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FACULTY OF LAW

SCHOOL OF INTERNATIONAL STUDIES

IMPORT OF GOODS SUBJECT TO CONTROL PRIOR TO ENTERING ECUADOR,
(CASE STUDY: DISHES) COMPLIANCE OF TECHNICAL REGULATION INEN RTE
010.

GRADUATION WORK PRIOR TO OBTAINING A DEGREE IN INTERNATIONAL
STUDIES WITH A MAJOR IN FOREIGN TRADE

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DEDICATION

Through this graduate work process, I dedicate fundamental support to my mother and siblings who have been unconditional in their sacrifice of time and effort to help me complete this significant life event. I thank them for their demonstration of love that has allowed me to honor and value them even more during this process.

To Luis Edmundo (+), who despite his earthly absence has inspired me to fulfill a destiny that he had for me, his beloved daughter, knowing that I would achieve this purpose with constancy and perseverance, values that have been the best legacy that a daughter could have acquired.

To Doris, for being the mom who taught me the strength and delicacy that I must have in life. She made me to be receptive to her teachings for my future, and learn from what could have made me falter. Thank you for your support, for your everyday sacrifice that has made your children what they are today, and for your values that have been proved to be priceless.

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RESUMEN

La importación de bienes sujetos a control previo a su ingreso al estado Ecuatoriano desde distintos países como la República Popular China, además de haber promovido las relaciones comerciales entre los países, ha generado la diversificación de productos dentro de las fronteras. A través del presente trabajo de tesis se investiga los distintos términos legislativos como el proceso logístico que permite la importación de vajillas de porcelana bajo el cumplimiento de reglamentos como normas que el estado expide, culminando con el análisis de un caso hipotético en el que se analizará por costos tanto la importación de este bien en comparación a la adquisición del mismo en la industria local.

ABSTRACT

The importation of goods subject to control prior upon entry into the Ecuadorian state from different countries like China, in addition to promoting trade relations between the countries has generated product diversification within the borders. This thesis investigates the various terms of legislation and the logistics process that allows the import of porcelain tableware under regulatory compliance as the state standards issues, culminating in an analysis of a hypothetical case to be analyzed for both the import costs of these goods compared to the acquisition of the local industry.

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INTRODUCTION

In the global context, trade relations have developed steadily. Since the beginning of mankind the development of trade was established by the exchange of goods between citizens, however the need to sell those goods outside of the local market has generated new concepts such as foreign trade.

Similarly, such a notion would gain strength on the world stage. Thus, foreign trade serves as a measuring factor to categorize states within the range of their economic development. As a result, states have been closely linked with others, through importation as well as for the exportation of their goods.

The importation of goods has allowed Ecuador to be considered an attractive state for the establishment of trade relations. Consequently, Ecuador has been able to diversify its product demand, both domestically and internationally. This has led to an improvement in production of demanded goods in exchange for those that Ecuador lacks.

In accordance with the provisions in the ninth section of Article 52 of the Constitution of the Republic of Ecuador, it explains that the State seeks to ensure users and consumers rights to provide the relevant information of imported goods. This is accomplished through institutions such as the Inter-Ministerial Committee and the National Institute of Standardization (INEN), as well as enforcement of Regulation RTE INEN 10-2008 depending on the requirements of Rules 1804 and 1805 NTE INEN force in that regulation . These have been created in order to obey the recognition certificate (Form INEN1) document issued by the same institution, whose purpose is focused on providing accurate information to consumers of those goods subject to testing prior to entry into Ecuador.

CHAPTER 1

THE IMPORTATION OF PORCELAIN TABLEWARE (SEMI VITRIFIED AND NON-VITRIFIED) SUBJECT TO COMPLIANCE WITH REGULATIONS AND INEN STANDARDS.

1.1 Introduction

The first evidence of porcelain tableware was identified in the People's Republic of China. In the first instance these were in the Shui Dynasty between 581 and 617 AD and later in the Han Dynasty in the years 618 and 907 AD. Among the key features are the materials with which these were made, and its manufacturing process. In the Han Dynasty, verification of quality is given by its striking, this results in a metal noise emission that verifies its strength. In the Shui Dynasty, the materials used consisted mainly of the skeletal remains of mollusks.

In the West, porcelain tableware appeared with Marco Polo. He observed for the first time this material and called it porcellana, from the Latin porcella, which refers to the characteristics of a mollusk's white shell color; these shell fish were highly prized. (Benavidez, A. 2011)¹

Currently porcelain tableware is a feature of elegance and distinction, it is for this reason that some important aspects should be taken into consideration when purchasing dinnerware such as: the strength, clank, and preemption to light, creating a translucent surface demonstrating the presence of the large amount of bone material in its constitution.

It is imperative that there is a true combination of the elements that make up both their color, as in its physical aspects that allow true harmony of color and distinction, with cutlery, tablecloth, napkins, and glassware.

The acquisition of porcelain tableware is one of the most important elements that newlyweds choose in their new home, it is for this reason that great houses focus on the development of designs with both colors and shapes that make it the most valued. Striking a balance between

¹ Benavidez, A. 2011

decorations with new market trends is one of the factors currently taken into account when choosing porcelain tableware.

Both the label and the protocol have much to do when it comes to home decorating, it is for this reason that the dishes to be acquired should be the most suitable for use when serving food and match the decorative style of the home.

As of now, dishes are of different types and materials; they can be made of wood, clay, metal, stainless steel, aluminum, etc. The porcelain tableware selected for our study has a high quality and is highly sought after in the local market.

1.1.1 What is Tableware?

Tableware is a set of plates, dishes, and utensils that are used at the table; these elements can be used daily or on special occasions. There are different types of tableware however the most popular are porcelain and earthenware, of which there are different sizes and designs. It is advisable to use a classic design for every occasion as well as choose designs that are current to fashion and are easy to combine.

1.1.2 Types and Classifications

Dishes are made of different types of materials that give them their quality, as long as these should last, being the case of porcelain tableware, quartz, kaolin and bone, the higher strength and preservation. There are also others made of plastic, glass, ceramic and aluminum.

Tableware is a way to indicate to visitors of the house the order and neatness of their hosts.

It is important to know the manufacturing process of porcelain tableware, "The manufacture of tableware and ceramic component parts (including porcelain) uses the following inputs: kaolin, clay, feldspar, silica, alumina, dolomite, oxide tin, barium carbonate, zinc oxide, opacifier, calcium carbonate, talc, wollastonite, enamels, inks, and decals.

The inputs are ground to later filter the mixture and remove the material. The mold is prepared by a method of pressurized injection and for hollow parts a gravity drainage method is used. Later, glazed areas are passed by vaporization and vitrification. The parts are baked at a temperature of 1180°C to 1350°C. Coming out of the oven, these are inspected and

decorated with decals intended for baking at 820°C. The process concludes with the packaged parts placed in boxes, whether individually or by sets, depending on the type of product or customer. (Cruz, Carlos.2012)²

1.1.3 Countries of Increased Production and Exportation to Ecuador and Globally

Exports from Latin American countries in reference to tableware and / or porcelain manufactures have low levels against competitors like China. However, European countries like Germany, UK, Spain and Italy have high percentages of exports of the product worldwide, as it can be seen in the table below.

	2004 € mil.	2006 € mil.	2008 € mil.	Main providers in 2008 (%)	(%)
Total EU	636	694	738		
Internal EU	374	298	286	Portugal (8.2), Germany (6.5), Belgium (3.8), UK (2.9), Romania (2.8)	39
External EU	31	21	20	Hong Kong (0.8), Taiwan (0.5), USA (0.5), Japan (0.4), South Korea (0.2)	2.8
PD	231	375	432	China (43), Thailand (7.6), Turkey (2.9), Indonesia (1.4), Vietnam (0.9), Colombia (0.5), Tunisia (0.4), Morocco (0.2), Malaysia (0.2), India (0.2)	58

Table 1: Major exporting countries tableware and/or porcelain manufactures worldwide

Source: EuroStart (<http://epp.eurostart.ec.europa.eu/newxtweb/>) 2009, Developing Countries

According to statistics from the source COMTRADE tool for researchers, this combination adds multiple records in one to distinguish between Group countries and Countries grouped (<http://comtrade.un.org/>). In recent years, China has controlled 43.97% of world exports and 60% of world porcelain exports; Germany has had 12.28%, Czech Republic 5 %, France 4.41%, and the UK 4.23%, respectively.

² Cruz, Carlos.2012

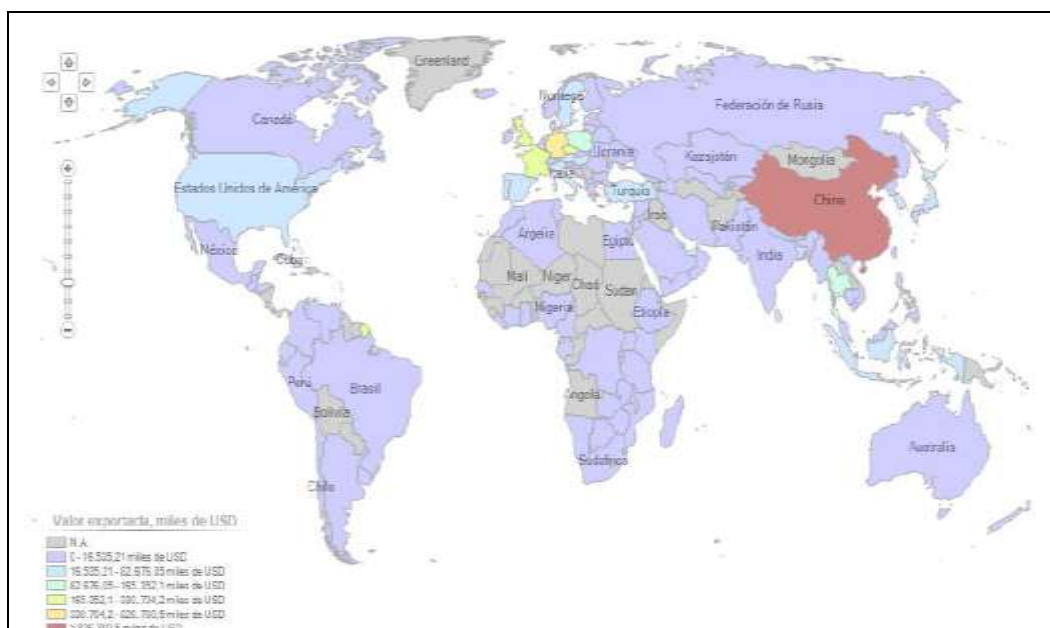


Figure 1: Exports of the product 6911 by Country in 2008
Source: ITC calculations based on COMTRADE statistics.

Pursuant to the source COMTRADE, total exports from Latin American countries in 2008 was \$14.2billion, which represented only 0.37% of world exports. Countries with high growth rate in the 2004-2008 period were Mexico (44%) and Colombia (25%).

It is estimated that the countries that can compete with Latin American countries (Colombia, Brazil and / or Mexico) are China, Germany, Czech Republic, UK and France. It is further stated that the European Union market has a high level of productivity in recent years.

1.1.4 Types of Most Purchased Dishes in Ecuador

Ecuadorian families according to the last census conducted by the INEC (National Institute of Statistics and Census) for 2011 identified a 25% of consumption of ceramic tableware, distributed by the Andean Ceramics Company and by other factories on a smaller scale as such as Artesa and Yapacunchi. Competition from China is at its highest in recent years, consumption of Ecuadorian tableware was determined at 1.5 million pieces per month for 2012 according to data from the Central Bank of Ecuador.

1.1.5 Weaknesses and threats of Ecuadorian Porcelain Tableware vs. Imported

- One of the weaknesses of Ecuadorian porcelain tableware overall is that there is much difference in its finishing, manufacturing, and product completion as the materials with which this is done are poorly filtered. Imported porcelain tableware finish is more thorough, fine, and detailed.
- The technology that is used in the process of drafting the national porcelain tableware is of a shorter range in quantity of production, quality of raw materials, and mass production time.
- One weakness of imported tableware is in acquisition, more specifically there is a limited range and few exclusive suppliers.
- As for quality control and product inspection reports, the national porcelain tableware does not have a prior and detailed report of their product, as opposed to imported merchandise which requires control to obtain certificates before entering the country, this will be covered in more detail in chapter 3. Controls performed by domestic supplier of such goods is in accordance to the Ecuadorian market, this means that evaluation of goods are more based on their aesthetic qualities and not its actual quality.
- A major threat is that the imported porcelain tableware has greater acceptance by consumers than porcelain tableware made in the domestic market, both for their qualities and finishing process. It differs in quality and decoration. The percentage is 25% Ceramic vs. Porcelain 42% according to 2012 data from INEC. Obviously international tableware dominates the national market, regardless of its higher price.
- There is a kind of monopoly in the world market on this merchandise, principally held by the Republic of China due to increased production and prestige.
- Imitations by the national competition in their shapes and finishes also exist. Imported product has created a relationship of trust, this is mainly based on a guarantee of the components quality, as well as its brand and logo, allowing the importer to have exclusivity of its products worldwide.
- There is a lot of vulnerability in relation to major competitors like China because they supply a market potential and have high standards of quality.

- Regarding the hotel industry, the strength in positioning of the imported porcelain tableware is greater both in scope in mass production and prompt delivery, generating a factor that the national porcelain tableware can barely meet.

- Finally one of the threats that can be considered of national porcelain tableware versus imported are factors such as quality and attractive designs, the preference of people is largely focused on the acquisition of the imported product. Although the national porcelain tableware can be affordable, the price of imported can be even cheaper and adjustable to any given budget, depending both on the required amount, brand, material, and other factors.

1.2 Definition of Importation

“Importation is the act of introducing a set of goods or services purchased abroad or introduced into a country, leading to consumption or reprocessing. One can also import ideas or trends, as they themselves are adopted for use in domestic production.”(Salvador, M. 2009)³

The word importation comes from the verb import (to introduce a foreign product or custom into a country). Under this concept, porcelain tableware is selected, which is subject to testing prior to entry into Ecuador; this is due to compliance of the Ecuadorian Technical Regulation RTE INEN 10 and its rules.

1.3 Import Regimes in Ecuador

Importation for Consumption

Article 147 of the COPCI Regulation (Code of Commerce and Integration of Production) states:

“This is the final entry customs regime of goods into the country, the procedures for its implementation shall be established by the Director General of the National Customs Service of Ecuador (SENAE). Goods entered under this regime may move freely in Ecuadorian territory once the customs tax liability is satisfied.”

The import of porcelain tableware merchandise under this regime offers the most convenience for the importer because it is subject to testing prior to entry into Ecuador which is compensated through the mass marketing of the product in the Ecuadorian market.

Temporary Admission for Re-export in the Same State

Art. 122 of the COPCI Regulation (Code of Commerce and Integration of Production) says:

“The temporary re-exportation admission regime in the same state is a special customs regime through which goods can enter Ecuadorian territory to be used for a specific purpose, with total or partial suspension of duties and taxes on imports.”

³ Salvador, M. 2009

Those imported goods accepted for this scheme should be individualized and definable, a fact which must be assessed at the time of physical inspection. Physical inspection being mandatory through brands, serial numbers, or other signs or forms that allows full recognition both at admission, and the time of departure. The individualization and identification is not required in the case of containers, packaging, and other packaging materials that do not undergo transformation.

As for the import of porcelain tableware, this does not fit properly in this case since the purpose of the goods is domestic consumption.

Temporary Admission for Inward Processing

Article 130 of the COPCI Regulation (Production Code of the Trade and Integration) reads:

The temporary admission regime for inward processing is a special customs regime through which goods can enter Ecuadorian territory, to be subjected to a process of ‘improvement’ for it must take into account the fulfillment of the following purposes:

- a) Processing;
- b) Development of new goods, even including for mounting, assembly integration, and adaptation to other goods;
- c) Repair, restoration or conditioning; or,

“Regime introduced by which national customs territory inputs, raw materials, spare parts or foreign origin, with suspension of import taxes, to be transshipped after being transformed, blending, mixing, repair or assembly.”(Foreign Trade.2012)

According this particular case should be exempt from being applied to this regime and that the goods are not subjected to any further import of any kind, much less for their respective export proposal.

Merchandise Replenishment with Franchise Tariff

Art 1 of the COPCI Regulation (Code of Commerce and Integration of Production)

Replacement with Tariff Privilege - The customs procedure allowing exemption from import duties and import taxes and surcharges with the exception of fees, identical or similar in kind, quality and technical characteristics to those nationalized and have been used to obtain the goods previously exported permanently.

