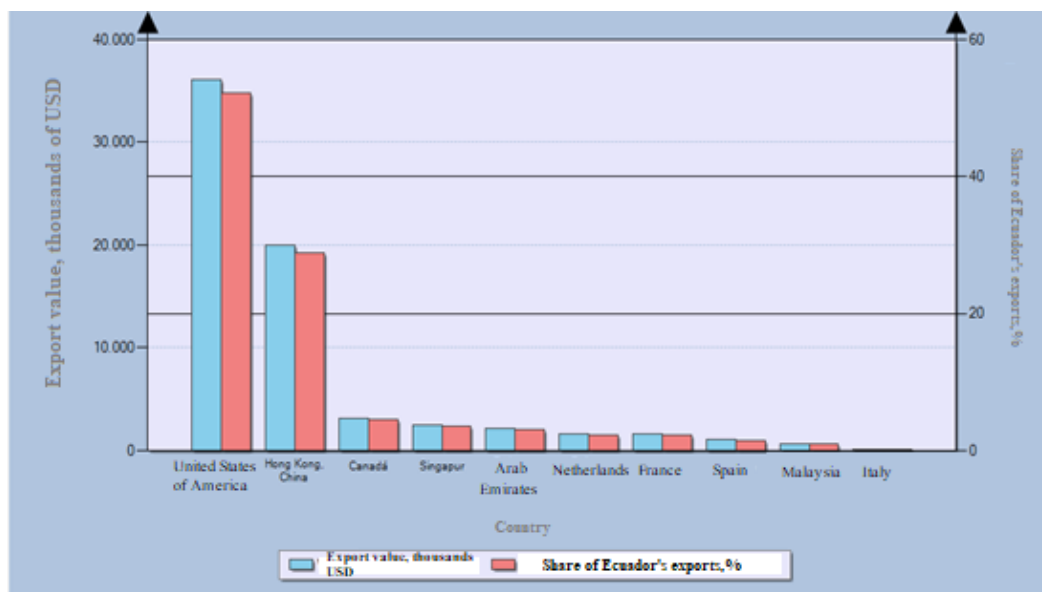
*Figure 21* Top Ten Tree-Tomato Export Countries.



Source: TradeMap

As can be seen in the image and as mentioned above, between the years analyzed (2015-2019), Ecuador belongs to the top fifteen tree-tomato exporting countries, taking into account that it is the product with the highest annual growth rate among the four years studied. The goal is to take advantage of these advantages in later years to achieve a greater participation in exports, just like traditional export products.

**Figure 22** Main countries that import tree-tomato from Ecuador



Source: TradeMap

This second image takes into account the 10 main countries that Ecuador exports tree-tomato to and the percentage that this represents in the Ecuadorian trade balance over

the four years studied, that is, from 2015 to 2019. The US represents the top importer of this product, with a percentage of more than 50% in the share of exports, followed by Hong Kong with a percentage of 32%, and the other countries have a similar percentage of 17% which include Canada, Singapore, United Arab Emirate, and the Netherlands. In last place, with a percentage less than 10% are Spain, Malaysia, and Italy.

Another example that occurred in recent years is organic quinoa, which has a high profile in the international market because it is known for being a high-quality and highly nutritious product that gives it a comparative advantage over the competition, increasing its price in the market and consumer acceptance. In addition, different brands of this product have a good acceptance in the national market, and it is distributed in different points of sale such as Supermaxi or El Comisariato.

The following table shows Ecuador as one of the top 10 countries exporters of organic quinoa.

**Table 23** Top exporting countries of organic quinoa.

<b>Exporters</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Peru</b>	143493	103062	122127	121829	134460
<b>Bolivia</b>	107706	81437	74469	80630	101997
<b>Netherlands</b>	9238	13196	14335	26005	17280
<b>Spain</b>	1519	1881	3582	8111	16489
<b>USA</b>	24851	20075	16307	15358	14027
<b>Germany</b>	8072	6268	7530	7054	7642
<b>France</b>	6003	5977	5770	6312	7171
<b>Ecuador</b>	<b>5535</b>	<b>4794</b>	<b>4707</b>	<b>4270</b>	<b>6117</b>
<b>Belguim</b>	1382	2598	2725	4025	5519
<b>Italy</b>	1450	3923	4709	3297	4043

Made by: author  
Source: TradeMap

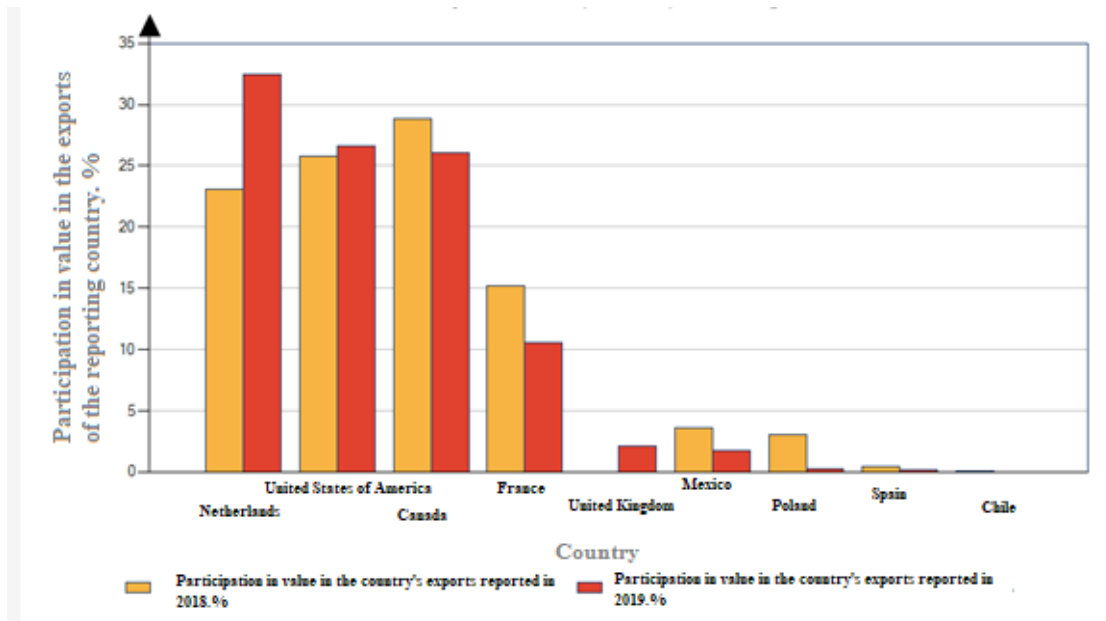
Ecuador is the third country in Latin America to produce organic quinoa, although it has less cultivated area in the country compared to the countries of Peru and Bolivia, it stands out for having higher levels of protein. There have been good results of local and international consumption that has helped consumers better their health and fight malnutrition and diseases.

