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**SCHOOL OF INTERNATIONAL STUDIES**

**TITLE:**

**“ANALYSIS OF THE CURRENT SITUATION OF AMERICAN RETIREES  
LIVING IN THE CITY OF CUENCA, ECUADOR”**

**FINAL GRADUATION PROJECT PRIOR TO OBTAINING THE MAJOR ON  
INTERNATIONAL STUDIES -MENTION: BILINGUAL FOREIGN TRADE**

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## **DEDICATION**

I dedicate this thesis to everyone who contributed to the completion of this work; especially my parents who have supported me in all my years of study.

## **ACKNOWLEDGEMENTS**

I thank my parents, just as I thank all my teachers at the University of Azuay, who have given me the necessary knowledge for the realization of this thesis; especially Mrs. Monica Martinez, director of Thesis. These are the people whose efforts have enabled this thesis is performed.

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## **ABSTRACT**

Cuenca has been highlighted by tourism magazines, television reports and other media as “the ideal city for retirees”, characterized by its low cost of living, excellent health care, benefits to the elderly, climate and architecture. As a result, there are about 5,000 foreigner retirees living in the city, of which 95% are from the United States.

This thesis has been carried out with the aim of presenting an analysis of the situation of American retirees living in the city of Cuenca. For the development of this research, surveys and focus groups with foreigners were carried out, in order to find out the cause for the immigration, integration processes and their perception towards their contribution to the city. Moreover this thesis aims to present the economic, socio-cultural, demographic and migration consequences, that this phenomenon is causing in the city. In the same way, the different points of view that the local community has about this type of migration -which is slowly growing and deep into the lives of the inhabitants of Cuenca- are reported.

## INTRODUCTION

On December 1st 2012, Cuenca turned 13 years since it was proclaimed as a Cultural Heritage of Humanity. This city has magic, charm and culture in every corner, with cobbled streets that are lost between recesses of manor houses and flowery balconies. It is important to mention its friendly and smiling people, who welcome any outsider that chooses to visit or stay for living in the city.

But Cuenca, a city of about half a million inhabitants has also been expelling citizens and disintegrating families, who influenced by the economic crisis that Ecuador faced in 2001, decided to go find a better future. However, Cuenca in recent years is starring in an interesting migration phenomenon, with the arrival of lots of retirees mostly from the United States, who have decided to immigrate to the city and spend the rest of their lives in a beautiful place, with a privileged climate, an economy which suits their pockets and especially a city full of peace and harmony.

There are many more reports and surveys of various media showing the city as "Privileged city for living"; coupled with various experiences and stories, which make foreign retirees increasingly decide to leave behind their hometowns and immigrate to Cuenca. The latest statistics say that nearly 4,500 American retirees are living in the local community, adapting to this lovely city and the most important thing: studies have stressed that this figure could increase in the coming years.<sup>1</sup>

The main interest for this thesis is focused on answering the question that has been raised about this migration in the city of Cuenca in recent years. How far has this migratory phenomenon impacted the local community? Through the collection of bibliographic data, web sites, surveys and interviews with people related to the issue, we are trying to find out both the negative and positive impact of this migration to the city.

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<sup>1</sup> SORENSEN, Jesper. "*Un Mayor Número de Estadounidenses Ventrán a Cuenca*". El Mercurio Local Newspaper. Cuenca, Ecuador. Published: March 3, 2013. Pg. 1B.

For the development of the following investigation, the first chapter presents a general approach to migration, explaining and differentiating the various types and meanings of migration, emigration and immigration. This chapter also includes a study of Ecuador and The United States, which it is focused on the background, causes and favorite places to migrate, chosen by the citizens from these two countries. It is important that the reader understands some major aspects about migration before delving into the topic of study.

The next two chapters focus on the key point of this thesis research, to learn about the impact of immigration American retirees in the city of Cuenca. With the help of statistical data, surveys and interviews the advantages and disadvantages of this growing migration in recent years are reported, in addition to the understanding of many parameters that influence the decision to migrate to another country. At the end of this chapter, current and future projects that the local government and institutions have for these new residents are presented.

In the fourth chapter, some important issues are studied, such as: migration policies, constitutional aspects and the work developed by the organizations in charge of regulate, control and have a database of retirees' entry or exit; as well as the legal status, right and obligations of retirees, from their position as migrants within the country. The last chapter specifies the methodology used to determine the necessary number of retirees that will be needed for the completion of the scheduled survey.

Once the five chapters have been analyzed in this thesis, the guidelines will be given to obtain the expected conclusions, so that this analysis is of interest for all; especially of the local community, which can take this information as a guide to start new businesses aimed at meeting the needs and tastes of foreigners; or simply guidelines for successful integration, tolerance and coexistence between these two cultures within the city. Also in the area of tourism or local government projects this research could be the motivation for the implementation of new tourism offers in this growing market in the city. Finally, this thesis is expected to become a benchmark for further research about this topic or related issues.

## CHAPTER 1

### MIGRATION OF AMERICANS TO OTHER COUNTRIES AND REGIONS ECUADOR SPECIFIC CASE

#### 1.1 Migration and Globalization

Migration has existed since the beginning of our story, and is one of the defining global issues of the early twenty-first century. Not a single state has been free of human mobility. According to the International Organization for Migration IOM<sup>2</sup>, about 215 million people, including 27.5 million refugees are living outside their country of origin, in other words one in every 35 people in the world is a migrant<sup>3</sup>.