Goods imported under the regime of duty free replenishment and whose release was authorized are freely available and have the same treatment as nationalized goods, however if these are exported definitely they will not be eligible again for duty free replenishment. (SENAE. 2011)⁴

In the case of this study, it will be applicable only for the purpose of mass marketing the product in the country through regime 147 of the same Code.

Processing under Customs Control

Articles 150-157 of the COPCI Regulation (Code of Commerce and Integration of Production) explains that they can enter import prohibited goods, for a period of six months, and evaluate after processing, repair or upgrading, the nature of the resulting product.

If the resulting product is prohibited it must be re-exported, the sub heading of the finished product (Art.156) determines restrictions.

Porcelain dinnerware does not have a high risk in processing under customs control regime.

Customs Warehousing

“In the Customs warehouse there are a series of operations, or norms, provided that they are intended to preserve goods, improve their delivery or marketable quality, or prepare them for distribution or resale.”

“These operations must be approved by the customs authorities to determine the conditions which must be done.” (Rino, A.2003)⁵

⁴ SENAE.2011

⁵ Rino, A.2003

It is important to emphasize this type of system since it can be taken into account to facilitate the operation of the import of dinnerware for compliance with Ecuadorian Technical Regulation RTE INEN 10 and its rules on arrivals; this is within the chapter 3, section 3.12 respectively.

Re-importation in the Same State

Art.120 of the COPCI Regulation (Code of Commerce and Integration of Production) stipulates:

“It is the customs procedure that allows the consumer import duties and exemption from import taxes and surcharges, the goods were exported definitively.”(Lara, 2012⁶)

This type of regime does not fit the case study since it is the import of the goods by reference for purposes of marketing and consumption in the state where you definitely imported.

1.4 Who can Import?

Natural or legal persons can import, or foreigners based in the country that have been registered as importer by the Customs Agency of Ecuador.

A legal person's Taxpayer Registration is the identification of its company, this should be previously intact and ready for import processes.

1.5 Obtaining an Importer Record from the Ecuador Customs

When people decide to import goods, in this particular case porcelain tableware, under the RTE INEN 10 a person must register as an importer in the Customs Information System (SICE), using the following procedure:

- Login to the website www.aduana.gob.ec
- Sign into OCE's menu, and select Data Logging
- From the Type field select Operator: Importer
- Register a temporary password: from 8 to 10 digits

⁶ Lara, 2012

- Fill in the General Information fields with the required information: Type of identification, Tax ID number (RUC), full name and company name, professional license data, academic data, legal representative data, title, document number, contact, address, observations, city, phone, email and data systems and software.
- Once the information set is registered, click the Submit Form button.
- Submit the following documents at the offices of User Support (General Management of the Ecuador Customs with the following documents: color copy of ID card, RUC, registration, established in resolution GGN-0310-2010 (General Manager Customs Corporation of Ecuador) published in the Bulletin No. 081-2010.

For the purposes of chinaware, the importer must register in different websites such as the INEN and ECUAPASS; each part of the operational process will gradually be explained in chapter three.

1.6 Type of Capacity and its Channels

Capacity Modes –“For the release of goods requiring customs declaration, you must use any of the following types of capacity: automatic, electronic, documentary or physical (intrusive or non-intrusive). The selection of the type of capacity will be made according to the analysis of risk profiles implemented by the National Customs Service of Ecuador.”(Chacón.K.2011⁷)

The risk profiles that SENAE uses to qualify an importer depends on the importer’s history, the customs bonded agent, or the importer’s country of origin. When the profile of the company is low risk Customs assigns the importer to an automatic capacity, otherwise they are assigned another type of existing capacity.

“The new system of electronic document review, ECUAPASS, aims to reduce the time to withdraw goods from the ports, this is just one of the achievements of this system. One benefit to importers is the low risk of tax evasion due to the decrease of paperwork which facilitates the capacity of goods.”(Chacón.K.2011)⁸

⁷ Chacón.K.2011

⁸ Chacón.K.2011

According to the regulations of book V of the COPCI, capacity modalities are:

- Automatic
- Electronic
- Documentary
- Physical
- Capacity X-ray

Automatic Channel Capacity

“The mode of delivery that is made by electronic validation through the Customs Declaration computer system through the application of risk profiles established by the National Customs Service of Ecuador.” (Chacón, K. 2011)⁹

Porcelain dinnerware can accommodate all capacities.

Electronic Channel Capacity

“Verification of the Customs Declaration and / or its accompanying documents and supporting information contrasted with the record recorded in the computer system of the National Customs Service of Ecuador.” (Chacón, K.2011)¹⁰

ECUAPASS is the computer system that allows the importer to make their processes and procedures for goods entering the country, this new type of capacity was established in order to save time and resources, creating environmental friendliness among other factors that will be detailed in this chapter.

Physical Channel Capacity

“It is the physical examination of the goods, to ascertain the nature, origin, condition, quantity, weight, size, customs value and / or tariff classification in relation to the data contained in the (DAI) and its accompanying documents and support, contrasted with

⁹ Chacón, K. 2011

¹⁰ Chacón, K.2011

recorded information recorded in the computer system of the National Customs Service of Ecuador. ECUAPASS” (Chacón.K.2011)¹¹

The goods that are subject to testing prior to entry into Ecuador, as is the case of porcelain tableware, are often subject to this kind of capacity. Even though there may be documentary compliance certificates, the physical and logistical compliance certificates must be in accordance with what is stated in their documentation, otherwise it will be objected by the assigned tester generating delay in the customs clearance process.

X-Ray Channel Capacity

Involves the analysis of the cargo through a system of x-ray scanning. (Zumarraga, L.2007¹²)

It is one of the channel capacities required for any importer, however the importer's risk level should be very low to match this kind of capacity.

1.7 Payment of taxes on imports

To determine the amount to be paid for foreign trade taxes, it is necessary to know the tariff classification of the imported product. For the percentage of tariffs and taxes, you can check on the ECUAPASS website, on the OCE's National Integrated Tariff menu item or by entering the product description.

The foreign trade taxes are duties, taxes imposed in organic, and ordinary laws and customs fees are outlined in chapter two. The tariff-heading 6911.10.00.00 is used in the case of tariff tax payments, and its operation is established in the payment process, respectively.

AD-VALOREM (Tariff Applied to the Goods)

This tax is administered by the Ecuadorian Customs. Percentage varies according to the type of merchandise and is applied to the sum of the Cost, Insurance and Freight (Import tax base). This value may be released from the duty discharging code depending on the product.

¹¹ Chacón, K.2011

¹² Zumarraga, L.2007

In the case of tableware, it is a final good and is not subject to the benefit of a discharging code; besides the ad valorem, it is subject to a payment of 30% ad valorem on its CIF (insurance and freight costs) since it was imported from the People's Republic of China who has not established any trade agreement from which the Ecuadorian state can benefit.

FODINFA (Development Fund for Children)

Tax administered by INFA. 0.5% is levied on the taxable amount of the import. It is a tribute that cannot be waived under any circumstance, the porcelain tableware tariff must pay this tax.

ICE (Specific Consumption Tax)

“Administered by the SRI. This is a percentage, according to the goods and services that are imported.” (Production Code of Trade and Investment. 2011¹³)

In the case of porcelain tableware admitted under RTE INEN 10 and NTE INEN 1804-1805 with tariff heading 6911.10.00.00 not subject to the tax for which this value will be released upon payment of its obligations to customs.

IVA (Value Added Tax)

“Administered by the SRI. Corresponds to 12% of: ad valorem +tax base + ICE +FODINFA.” (Production Code of Trade and Investment. 2011)

1.8 Supporting and Accompanying Documents

Upon importation, the Customs agent has to draw the Customs Import Declaration (DAI), send it electronically through ECUAPASS, and physically present it in the District of arrival of the goods enclosing the following documents required by Customs Law (LOA):

- Original or copy of negotiable transport document (Required)
- Commercial Invoice (Required)
- Customs Import Declaration (DAI) (Required)
- Insurance policy (Not required)

¹³ Production Code of Trade and Investment. 2011

Depending on the type of product to be imported, it should include. (Check the heading by accessing the SICE):

- “Certificates of Origin of the countries with which Ecuador has commercial agreements. Failure to submit the certificate on the product will not be eligible for tariff liberalization.
- Previous Control Documents (may be the shipment or presentation of the customs declaration) COMEXI required by regulations and / or the Board of Ecuador Customs.” (Ecuador Customs. 2012)¹⁴

Any accompanying document previously mentioned along with specific heading 691110000 will be discussed in chapter three; the process of how to get them will also be explained in greater detail, along with their approximate values and their effect on the customs clearance process.

1.9 ECUAPASS for the Importer

“It is the system that allows Customs Ecuadorian Foreign Trade Operators perform all operations pertaining to import and export.”(ECUAPASS.2012).¹⁵

ECUAPASS streamlines the processes of both import and export, in which all Foreign Trade Operators (OCEs) are incurred in one space, acquiring information for each of the parts through this new information technologies tool on an online platform.

“ECUAPASS is also the innovative computerized customs system of Ecuador, which applies to all users of foreign trade (customs dispatchers, drivers of authorized customs premises, owners, agents, and in general any natural or legal person, participant, beneficiary or other, in operations or customs procedures provided by law) that will allow access to all operations, reduce time associated with the operational effectiveness of customs formalities in a friendly, dynamic, and comprehensive manner.”(Torres, K.2012)¹⁶

¹⁴ Ecuador Customs. 2012

¹⁵ ECUAPASS.2012

¹⁶ Torres, K.2012

The effectiveness of ECUAPASS will be verifiable once it has considerable time use and retention in the logistics process of export and import. Thus, in the present more emphasis is on the logistics processes which the importer may be accessed for the clearance of goods, specifically tableware, from the Chinese state to the country of Ecuador.

“Portal modules and the Ecuadorian Foreign Trade Single Window Pilot Plan begin on December 22, 2011. Modules Load Dispatch (Import and Export processes) and Conditional Return Tributes were implemented in February 2012.” (ECUAPASS. 2012)¹⁷

Objectives of ECUAPASS

- Transparency and efficiency of customs operations:
- Reduce paper usage
- Simultaneously ensure customs control through a modern computer system and facilitate trade through a password system where only the importer has a password allowing you to login.
- Set customs operations system based on the model of the electronic clearance system in North Korea (UNI-PASS). “That which unifies in a customs declaration all clearance procedures from the import and export to the refund of duties, control of passengers entering or leaving and cargo tracking under customs control.” (SENAE Agreement. 2010)¹⁸
- Establishing Foreign Trade Single Window which consolidates the information from the import operator.

Among the benefits that this new tool can provide within the internet platform are:

- Integrate all foreign trade operators in a single computer database
- Electronic Signature
- Transaction security
- Queries information
- Mail transactions

¹⁷ ECUAPASS. 2012

¹⁸ SENAE Agreement. 2010

- Dispatch guaranteed
- Automatically refunded taxes
- Manage customs procedures at any time and place

Like any new system to be incorporated into the Internet platform it should take into account the fulfillment of prerequisites for their use, these are:

- Digital Certificate device, a means by which we can provide convenient and easy to use security for participants in an electronic transaction.
- Register on the electronic portal ECUAPASS for importing dinnerware into Ecuador.

Prior to registration in the ECUAPASS as an importer, it is important to have a Token or Digital Signature Certificate. To obtain a record electronic signature application one should take the following steps:

1. Login to the website of the Central Bank of Ecuador (<http://www.bce.fin.ec/>)
2. Go to link Electronic Certification (<http://www.eci.bce.ec/web/guest/>)
3. The company must be pre-recorded and updated in the database of the Central Bank

Additionally, one should choose the option to request an Electronic Signature Certification to be in compliance with data entry, being either a legal or natural person, being in this case the importer corporation, following these steps:

1. Select the Certificate Type for your request
2. (Natural Person – Lawful – Civil Servant) in the case of an importer favors, the first option is the most appropriate.

The following should also be selected:

- The type of container for your certificate (Token-File-HSM-Roaming); importers must choose the first option.
- The place of delivery of the certificate (Quito-Guayaquil-Cuenca). For this case study, the place was the city of Cuenca.
- Type of Identification

- (Government ID -Passport) in the present case, the importer was not a foreign national residence and identification was therefore a standard government ID.

Once entered, the data of the legal entity, which will receive the electronic signature certificate, should be entered accompanied by an appointment of the employee, appointment of a legal representative, identity card, certificate of suffrage, and the contract model described by the Central Bank to obtain a Digital Signature Certificate.

According to Resolution No. BCE-003-2012: TOKEN (a USB cryptographic device which stores your digital certificate securely), this is valid for 2 years.

Electronic Signature costs are as follows:

Issuance of Electronic Signature Certificate (token)	\$ 30.00 + tax
Portable Device Security – Token	\$ 26.00 + tax
TOTAL	\$ 56.00 + tax
Certificate renewal (valid for 2 years)	\$ 15.00 + tax

Table 2: Costs of electronic signature - Central Bank

Source: <http://www.eci.bce.ec/web/guest/solicitud-de-certificado1>

Once the cost is considered as income Electronic Signature Application Importer in the Central Bank, the same institution will provide the date and time for the company's legal representative approaches for removal of the device, accompanied by his identity card, the same will generate a new agreement between the user, owner of the Electronic Signature and the public institution.

The Electronic Signature Certificate can be registered by the Importer in ECUAPASS through the following steps:

1. Sign into ECUAPASS portal
2. Click on request of use

3. Create username and password
4. Sign uniquely identifying digital certificate and accept usage policies

In the space of 24 hours the importer will be registered in the system and have access to the various services that the system follows.

VUE Portal - the only Ecuadorian single virtual access point to complete the formalities for import and export authorizations. This is an important point for the Dinnerware Importer because through it he must have the last prerequisite document, known as an Import license, this will be addressed in chapter 3.

Load - To determine the capacity to embark

Office - Sending system that allows the quick sending of products

Posterior Control -to determine the processes are met

Customs Litigation-to determine if the importer has problems

Data warehouse - a repository of easily accessible data, fed from many sources, transformed into groups of information about specific business issues, to allow for further consultation, analysis, reports and decisions.

Draw Back - Part of the import program allows a conditional, full, or partial refund of import duties and taxes imposed on the products exported or consumed during production.

Early Check Warning - Allows time to notify any unforeseen thing.

Risks -Management to determine import problems

These requirements of the new system will allow people to optimize time and agility in most foreign trade procedures.

Security of the system Ecuapass identifies a foreign trade operator, which is the natural or legal person, domestic or foreign involved in the traffic of goods, media and persons subject to customs control, for which knowledge of registration is critical.

As for the application, the first place is SICE (Foreign Trade Interactive System) and then ECUAPASS. Thus the OCES that do not have username, or those who wish to register with a new type of additional OCE, must first obtain the code operator type in the SICE that is a way to ensure the entry of users already recognized in the system. Thus, to enter the computer system to import the first thing that must be done is indicate the type of operator, then the sector, and after that the assigned SICE code, then the temporary password and password confirmation.

One standard will be identified for all operator codes of foreign trade in ECUAPASS keeping the last four digits the same as the code in the SICE. Also in reference to the Operator type “Importer / Exporter,” ECUAPASS generates a new OCE code number that is determined automatically.

In summary, the majority of private companies or individuals who are admitted to ECUAPASS and obtain an additional Operated New Code, once created and in the SICE, allows for creation and automatic updating of the ECUAPASS System.