In recent years, quinoa has remained at a competitive price in the international market thanks to the nutritional benefits it brings to consumers, as there are programs,



companies and food factories that promote the consumption of this product. Ecuador's quinoa represents approximately 5% of the World Quinoa Supply.

**Figure 23** Main importing countries of organic quinoa from Ecuador.



Source: TradeMap, (2019)

An analysis of the first 10 countries that Ecuador exports organic quinoa to demonstrates that the main importing countries are the Netherlands, USA, Canada, and France with a percentage more or less of 32% per year from 2018 to 2019. What stands out in this graph is that Mexico and Chile are importers of this product, which are full members of the Pacific Alliance and since Ecuador has the possibility of accessing to the Alliance, higher quantities could be marketed either between these countries or countries from North America as well as countries in Europe that are markets with great demand for organic products since consumers now have full knowledge about products that are nutritious and beneficial for their health.

## CHAPTER 5

### 5.1 CONCLUSIONS

Trade Agreements have always played a fundamental role for every country to enter the international market. In recent years, the Pacific Alliance has been highlighted as an economic bloc that benefits all its member countries and not individually like other international treaties. Its objective focuses on the growth and development of nations and strengthening the free movement of capital, people, goods and services of the members that belong to this block.

Additionally, this bloc represents more than 33% of total production within Latin America and the full members have had very satisfactory results that have made it possible to simplify the exchange of products between them, thanks to the elimination of approximately 90% of the tariffs within the Alliance, as well as the benefit of having an extensive network of bilateral trade agreements that allows for expansion to Asian countries.

This study focuses on the Ecuadorian President's proposal on the possible accession of to the Pacific Alliance. This entails the challenge of deeply analyzing the commercial prospects that the Ecuadorian country has and the possible effects that this may have in the economic bloc.

Ecuador has benefitted greatly from the bilateral trade agreements it has with each of the full members of the Pacific Alliance which is why each commercial relationship was analyzed, highlighting the correct flow of exports and imports thanks to the CAN commercial agreement that allows for a 100% tariff release for products.

The commercial relationship with Chile is governed by ACE 65, thus granting approximately 97% of tariff preference where Ecuador is favored since exports exceed imports, resulting in a surplus. Moreover, the trade agreement that Ecuador has with Mexico does not obtain a high tariff preference percentage since it is 3.4% of preference in the products of which the Ecuadorian country imports more than it exports to Ecuador.

It should be noted that there is a predisposition between Ecuador and Mexico for a new renegotiation in the field of international trade. Mexico represents the highest percentage of exports for Ecuador from the economic bloc, which would result in many benefits such as the free circulation of products that could reduce the tariff to 0% and Ecuador

could use that capital to strengthen various strategic sectors mentioned in the previous chapters such as agriculture, metalworking, agro-industrial and textile sectors that are in high demand and that the Ecuadorian country is willing to offer to the Pacific Alliance bloc.

On the other hand, there are also some commercial challenges that Ecuador has in the framework of the Pacific Alliance. These are internal problems that this country has been trying to fix over the years. One of the main challenges is the delay in procedures, which continues to be one of the problems that causes the disinterest of producers and the misuse of the processes for the Sanitary and Phytosanitary certificates that are reviewed and granted in Ecuador by the AGROCALIDAD body. This entity urges large, medium, and small companies to focus on this procedure to obtain the certificates and to continue with the export process to the destination countries.

Regarding business competitiveness, Ecuador unfortunately does not have much experience since for several years it has been an isolated and limited country in the international market. If the nation joins the Pacific Alliance, it must invest in negotiations in the medium and long term so that it can be competitive among the Alliance members as well as in the international market.

This could be made possible through programs that the block organizes such as: international fairs, business rounds, and events where innovation and competitiveness are promoted. It should be mentioned that with traditional non-oil products there is competitiveness, but not enough to be able to debate the price when negotiating since the prices are defined by the high demand that exists between them and not by the producers.

As can be seen, Ecuador needs to continue working on the change of its productive matrix as well as the value added to its products. This is because it is still an attractive market for importers and its benefits the bloc with the offering of more products with added value that medium and small Ecuadorian companies in various sectors can market thanks to innovation, research and business and productive learning.

Based on this, the Pacific Alliance is ratified as a bloc that groups developing countries and that has become extremely competitive and with high growth rates. The entry of Ecuador to the Pacific Alliance has great advantages but it is an arduous job that must be carried out jointly by Ecuadorian companies with the government, since it must take

measures that strengthen exports with strategic partners, through Incentives for value-added products and increased investment in machinery and technological knowledge to obtain competitiveness of national products. Thanks to this, Ecuador will increase productivity in the international market and will also be able to meet the internal demand for products.