TYPE	DESCRIPTION	NEW	CODE	DESCRIPTION - NEW
1	SECURED CUSTOMS AGENT (Customs agent)	1	01+000+CODI_OPER	Customs Agent
2	SHIPPING LINE OR TRANSPORTER (shipping line)	2	02+000+CODI_OPER	Shipping Line
3	AIRLINE OR TRANSPORTER (airline)	3	03+000+CODI_OPER	Airline
4	GROUND TRANSPORT (ground transport)	4	04+000+CODI_OPER	Ground transport
5	TEMPORARY STORAGE (temporary storage)	5	05+000+CODI_OPER	Temporary storage
6	COMERCIAL STORAGE (customs storage)	6	06+000+CODI_OPER	Customs storage
7 AND 23	INTERNATIONAL FREIGHT AGENT - COA AGENT	7	07+000+CODI_OPER	INTERNATIONAL FREIGHT AGENT
	INTERNATIONAL EXPORT FREIGHT AGENT - CASI AGENT			
8	INTERNATIONAL POSTAL TRAFFIC ENTERPRISE AND FAST MAIL COURIER - CT AGENT	8	08+000+CODI_OPER	COURIER AND POSTAL
9	FREIGHT CONSOLIDATOR	9	09+000+CODI_OPER	Freight Consolidator
10	PORT AUTHORITY - (port operator)	10	10+000+CODI_OPER	Port Operator
11	SUPERVISORY (sellers)	11	11+000+CODI_OPER	Verifiers
12	INDUSTRIAL STORAGE - (industrial installation)	12	12+000+CODI_OPER	Industrial Installation
13	FREE TRADE ZONE - (ZEDES)	13	13+000+CODI_OPER	Zedes
14	FREE WAREHOUSE	14	14+000+CODI_OPER	Free Storage
15	AIRPORT SERVICES ENTERPRISE - (airport operator)	15	15+000+CODI_OPER	Airport Operator
16, 17, AND 19	IMPORTER - EXPORTER	16	16+90+NEW	IMP / EXPORTER
	EXPORTER - DECLARER			
	ELECTRONIC TRANSPORTER			
18	MAQUILA - IMPEMPMAQ	18	18+000+CODI_OPER	MAQUILA/IMPEMPMAQ
20, 22, AND 25	CONTROL AGENCY - CASIAGENT	20	20+000+CODI_OPER	CONTROL AGENCY
	PRE-CONTROL ADMINISTRATIVE DOCUMENTS - CASIAGENT			
	SUBSECRETARIAT OF PORTS AND MARITIME TRANSPORTATION			
21	SPECIAL STORAGE	21	21+000+CODI_OPER	Special storage
24	ECUADOR POSTAL SERVICE			
26	INTERNATIONAL AGENCIES	26	26+000+CODI_OPER	International agencies

Table 3: New OCE Code

Source: Number: 97-2012 - 4/25/2012 Considerations for user registration in the ECUAPASS

The use of code information is protected so that not everyone can access the computer to perform procedure, the OCES portal is specific to each importer and those involved in the trade process. Through customs, adequate information and training staff is used to operate ECUAPASS in the user registration process, this applies to all types of Foreign Trade Operators, which also has benefits like the automatic approval system, and even an SICE operator already has knowledge of how to perform the process.

The introduction of electronic signature ECUAPASS and among many of the advantages is the reduction of paperwork that was made in the office.

The concern of operators is ultimately the performance and technology that this system operates, it is for this reason that Customs coordinates training of staff and users, in addition to the implementation of electronic signatures as a real security tool.

To better explain this tool, the electronic signature is equivalent to the Ecuadorian National ID card but in the world of electronic commerce. International trade requires identifying people in a unique manner and the best way to do this so far has been through digital certificates known as Electronic Signature Certificates.

It is determined that foreign trade operators must have knowledge and understand the legal significance representing the use of electronic signatures as well as keeping track of documents and evidence of transactions made in the world of trade.

1.10 Conclusion

In conclusion, importation is a process of bringing goods from one foreign state to another, for which one must meet the respective legal and tax requirements of the receiving country, in addition to the enforcement of the importing country for the purpose of customs clearance.

Those who import porcelain tableware to Ecuador, provisional to RTE INEN 10 and INEN compliance, should respect the customs import regulations of the same state, by obtaining both data and documents prior to control as key access to the new information system called ECUAPASS, this saves time in the different procedures and operations. After going through the whole process to import a commodity, one must know the management and security systems. It is also required that the procedures have a first class security level.

With the adoption of customs regulations in reference to dinnerware, importing to Ecuador from a foreign country is done efficiently and is marketed in the domestic consumer market according to established price policies.

CHAPTER 2

Legal Base that is centered on the Regulation of the Import of Covered Dishes (RTE INEN 10 and NTE INEN Norms 1804 and 1805)

2.1 Introduction

The marketing of goods both domestically and internationally has generated a greater range in the flow and management of business relationships of those involved in them. Porcelain tableware is generated through various institutions, both governmental and non-governmental organizations, as well as internal and external controls, which regulate its sale in the requirements subject to control prior to entering Ecuador. Consequently, in this chapter we will discuss the different relations of institutions as well as the rules and regulations concerning the importation of porcelain tableware.

2.2 Related Institutions

The institutions related to the importation of covered dishes, specifically concerning regulations (RTE INEN 10 and NTE INEN Norms 1804 and 1805), are the National Quality Council (CONCAL), The Ecuadorian Standardization Institute (INEN), the National Customs of Ecuador (SENAE), Central Bank of Ecuador, and the Board of Foreign Trade and Investment (COMEXI).

2.2.1 National Quality Council (CONCAL)

The National Quality Council is a set of processes and public and private institutions that are directly responsible for both the implementation of the principles and mechanisms of product quality.

The Ninth Ecuadorian Quality System Temporary Provision Act was reformed generating one of the most important changes such as the elimination of the private sector, it was responsible for the quality principles and mechanisms implemented. Today an inter-ministry Committee seeks to replace the National Quality Council (CONCAL), which includes representatives of the Ministries of Agriculture, Health, Energy and Mines, Environment, Tourism, Transport and Works public, Electricity and Renewable Energy, plus three delegates, one from each of the National Federation of Chambers of Industry, Commerce and Small Industries, a delegate

of the Ecuadorian Federation of Exporters (FEDEXPOR) and a delegate from consumer associations. (Analysis Bureau.2011)¹⁹

Currently the National Quality Council (CONCAL) has the right to determine the goods under control through a resolution explaining the procedure to be applied to them. This function passed from the hands of the Ecuadorian Standardization Institute (INEN) to the inter-ministry Committee. However, in their operation the importer shall be subject to the approval by the RTEINEN Regulation 10 and NTE INEN 1804 and 1805 to which this thesis refers to.²⁰

2.2.2 Ecuadorian Standardization Institute (INEN)

The Ecuadorian Standardization Institute INEN is within the Ministry of Foreign Affairs, Trade and Integration; this institution is a legal entity, which also focuses on technical compliance, verification, and for certain domestic and imported products. (INEN.2012)²¹

The Ecuadorian Standardization Institute, as its name implies, is one of the national organizations that aims to support the fulfillment of the requirements due to the consumer. Through control and interaction by the institution, a product being sold must comply with various requirements under the rules and regulations.

Additionally the Ecuadorian Standardization Institute (INEN) has within its power the ability to provide quality certificates to various businesses that handle either imported or exported products according to internationally recognized norms and standards.

Another objective of INEN is conducting audits and consulting for companies that require granting certificates and quality seals, such as the ISO 9000 or ISO 14000.

Along with this entity there is the closely related and painstaking work of the Ecuadorian Accreditation Organization (OAE), a public legal entity that is responsible for accrediting both inspection certificates, test reports, and recognizing product entities duly accredited by

¹⁹ Analysis Bureau.2011

²⁰Regulation RTE INEN 10 and NTE INEN 1804 y 1805

²¹ INEN.2012

the Ecuadorian state for the importation of those goods subject to compliance prerequisites for import. Porcelain tableware under compliance with Regulation INEN NTE 10 and INEN RTE 1804 and 1805, prior to certification from the Ecuadorian Standardization Institute (INEN) it must interact with the Ecuadorian Accreditation Organization. This process will be outlined in the chapter 3 that explains the vital importance between these two entities, whose work is undoubtedly dependent upon collaboration between them selves to provide guarantees of quality for the importer to the consumer.

2.2.3 National Customs Service of Ecuador (SENAE)

The National Customs Service of Ecuador SENAE, formerly known as the Ecuadorian National Corporation (CAE) is a public autonomous company which is updated by service-oriented, Ecuadorian companies. The highest representative of the institution is the CEO of the SENAE. On a side note, among the reforms established in 2012 the Customs Surveillance Service became the Customs Surveillance Unit. (SENAE.2012)²²

The administration of the National Customs Service of Ecuador shall be the Director or the Director General who shall be the highest authority and legal representative, judicial and extrajudicial, which exercises the administration, operation and monitoring specified in this Code, by the authorities referred to in the previous article in the customs area.

The SENAE, as it is commonly known, is an entity that seeks to protect, enforce, and punish violations of the requirements. In the case of import procedures for the purpose of mass distribution of the product in the country, this entity controls the classification of goods that the importer and his agent declare to the products entry. The physical merchandise must be in line in composition and performance for adherence, such as electronic customs import declaration set forth in the DAI.

If there is an inconsistency between what is declared and what is actually being imported, the National Customs Service of Ecuador is responsible for classifying the goods in accordance to what the appraiser has assigned, if an economic adjustment is made then the importer must take this into account before the release of the goods into Ecuadorian territory.

²² SENAE.2012

The National Customs Service (SENAE) and the Ecuadorian Standardization Institute (INEN) are the entities that governed importers in one of the prior import processes in accordance to compliance RTEINEN Regulation 10 and INEN NTE standards 1804 and 1805 imports of porcelain tableware, a point that will be explained in the third chapter of this document. In addition, the National Customs Service (SENAE) is the competent body responsible for the approval or refusal of entry of such goods into the country through the declaration thereof according to Section 147 COPCI Regulation (Code of Production of Trade and Integration) for the purposes of consumption and distribution within the country itself.

2.2.4 Central Bank of Ecuador

It is an 81 year old, public entity which is involved in various economic activities of private companies, banks and citizens in general, having some interference both in the lives of people, and in individual productive sectors.

Among the functions of the Bank, some are enabling people to have notes and coins in the quantity, quality, and in the denominations required, as well as making payments and receipts that everyone has made in cash. The private financial system assesses, monitors, and constantly checks the amount of money from the Ecuadorian economy, ensuring the transparency and security of the State's resources. The money handled through the banking system provides individuals, businesses, and public authorities, information regarding financial and economic decisions. Additionally, in regards to foreign trade matters, the agency works with foreign banks allowing transfers, utility payments, reimbursements of imports, as well as the payment of debts and repayments of interest. (Central Bank of Ecuador. 2013)²³

Among the main features of the Central Bank of Ecuador there are 3 important factors: The first is their technical expertise, this has been reflected through the professional capacity of both its employees and officers that have developed gradually which has gained even international recognition. The second factor is the institution's ability to give guaranteed information based on safe and reliable sources, a fact that has provided Ecuadorian citizens a sense of confidence, leading to private external debt, foreign direct investment, etc. The third factor that characterizes this institution is its service to both private and public companies, a

²³ Central Bank of Ecuador. 2013

clear example of this applies to the importation of porcelain tableware under the RTEINEN 10 Regulation compliance and NTE INEN rules 1804 and 1805. The Central Bank provides the delivery of certificates or electronic signature tokens, compulsory service for all OCEs that use ECUAPASS, as well as service to security firms, individual importers and their assistants, customs agents, shipping companies, storekeepers, and other foreign trade operators.²⁴

2.2.5 Board of Foreign Trade and Investment (COMEXI)

Art.10 of the Law on Foreign Trade and Investment (LEXI) created the Board of Foreign Trade and Investment (COMEXI) which is composed of the President of the Republic or its permanent representative, the Minister of Foreign Affairs, Trade and Integration, Minister for Productivity and Fishing Industries, the Minister of Finance and Public Credit, the Minister of Agriculture, Minister of Tourism, the President of the Ecuadorian Federation of Exporters, FEDEXPOR, or his representative, the President of the National Federation of the Chambers of Industry of Ecuador or his representative, the President of the National Federation of Chambers of Commerce of Ecuador or his representative, the President of the National Federation of Chambers of Agriculture of Ecuador or his representative and finally a delegate from the Agriculture, Fisheries, and Export products sectors, nationwide. Moreover it states that the Secretary of COMEXI be the Undersecretary of Foreign Trade and Integration, and in his absence it will be the Director of Foreign Trade and Integration from the Ministry of Industry, Trade, Integration and Fisheries (MICIP).

In case of absence of either the President or his predecessor, it will be the Minister of Foreign Trade, Industrialization, and Fisheries who will participate with a vote, providing that a Minister of State is unable to attend the meetings of the COMEXI. The Secretary shall be responsible for matters that are related to Foreign Trade and Investment. The Board of Foreign Trade and Investment will have the ability to invite other public officials as well as general commission to different representatives of the private area. (COMEXI.2012)²⁵

²⁴Art. 11 (Law on Foreign Trade and Investment (LEXI)

²⁵ COMEXI.2012

Pursuant to compliance with Section 11 (Law of Foreign Trade and Investment, the duties and powers of the Board of Foreign Trade and Investment (COMEXI) are:

- a) The policies determine external trade in goods, services and technology, integration and direct investment, in accordance with the principle of free trade, global trade environment, the international commitments undertaken by the country in these matters, the macroeconomic program and development plans of the country, and sector.
- b) Establish standards required by the Ministry of Foreign Affairs, Trade and Integration.
- c) Provide guidelines and strategies for external negotiation rounds raised by the Government.
- d) Determine the treaties, bilateral agreements and multilateral trade and direct investment integration.
- e) Develop a strategic plan to promote exports and direct investment, by the External Promotion Ecuadorian System, composed of the Corporation for the Promotion of Exports and Investments (CORPEI), and external network, the Commercial Service through its representation in those cities that warrant functions of trade policy negotiations, and cooperation of the Foreign Service, through its embassies and diplomatic missions. (Information System for Foreign Trade. 2013)²⁶
- f) Promote the strengthening and development of special schemes such as free zones, insurance export credit, and other tools to support the various trade processes.
- g) The Council will be informed about the decisions that assume the Ministry of Foreign Trade, on measures taken to counteract dumping, subsidies and import regular movement that warrant the application of safeguard measures in accordance with the World Trade Organization. The Council may establish temporary anti-dumping or countervailing duties, safeguarding measures to correct unfair practices to the domestic industry. (SICE.2013)
- h) Suggest candidates for Commercial Service functions abroad, whose appointment is in charge of the Ministry of Foreign Trade, in accordance with Title IX of the Foreign Service Act. In addition to issuing judgment and possible solutions in public sector

²⁶ Information System for Foreign Trade. 2013

disputes concerning foreign trade, and finally define national policies for obtaining increased competitiveness of domestic production in order to boost the export sector. (SICE.2013)

It is important to consider that the interference of the Council within the foreign trade field is a high priority, as this is a targeted integration of government agencies in terms of the same area, allowing the development of activities based on the full knowledge of their subjects, as the same conflict resolution to be submitted in this context, in addition to promote systems that foster domestic industry, promote the export sector, and generate measures to protect domestic industry against unfair competition.

In the case of the importation of porcelain tableware under the compliance with Regulation RTE INEN 10 and Norms NTE INEN 1804 Y 1805, the COMEXI in conjunction with the Ecuadorian Standardization Institute (INEN) provide technical information that the importer must comply with prior to importation in order to protect consumers by providing accurate and reliable information about the product, as well as issues to be addressed through forums of interest.²⁷

2.3 Related Standards

2.3.1 Ecuadorian Technical Regulation RTE INEN 10-2008 and amendments

The development of the respective regulations dating from 1995, the year in which the initiative from the Commission of the Andean Community, under decision 376, later replaced by the 419 in 1997, established the Andean System for Standardization, Testing, Accreditation, Certification and Application of Technical Regulations for the countries of the Andean Community and EU level. (Regulation RTE INEN 10. 2008)

To ensure optimal product quality, regulations must adapt to present conditions, including the need to provide truthful and accurate information so that one can provide consumer information clearly and concisely on how the product is acquired.

²⁷Art. 11 (Law on Foreign Trade and Investment (LEXI)

This regulation establishes the requirements to be fulfilled by ceramics, crockery and other articles of domestic, or sanitary purposes, in order to prevent a risk to health, life, human security and the environment. Compliance is mandatory and applies to goods already imported and domestic products marketed in the country. However, this document when dealing within the foreign trade field, emphasizes compliance and explanation of general foundations, legislative, and logistics from the same merchandise through the import process.²⁸

Pursuant to compliance and consistency both with this Regulation, the imported goods are applicable to tariff 691110000 described as crockery and other household articles, toilet articles of porcelain, tableware, and kitchenware. This item's classification is described in the same rule for their respective application.

According to the outlined regulations, inspection is regarded as a method for assessing the conformity of the product, mediating the observation and judgment accompanied by measurement or compliance with established patterns by the same rules. Another interesting concept to be considered is the deregulation for repealing or activation of an option to a mandatory standard within the same field. (Regulation RTE INEN 10. 2008)

The classification of goods is in accordance with the following table; this facilitates the importer to pay the respective tariff classification of the product at the time of acquisition.