Moreover, producers should take advantage of the support they have from the government to continue increasing the development of new products through the change of the productive matrix that in recent years has had weight in exports, demonstrating the innovation and quality of each product such as processed foods, handicrafts, coffee derivatives, and textiles, among others. It depends on Ecuadorian companies to take advantage of the diversity of products and opportunities offered. By being able to join this alliance, the percentage of tariff liberation will surely decrease, economic growth in exports will also increase and many new jobs will be generated. in various sectors, which in the end will allow a trade opening with emerging economies, especially with Asian countries and the Pacific basin.

## 6. BIBLIOGRAPHY

- Agency, C.I. (2004). World Fact book Ecuador. Recuperado de <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ec.html>
- AGROCALIDAD. (23 de JUNIO de 2015). MANUAL DE CERTIFICACIÓN FITOSARIA PARA EXPORTACIÓN. Recuperado de <http://www.agrocalidad.gob.ec/documentos/dcf/resolucion-0175.pdf>
- ALADI . (2012). ALADI. Obtenido de SISTEMA DE APOYO A LOS PAÍSES DE MENOR DESARROLLO ECONÓMICO RELATIVO DE ALADI: <http://www2.aladi.org/sitioAladi/quienesSomos.html>
- ALADI. (1984). ACUERDO REGIONAL RELATIVO A LA PREFERENCIA ARANCELARIA REGIONAL. Obtenido de ALADI: [http://www2.aladi.org/biblioteca/publicaciones/aladi/acuerdos/Regionales/es/04/AR\\_PAR\\_004.pdf](http://www2.aladi.org/biblioteca/publicaciones/aladi/acuerdos/Regionales/es/04/AR_PAR_004.pdf)
- ALADI. (2019). Obtenido de Quienes Somos : [http://www.aladi.org/sitioaladi/?page\\_id=148](http://www.aladi.org/sitioaladi/?page_id=148)
- ALBA. (2017). Obtenido de ¿Qué es el ALBA-TCP?: <http://alba-tcp.org>
- Alianza de Pacífico . (2019b). *Colombia miembro de la Alianza del Pacífico* . Recuperado de <https://alianzapacifico.net/colombia/>
- Alianza del Pacífico . (2018). *Medio Ambiente* . Recuperado de <https://alianzapacifico.net/grupo-tecnico-de-medio-ambiente/>
- Alianza del Pacífico . (2018). Obtenido de Decisión N°4: Procedimiento General para la Emisión y Recepción de Certificados de Origen Emitidos y Firmados Electrónicamente en el Marco de la Interoperabilidad de las Ventanillas Únicas de Comercio Exterior en la Alianza del Pacífico: <https://alianzapacifico.net/download/decision-n4-procedimiento-general-para-la-emision-y-recepcion-de-certificados-de-origen-emitidos-y-firmados-electronicamente-en-el-marco-de-la-interoperabilidad-de-las-ventanillas-unicas-de-com/>
- Alianza del Pacífico . (2019). *59 Estados Observadores* . Recuperado de <https://alianzapacifico.net/paises-observadores/>
- Alianza del Pacífico . (2019). *Movimiento de Personas* . Recuperado de <https://alianzapacifico.net/grupo-tecnico-movimiento-de-personas/>
- Alianza del Pacífico . (2019a ). *Chile miembro de la Alianza del Pacífico* . Recuperado de <https://alianzapacifico.net/en/chile>
- Alianza del Pacífico . (2019c). *México miembro de la Alianza del Pacífico* . Recuperado de <https://alianzapacifico.net/en/mexico/>
- Alianza del Pacífico . (2019d). *Perú miembro de la Alianza del Pacífico* . Recuperado de <https://alianzapacifico.net/en/peru-eng/>
- Alianza del Pacífico. (2011). Declaración de Mérida de la II Cumbre de la Alianza del Pacífico. *Recuperado el, 19.*
- Alianza del Pacífico. (2012). *Que es la Alianza del Pacífico* . Recuperado de <https://alianzapacifico.net/que-es-la-alianza/>
- Alianza del Pacífico. (2012a). Acuerdo marco de la Alianza del Pacífico. *Recuperado de: https://alianzapacifico.net.*
- Alianza del Pacífico. (2012b). Acuerdo marco de la Alianza del Pacífico. *Recuperado de: https://alianzapacifico.net.*