TYPE OF TABLEWARE	ABSORPTION OF WATER(%)
VITRIFIED	<0.5%
SEMI-VITRIFIED	$\geq 0.5\%$ and $\leq 10\%$
NON-VITRIFIED	>10%

Table 4: Types of dishes according to their level of water absorption

Source: Ecuadorian Technical Standard NTE INEN 1799 and RTE INEN 10-2008

²⁸Ecuadorian Technical Regulation RTE INEN 10-2008

Labeling observations, as the regulations requirements translating the original product description into Spanish. Each trading unit must be labeled with the importer's name, unique taxpayer registration, along with a photograph upon revision of the direct sample. Products must meet standards that conform to these rules, in addition to being compliant through a certificate of accreditation body by OAE according to the agreements with other applicable country.

Porcelain dinnerware complies with these rules and prior to entry into Ecuador. The importer must submit INEN Form 1, if the product is not in INEN compliance through oversight and supervision, then the importer, depending on the act, shall be fined a civil or criminal tax according to the gravity of the act. (RTE INEN 10. 2008)

INEN regulations and modifications can be identified as the following:

- End unit to be sold - these are the units that will be marketed either in bulk or in sets.
- Bulk - pieces without order number and are marketed as single units that do not have any wrapping. If the unit is sold by bulk pieces each carry a sticker with the information requested.
- Set or game - is determined by the composition of parts which are related to each other and they share the same properties and the same purpose. In sets, the final unit sold in this package must bear what is attached to the box.
- Tableware - includes of set of dishes, cups, and glasses that go on a table.

It is in this way that the Regulation RTEINEN 10-2008 document will be referred to for compliance of porcelain tableware in the next chapter. These provisions should be considered, as well as the rules that pertain to NTE INEN 1804 and 1805, as in the physical labeling of the tableware.

2.3.2 Ecuadorian Technical Standard NTE INEN 1804. Ceramic Products. Vitrified. Tableware other household articles and toilet. Requirements.

The technical standard NTE INEN 1804 is formed by a number of the requirements established by the Ecuadorian Standardization Institute (INEN), all vitrified ceramic products

must meet said requirements and are approved in accordance with the regulations established by the NIE. (Ecuadorian Technical Standard NTE INEN 1804)

It is essential to understand ceramic tableware, these are tiles made with pastes prepared from clay, feldspar, quartz, metal oxides and other materials that make it substantially different and unique due to their resistance.

Among the requirements that the product must meet to fall within this standard are resistance, to impact, chipping, solubility of lead and cadmium, thermal shock resistance, water absorption level, finishing defects. In addition to these features, these products should meet the requirements for packaging and marking, being that they must provide for product safety during transportation, and finally in their respective storage.

The design and dimensions of the crockery are set by the manufacturers, but the pieces of the same design may not vary in size or more than $\pm 3\%$ within each lot inspected.

According to the test report established in the NTE INEN 1801, the test pieces should have minimal chipping resistance indicated in the following table:

UTENSIL	MINIMAL CHIPPING RESISTANCE
Cup, Pitcher, and Other	0.097
Plates	0.125

Table 5: Minimal chipping resistance
Source: NTE INEN 1 801

According to the test set in the NTE INEN 1800, the test pieces should have minimum resistance to impact given in the following table:

UTENSIL	MINIMUM RESISTANCE TO IMPACT
Cup, Pitcher, and Other	0.125
Plates	0.153

Table 6: Minimum resistance to impact
Source: NTE INEN 1 800

According to the test set out in the NTE INEN 1802, the test pieces must not exceed the allowable limits for lead and cadmium solubility indicated in the following table:

Type of Ceramic	n	Criteria of permitted limits	Unit of measurement	Limit of lead	Limit of cadmium
Flat bone china	4	Half of the specimens \leq limit	mg/l	2	0.5
Flat, hollow bone china	4	Half of the specimens \leq limit	mg/l	2	0.5
Large, hollow bone china	4	Half of the specimens \leq limit	mg/l	1	0.25
Hollow bone china, storage	4	Half of the specimens \leq limit	mg/l	0.5	0.25
Cup and Pitcher	4	All of the specimens \leq limit	mg/l	0.5	0.25
Cooking utensil	4	All of the specimens \leq limit	mg/l	0.5	0.25
n = The number of specimens to be tested					

Table 7: Allowable limits of lead and cadmium

Source: NTE INEN 1 802

Additional test includes:

- The ceramic thermal shock method to test cracking resistance - According to the test report established in the NTE INEN 1798, none of the test pieces should be erratic.
- Water absorption - According to the test set in the NTE INEN 1799, the test pieces should have an average value of water absorption lower than 0.5%.
- Finish defects - For purposes of this rule, are considered critical defects, major and minor, as indicated in the NTE INEN 1795, and its acceptance is subject to the provisions of the NTE INEN 1797 for the reception of the product.

- Decoration resistance to removal by detergent - According to the test set out in the NTE INEN 2 425, in all parts of the grade score detergent attack must be zero.²⁹

Inspection

Sampling: it should be carried out as specified in the NTE INEN 1 797. Acceptance or rejection should be made according to the specifications in the NTE INEN 1

Packaging

Packaging for tableware and other household articles and toilet glazed ceramic, must protect them during transport, handling, and storage.

Labeling

The package should contain the following information:

- Product identification
- Number of pieces contained
- Type of product; (vitrified)
- Caption “Fragile”
- Trademark
- Lot identification or serial number
- Model or type
- Business name and full address of the producer or distributor
- Reference: NTE INEN 1804, or equivalent technical regulations of the country of origin
- Country of origin

2.3.3 Ecuadorian Technical Standard NTE INEN 1805. Ceramic Products. Semi Vitrified and Non-vitrified. Tableware, other Household and Toilet Articles

Requirements

²⁹Ecuadorian Technical Regulation RTE INEN 10-2008

After the investigation, the requirements for semi vitrified unglazed (porous) crockery have to meet were determined.

According to the rules, the paste used to make the porcelain should be prepared based on clays, quartz, feldspar, metal oxides as well as different materials to improve the characteristics of the product.

The finished product should be free of critical defects in appearance, development, and design.

Other requirements to be met are the same requirements of the previous standard, the only difference is the degree of semi vitrified unglazed porcelain such as: design and dimensions as well as resistance to impact, thermal shock, resistance to chipping, cracking of the enamel should be soluble lead and cadmium, the water absorption level and the defects of the final finish. The standard packaging and finish indicates the packaging of the dishes provided by both safe transport and storage.

In accordance with the standard in design and dimensions, the design and dimensions of the crockery will be established by the manufacturers, but the pieces of the same design may not vary in size in a tolerance of $\pm 3\%$ within each batch inspected.³⁰

According to the test set in the NTE INEN 1801, the test pieces should have a minimum resistance to chipping, this is indicated in the following table:

Utensil	Minimum Resistance to Chipping	
	Semi-vitrified	Non-vitrified
Cup, Pitcher, and others	0.083	0.083
Plates	0.111	0.111

Table 8: Resistance to chipping
Source: NTE INEN 1 801

According to the test set in the NTE INEN 1800, the test pieces should have a minimum resistance to impact, this is shown in the following table:

³⁰Ecuadorian Technical Norm NTE INEN 1805.

Utensil	Minimum Resistance to Impact	
	Semi-vitrified	Non-Vitrified
Cup, Pitcher, and other	0.111	0.111
Plates	0.139	0.139

Table 9: Minimum resistance to impact

Source: NTE INEN 1 801

According to the test set out in the NTE INEN 1802, the test pieces must not exceed the allowable limits for of lead and cadmium solubility, indicated in the following table:

Type of Ceramic	n	Criteria of permitted limits	Unit of measurement	Limit of lead	Limit of cadmium
Flat bone china	4	Half of the specimens \leq limit	mg/l	2	0.5
Flat, hollow bone china	4	Half of the specimens \leq limit	mg/l	2	0.5
Large, hollow bone china	4	Half of the specimens \leq limit	mg/l	1	0.25
Hollow bone china, storage	4	Half of the specimens \leq limit	mg/l	0.5	0.25
Cup and Pitcher	4	All of the specimens \leq limit	mg/l	0.5	0.25
Cooking utensil	4	All of the specimens \leq limit	mg/l	0.5	0.25
n = The number of specimens to be tested					

Table 10: Allowable limits of lead and cadmium

Source: NTE INEN 1 802

Resistance to cracking of ceramic parts autoclave method - According to the test set out in the NTE INEN 1803, none of the test pieces should be erratic.

Water absorption - According to the test set out in the NTE INEN 1799, the test pieces should have an average value of water uptake greater than or equal to 0.5% and less than or equal to 10%, in the case of semivitrified, and greater than 10% non-vitrified.

Finish defects - For the purposes of this rule, defects should be considered critical, major or minor, as indicated in the NTE INEN 1795, and its acceptance is subject to the provisions of the NTE INEN 1796 for the reception of the product.

Decoration resistance to removal by detergent. According to the test set out in the NTE INEN 2425, in all parts of the grade score detergent attack must be zero.³¹

Inspection

Sampling: it should be carried out as specified in the NTE INEN 1796.

Acceptance of Rejection: both should be made according to the specifications of the NTE INEN 1796.

Packaging

Packaging for tableware and other household articles and toilet semi glazed ceramic and non-vitrified, must protect them during transport, handling and storage.

Labeling

The package should contain the following information: product identification, number of pieces contained, type of product (vitrified), caption “Fragile”, trademark, lot identification or serial number, model or type, business name and full address of the producer or distributor, reference: NTE INEN 1804, or equivalent technical regulations of the country of origin

As a final point, this rule determines that the products can be packed in wrappers of cardboard or paper, which may be filled with straw as well as materials that do not allow them to come in contact with each other and possibly break. In other words, the pieces should be packaged

³¹Ecuadorian Technical Norm NTE INEN 1805.

under wraps of paper, cardboard or filled straw or other materials that prevent sudden shock or impact.³²

2.3.4 Ecuadorian Technical Norm NTE INEN 1795. Ceramic Products. Tableware. Definitions and Classifications

The following are some of the definitions and classification associated with NTE INEN 1795:

Purpose: you can determine that this rule defines terminology and classification tableware split them (NTE INEN Ecuadorian Technical Standard 1795).

Definitions: NTE INEN Ecuadorian Technical Standard 1795

Hole: depression or deep void

Warping: Curl up with a single turning point or a single arc

Blisters: Bubbles or gaseous inclusion in the glazed surface

Handle badly positioned: in a manner detrimental to the appearance and function of the part or both criteria

Cake: Part unglazed fired ceramic

Pouch: partially closed cavity surface

Cutting Edges: sharp prominences of any size located in the part

Backside: The remains hidden when the work piece is in the position required for normal use

Main side: which is visible when the part is placed in the position required for normal use

Ceramic: product formed from inorganic materials such as clay, feldspar, quartz, glazed or unglazed baked with different properties Initial

Couture: Outgoing long and narrow on the surface of the work piece

Critical flaw: It is that which renders the piece to be dangerous

³²Ecuadorian Technical Norm NTE INEN 1795.

Major defect: a fault or reduction in usefulness

Minor Default: small defect in appearance

Defects Total: sum of critical defects and higher

Chipping: nick or defect is on the edge of the piece

Scaled: when the glass jumps or falls of part of the body

Lack of color: area that are not colored

Lack of enamel: when there are areas not covered by enamel

Edge color: colored edges and corners least in the case of colored glaze

Enamel drop: extrusion enamel due to excess

Hole: shallow crater or depression

Footprint Surface: splines or fine grooves

Inlays: any foreign material attached to the enameled body

Earthenware ceramic: unglazed or semi-vitrified

Stain: discolored area

Acceptable quality level: the largest number of defects hundred units

Unglazed: the degree of vitrification evidenced by a relatively high water absorption >10%

Orange Peel: glazed surface appearance similar to orange peel

Porcelain: white ceramic product or unglazed vitrified glazed this concept will be used for this investigation.

Soft Porcelain: Ceramic products burned between 1150 and 1250 degree Celsius

Bone china: contains at least 35% tri-calcium phosphate as bone ash

Stoneware: combusted products between 1350 - 1400 degrees Celsius

Extrusion: A lump elevated area on the surface or produced during the training process. (Ecuadorian Technical Standards. INEN 1 795:2005)

Pinholes: imperfections in the surface of a ceramic glaze like pin pricks (Ecuadorian Technical Standards. INEN 1 795:2005)

Support points: marks on the unseen face of the plates produced by the same load bearing. (Ecuadorian Technical Standards. INEN 1 795:2005)

Riven: crack visible of any size that is presented in the piece. (Ecuadorian Technical Standards. INEN 1 795:2005)

Collected enamel: enamel shrunk anywhere on the piece that causes or unglazed surfaces with a thin layer of enamel, caused by surface tension problems (Ecuadorian Technical Standards. INEN 1 795:2005)

Semi-porcelain: semi-vitrified service utensils (Ecuadorian Technical Standards. INEN 1 795:2005)

Semivitrified: the degree of vitrification evidenced by a moderate or intermediate water absorption $> 0.5\%$ and $< 10\%$ (Ecuadorian Technical Standards. INEN 1795:2005)

Stoneware: clay product with a large vitrification area not less than 100 degrees Celsius. (Ecuadorian Technical Standards. INEN 1 795:2005)

Terracotta: deformation of the pieces with more than one point of inflection (Ecuadorian Technical Standards. INEN 1 795:2005)

Twisted: ability of a body to transmit a proportion of light incident on it (Ecuadorian Technical Standards. INEN 1 795:2005)

Translucency: ability of a body to transmit a proportion of light incident on it (Ecuadorian Technical Standards. INEN 1 795:2005)

Utensil hollow ceramic work: Article internal plane with a depth not exceeding 25 mm measured from the lowest point (Ecuadorian Technical Standards. INEN 1 795:2005)

Ceramic utensil background: internal depth not exceeding 25 mm measured from the lowest point to the horizontal plane passing through the point of overflow. (Ecuadorian Technical Standards. INEN 1 795:2005)

Glazing (glazed) glass coating based on inorganic oxides firmly attached to the body of the tile (Ecuadorian Technical Standards. INEN 1 795:2005)

Vitrification (glass): progressive reduction and elimination of the porosity of a ceramic composition of a base glass. (Ecuadorian Technical Standards. INEN 1 795:2005)³³

Categorization of Defects

- Hole
- Blisters
- Bags
- Cutting Edges
- Pitting
- Scaled
- Lack of Enamel
- Inlay
- Points for Support
- Riven
- Collected Enamel

Major Defects

- Hole, Any size for vitrified tableware
- Warp
- Handle badly positioned
- Bag
- Couture
- Pitting

³³Ecuadorian Technical Norm NTE INEN 1795.

- Lack of enamel
- Surface footprint
- Inlay
- Support points
- Riven
- Collected enamel
- Crooked

Minor Defects

- Warp
- Couture
- Lack of Color
- Edge color
- Enamel drop
- Surface footprint is clearly visible
- Hole
- Embedding, causes discomfort to the touch
- Spot
- Orange Peel
- Bulge
- Pinholes
- Points of support, inlay can be seen (Ecuadorian Technical Norm NTE INEN 1795)

2.3.5 Ecuadorian Technical Standard NTE INEN 1796. Ceramic Products. Dishes. Semi vitrified, Sampling, Inspection, and Reception

This standard establishes the sampling procedure for semi-vitreous and non-vitrified tableware, this legislation also applies to other articles of domestic use, toilet ceramic vitrified unglazed. The definitions are those provided in regulations NTE INEN 255 and 1795 and INEN ISO 9000 and 17000.

The inspection and sampling involves taking samples to see different critical defects and totals the following table details these samples:

Lot Size	Sample Size	SEMI-VITRIFIED		NON-VITRIFIED		RESULTS	
		Critical Defects					
		# Accepted	# Rejected	# Accepted	# Rejected	Total Defects	Lots Accepted
2 - 8	4	1	1	1	1	2	2
9 - 15							
16 - 25	12	4	2	4	2	4	8
26 - 50							
51 - 90	20	7	3	7	3	6	14
91 - 150	32	12	4	12	4	8	24
151 or more	50	19	6	19	6	12	38

Table 11: Inspection and Sampling

Source:Ecuadorian Technical Norm NTE INEN 1796

As can be seen in the tables, the sample level determines acceptance or rejection considering that the number of units is less than or equal to the acceptance number, the batch being inspected is accepted and if this number does not conform to the sample is greater than or equal to the rejection number, the lot is rejected. (Ecuadorian Technical Norm NTE INEN 1796)

When an inspection is performed in reference to the attributes if the number of sample units is zero, this will be accepted or greater than or equal to the rejection number, the lot is rejected.

For the requirements for cracking resistance of ceramic pieces by the decorated resistance method by detergent removal, when the number of nonconforming units in the sample is less than or equal to the acceptance number, the inspected lot is accepted; and when the number of nonconforming units in the sample is greater than or equal to the rejection number, the lot is rejected.

To pass the requirement that of solubility of cadmium and lead, the sample must comply with all requirements of NTE INEN 1805; depending upon this, the lot is accepted or it is rejected.³⁴

Sampling Record

When performing a sampling record of a lot of this kind of product, the following information should be logged:

- Where the product comes from
- Where samples were taken
- Identification and lot size
- Number of samples
- Observation
- Name and signature of the responsible party
- Standard reference technique
- Date of inspection

2.3.6 Ecuadorian Technical Norm NTE INEN 1797. Ceramic Products. Dishes. Non-Vitrified, Sampling, Inspection and Reception

This regulation shows the indications for the sampling procedure for vitrified tableware this is designated for most household articles, as well as toilet and vitrified tableware, the definitions are contained in the NTE INEN 255 and 1795 and INEN ISO 9000 and 17000.³⁵

Sampling and inspection shall be conducted taking into account the following table:

³⁴Ecuadorian Technical Norm NTE INEN 1796

³⁵Ecuadorian Technical Norm NTE INEN 1797

Lot Size	Sample Size	SEMI-VITRIFIED		NON-VITRIFIED		RESULTS	
		Critical Defects					
		# Accepted	# Rejected	# Accepted	# Rejected	Total Defects	Lots Accepted
2 - 8	4	1	1	1	1	2	2
9 - 15							
16 - 25	12	4	2	4	2	4	8
26 - 50							
51 - 90	20	7	3	7	3	6	14
91 - 150	32	12	4	12	4	8	24
151 or more	50	19	6	19	6	12	38

Table 12:Sampling and Inspection

Fuente:Ecuadorina Technical Norm NTE INEN 1796

When it is necessary to verify, the NTE INEN 1804 will be taken into account as detailed below:

Properties	Sample Size	Accepted	Rejected	Accepted	Rejected	Norm Applied
% of water absorption	8	0	1	n<0.5	n>0.5	NTE INEN 1799
Impact resistance	8	0	1	n>L	n<L	NTE INEN 1800
Resistance to chipping	8	0	1	n>L	n<L	NTE INEN 1801
Resistance to cracking	8	0	1	n>L	n<L	NTE INEN 1798
Resistance to detergent removal of decoration	8	0	1	n>L	n<L	NTE INEN 2425
L: Lower limit						
n: Undetermined #						

Table 13: Verification of Sampling and Inspection
Source: Ecuadorian Technical Norm NTE INEN 1804

In accordance to the different rules of the Ecuadorian Standardization Institute INEN tableware may be classified in the existing international market, facilitating identification review as each standard requires compliance.

2.4 Conclusion

There are several agencies that deal with the importation of a commodity and standards that must be met prior to a product entering the country. These same agencies analyze said products both in their composition and structure, if they meet the requirements of both resistance attributes and characteristics according to the regulation; such as: INEN technical standards, the tone of the porcelain semi-vitrified and vitrified, ceramic glazed tableware.

The Central Bank supplies information on importing porcelain tableware under the Regulation RTE INEN 10 and NTE INEN Norms 1804 and 1805, this entity keeps track of both importers and exporters by through electronic systems for the different foreign trade transactions; among these are the granting of certificates of electronic signatures to Foreign Trade Operators, thus generating greater connectivity between them and the new system ECUAPASS.³⁶

The National Customs Service of Ecuador is responsible for efficient and flexible care in the clearance of goods process, ending its responsibility if they are judicial ordered to do so, and coordinating activities related to both the import and export of goods.

The COMEXI determines policies for trade in goods, services, technology, integration and direct investment, in accordance with the principle of free trade, global trade environment, the international commitments undertaken by the country in these matters, the macroeconomic program and the development plans of the country and sector, by setting rules according to the law that are required for foreign trade and investment integration for the implementation and development of policies issued. Public sector entities in the scope of its competence are obliged to comply with these standards and provide the facilities and information that will be required by this entity.³⁷

Regulation INEN TEN 10 and the Ecuadorian Technical Standards NTE INEN 1804 and 1805 for Ceramic Products (vitrified, semi-vitrified and non-vitrified), and for goods such as tableware and household goods have requirements to be met for this type of merchandise,

³⁶Ecuadorian Technical Norm NTE INEN 1797

³⁷COMEXI.2012

which determine the different characteristics of the products and must be fully observed and complied with.

The Ecuadorian Standardization Institute (INEN) is a regulatory body that determines rules for various products and goods entering and leaving the country. The INEN performs audits and consulting for companies that require certificates and quality seals, such as ISO 9000 or ISO 14000. All of these entities regulate the products and goods through rules and policies set by the government, as well as international regulations that allow goods to be imported and exported to other countries. Chapter 3 analyzes the compliance requirements of INEN RTE 10 and its NTE INEN rules 1804 and 1805 for porcelain tableware, as well as the basis of exposure for the importation of tableware from China, both in physical logistics and compliance.

Chapter 3

Operation according to the guide of procedures for importing tableware

3.1 Identification of the Type of Foreign Trade Operators

La Casa de la Vajilla is located in the city of Cuenca, Ecuador. It is an importer of various types of porcelain dinnerware from the People's Republic of China to Ecuador. This company's business plan includes the distribution of porcelain dinnerware throughout the country. In addition to investigating the interaction of this company within the foreign trade environment, we look at their operations logistics and approximate costs the company acquires during the importation process. Furthermore, we will investigate how the company acquires enhanced security through knowledge of procedures, as well as an economic projection that the company should take into account before and during importation.

Section 1.5 of this study explains the registration process as an importer with Ecuadorian Customs, in which the legal representative of the company, or the person delegated to the foreign trade operations, must follow these steps:

- Go to the website www.aduana.gob.ec
- Sign In to the OCE menu, and select "Data Logging"
- In the Type field select Operator: Importer
- Register a temporary password (8 to 10 digits): In this case expose La Casa de la Vajilla would register VAJILLA013
- Fill in the General Information fields with the required information
 - Type of identification: Unique Registration Number (0190143398001)
 - Name: La Casa de la Vajilla
 - Surnames and names of legal representative: Mercedes Gerardina Faicán Vintimilla– Ecuadorian
 - Academic details: Commercial Engineer
 - Position: General Manager Legal Representative
 - Address: Avenue of the Americas and Gran Colombia

- City: Cuenca
- Phone: 072868778
- Email: comex@casadelavajilla.com.ec

- Once registered, click the Submit Form button

- Submit the following documents at the offices of User Support (General Management of the Customs of Ecuador with the following documents: Color copy of Government ID, Tax ID number, registration, established in resolution GGN 0310-2010 General Manager Customs Corporation of Ecuador published in the Bulletin No.081-2010.

Once the company has obtained a user number as a foreign trade operator (OCE), it is necessary for the company to obtain a device token with an electronic signature issued by the Central Bank. This is done for the purpose of delimiting the responsibilities through their interaction in the ECUAPASS.

La Casa de la Vajilla should be registered as a legal entity for foreign trade activities or importer in the Central Bank website (www.bce.gob.ec-registration of importer), in addition to the physical presentation of the following documents:

1. Registration Tax Taxpayer Form signed by the legal representative
2. Original and copy, or certified copy, of the deed of incorporation or domicile registered at Registry
3. Original and copy, or certified copy. of the appointment of a legal representative registered in the Commercial Register
4. Original and copy of a document that identifies the principal place of business, this can be: water, light, or phone bill, or lease
5. Identification of legal representative: if Ecuadorian, clear copy of ID card and current voter registration card
6. Identification of General Manager: if Ecuadorian, clear copy of ID card and current voter registration card
7. Original and copy of general company register datasheet (Importer Guide. 2012)

Once La Casa de la Vajilla is registered within the database of the Central Bank, the same application can access the token device for electronic signature for either the legal representative or an official of the company involved in foreign trade.

To accomplish this, La Casa de la Vajilla should do the following:

1. Go to the website www.bce.gob.ec
2. Sign In, in the upper-left menu - electronic trade certification
3. Sign In the certificate request link electronic signature
4. Select individual
5. Enter data in the form required for each person

Once the information has entered for Gerardina Faican as the legal representative of the company on issues of foreign trade, it is important to emphasize that this institution will require supporting documents like her Government ID card, voter registration card, appointments, emails and letters with company letterhead and appropriate signatures featured within the company records. The Central Bank, prior to granting a token device, reviews the application in order to build confidence in filling relevant information. If this is correct, through email notification, the institution will state the date and time for delivery of the device. The applicant(s) must be present on the assigned appointment date.

Once the company is in the SICE, as well as the Central Bank, La Casa de la Vajilla must register as a company within ECUAPASS, along with the legal representatives.

To do this, the company should follow these steps:

1. Gerardina Faican must go to <https://portal.aduana.gob.ec/>
2. In the Use Application option, she should select the option “Use Application (Legal Representative)” to fill each and every one of the required fields in the application.
3. She must sign the agreement for use of electronic channels and technology for the National Customs Service presented in the last phase of the process confirming the same legal representative.
4. The auxiliary register or employee can be registered as well, it can also be determined which functions or activities he employee(s) can perform.

5. The legal representative of the company, after having registration of her employee token device, must enter her username and password into the system menu and select “ECUAPASS Customer Support,” then select the user application, select the employee and approve him or her so the employee can will be registered within the same system for different uses.

Now the company is ready to import, however as the logistic procedure for this case is developed, importer interaction with various institutions will be visible, the following section describes the different requirements that each agency requires.

3.2 Product Acquisition (tariff) through Incoterm for negotiation

At this point the importer will establish the type of product to be purchased, then he will select the corresponding period of negotiation.

The importer is the one who determines the period of negotiation with its provider. In this case, the La Casa de la Vajilla has decided to formalize their business relationship with the supplier Porcelain Tableware Manufacturing, producer and worldwide exporter of porcelain tableware products. The term for negotiation between the parties established is Free on Board (FOB) the following features explain this type of negotiation term:

The exporter is responsible for transporting the goods to the warehouses assigned by the importer. In the case of bulk cargo and containers, the exporter collects the porcelain tableware for delivery.

This term does not account for additional negotiation costs such as the insurance of goods. It is the responsibility of La Casa de la Vajilla to guarantee its safety through the issuance of an insurance policy. FOB agrees to pay the importer the freight to this point while being informed of shipping instructions.

For purposes of payment, goods will be paid to the vendor with a 30% deposit of \$ 7,987.74 according to the commercial invoice. This is for early mass production and instructions prior to shipment and delivery to La Casa de la Vajilla.

The commercial invoice established between the parties is seen in the following figure:

PORCELAIN TABLEWARE MANUFACTURING					
XINGYE ROAD PHASE III DEVELOPMENT ZONE SHANGHAI CHINA					
COMMERCIAL INVOICE					
TO	LA CASA DE LA		DATE:	03/Feb/13	
MESSERS:	VAJILLA				
			INVOICE NO.:	21CI2700	
			DELIVERY TERM:	FOB SHANGHAI	
TEL:	59372882210		DESTINATION:	ECUADOR	
FAX:	59372882282				
ITEM NO.	DESCRIPTION	QUANTITY		UNIT PRICE	AMOUNT
		CTNS	SETS	USD\$	USD\$
11804-2	10"PLATE	94	1504	2,27	3.414,08
11804-3	12" PLATE	67	804	4,71	3.786,84
5065-4JS-TH	4/S 9.5"PLATE	136	816	7,73	6.307,68
11441-12JS-TH	16"PLATE	134	804	7,42	5.965,68
11868-4TH	13.4"BOWL	168	1008	6,18	6.229,44
11608-24	370 CC SUGAP POT	17	816	1,13	922,08
TOTAL :		616	5752		26.625,80
		CTNS	SETS		USD
		-	-	-	-
<i>PORCELAIN TABLEWARE MANUFACTURING</i>					

Figure 2: Commercial Receipt
Source: Gabriela Tello

In addition, the shipping freight provider provides the following quote:

PORCELAIN TABLEWARE MANUFACTURING						
PACKING LIST						
TO MESSERS:	LA CASA DE LA VAJILLA	DATE:	03/Feb/13			
		INVOICE NO.:	21CI2700			
		DELIVERY TERM:	FOB SHANGHAI			
TEL:	59372882210	DESTINATION:	ECUADOR			
FAX:	59372882282					
ITEM NO.	DESCRIPTION	PKGS	QUANTITY	G.W	N.W	MEAS.
		CTNS	COMMERCIAL UNITS	KGS	KGS	CBM
11804-2	10"PLATE	94	1504	1316,0	1128,0	2,350
11804-3	12" PLATE	67	804	1072,0	938,0	2,211
5065-4JS-TH	4/S 9.5"PLATE	136	816	2040,0	1768,0	6,120
11441-12JS-TH	16"PLATE	134	804	1541,0	1273,0	5,628
11868-4TH	13.4"BOWL	168	1008	2352,0	2016,0	10,752
11608-24	370 CC SUGAP POT	17	816	229,5	195,5	1,003
TOTAL :		616	5140	8550,5	7318,5	28,064
		CTNS	COMMERCIAL UNITS	KGS	KGS	CBM
PORCELAIN TABLEWARE MANUFACTURING						

Figure 3: Packing List

Source: Gabriela Tello

According to the displacement of the merchandise, a charter for a 20St container is needed, since this covers 33 meters and 30,480 cubic kg. They are also non-perishable goods and non-hazardous cargo, this is a favorable beginning of trade relations with the Porcelain Tableware Manufacturing Company. The previous form also shows term data such as negotiation, payment, and output port of the merchandise.

The tariff headings covering this type of product to be imported are 691190.00.00 and 691110.00.00 ceramics, tableware and other household articles, toilet articles of porcelain for table or kitchen service, the first is vitrified merchandise and the second is semi glazed and unglazed.

For the purposes of costs and payment of customs duties, the headings 691190.00.00 and 691110.00.00 cover the following customs values and thus are able to enter the country under Rule 10 for marketing merchandise within the importing state.

- Ad valorem: 30%
- Fodinfra: 0.5%
- Value added tax (IVA): 12%

The respective calculation is explicit and in accordance with the commercial invoice entry when the firm imports goods through the Customs ECUAPASS system by the agent employed at La Casa de la Vajilla.

Merchandise that comes from China is not exempt at all or partly of customs values seeing as the Ecuadorian state has no trade treaty with that country. Besides being a final product, nor does it provide raw material, it is not be subject to any exemption.

3.3 Labelling Standards

The rules for labeling are demonstrated according the following figure:

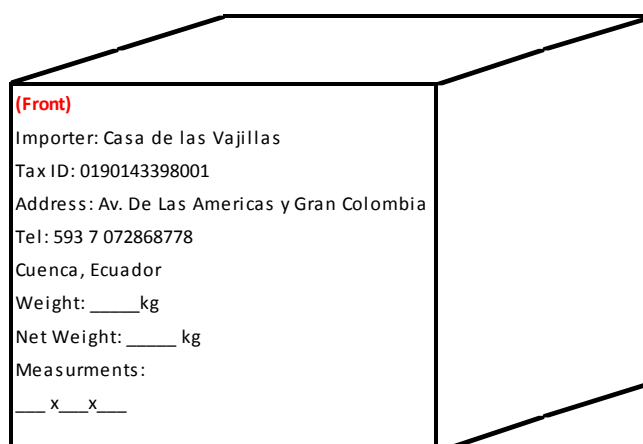


Figure 4: Master Box
Source: Gabriela Tello

Country of Origin: CHINA
Product Name: FOR EACH PRODUCT DESCRIPTION
Product Code: REFERENCE OF EACH PRODUCT
Type: VITRIFIED OR SEMI-FRAGILE OR NOT VITRIFIED
Number: # OF SETS BY MASTER BOX, # TOTAL PIECES PER BOX; # TOTAL MASTER PIECE IN THAT CASE

IMPORTER: LA CASA DE LAS VAJILLAS RUC 0190143398001 ADDRESS: AV de las AMERICAS y GRAN COLOMBIA TEL: 593 7 072 868 778 CUENCA - ECUADOR	Label for each product to be marketed (attached or hangtag):
---	--

PRODUCT: PRODUCT NAME ENGLISH SPANISH
ITEM NUMBER: COMMERCIAL INVOICE REFERENCE
BAR CODE: BATCH NUMBER
EXPORTER: MANUFACTURING PORCELAIN TABLEWARE
EXPORTER ADDRESS: PHASE III XINGYE ROAD SHANGHAI CHINA DEVELOPMENT ZONE
REFERENCE STANDARD: NTE INEN 1804 or 1805
PART NUMBER: ____ PARTS PER SET
____ TOTAL SETS
____ TOTAL PARTS IN THE BOX
BRAND: N/A

Figure 5: Master Box
Source: Gabriela Tello

La Casa de la Vajilla must consider labeling requirements for each of the aforementioned parties and instruct its provider to do the same so that the goods from the origin to be inspected have no observations.