- Alianza del Pacífico. (2014). Lineamientos para la Adhesión a la Alianza del Pacífico. *Recuperado de Alianza del Pacífico: <https://alianzapacifico.net/download/lineamientos-adhesion>.*
- Alianza del Pacífico. (2014). Protocolo adicional al acuerdo marco de la Alianza del Pacífico. *Documentos de la VIII Cumbre, 11.*
- Alianza del Pacífico. (2015). Lineamientos sobre la participación de los Estados Observadores de la Alianza del Pacífico. *Aprobados en la IX Reunión del Grupo de Alto Nivel de la Alianza del Pacífico, los días, 15.*
- Aranda, I. R. (2014). Nuevas configuraciones económicas en el Asia-Pacífico y sus consecuencias para América Latina: Desde el APEC a la Alianza del Pacífico. *Dados, 57(2), 553-580.*
- Banco Central del Ecuador . (2019). Obtenido de EXPORTACIONES / por Producto Principal, País Destino y Subpartida: <https://sintesis.bce.fin.ec/BOE/OpenDocument/1602171408/OpenDocument/opendoc/openDocument.faces?logonSuccessful=true&shareId=1>
- Beltrán Mora, L. N., & Ferrer Toscano, H. E. (2016). Alianza Pacífico: una perspectiva geopolítica y económica. *Dimensión empresarial, 14(1), 79-94.*
- Business, D. (2019). Gobierno Índice de Competitividad Global Datos Cuentas Nacionales. Recuperado de <https://datosmacro.expansion.com/estado/indice-competitividad-global>
- Cazar Bohoruqez, P., Alava Riofrio, H., & Romero, M. e. (2016). Producción y Comercialización de quinua en el Ecuador. Obtenido de Dspace: <http://www.dspace.espol.edu.ec/bitstream/123456789/712/1/1312.pdf>
- CEPAL. (2018 ). Balance Preliminar de las Economías de América Latina y el Caribe. Recuperado de [https://repositorio.cepal.org/bitstream/handle/11362/44326/124/BPE2018\\_Ecuador\\_es.pdf](https://repositorio.cepal.org/bitstream/handle/11362/44326/124/BPE2018_Ecuador_es.pdf)
- COBA, G. (2019). La Inversión Extranjera Directa que llega a las empresas tambalea. Recuperado de <https://www.primicias.ec/noticias/economia/inversion-extranjera-capital-superintendenci>. PRIMICIAS .
- COMEX . (2019 ). *Ecuador avanza en su adhesión al bloque de la Alianza del Pacífico*. Recuperado de <http://www.produccion.gob.ec/ecuador-avanza-en-su-adhesion-al-bloque-de-la-alianza-del-pacifico/>
- COMEX. (2019 ). *ECUADOR más cerca de la Alianza del Pacífico* . Recuperado de <https://www.produccion.gob.ec/ecuador-mas-cerca-de-la-alianza-del-pacifico/>
- Competitividad, M. d. (2007 ). Competitividad Industrial del Ecuador. Recuperado de [https://www.unido.org/sites/default/files/2007-11/71791\\_TCB\\_No.17.Competitividad Industrial del Ecuador 2007\\_0.pdf](https://www.unido.org/sites/default/files/2007-11/71791_TCB_No.17.Competitividad Industrial del Ecuador 2007_0.pdf)
- EQUIPLAST S.A. (10 de JULIO de 2017). SINÓNIMO DE DESEMPEÑO, CALIDAD Y GARANTÍA. Recuperado de <https://www.equisplast.com/acerca-de-equisplast>
- FAO. (12 de 2001). *NORMAS INTERNACIONALES PARA MEDIDAS FITOSANITARIAS* . Obtenido de <http://www.fao.org/3/a-y3241s.pdf>
- FAO. (1995). *Acuerdo MSF*. Recuperado de [http://www.fao.org/tempref/GI/Reserved/FTP\\_FaoRlc/old/prior/comagric/codex/pdf/msf.pdf](http://www.fao.org/tempref/GI/Reserved/FTP_FaoRlc/old/prior/comagric/codex/pdf/msf.pdf)

- FAO. (2001). *Acuerdo Sanitario y Fitosanitario (MSF) y Obstáculos Técnicos al Comercio (OTC)* . recuperado de [http://www.fao.org/tempref/GI/Reserved/FTP\\_FaoRlc/old/prior/comagric/codex/pdf/msf.pdf](http://www.fao.org/tempref/GI/Reserved/FTP_FaoRlc/old/prior/comagric/codex/pdf/msf.pdf)
- FAO. (2001). *NORMAS INTERNACIONALES PARA MEDIDAS FITOSANITARIAS*. Obtenido de <http://www.fao.org/3/y3241s/y3241s06.htm>
- FAO. (2011). *NORMAS INTERNACIONALES PARA MEDIDAS FITOSANITARIAS* . Obtenido de <http://www.fao.org/3/k5129s/k5129s.pdf>
- García, J. (2013). Alianza del Pacífico.¿ Hacia dónde vamos?. *Agenda Internacional*, 20(31), 43-54.
- Gómez Calderón, J. M. (2019). *Adhesión de Ecuador al acuerdo marco de la alianza del Pacífico: una perspectiva desde la teoría de seguridad de Copenhague* (Doctoral dissertation) Universidad Católica del Ecuador. Ibarra, Ecuador.
- Guido Omar Macas Acosta, M. (2009). Ecuador y su futuro en el comercio internacional. *Ene*, 2010.
- Gutman, V., López, A., Ramos, D., & Garcia, P. (2016). Análisis de los mecanismos de regulación y promoción de la Inversión Extranjera Directa (IED) en Ecuador. *Banco Interamericano de Desarrollo*, 6.
- Heine, J. (2016). Sigla nueva en sopa de letras: raíces y ramificaciones de la Alianza del Pacífico. *Revista Mexicana de Política Exterior*, 106, 35-48.
- Izurieta, N. P. V. (2015). El Ecuador y el proceso de cambio de la matriz productiva: consideraciones para el desarrollo y equilibrio de la balanza comercial. *Observatorio de la Economía Latinoamericana*, (207).
- Lascano, V. (2002). Estudio de competitividad del tomate de árbol. *Undergraduate thesis. Faculty of Economic, Pontificia Universidad Católica del Ecuador, Quito*.
- LIDERES. (2018). Las empresas apuntan a producir y sustituir importaciones. *Revista LIDERES*
- MAG. (16 de enero de 2019). Ecuador producirá con un enfoque de mercado y para sustituir las importaciones. Recupeado de <https://www.agricultura.gob.ec/ecuador-producira-con-un-enfoque-de-mercado-y-para-sustituir-las-importaciones/>
- MAG. (2019). MAG anuncia Gran Acuerdo para la Prosperidad del Sector. Obtenido. <https://www.agricultura.gob.ec/mag-anuncia-gran-acuerdo-para-la-prosperidad-del-sector-agropecuario/>
- MINISTERIO DE AGRICULTURA, GANADERIA, ACUACULTURA Y PESCA . (marzo de 2014). Sembremos un futuro mejor. Recuperado de <http://ecuadorforestal.org/wp-content/uploads/2014/06/SPF-FOLLETO-PIF-2014-050614.pdf>
- Ministerio de Producción, C. E. (30 de Mayo de 2019) Acuerdo por la Competitividad, Empleo e Innovación busca la dinamización laboral y el fortalecimiento del emprendimiento. Recuperado de [produccion.gob.ec/acuerdo-por-la-competitividad-empleo-e-innovacion-busca-la-dinamizacion-laboral-y-el-fortalecimiento-del-emprendimiento/](http://produccion.gob.ec/acuerdo-por-la-competitividad-empleo-e-innovacion-busca-la-dinamizacion-laboral-y-el-fortalecimiento-del-emprendimiento/)
- Ministerio de Relaciones Exteriores y Movilidad . (2018). Obtenido de Alianza Bolivariana para los Pueblos de Nuestra América : <https://www.cancilleria.gob.ec/aspectos-generales-alba/>