Usually, requirements are generated by the importer, the exporter is willing to work towards compliance with this process, however this could generate additional cost by having to label both the master and individual packaging of the product. Consequently, the Porcelain Tableware Manufacturing has decided to negotiate with La Casa de la Vajilla by charging 0.05 cents for the printing and posting of each product label, this means that the 5140 items to be sold will cost \$ 257.00. The initial packaging printing for the master and individual boxed product will be the responsibility of the exporter, in other words it is they who absorb this initial cost. These values are designated as shipping charges.

3.4 Order

For purposes of tariff classification as supporting documents for obtaining an INEN Certificate, one must take into consideration the following order form shown below:

<u>LA CASA DE LA VAJILLA</u>				
Av. De las Américas y Gran Colombia				
CUENCA – ECUADOR				
<i>Order Form 03/03/2013</i>				
PORCELAIN TABLEWARE MANUFACTURING				
<u>Port of</u>				
<u>Origin:</u> SHANGHAI		PAYMENT METHOD: CREDIT		
Qty.	Reference	Description	V.UNIT	V. TOTAL
<u>BATCH N° 6911100000.6</u>				
KITCHEN AND TABLE ITEMS				
1504	11804-2	10"PLATE / PLATO DE 10"	\$ 2.27	\$ 3,414.08
804	11804-3	12" PLATE/ PLATO DE 12"	\$ 4.71	\$ 3,786.84
816	5065-4JS-TH	4/S 9.5"PLATE/ BANDEJAS 4 PZAS DE 9,5" CON BASE DE METAL	\$ 7.73	\$ 6,307.68
804	11441-12JS-TH	16"PLATE/ BANDEJA 16" CON BASE DE METAL	\$ 7.42	\$ 5,965.68
1008	11868-4 TH	13.4"BOWL/ TAZON DE 13,4"	\$ 6.18	\$ 6,229.44
TOTAL PARTIDA				\$ 25,703.72
<u>BATCH N° 6911900000.6</u>				
KITCHEN AND TABLE ITEMS				
816	11608-24	370 CC SUGAP POT/ AZUCARERA DE 370CC	\$ 1.13	\$ 922.08
BATCH TOTAL				\$ 922.08
TOTAL FOB				\$ 26,625.80
FREIGHT APROX				2100
COST FOB MAS FREIGHT				\$ 28,725.80
INSURANCE				\$ 287.26
TOTAL CIF				\$ 29,013.06

Figure 6: Order form
Source: Gabriela Tello

3.5 Authorizations (Obtaining INEN Certificate)

La Casa de la Vajilla is registered in the Central Bank of Ecuador and in ECUAPASS, this means that they have access to the Ecuadorian Single Window section of the new system that will allow the importer to interact with various import processes through the web, generating less strain on time and resources.

La Casa de la Vajilla is preparing to import porcelain tableware which is subject to testing prior to entry into Ecuador; it will have to get a Certificate of Recognition (INEN Form 1) for the purposes of customs clearance. To do this, the Ecuadorian Standardization Institute (INEN) requires certain supporting documents, such as:

1. Product Test Report by laboratory company exogenous to the supplier
2. Inspection Certificate by the company that provides this service
3. Certificate of Recognition Product Test Report by the Ecuadorian Accreditation Organization (OAE)
4. Certificate of Appreciation of inspection certificate issued by the same company and duly accredited by the OAE
5. Commercial Invoice
6. Packing List
7. Order Form

Once the mass production, The House of Crockery should be devoted to obtaining supporting documents required for the Certificate of Recognition (INEN Form 1) according to the following instructions:

1. Product Test Report by laboratory exogenous to the supplier

La Casa de la Vajilla should go to www.oae.gob.ec, and look for the link accredited laboratories located in areas near the town of Porcelain Tableware Manufacturing, In this case, the company chose Jingdezhen Ceramic Inspection and test Center of Jiangxi, the company issued a product test report where the company explains porcelain tableware Manufacturing is producing porcelain tableware and has compliance with technical standards NTE INEN 1804 and 1805, in addition to determining the outcome of test specimens prepared at the supplier in terms of design, impact resistance, solubility, crackle scope, level of water

absorption finishing defects of the goods. To obtain the Product Test Report Jingdezhen Ceramic Company Inspection and Test Center of Jiangxi charged 1% of the Free on Board, La Casa de la Vajilla must add this to their shipping charges at an estimated \$ 266,258.00.

2. Inspection Certificate by the company that provides this service

La Casa de la Vajilla should again go to www.oae.gob.ec and look for an accredited inspection company located near their supplier. In this particular case, the company selected is Bureau Veritas Inspection.

The importer must contact their offices in Cuenca and send the request for inspection of goods to Ecuador, supporting it with the invoice, order form and Test Report issued by Jingdezhen Ceramic Inspection and the Test Center of Jiangxi. Porcelain Tableware Manufacturing as an exporter must provide the packing list to Bureau Veritas. The day that the inspection has been completed, Bureau Veritas will issue the draft certificate, putting La Casa de la Vajilla in charge of approval, respectively.

The fee which the inspection company maintains for this service is \$ 420.00, if payment is made at source, it is \$ 560.00 if paid locally, both prices include an Added Value Tax. In this particular case, the Porcelain Tableware Manufacturing Company has arraigned for the importer to pay for the inspection; the decision to proceed in this way avoids the 5% tax on capital outflows and the rate is lower if paid directly to the offices of origin inspection on arrival.

La Casa de la Vajilla relies on the document issued by Bureau Veritas, a company duly accredited by the OAE. His document is a requirement for purposes of obtaining the INEN Certificate of Recognition. The cost of obtaining this document is part of the shipping expenses.

3. Certificate of Recognition Product Test Report by the Agency

Once the Product Test Report digitally signed by the Jingdezhen Ceramic Company Inspection and Test Center of Jiangxi is obtained, the company should go to <https://portal.aduana.gob.ec/ecuapass> with their username and password previously recorded and indicated in the previous points; they should select VUE in the top left, select Application

Development again, then enter their supporting documents and relevant list, find the option Institution Accrediting Agency noted Ecuadorian, select request for Verification of Goods Subject to Import control, fill out the form emphasizing within the certificate data options Product Test Report, attach it and the application must be sent through the VUE to one of the technicians appointed to their respective Agency verification.

As in all transactions that are made in ECUAPASS, La Casa de la Vajilla can check the status of their transactions through the same menu where the supporting documents were initially entered, the importer can receive notifications regarding approval through this menu and with a proof number that must be delivered to the corresponding banks as well as the Customs office. The OAE will transmit to customs, the approved application after payment has been received. Through ECUAPASS, a receipt number is issued and the importer must pay an amount of \$15.00 to be deposited in the Agency's account either at the Bank of Pichincha or Pacifica. The deposit slip must be scanned again through ECUAPASS, at that time the Agency will transmit the certificate of recognition of Product Test Report through the ECUAPASS system.

4. Certificate of Appreciation of inspection certificate issued by the same company and duly accredited by the OAE

La Casa de la Vajilla should go through the same process for the Certificate of Appreciation as the Report Product Testing. In the ECUAPASS website, the company should click on Inspection Certificate and review the receiving process. Once approved, the application should be forwarded through ECUAPASS. The cost for this process is \$15.00 which is part of the shipping expenses for import.

The rest of the documentation for obtaining a certificate of recognition INEN form, i.e. the order form, commercial invoice, and packing list should be displayed in pdf format when entering them in the system.

3.6 Inspection Certificate

The Certificate of Recognition Form 1, above, and commonly known as generic certificate of inspection, is the main document which supports porcelain tableware under RTE INEN

Regulation RTE INEN 10 and Norms NTE INEN 1804 –1805, in accordance with items 6911900000.6 and 6911100000.6.

To proceed with the production of this document, La Casa de la Vajilla must enter the system ECUAPASS in the Ecuadorian Single Window section, select the option of application development, accompanying document listing choice in the field of institution, the INEN Ecuadorian Standardization Institute, operate the Application for Certificate of Recognition INEN. At the time that the company should upload PDF format documents into the system.

Application For Certificate of Recognition- INEN Form 1, La Casa de la Vajilla should enter in the following information:

- Application Number: will be generated through the same system
- City Application: Basin
- Applicant Data: Data will be entered in the register of Representative

In the data section of the importer, La Casa de la Vajilla should put in the same information as the importer.

In the next section of product data:

- Product Name: Ceramic products. Tableware and other household articles and toilet.
- Trademark: NA
- Manufacturer Name: Porcelain Tableware Manufacturing
- Country of Origin: China
- Port of shipment: Shenzhen China
- Distributor: Porcelain Tableware Manufacturing
- No. Invoice or Order Note: 21CI2700
- Remarks: attached document refers inspection certificate, plus the order form.
- NTE INEN: Select 1804 for vitrified and 1805 for semi-vitrified and non-vitrified.
- RTE INEN: RTE INEN 10.
- Tariff Item: 6911100000 for vitrified items and 6911900000 for semi-vitrified and unglazed.
- Type: is chosen from the options vitrified, semi vitrified, and non-vitrified.

- Marketing Unit: bulk for those items that will be sold by units and sets for those who are to be marketed in such a manner.
- Feature: decorated or not decorated. In this case all are not decorated.
- Product description: should be written in accordance to the reference, name and number of the group of items being registered.

In this section, it is important to consider that operationally the company can enter their products according to the following groups.

The registration of items must be entered on the basis of the tariff:

6911100000	In bulk	No Decorated	Vitrified
6911900000	Set	No Decorated	Semi-vitrified or Non-Vitrified

Certificate Data:

- Certificate: Certificate of Compliance or Product Inspection

Product Certificate:

- In Product Certificate: Dining Tableware and Porcelain
- Certification Body: Ceramic products. Tableware and other household articles and toilet.
- Certifying Agency: Bureau Veritas
- Certificate No: Enter the number provided in the product inspection document.
- Date of issue: according to the date specified in the second line of the certificate of inspection from the same company.
- Responsible for issuance: according to the document's digital signature.
- Original Certificate Applicant: La Casa de la Vajilla
- Applicant Address: Av. de las Americas y Gran Colombia
- RTE INEN 10 and NTE 1804 and 1805.
- Recognition OAS
- N Certificate OAE. Enter the data described in the upper right that shows the document issued by the Ecuadorian Accreditation Organization in recognition of the certificate of conformity.

- Accredited by: The Company should check in the second page of the document issued by the OAE which recognizes the certificate.
- Date of issue. In accordance with the date set at the top right of the certificate of the appreciation to the company for inspection, this document is provisional.

Finally, the importer must attach the invoice or order form, product inspection certificate, Certificate OAE product test report and additional documents.

Once all required documentation is attached and having integrated the required information, the document is signed by the certificate Token legal representative of the company. The status of the goods will be reflected as receipted application, certificate request approved and transmitted.

The INEN certificate is sent through ECUAPASS and channeled through one of the technicians at the country level, if there aren't any observations then it should be approved and sent with a registration number of the application, the company is notified via mail. They will then pay a fee of \$82.00 to the Bank. Once done, the importer must scan the voucher and upload it to the ECUAPASS system. This is an additional shipping cost.

3.7 Certificate of Origin

The certificate of origin is a document issued by the exporting country, which identifies each of the products of a commercial invoice. It includes the tariff that each item has for export procedures, also its origin, allowing the importer if he will get a benefit at the moment of DAI process. A clear example of this is the trade that Ecuador has with the Southern Common Market or MERCOSUR that allows to importer to not pay some import taxes.

In the present case, the La Casa de la Vajilla does not benefit from a certificate of origin that Porcelain Tableware Manufacturing could issue, since China has no specific treaty with Ecuador. This document would otherwise be required for the purposes of customs clearance.

3.8 International Transport

Once inspected the goods at origin and the same having been approved, this would be suitable for international transport purposes. La Casa de la Vajilla sends the shipment seaborne from

Shanghai in a 20St container whose displacement is 28,064 m3. It does not have any special requirement, since it is non-perishables, non-food, etc.

The shipping agent is responsible for the connection of exporter, importer, and shipping company for shipping instructions. The Company selects the listing agent through freight and local spending effects generated by container transport from Shanghai to the port of Guayaquil, in this case the Company selected Dinnerware Shipments to Asia as the company to proceed with shipping instructions.

The freight was \$ 2100 and local expenditures were a total of \$ 450.00 that refers to origin and destination handling, documentation, BL emission, and other expenses of the company and its agent with respect to the container. Besides transit 30 days and 21 days off with the shipping company, allowing the importer to clear customs manage processes and return the container during the first 21 days of the date of notification of arrival of the container to the expiration of these days. The Company has come to day 22 and still has not returned the container to generate additional values. The amounts will be determined through the shipping agent each day that elapses until this is returned to the shipping yards on arrival. These values will be considered for purposes of shipping charges, such as freight for product. Finally, The Company has negotiated with disclaimers so that the shipping company may not commit to delivering any accounting document to release the container at the time of its departure from storage, designating the time of arrival of the same at port in Ecuador.

La Casa de Vajilla, who give their provider data information to Asia Embarques will be responsible for delivering the importer data to the agent in Shanghai, Porcelain Tableware Manufacturing will also provide this information to commence the output of the goods.

Once coordinated, the exporter to collect empty containers of the courtyards of the importer's shipping agent in origin, he will have around two or four days to deliver the freight to the same yard in port with the goods ready for shipment. Thereafter Porcelain Tableware Manufacturing will inform La Casa de Vajilla about the delivery at the port, while Asia Embarques will deliver a document known as the export instructions, the following information must be given:

CONSIGNEE	PORCELAIN TABLEWARE MANUFACTURING			
XINGYE ROAD PHASE III DEVELOPMENT ZONE SHANGHAI CHINA				
CONSIGNED TO:	LA CASA DE LA VAJILLA CIA LTDA			
AV DE LAS AMERICAS Y GRAN COLOMBIA				
DESCRIPTION	QUANTITY	NET WEIGHT	GROSS WEIGHT	CBM
VAJILLAS	5140 PCS	7318.5	8550.5	28,064

Figure 7:Export instructions

Source:Gabriela Tello

Asia Embarques will proceed to board the container up two days, this is delivered by the exporter, informing the Casa de la Vajilla that your merchandise is in route.

Importantly, accompanying documents and support the acquisition of INEN Recognition Certificate, Form 1 may be managed for as long as the container is at sea, you can proceed with their shipment once the approval notice by Bureau Veritas inspection is received. In this way the ship and its different containers will direct route to the port of Guayaquil.

3.8.1 Bill of Landing (B/L), (Maritime)

Once out, and having delivered the goods and export instructions, Asia Embarques must send to La Casa de la Vajilla a draft document known as the Bill of Landing or BL, the same shall be reviewed by the manager or assistant in the foreign trade department of the company and should be carefully reviewed in details as recorded, consignee, their addresses, description of goods, total gross and net weights, rightsizing or CBM and type of container. If everything is according to the packing list as container trading, the importer must approve the issuance thereof to Asia shipments. The last shall issue the BL in origin, which must be delivered to Porcelain Tableware Manufacturing. Once issued, if the importer requests a BL change, then there will be additional costs that would be provided by the shipping agent to the importer.

It is important to consider that to explain the logistics of importing goods under control prior to its entry into Ecuador, to fulfill the technical regulation RTE INEN 010 and its statutes, the

importer as a buyer of goods from the PRC shall pay the amount owed to Porcelain Tableware Manufacturing, hence they will need to consider the following:

FOB Value:	\$ 26,625.80
Printing and Labeling:	\$ 257.00
Value Product Test Report:	\$ 266.26
Inspection Certificate Value BV:	\$ 420.00
Sending documentation Company	
Post Office:	\$ 40.00
Total:	\$ 27,609.06
30% down:	\$ 7,987.74
Total to pay:	\$ 19,621.32

Once paid the total value to Porcelain Tableware Manufacturing, this will complete the original documentation sent to the importer in Ecuador.