- Ministerio del Ambiente (2014). 12 empresas a nivel nacional tienen “Punto Verde”. Obtenido de <https://www.ambiente.gob.ec/12-empresas-a-nivel-nacional-tienen-punto-verde/>
- Ministerio del Ambiente. (2012). Estrategia Nacional de Cambio Climático del Ecuador. Obtenido de <http://extwprlegs1.fao.org/docs/pdf/ecu140074.pdf>
- MIP . (2017). MINISTERIO DE INDUSTRIA Y PRODUCCION . Asesoramiento a la industria para la participación en mercados, ferias, eventos, viajes de familiarización y ruedas de negocios. Recuperado de <https://www.gob.ec/mintur/tramites/asesoramiento-industria-participacion-mercados-ferias-eventos-viajes-familiarizacion-ruedas-negocios>
- Mosquera, J. (2016). Ecuador y la ALBA: ¿está aportando al comercio ecuatoriano este acuerdo? Valor Agregado , 21-23.
- NESTLE . (03 de junio de 2019). Nestlé recibió la Certificación Punto Verde Empresa Eco-Eficiente por parte del Ministerio del Ambiente. Recuperado de <https://www.nestle.com.ec/es/media/noticiasnestle/nestle-recibio-la-certificacion-punto-verde-empresa-eco-eficiente>
- ODEPA. (2018). Serie Comercio Internacional 4: Chile-Alianza del Pacífico. Recuperado de [https://www.odepa.gob.cl/wp-content/uploads/2015/08/comercio-bilateral\\_4.pdf](https://www.odepa.gob.cl/wp-content/uploads/2015/08/comercio-bilateral_4.pdf)
- OMC. (2005). Explicación del Acuerdo de la OMC sobre la Aplicación de Medidas Sanitarias y Fitosanitarias. Recuperado de [https://www.wto.org/spanish/tratop\\_s/sps\\_s/spsund\\_s.htm](https://www.wto.org/spanish/tratop_s/sps_s/spsund_s.htm)
- OMC. (2005). Acuerdo sobre la aplicación de medidas sanitarias y fitosanitarias. Recuperado de [https://www.wto.org/spanish/tratop\\_s/sps\\_s/spsagr\\_s.htm](https://www.wto.org/spanish/tratop_s/sps_s/spsagr_s.htm)
- OMC. (2005). Acuerdo sobre la Aplicación de Medidas Sanitarias y Fitosanitarias. Recuperado de [https://www.wto.org/spanish/docs\\_s/legal\\_s/15sps\\_01\\_s.htm](https://www.wto.org/spanish/docs_s/legal_s/15sps_01_s.htm)
- Otero, G. (2014). La Alianza del Pacífico: Origen, objetivos, relación con países observadores y logros. Recuperado de <https://russiancouncil.ru/common/upload/La%20Alianza%20del%20Pacifico%20-%20Origen%20objetivos.pdf>
- Peña, J. A. C. (2016). Análisis y perspectivas de la Alianza del Pacífico. *Estudios de Deusto: revista de la Universidad de Deusto*, 64(1), 281-305.
- PORTER, M. (2006). la ventaja Competitiva . En M. PORTER, *Estrategia y Ventaja Competitiva* (pág. 41). Barcelona: deusto.
- Porter, M. E. (2005). *SER COMPETITIVO*. Deusto.
- PROECUADOR. (2017). *Ministerio de Comercio Exterior*. Obtenido de Guía del Exportador: <http://www.aei.ec/wp-content/uploads/2017/10/GuiaExportador-2017.pdf>
- PROECUADOR. (2018). Perfil logístico de Colombia-2018. Recuperado de <https://www.proecuador.gob.ec/perfil-logistico-de-colombia-2018/>
- PROGRAMME, U. N. (12 de Septiembre de 2019). Soluciones ambientales sostenibles y economía verde e inclusiva: América Latina en la senda del cambio. Recuperado de <https://www.undp.org/content/undp/es/home/blog/2019/green-profitable-and-sustainable--ecuador-showcases-the-best-id.html>



- Ramos, R. R. (2012). Modelo para la determinación del posicionamiento competitivo internacional. *Dialnet Métricas*, 21-44.
- Salazar, F. (1980). El Problema de la Convergencia de las Acciones Parciales en el Marco de la Integración Latinoamericana. *INTEGRACION LATINOAMERICANA* (32), 30 .
- Schwab, K. (2019). *The Global Competitiveness Report 2019*. Switserland: World Economic Forum.
- SECRETARIA GENERAL DE COMUNICACIÓN DE LA PRESIDENCIA. (2019). Ecuador transforma su matriz productiva para lograr mayor competitividad (Archivo d Video). Recuperado de <https://www.comunicacion.gob.ec/ecuador-transforma-su-matriz-productiva-para-lograr-mayor-competitividad-video/>
- Segura Ponce, G. J. (2017). *El entorno familiar y la productividad de los colaboradores de la compañía The Tesalia Springs Company Cabcorp (CBC) de la sierra centro*(Maestría en Trabajo Social) Universidad Técnica de Ambato. Ambato, Ecuador.
- SENA. (2019). Obtenido de Comunidad Andina : <https://www.aduana.gob.ec/comunidad-andina-can/>
- SENA. (Abril de 2017). Proceso de Exportación. Recuperado de <https://www.aduana.gob.ec/para-exportar/>
- SENA. (Abril de 2017).¿ Cómo se obtiene el Registro del Exportador?: Recuperado de <https://www.aduana.gob.ec/para-exportar/>
- SICE . (2019). Obtenido de Acuerdo de Complementación Económica : [http://www.sice.oas.org/Trade/mrcsrac/eca1\\_s.asp](http://www.sice.oas.org/Trade/mrcsrac/eca1_s.asp)
- SICE. (2019). Obtenido de PROTOCOLO MODIFICATORIO DEL ACUERDO DE INTEGRACIÓN SUBREGIONAL ANDINO (ACUERDO DE CARTAGENA) : [http://www.sice.oas.org/Trade/Junac/Carta\\_Ag/Trujillo.asp](http://www.sice.oas.org/Trade/Junac/Carta_Ag/Trujillo.asp)
- SICE. (2019). SICE . Obtenido de Acuerdo de Complementación Económica N°65 entre la República de Chile y la República del Ecuador : [http://www.sice.oas.org/Trade/chilec/CHL\\_ECU\\_65\\_s.asp#a32](http://www.sice.oas.org/Trade/chilec/CHL_ECU_65_s.asp#a32)
- SICE. (2020). *PROTOCO ADICIONAL DE LA ALIANZA DEL PACÍFICO* . Recuperado de [http://www.sice.oas.org/Trade/PAC\\_ALL/Pacific\\_Alliance\\_Text\\_s.asp](http://www.sice.oas.org/Trade/PAC_ALL/Pacific_Alliance_Text_s.asp)
- SICOEX. (2010). Exportaciones de Ecuador Hacia Asociación Latinoamericana de Integración. Recuperado de [http://consultawebv2.aladi.org/sicoexV2/jsfComercio/comercio\\_exterior\\_principales\\_productos\\_resultado.seam?cid=2302807](http://consultawebv2.aladi.org/sicoexV2/jsfComercio/comercio_exterior_principales_productos_resultado.seam?cid=2302807)
- SICOEX. (2010). Importaciones de Ecuador Desde Asociación Latinoamericana de Integración. Recuperado de [http://consultawebv2.aladi.org/sicoexV2/jsfComercio/comercio\\_exterior\\_principales\\_productos\\_resultado.seam?cid=2300950](http://consultawebv2.aladi.org/sicoexV2/jsfComercio/comercio_exterior_principales_productos_resultado.seam?cid=2300950)
- SICOEX. (2019). Importaciones de Ecuador Desde Alianza Bolivariana para los Pueblos de Nuestra América. Recuperado de [http://consultawebv2.aladi.org/sicoexV2/jsfComercio/comercio\\_exterior\\_principales\\_productos\\_resultado.seam?cid=2474418](http://consultawebv2.aladi.org/sicoexV2/jsfComercio/comercio_exterior_principales_productos_resultado.seam?cid=2474418)

- SIICEX. (2019). Exportaciones peruanas hacia países miembros del Alianza del Pacífico (Chile, Colombia, México). Recuperado de <http://www.siicex.gob.pe/siicex/documentosportal/497763798rad2342F.pdf>
- The GlobalEconomy. (2019). *The GlobalEconomy.com*. Obtenido de <https://es.theglobaleconomy.com>
- Torres Peñafiel, N. D. R., Falconi, M. A., Espín Oleas, M. E., & Fierro López, P. E. (2018). Estrategias de competitividad microempresarial para el desarrollo local en Ecuador. *Contribuciones a las Ciencias Sociales*, (julio).
- TradeMap. (2019 ). Comercio bilateral entre Ecuador y Perú Producto: TOTAL Todos los productos. Recuperado de [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=3%7c218%7c%7c604%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=3%7c218%7c%7c604%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1)
- TradeMap. (2019). Ecuador importa desde México. Recuperado de [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=3%7c218%7c%7c484%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=3%7c218%7c%7c484%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1)
- TradeMap. (2019). Ecuador exporta a Chile. Recuperado de [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=3%7c218%7c%7c152%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=3%7c218%7c%7c152%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1)
- TradeMap. (2019). Ecuador exporta hacia Colombia. Recuperado de [https://www.trademap.org/\(S\(u5y3sttjux4hycbrsgug2b5w\)\)/Bilateral.aspx?nvpm=1%7c218%7c%7c170%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/(S(u5y3sttjux4hycbrsgug2b5w))/Bilateral.aspx?nvpm=1%7c218%7c%7c170%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c1%7c1%7c1%7c1)
- TradeMap. (2019). Ecuador exporta hacia México. Recuperado de [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=3%7c218%7c%7c484%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=3%7c218%7c%7c484%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1)
- TradeMap. (2019). Ecuador Importa de Perú. Recuperado de [https://www.trademap.org/Bilateral\\_10D\\_TS.aspx?nvpm=3%7c218%7c%7c604%7c%7cTOTAL%7c%7c%7c8%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_10D_TS.aspx?nvpm=3%7c218%7c%7c604%7c%7cTOTAL%7c%7c%7c8%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1)
- TradeMap. (2019). Ecuador importa desde Chile. Recuperado de [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=3%7c218%7c%7c152%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=3%7c218%7c%7c152%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1)
- TradeMap. (2019). Ecuador importa desde Colombia. Recuperado de [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=3%7c218%7c%7c170%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=3%7c218%7c%7c170%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1)
- TradeMap. (2019). Exportaciones de Colombia a Ecuador. Recuperado de [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=3%7c170%7c%7c218%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=3%7c170%7c%7c218%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1)
- TradeMap. (2019). Saldo Comercial entre Ecuador y Colombia. Recuperado de [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=3%7c218%7c%7c170%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=3%7c218%7c%7c170%7c%7cTOTAL%7c%7c%7c6%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1)
- UNILEVER . (2018). Hacemos que la vida sostenible sea algo cotidiano. Recuperado de <https://www.unilever-middleamericas.com/about/>
- Universidad, Ciencia y Desarrollo. (2019). Nuevos elementos para medir el desempeño económico de los países. *Programación de Divulgación Científica, II*.
- Vidal, R. (2008). Latinoamericanos: ¿Emprendedores competitivos? *Revista Journal Globalización, Competitividad y Gobernabilidad*, 2(2), 126-139.
- Villarreal, S. G. (2016). El uso de indicadores clave para evaluar el desempeño económico a largo plazo de América Latina. Recuperado de