- 3 Original Commercial Invoice
- 2 Original Packing List
- The original Product Test Report issued by Jingdezhen Ceramic Inspection and Test Center of Jiangxi and the corresponding receipt of payment for services rendered.
- Receipt of payment for service inspection by the Burea Veritas Company in China.
- Original Document Transport Bill of Landing with their respective copies granted by Asia shipments.
- Letter of authorization to leave the container, document provided by the shipping agent upon delivery of bills for local and freight, with the only requirement of the importer of its signature being responsible for returning the container with integrity and in accordance the state of the customs receipt.

The complete and original documentation will be sent upon receipt of the original BL document referred to in this sub topic.

It is important that the Bill of Landing or BL represents the document supporting the container belonging to recorded and indicates who originally requested issuance, so the declared weight detail by the Exporter and reviewed by the same importer respectively. Once the container arrives in port, the shipping agent shall notify the effects reported for various logistic processes thereof. In case this does not answer or reject the container by its respective right, a transshipment processes of merchandise will be generated; donation and destruction of any one of them through the Customs of Ecuador for the proper channeling and controlling the entry of goods to the country.

3.8.2 Insurance Policy

“The insurance policy is the set of documents that contain the terms and agreements that make up the insurance contract. It is, therefore, the documentary evidence of the existence of a contract of insurance between two parties, and the terms and agreements underlying the contractual relationship. Necessarily, this contract will depend on the statements made in the proposal and / or insurance application. The policy must be signed by the insurer and the policyholder, and is the culmination of a process that began with the application and passing the risk estimate for the insurance and insurance proposition for the policyholder acceptance and signature. This cycle is fully completed with payment of the premium.” This document should be handed over to Customs and according to Ecuadorian law the insurer must be based in Ecuador. (Importer Guide.2012)³⁸

This document must be issued by the insurance company, the importer should have this as a bonus item, regardless the import cost.

La Casa de la Vajilla decides to ask the insurance of the goods be 1% of FOB value so the policy in its raw detail the value of \$ 266.28, an item that will be considered for import costing on arrival, as a statement customs thereof through customs Import Declaration DAI.

³⁸ Importer Guide.2012

3.8.3 Cargo Manifest

“It is mandatory and comes along with the merchandise that comes to Customs. Indicates the transport medium, the specific location and the date established, date of shipment, declared weights” (Agribusiness.2012).³⁹

This document is important since it determines the arrival of the goods to customs, and its date of shipment and weight, if any inconsistency generated in one of the documents that support the import as BL, commercial invoices, as packing lists may be present observations at the time of physical inspection or import documentary. It is worth emphasizing that in this case it could cause delays in the process of clearance, as additional delay costs of the container, potential shipping penalties to the importer for alleged tax evasion and customs problems or delays for departure authorization of merchandise and designated storage effects.

At the time that the container with the goods purchased by the importer has arrived at the port, the customs agent will process everything in ECUAPASS.

3.9 Bonded Agent Procedure

Once the container arrives at the port, notification of arrival will be sent to the importer and they will be instructed to start the entry of the goods declared through. To do this, La Casa de la Vajilla should consider the following logistic processes:

Asia Embarques will notify the arrival of the shipping container through this document, plus bills for local expenses such as freight, and services provided to importer. At the same time, they will request the issuance of checks and respective deductions for these bills (local cost) usually the method that has been negotiated with the shipping agent for the purpose of the trading and shipping instruction.

The person in charge of foreign trade processes in the La Casa de la Vajilla should by now have received the original documents by Porcelain Tableware Manufacturing, they must attach it to the checks for payment purposes and send immediately from Cuenca bound for the customs offices, the envelope can be sent through mail service companies in the country. In this case, the bonded customs agent was Arturo Villacreces.

³⁹ Agribusiness.2012

La Casa de la Vajilla should deposit an anticipated value for payment of services rendered for customs clearance the container in the checking account of Arturo Villacreces. This value will be \$400.00 for one 20ST. The amount must be considered within the shipping charges as the dispatcher.

Once the original import documentation arrives to office of Arturo Villacreces, the checks for purposes of freight and local costs must be paid immediately to the shipping agent. La Casa de la Vajilla will be notified of customs approval.

3.9.1 Customs Clearance of the Merchandise

The customs agent works with the National Customs Service SENA, together with other foreign trade operators or OCES. As well as dealing for the purposes of this particular case, to enter documentation, declare under the responsibility and review of the same importer for import entry in the clearance processes.

3.9.2 Statement value (DAV-DAU) - DAI Customs Import Declaration

The bonded customs agent will enter the process of importing through the generation of the document known as DAI; Customs Import Declaration is supported by prior checking documents in ECUAPASS. The same bonded customs agent may identify documents by the various entities responsible for their approval would have been transmitted in the system, saving time and resources to identify the documentation that comes with the import. In this particular case, the importer can verify the Certificate of Acknowledgment Form 1, a mandatory document for this type of merchandise, it will be the bonded customs agent who is responsible for this document by the respective ICDs.

In this process, it is cooperation between the delegated container storekeeper, the bonded customs agent, and the importer. La Casa de la Vajilla should pressure the storage manager to enter the container weight values in the new system ECUAPASS, and Arturo Villacreces for digital reception of the draft Customs Import Declaration DAI, prior to entering through the new system ECUAPASS.

Prior to this process, the importer had to sign the Single Customs Declaration or DAU and through his agent send customs bonded together all physical documents, then they proceeded

to the capacity allocated and pay taxes through the Customs Declaration Value for departure clearance import customs formalities. Currently through the new system ECUAPASS, the process is reversed, zero entry papers and digital documents on the same system. This starts through DAI processing income at the same time that he report the pre provisional liquidation for purposes of treatment for the importer, customs approves, the importer proceeds to the payment of customs duties, a process that is explicit in the following sub theme, ending the designated capacity for the container.

In the present case, Arturo Villacreces must integrate information and upload supporting documents in the same draft, so that the person of the foreign trade department of La Casa de la Vajilla can verify and give their respective approval of pending income in the ECUAPASS system, this stage is important because in this way the importer can check both the information to be registered, in addition to customs duties values that were generated.

IMPORTER	LA CASA DE LA VAJILLA
TAX ID	190143398001
ADDRESS	AV DE LAS AMERICAS Y GRAN COLOMBIA
COMMERCIAL INVOICE	21CI2700
DATE OF FAC	03-Feb-13
TERM	FOB
FOB	\$ 26,625.80
FREIGHT	\$ 2,100.00
CFR	\$ 28,725.80
INSURANCE	\$ 266.28
CIF VALUE	\$ 28,992.08
AD VALOREM	\$ 8,697.62
FONDINFA	\$ 188.45
ADD VALUE TAX	\$ 4,545.74
TOTAL	\$ 13,431.81

Figure 8: Customs Import Declaration

Source: Gabriela Tello

PRODUCT	COST TOTAL	FREIGHT	INSURANCE	CIF	AD VALOREM	FODINFA	AVT	TOTAL TARIFFS
10"PLATE / PLATO DE 10"	\$ 3.414,08	\$ 269,27	\$ 34,14	\$ 3.717,50	\$ 1.115,25	\$ 24,16	\$ 582,88	\$ 1.722,29
12" PLATE/ PLATO DE 12"	\$ 3.786,84	\$ 298,67	\$ 37,87	\$ 4.123,38	\$ 1.237,01	\$ 26,80	\$ 646,52	\$ 1.910,33
4/S 9.5"PLATE/ BANDEJAS 4 PZAS DE 9,5" CON BASE DE METAL	\$ 6.307,68	\$ 497,49	\$ 63,08	\$ 6.868,25	\$ 2.060,48	\$ 44,64	\$ 1.076,89	\$ 3.182,01
16"PLATE/ BANDEJA 16" CON BASE DE METAL	\$5.965,68	\$ 470,52	\$ 59,66	\$ 6.495,86	\$ 1.948,76	\$ 42,22	\$ 1.018,50	\$ 3.009,48
13.4"BOWL/ TAZON DE 13,4"	\$6.229,44	\$ 491,32	\$ 62,30	\$ 6.783,06	\$ 2.034,92	\$ 44,09	\$ 1.063,53	\$ 3.142,54
370 CC SUGAP POT/ AZUCARERA DE 370CC	\$922,08	\$ 72,73	\$ 9,22	\$ 1.004,03	\$ 301,21	\$ 6,53	\$ 157,42	\$ 465,16
TOTALS	\$26.625,80	\$2.100,00	\$ 266,28	\$28.992,08	\$ 8.697,62	\$ 188,45	\$ 4.545,74	\$ 13.431,81

Figure 9: Customs Import Declaration
Source: Gabriela Tello

The value to be paid for the purposes of customs taxes is \$13,431.81, considering that all products are charged as 30% ad valorem, Fodinfra 0.5% and their respective tax, they are not objects of any exemption from taxes and beneficiaries releasing any percentage thereof.

3.10 Coordination of payment and removal of the goods from the port to arrive in the same warehouse of the importer in the city of Cuenca - Ecuador

La Casa de la Vajilla must pay the value previously described, the person in charge of foreign trade processes in the company of La Casa de la Vajilla should receive from his agent approved by customs DAI, with their numbers and respective liquidation value, must issue a letter of authorization to debit their banking.

The importer must issue a letter that will carry the information date of application, number of ICDs, value debited, name of bonded customs agent, and its own code of Trade operator, this approval document signed by the legal representative shall be sent via email to the owner of the bank account.

Additionally, the same institution should inform its agency and port district to make way for this application, while La Casa de la Vajilla notifies its bonded customs agent located in port to proceed to apply for authorization of payment of customs duties taxes at the Bank.

Once the customs duties are paid, Arturo Villacreces checks the payment system for approval and designated type of capacity established for import. This is usually about 24 hours after the importer has paid the respective taxes.

The ECUAPASS will allow the importer or his agent to verify the sender who has been appointed and time if physical inspection or if it requires documentary, electronic or x-rays, the output of it will be before the verification. Once inspected, the customs appraiser will issue a report of the process, which will be released through the ECUAPASS system. If this is positive, it may be released through the same system capacity message as an uneventful departure clearance.

With the authorization to leave the container port, Arturo Villacreces must immediately proceed to check the container into storage where a container load shift will be given. By then an additional service will be integrated, the national land freight. The person of the foreign trade department of the company La Casa de la Vajilla checks that the capacity went without incident and that his agent is billing its storage.

Transportadora Provincial Merchán will be hired to transport the container from the storage in port until the return of discharge once the goods are in warehouses of the importer. For this service to be generated it will be worth \$ 600.00 that will be factored in the cost of the imported merchandise. They should immediately contact Arturo Villacreces, to check the day shift assigned to load the container on its platform; once loaded, the carrier will take 5-6 hours to arrive with the container.

Additionally, La Casa de la Vajilla must be coordinated and hired extra services such as unloading. In this particular case, this service will be made with warehouse personnel of the same company exonerating other additional value in it.

The bonded customs agent in this particular case will be Arturo Villacreces, once scanned and physical submit invoices for expenses incurred in the import process, and can be in the particular case customs agent fee, more purposes of certification of documents storage.

Transportadora Provincial Merchán must be return the storage container in perfect condition to the shipping agent, in this case Asia Shipments hired by La Casa de la Vajilla.

This concludes the import process, the following totals product costing from its origin to its final destination.

3.11 Approximate Cost Analysis Generated Values into Every Part of the Operational Process and Comparing Respective National Tableware Production

Pursuant to sub theme established, you check the table below for the purposes of product costs at destination, in addition to the respective breakdown of values.

<u>ESTIMATED COST OF GOODS IMPORTED</u>	
IMPORTATION OF: TABLEWARE	
PROVIDER: PORCELAIN TABLEWARE MANUFACTURING	
RECEIPT# 21CI2700	
VALUE FOB	26.625,80
FREIGHT	2.100,00
COST + FREIGHT	28.725,80
INSURANCE	266,28
VALUE CIF	28.992,08
TARIFFS	8.697,62
FINE	0,00
FODINFA	188,45
INTEREST	0,00
CORPEI	0,00
VAT 12%	4.545,74
ICE	0,00
TOTAL 1	13.431,81
PAYMENT DISPATCHER	212,80
CUSTODY	0,00
COMMISSION OFFICE	0,00
DELAY	0,00
INSPECTION	0,00
TOTAL 2	212,80
BANK CHARGES	532,52
ADVERTISING AVERAGE	869,76
MISSING MERCHANDISE	0,00
SHIPPING COSTS	1.149,26

TRANSP. TERRESTRIAL + expenses	600,00
COMMUNICATIONS	133,13
MOBILIZATIONS	133,13
RECG. INSURANCE	44,39
TOTAL 3	3.462,19
GRAND TOTAL	46.098,88
LESS AVT	4.545,74
TOTAL	41.553,14
FACTOR	1,560634

Figure 10:Total Importation Cost

Source: Gabriela Tello

The previous table outlined the values of importing chinaware. It is considered the FOB value of the commercial invoice express Porcelain Manufacturing Company, with the sum of the insurance and freight values set by the insurance company, importer, and Asia Shipments, resulting in value Cost, Insurance and Freight (CIF). This is compounded by the values generated by customs duties paid by income effects of the goods into the country, plus expenses added by Arturo Villacreces; the disaggregated values are as follows:

- Bank Expenses: FOB value of 0.02
- Advertising Average: 0.03 CIF value
- Missing merchandise: If you in the process until the arrival of the goods to the importer's warehouse there is loss damage or theft.

Shipping costs: Sum of the following values:

Printing and labeling	\$ 257,00
Value Product Test Report:	\$ 266,26
Inspection Certificate Value BV:	\$ 420,00
Sending documents by Post Company	\$ 40,00
Certificate of Recognition Product Test Report by the Ecuadorian Accreditation Organization OAE.	\$ 15,00
Certificate of Appreciation to inspection certificate issued by the same company and duly accredited by the OAE.	\$ 15,00
Certificate of Recognition INEN	\$ 82,00
Local costs (Asia Shipments)	\$ 450,00
Storage (Storage manager designee)	\$ 24,00
	\$ 1.149,26

Figure 11: Shipping costs

Source: Gabriela Tello

Ground Transportation: Transportadora Provincial Merchán negotiated Provincial Conveyor

Communications and Demonstrations: 0.05 FOB value for each

Surcharge insurance application: according to the following table:

GROSS		266,28
3,50%		9,3198
0,50%		1,3314
IMPRESSION		0,45
TOTAL 1		277,3812
VAT	12%	33,285744
TOTAL 2		310,666944
GROSS		266,28
TOTAL 3		44,39

Table 14: Surcharge insurance application
Source: Gabriela Tello

Grand Total: Sum of totals 1, 2, 3 and CIF value.

Less VAT (Addes value tax): deductible value to the value of taxes paid to the customs value of the goods to income country.

Total: Grand Total less VAT

Factor: Division by Total for FOB.

Stress the importance of the factor category, the equitable division of the total purchase value for what it was to cost at destination requested by the importer. This will have to be divided equally for the 6 items acquired in the initial purchase of goods by damming the actual value and the final cost of importing.

Accuracy can be seen in the accompanying table the item value according to quantities and values established in the bill, multiplied by the factor, generating the result of the import cost according to the product, besides additional table markup consideration according to the importer.

REF	DESCRIPTION	QTY	FOB	FOB	FACT	COST	COST	COST											
			UNIT	TOTAL		UNIT	TOTAL	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%	80%
11804-2	10"PLATE / PLATO DE 10"	1504	\$ 2,27	3414,08	1,560634	3,54	5328,13	4,43	4,60	4,78	4,96	5,13	5,31	5,49	5,66	5,84	6,02	6,20	6,37
11804-3	12" PLATE/ PLATO DE 12"	804	\$ 4,71	3786,84	1,560634	7,35	5909,87	9,19	9,56	9,92	10,29	10,66	11,03	11,39	11,76	12,13	12,50	12,86	13,23
5065-4JS-TH	4/S 9.5"PLATE/ BANDEJAS 4 PZAS DE 9.5" CON BASE DE METAL	816	\$ 7,73	6307,68	1,560634	12,06	9843,98	15,08	15,68	16,28	16,88	17,49	18,09	18,69	19,30	19,90	20,50	21,11	21,71
11441-12JS-TH	16"PLATE/ BANDEJA 16" CON BASE DE METAL	804	\$ 7,42	5965,68	1,560634	11,58	9310,24	14,48	15,05	15,63	16,21	16,79	17,37	17,95	18,53	19,11	19,69	20,27	20,84
11868-4TH	13.4"BOWL/ TAZON DE 13,4"	1008	\$ 6,18	6229,44	1,560634	9,64	9721,88	12,05	12,53	13,01	13,50	13,98	14,46	14,94	15,42	15,91	16,39	16,87	17,35
11608-24	370 CC SUGAP POT/ AZUCARERA DE 370CC	816	\$ 1,13	922,08	1,560634	1,76	1439,03	2,20	2,29	2,38	2,46	2,55	2,64	2,73	2,82	2,90	2,99	3,08	3,17
		5752,00		26625,80			41553,13												

Table 15: Costs Product origin and destination, possible profit margin.