[https://repositorio.cepal.org/bitstream/handle/11362/40029/1/RVE118\\_Garry.pdf](https://repositorio.cepal.org/bitstream/handle/11362/40029/1/RVE118_Garry.pdf)

- WEF. (12 de OCTUBRE de 2016). ¿QUE ES LA COMPETITIVIDAD ?. Recuperado de <https://es.weforum.org/agenda/2016/10/que-es-la-competitividad/>

# Appendix:

## Appendix A: Phytosanitary export certificate model.

This annex is a prescriptive part of the standard

### APPENDIX 1: Phytosanitary import certificate model

*(Original appendix from IPPC)*

Num. \_\_\_\_\_

Plant Protection Organization of \_\_\_\_\_

To: Plant Protection Organization of \_\_\_\_\_

#### I. Shipment description

Name and address of the exporter: \_\_\_\_\_

Declared name and address of consignee: \_\_\_\_\_

Number and description of packages: \_\_\_\_\_

Distinctive marks/brands: \_\_\_\_\_

Place of origin: \_\_\_\_\_

Declared means of transport: \_\_\_\_\_

Declared point of entry: \_\_\_\_\_

Product name and declared quantity: \_\_\_\_\_

Botanical name of plants: \_\_\_\_\_

The plants, plant products or other regulated items described herein are hereby certified to have been inspected and / or tested in accordance with appropriate official procedures and are deemed to be free from the quarantine pests specified by the importing contracting party and that comply with the current phytosanitary requirements of the importing contracting party, including those related to regulated non-quarantine pests.

They are considered to be substantially free of other pests. \*

#### II. Additional statement

(insert text here)

#### III. Disinfestation and/or disinfection treatment

Date \_\_\_\_\_ Treatment \_\_\_\_\_ Chemical product (active ingredient) \_\_\_\_\_

Duration and temperature \_\_\_\_\_

Concentration \_\_\_\_\_

Additional Information \_\_\_\_\_

Place of expedition: \_\_\_\_\_

(Organization Stamps) \_\_\_\_\_ Name of authorized official \_\_\_\_\_

Date \_\_\_\_\_ Signature \_\_\_\_\_

This Organization \_\_\_\_\_ (Name of the Phytosanitary Protection Organization), its officials or representatives decline all financial responsibility resulting from this certificate. \*

\* Optional clause

Source: Plant Protection Organization (2016)

## **Appendix B.**

### **1. What do you think of the Pacific Alliance? Do you consider it as just another block or what differentiates it from the others?**

**Answer:** According to what I have reviewed and read, the Pacific Alliance represents approximately 2.4% of the world's GDP and, within Latin America, a total production of approx. 33%. Therefore, it is very representative for our country to belong to this bloc, since in the future it has growth potential and by joining, our country's growth would benefit in all aspects.

### **2. Ecuador is part of some regional blocs. Why join the Pacific Alliance Block?**

**Answer:** By joining this block, Ecuador will allow many of its SMEs to access international markets and global value chains that make up the Pacific Alliance.

### **3. In what way will Ecuador contribute as a full member?**

**Answer:** It will contribute with products of Ecuadorian entrepreneurs, artisans and producers, which will have the possibility to reach all the countries that make up this important commercial bloc and in this way it is possible to establish a tariff benefit, facilitate commercial policies and generation and exchange of human resources, which is always in benefit of micro and medium enterprises.

### **4. Do you think Ecuador is ready to join the Pacific Alliance?**

**Answer:** Ecuadorian businesses demonstrate quality in their products that comply with the requirements and parameters necessary to be exporters. However, it depends a lot on the negotiations carried out in the worktables and on the results that the member countries take for the inclusion of Ecuador.

### **5. What are the sectors that could take advantage of the accession to the Pacific Alliance?**

**Answer:** Among the sectors, MSME's currently represent 82% of Ecuadorian companies that export to the Pacific Alliance. The diversity of the sectors that Ecuador represents is great, so processed foods, handicrafts, cocoa derivatives and coffee, among others, would have many more opportunities.

### **6. In your opinion, if Ecuador succeeds in joining this block, do you think it would increase its competitiveness in the international market?**

**Answer:** Ecuador is moving towards a future full of opportunities and by joining this alliance, it will surely improve its economic growth in exports and generation of employment, which would increase its need to be more competitive.

This information was granted by Eco. María Belén Robalino, personal interview, July 21, 2020.

## **Appendix C.**

### **1. What do you think of the Pacific Alliance? Do you consider it as just another block or what differentiates it from the others?**

**Answer:** Each trade bloc has its peculiarities that characterize it and this case is not the exception since the Pacific Alliance groups together the main Latin American economies of the Pacific such as Chile, Colombia and Mexico, as well as Peru, which is a country in constant economic growth. I believe that the Pacific Alliance is a bloc that groups countries in constant development, some of them being progressive nations, and it is a highly competitive commercial bloc with actual growth. It is not a merely theoretical bloc that remains in populist rhetoric as has already happened with some groups in Latin America.

### **2. Ecuador is part of some regional blocs. Why join the Pacific Alliance Block?**

**Answer:** The problem of some regional blocs is that they remain in theory or as a populist rhetoric as I already mentioned, or there are other integration blocs such as the Andean Community and ALADI, which unfortunately has stagnated, especially in recent years, and do not provide Ecuador a space for important commercial development as can be observed from ALADI statistics. It is clear that the members of the Pacific Alliance in recent years have grown economically, both as individual nations and as a block. This development is greater than that of the Andean Community since it has a greater commercial dynamic. Another important block is MERCOSUR. However, it is important to remember that the integration of Ecuador to any commercial bloc must be to generate competitiveness, improve added value and innovation in Ecuadorian production since it is useless to adhere to a commercial bloc if better processes and products are not going to be developed in the internationalization of the country.

This is one of the commercial blocks that continues to condition the country to improve its competitiveness. Ecuador should consider whether it is capable of developing products with added value that are complementary to the economies of the member countries, otherwise it would be doing more of the same, which would not cause economic development for the country.

### **3. In what way will Ecuador contribute as a full member?**

**Answer:** When a country joins a commercial bloc, the economic development model of the bloc ends up influencing the local model. In this case, it is important to indicate that the commercial bloc allows access to new and important markets to the country and that the Ecuadorian market, even if it is not especially attractive at an international level, is still an important market for Ecuadorian importers. I believe that if Ecuador would develop its competitiveness, the opportunities offered by the new markets are highly positive, however it is useless to sign trade agreements if they are not used by medium and small local producers.

It is important that all these assessments are supported by figures that can be found publicly in organizations such as ECLAC or TRADE MAP. It is essential for Ecuador to sign trade agreements that allow it to develop its international businesses, since the dollarization urgently requires the entry of Foreign Currency and national consumption is very small and not powerful enough to maintain dollarization in the country. This is a fundamental moment for the development of Ecuadorian foreign trade and the survival of dollarization.

#### **4. Do you think Ecuador is ready to join the Pacific Alliance?**

**Answer:** In trade agreements, tariff and non-tariff barriers are reduced for products originating in the signatory countries. In the case of the Pacific Alliance, the member countries are producers of the same products as Ecuador, so there would be no benefit in the event that only products without added value want to be commercialized, so it is essential that this and other treaties commercial mechanisms that Ecuador signed are mechanisms for the commercialization of products with added value with the objective that they are complementary commercial agreements since if the added value, competitiveness, and innovation are not developed, there would not be any positive effects and in any case it would generate a negative situation due to the fact that the scales of production in the other countries may have lower fixed costs per unit.

Unfortunately, Ecuador has not developed its competitiveness and innovation, so it has not generated products with added value and has increased exports of traditional non-oil products that constitute commodities without added value, which is very uncompetitive when negotiating prices since these are defined by the market and not by the producers. It is time for Ecuador to intensely develop innovation and competitiveness for the internationalization



of large, medium, and small companies so that it can take advantage of this and any other commercial agreement

I consider that if Ecuador wants to take advantage of any trade agreement, it should invest in a change of innovative culture through research and productive and business education and not only sign trade agreements just to be a part of them.

**5. What are the sectors that could take advantage of the accession to the Pacific Alliance?**

**Answer:** In the first instance, traditional productive sectors such as fish, shrimp and flowers could be developed, being commercialized as part of more important productions, for example, the Colombian free trade agreement with the United States allowed the growth of Colombian coffee exports and collaterally dragged growth in Ecuadorian coffee exports both to supply the Colombian national market and as part of Colombian exports to the United States. However, the development of other industries should be invested in, for example the textile industry in which unfortunately does not produce fabric of good enough quality and in sufficient quantity within Ecuador even though it is a very important industry since in cotton agriculture and the production of clothing there are more than 100 processes, each with its economic benefit and added value.

Unfortunately, the Ecuadorian industry is very uncompetitive in products with added value, industrialization or innovation, so the convenience of being part of these blocks should be observed more objectively without previously investing in an improvement of the competitiveness of the Ecuadorian industry.

**6. In your opinion, if Ecuador succeeds in joining this block, do you think it would increase its competitiveness in the international market?**

**Answer:** I consider that unfortunately one is not a result of the other, although it could be a determining factor, the improvement of competitiveness should be independent, continuous, and general for the country.

Improving competitiveness, innovation, industrialization, and development of a country must occur without having to necessarily adhere to any commercial bloc since it must be a priority prior to signing international agreements. However, many times

the demands and challenges of internationalization are the promoters of the business improvement. Trade agreements are positive if there are more net gains than losses at the end of a period. There is no established recipe for how to obtain competitiveness and when to sign trade agreements and Ecuador unfortunately does not have a history or experience on the subject since it has been a very isolated and limited country in international negotiations.

In any circumstance, Ecuador should invest in medium and long-term planning to develop its competitiveness not only in the face of the Pacific alliance but also in the environment of world globalization.

This information was granted by Eng. Antonio Torres, personal interview, July 28, 2020.