Source:Gabriela Tello

According to import costs, it was decided to consult data to a company producing porcelain tableware product with similar characteristics, quantity imported by La Casa de la Vajilla.

This stated that the development of the 5752 pieces, with delivery time in 60 days or so, you would need a budget according to the following table:

DOMESTIC SHIPPING WITHOUT RAW MATERIAL	24000
FIXED LABOR	12800
SPECIAL LABOR	2000
OVERTIME	180
MOBILIZATION OF RAW MATERIALS TO THE COMPANY	120
BASIC EXPENSES	
LIGHT	1600
WATER	300
TELEPHONE	30
ADVERTISING EXPENSES	
CONSULTING	250
MEDIA MANAGEMENT	250
EXTRA EXPENSES	
PRINT	130
LABELING	170
TOTAL COST OF PRODUCTION	\$41.830,00

Table 16: Costs of the same product according to local company
Source: Gabriela Tello

Raw Material: approximate value for the development of the 5752 pieces, with similar characteristics to the products imported by the Company, local production company porcelain tableware, you must purchase the raw material (oyster formula) through importing it worth \$ 24,000 to meet their manufacture. This value does not consider inland freight from port facilities porcelain tableware producer.

Fixed Labor: approx value. The company must pay its permanent employees to for 2 months. 20 will be used for this purpose.

Special workmanship: technical and finishers. They will work from the second month of mass production, will be 4 employees.

Overtime: For the local production company to deliver the goods at the same time as the imported, must complement the regular workforce with this value for the second month of mass production. Specialists will be excluded. Would share the top 10 salaried employees for the first two weeks of the month, who may labor an extra two hours in two weeks and the rest of the 10 permanent workers in week three and four the same requirements.

Mobilization of the raw material to the company: once the merchandise is output, the port local company shall contract to deliver the same in its warehouses in Cuenca, generating a cost of \$ 120.00 for the bags carried in the unit.

Basic expenses: The Company believes that these items will be for the purpose of the manufacture of these goods.

Advertising expenses: management consulting and media: local company believes that opening in the domestic market through this and other orders are a necessary investment. The high cost of investment should be recovered as soon as possible.

Extra costs: printing and labeling approximate value that this company should be considered to meet the requirements it needs for the purpose of marketing it in the country, in addition to massive consumer demand for ease of identification.

The total value of \$ 41,830.00 for local production for the same type of goods, must be budgeted to invest for this kind of order again and meet the requirement of the customer.

Once verified the cost of the same product in both import processes, as their production through a local company, you can check an approximate difference of \$ 276.87 in favor of the imported product compared to national product. This would have to be divided for the six types of products generating an extra value of \$ 46.15 more per model.

The Chinese product quality under the fulfillment of various international testing companies outside the utility company generates more trust from consumers, value that is reflected in

their own costs, while the national is exempt from this, going only by special work judged on its own employees.

In the case of the imported product, mass consumers can have the guarantee they will obtain it on the delivery date, while the domestic producer must make an effort to achieve similar results, likely increasing his budget for overtime purposes for employees.

Finally, it is important to note that a local company to fulfill a purchase order with similar characteristics as the imported, must be provisioned with this value prior to the final delivery of the products to the buyer. Besides taking into account other orders beyond this. Only one company whose immersion in the domestic market has been successful under long periods of time.

3.12 Suggestions for improvements in the operation of the import of tableware in fulfilling prerequisites

As for the suggestions that the importer can take into consideration for purposes of improving the logistics processes similar of import cases, one can analyze the following:

First, and as a suggestion, it is important to consider that for purposes of compliance with internal regulations and their respective standards required by the Ecuadorian state, the importer must be explicit and rigorous with its exporter, to expose not only the goods should be effect mass production for their respective boarding, it undertakes additional steps to be in compliance pursuant to the approval of various state agencies required prior to shipment. Being so vital and necessary cooperation of the exporter in the logistics process and no despair in it, as this will create a precedent of learning for the exporter for future exports.

Among other suggestions for the importer, is to contact the various services providers before hiring them, this will generate a zero pressure environment, and a more friendly environment for negotiation and prior contribution, compared to the acquisition of service due to time constraints and dismay in their respective process.

Another suggestion on the issue, is to take into account the comments from the same exporter. Although, the exporter does not have knowledge of all requirements for these type of goods,

the exporter could suggest a serious and respected company that could work for additional services that are needed like cannot keep, packaging and labeling.

A direct quote is kept updated by the importer as in the case of freight in which it can benefit in this way will be the same that you are aware of the values to date.

Among other suggestions for the importer, is that for every broker who handled the goods either in origin and destination request photographic evidence showing the treatment of the same for each phase. It is also important to have the support of documents whether physical or digital copies.

It is important to maintain good relationships with the supplier during the import process, because if you have a good reception of the product in the market, the appellant will attend the same supplier for the goods to be purchased.

The importer must ask the provider, either annually or seasonally, to send updated catalogs of their goods, in case of interest to stock up for the next purchase, the importer will have photographs of products that you can select for purposes of Trade with the supplier respectively.

Once entered into the Chinese market, the importer must be proactive in recording different databases. To do this one can browse various web pages directly in the same state, where he can cool off from the new trends that marks this country not only in this industry, but the rest. This will benefit the importer because the season will be aware that suppliers offer their products and mass-produced programming.

It is important that the importer considers not only his orders, he must verify his availability of money and his storage capacity. This is how the order will not be the subject of efforts in handling throughout the import process and its arrival.

For purposes of rightsizing, the importer must confirm the same with its provider, since the last known of its product can avoid efforts of merchandise from shipment origin to final destination. If the importer does not take into consideration the comments of his supplier, he will not only risk losing it, but in potential overweight fines, generating excessive. It can also be the case that in a bad displacement, regardless of the opinion of the provider, it results in

letting loose cargo in the hold of the supplier, causing a mismatch of resources such as time and money to the importer.

An interesting suggestion is the option of shipment of the goods without the need to obtain the Certificate of Appreciation Form 1 from the origin. That is the whole application process and purchasing product test report, inspection preparation, obtaining the certificate of inspection, processes that must be made prior to the shipment of goods. These could be made through the entry of the goods in the customs warehouse located in the greater proximity of the importer, which would greatly facilitate the logistics process having the following benefits:

For purposes of language with the same provider it would be easier and affordable to proceed with different labeling requirements.

The importer may hire the services of domestic companies that are properly endorsed by the National Customs Service of Ecuador, with the assurance that it has hired companies that know of the processes without the need for more involvement of the importer.

Payments to companies that hire the same importer to comply with the requirements in the various processes, not leave the borders of the city, creating internal working spaces, driving the discipline at work and avoiding paying taxes outflow of capital by foreign companies.

The companies that provide their services in the customs warehouse for compliance and issuing documents as prerequisites for such goods under control, will be easier to locate for the importer, who in turn will have greater control over the work these are exerting within the same area.

The availability of documentation and product test report, certificate of inspection, to the importer will be faster to access, saving days just to verify if indeed you can to proceed with the shipment of goods.

Once the documentation is normally required prior to shipment, i.e. to obtain a certificate of inspection, the customs warehousing procedure in this type of merchandise saves even more time to obtain recognition documents that require the Accreditation Ecuadorian Agency to validate the documents. Being an internal company, information would be even faster to get. Being the same case for obtaining Certificate of Appreciation INEN Form 1.

In case of any error generated in the processes leading to the award of Certificate, INEN facilitates communication to request changes or corrections in it. This mistake must be notified immediately to the provider in order to be corrected.

Upon compliance with the Regulations and their respective standards for this type of merchandise, one can proceed through the work of the bonded customs agent immediately.

A customs warehouse may have a record of these processes as the importer, thus allowing it to provide accurate and reliable information from the costs for each service may have been generated and so the importer is not subject to exchange rate changes which the Chinese state at the time could have had.

3.13 Conclusion

In the logistic process carried out for the import of goods under control prior to its entry into Ecuador, (case china) the fulfillment of the technical regulation INEN RTE 010, we were able to identify Casa de la Vajilla as an importer under the category type of foreign trade operator.

It was verified that in purchasing the product under the term FOB trading. It clarifies the level of responsibility that the importer and the supplier would handle for the rest of the process.

The labeling regulations would be implemented to RTE INEN 10, which would be a vital requirement for entry of goods into the country, being the home of the tableware which presents data that will integrate both master box, individually boxed product labeling. Additionally, Casa de la Vajilla has a purchase order in which it is classified in tariff products purchased for the purpose of better identification with the supporting documents for obtaining an INEN Recognition Certificate, which is derived from the fulfillment of processes like the product Test Report, inspection and certification of the same in order to ship the goods, so while this is in departure of the importer's request to proceed with INEN certificate.

It eliminates the need to purchase a Certificate of Origin by the supplier, as to be the source of the goods of a country with which the Ecuadorian state has no benefit treaty exemption or release of certain customs duties, will be in vain issuing the same in the process. On transport, once the goods are ready, you can hire a shipping agent to proceed with the shipment of the container under the terms established in the trading price, coordinating the importer, exporter and shipping agent for container delivery times.

The Bill of Lading (BL), (Maritime), a document that supports the container transport from China to Ecuador, determines La Casa de la Vajilla as the company that can claim the container for purposes of clearance also of responsibilities. Documents such as insurance and freight, documents that will support the importer to the Customs Import Declaration denoting significant data from the amount of the insured value of the goods and in the case of manifest weight, carries the container so there is greater control at the time of admission to the country.

Through hiring bonded customs agent, importer incursion explains the different activities that it would incur in the process, along with the explanation of the processes of clearance of goods through Customs Import Declaration DAI.

The coordination of payment and the transportation for the container from Guayaquil port to Cuenca, Ecuador, is programmed by the importer, customs agent and internal carrier selected by the importer, who must work together with the customs agent to move the container once approved its release from customs warehouses.

Through the collection of values in each part of the import process ventured logistics, proceeded to the approximate cost analysis generated values into every part of the operational process and comparing respective national production in china. This can be checked by the expectation and probability of the profit margin that would have the international purchase importer facing the local industry and find a credit balance of \$ 276.87.

Suggestions for improvements are set forth in the operation of importing goods in compliance to the tableware prerequisites.

CONCLUSIONS AND RECOMMENDATIONS

The importation is a process to acquire and bring goods from a foreign state to another, subject to compliance with legal and tax requirements of the purchaser country, in addition to the enforcement of the importing country for purposes of the respective clearance.

With the adoption of customs regulations, porcelain tableware that is required to import to Ecuador from a foreign country is met efficiently and is marketed in the domestic consumer market price according to policies established by and for the same.

There are several agencies involved in the import process. These organisms have rules and regulations that must be applied and approved according products composition, structure and strength requirements.

The Central Bank provides information of importers and exporters allowing proceed in different foreign trade transactions. The National Customs Service of Ecuador coordinates activities related to import and export goods. It is responsible for the efficient and flexible care. The Ecuadorian Standardization Institute (INEN) is a regulatory body that provides rules to the various products and goods to its entering and leaving the country. Finally, INEN is focused to generate a greater security to the consumer.

As for the logistics of the import of goods under control prior to its entry into Ecuador, the fulfillment of the technical regulation INEN RTE 010, La Casa de la Vajilla, importer, purchased the product trading under the term FOB established between itself and Porcelain Tableware Manufacturing exporter who conformed to the labeling requirements set out in regulation 10 and RTE INEN rules. Additionally, company presents backing and support documents such as commercial invoice, packing list, order form, certified product test report, certificate, certificates issued by the Ecuadorian Accreditation Body for obtaining the INEN Certificate of Recognition before and after the shipment of goods from the port of origin.

Documents such as Bill of Lading (BL), (Maritime), insurance policy, and cargo manifest will be vital in the process of import logistics, the customs agent, Arturo Villacreces being he who represented the importer for purposes of clearance of goods through the Customs Import Declaration DAI. Following completion of the responsibility for payment of taxes of customs for entry of goods into the country, one can proceed with the coordination of payment and

merchandise outlet port to the importer's warehouse in the city of Cuenca, Ecuador, remembering that the container has been unloaded, but must be returned to the storage shipping agent, in this case Asia Shipments through the trusted carrier, Transportadora Provincial Merchán.

It is important to verify that on each stage of logistical import process, we had incurred in all approximate values, however it was found that by comparing respective domestic production of the same goods the importer would have a value of \$ 276,87 least within the process, generating economic advantage and outperform its competition with national procurement, more than other factors such as design exclusive advantages, confidentiality of the provider, good quality, mass production covering consumer demand, effective delivery time, reliability in meeting delivery, among others. It concludes with suggestions like exposure within the logistics process intended to generate support for the fulfillment of prerequisites, seeking to guide the importer and broker each interacting in it.

It is vital for the importer, foreign trade operator to have a plan and trust a person who knows of foreign trade processes that link over in different processes, business addresses in each stage seeking to negotiate and save the costs they incur import.

The importer prior to the import process must analyze the market, he should analyze the cost factor, preventing future risk.

Through the preliminary assessment of costs provided in this graduation paper, the importer must meet its projected capital, but the importer may run the risk of scarce economic resources, which could generate delays that leads to value loss.

The Ecuadorian government should consider the proposal for a reform in its regulations through the reporting authorization product testing, inspection and labeling within their deposits in the various districts, allowing previously described advantages both to National Customs, the importer, and the entrepreneurial drive and discipline of the domestic industry.

The Importer shall have the duty of selecting a suitable profit margin and according to the same local industry, so as to avoid problems of unfair competition.

Within this industry, as in most, the importer must seek venture market to generate a sell-off, as a faster recovery of initial investment. In this case, it may promote the product through the exhibition of the same conservation safely design brand and event promoter companies will not hesitate to purchase these products which are essential to their work. Thus, the importer may generate your client exclusivity and security of presence of the same in the domestic market.

In import processes, it is vital that the importer establishes a previous search from foreign suppliers in the state of his choice. In this case, the selected state was the PRC, however, depending on your industry, the importer can select which level of negotiation states look outdone by the interaction with the Ecuadorian state through international treaties foreign trade such as the Southern Common Market, MERCOSUR, which can generate even greater returns for the importer in the industry that it penetrates.

Finally, in the adaptation of ECUAPASS it is important that it integrates new technologies of information, not only for the import and export sector, but it is important that the Ecuadorian state enact better support systems and reach different OCE's that aren't centralized in the city of Guayaquil, vital support for various districts since all ECO's should depend and interact in this new system without being behind in the development that can be obtained through this style.

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ANEXES

ACRONYMS

RTE: Ecuadorian Technical Regulation

NTE: Ecuadorian Technical Standard

CONCAL: Nationality of Quality Council

INEN: Ecuadorian Standardization Institute

SENAE: National Customs Service of Ecuador

ECB: Central Bank of Ecuador

COMEXI: Board of Foreign Trade and Investment

OCE: Foreign Trade Operator

Incoterm: International Commerce Term

BL: Bill of Landing

DAV-DAU: Customs Declaration Value-Single Customs Declaration

DAI: Customs Import Declaration.

NICE: National Institute of Statistics and Censuses

COPCI: Production Code of the Trade and Integration

SENAE: National Customs Service of Ecuador

Tax: Taxpayer Registry identification of the company, including

SICE: Customs Information System

CIF: Cost, Insurance and Freight-cost insurance and freight

FODINFA: Development Fund for Children

ICE: Specific Consumption Tax

VAT: Value Added Tax

LOA: Customs Law

VUE: Ecuadorian Single Window

SICE: Foreign Trade Interactive System

Fedexpor: Ecuadorian Federation of Exporters

CAE: Ecuadorian National Corporation

LEXI: Foreign Trade Law and Investment

CORPEI: Corporation for the Promotion of Exports and Investments

FOB: Free on Board

OAE: Ecuadorian Accreditation Organization