Host nations become multicultural societies. Anything that involves migration and globalization, in some way, forces people to live in a world "without borders". Article 13 of the Universal Declaration of Human Rights (1948)<sup>4</sup> protects the freedom of movement: "Everyone has the right to freedom of movement and residence within the territory of a state."<sup>5</sup> Likewise it is important to mention Article 13 of that Declaration, whose meaning is more general, but is relevant to the topic: "Everyone has the right to life, liberty and security of person".<sup>6</sup>

Building relationships that extend around the globe has made the immigrant thus become the figure of the new global citizen, on whom increasingly agencies and governments are working, to create laws, agreements, rights and duties for local citizens and foreigners, in order to improve their quality of life.

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<sup>2</sup> IOM International Organization for Migration promotes international cooperation, help, find solutions to migration problems and humanely assist migrants in need.

<sup>3</sup> IOM International Organization for Migration. [online]. Estimated Number of International Migrants Worldwide. [Retrieved: May 17, 2013]. Available at: <http://www.iom.int/cms/es/sites/iom/home/about-migration/world-migration.html>

<sup>4</sup> Universal Declaration of Human Rights: Its main objective is the recognition of the dignity, equality and inalienable rights of the people.

<sup>5</sup> Universal Declaration of Human Rights. [online]. [Retrieved: May 23, 2013] Available at: <http://www.un.org/es/documents/udhr/>

<sup>6</sup> Universal Declaration of Human Rights; op. cit.

## 1.2 Definition of Migration, Emigration and Immigration

**Migration:** The Oxford dictionary defines it as "Movement of people to a new area or country in order to find work or better living conditions."<sup>7</sup> You can find a number of elements that produce migration, usually economic, social, sociological or political causes.

Migration occurs in two approaches:

- **Emigration:** It is considered "The act of leaving one's own country to settle permanently in another; moving abroad."<sup>8</sup> The reasons that push people to migrate from their countries are complex and diverse. The migrant moves seeking to settle in places where he can find peace prosperity and, ultimately better life expectancy.
- **Immigration:** It is defined as the "Change of residence of a person or group of people in a region or country to another. Immigration is internal if people change their territory in the same country, and it is external if people migrate to another country."<sup>9</sup> It is usually caused by economic, political and social reasons. Those who leave their country to settle in a foreign one, do so with the intention of getting a better future.

### 1.2.1 Types of migration

- **Internal:** The displacement that develops within a country; that is, a change of place, city or area to another.
- **External:** Change of residence of the country of origin to another destination, chosen by the migrant.
- **Temporal:** Change of residence that affects the workforce, for a short time.
- **Permanent:** A change of residence for an indefinite period in a region.

## 1.3 Push-Pull factors theory

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<sup>7</sup> Oxford dictionary. [online]. [Retrieved: May 25, 2013]. Available at: <http://www.oxforddictionaries.com/definition/english/migration>

<sup>8</sup> Oxford dictionary. [online]. [Retrieved: May 25, 2013]. Available at: <http://www.oxforddictionaries.com/definition/english/emigration?q=Emigration%3A>

<sup>9</sup> Oxford dictionary. [online]. [Retrieved: May 25, 2013]. Available at: <http://www.oxforddictionaries.com/definition/english/immigration?q=Immigration%3A>

To understand the variety of factors that influence the decision of migrates to another country, it is important to analyze one of the theories or models of migration, which will help further define this phenomenon. The demographer Ernst Georg Ravenstein<sup>10</sup> is the author of the PUSH-PULL factors theory, through which it is stated that some people migrate because they are forced out of their place of residence, while others do so because they are attracted to another place.

With this theory the author explains that the push factors force migrants to leave their country or region of residence for reasons such as economic hardship, wars, armed conflicts, religious persecution, hostile social environment, environmental disaster, etc.<sup>11</sup> On the other hand, pull factors make migrants choose to go to these countries or regions in search of better living conditions, better wages, peace, democracy, etc. This is an acceptable situation as determined by the author of this theory. He believes that the right motive is a shift in the desire to improve, rather than the escape from a bad situation, and therefore it is expected that people who left their country, at some point return to it. On the issue of migration, it's important to emphasize, that most agree that the decision to migrate is closely linked to an attempt to improve the quality of life.<sup>12</sup>

While this theory provides us with a sample of several factors why a person may decide to leave their country of residence, it has been taken as a reference, to the extent that it can be demonstrated and applied to the current issue of study, taking into account especially the pull factors that have influenced the large influx of immigrants retirees residing in the city of Cuenca, Ecuador.

#### **1.4 Important facts on international migration**

- More than 215 million people or 3% of the world population live outside their country of origin.<sup>13</sup>

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<sup>10</sup> Ernst Georg Ravenstein (1834-1913) was a cartographer and demographer. He conducted a lot of important works in cartography and maps of Africa that have been taken as geographical references. One of his most important works it is about laws of immigration and the causes of this phenomenon in the British population which occurred in the late nineteenth century.

<sup>11</sup> GUERRERO CARRION, Trotsky. "*Espejismo y Realidad de la Emigración Lojaña*". Editorial Universitaria de la Universidad Nacional de Loja. Ecuador. 2003, pg.43.

<sup>12</sup> GUERRERO CARRION, Trotsky; op. cit., pg. 44.

<sup>13</sup> RATHA, Dilip; MOHAPATRA, Sanket; SILWAL, Ani. "*Datos Sobre Migración y Remesas 2011*". [online]. Unidad de Migración y Remesas del Banco Mundial", 2da Edición, 2011. pg. 3. [Retrieved:



- The main migration destination is the United States, followed by Russia, Germany, Saudi Arabia and Canada. The main countries of immigration, compared to the size of the population, are Qatar (87%), Monaco (72%), the United Arab Emirates (70%) and Kuwait (69%).<sup>14</sup>
- About one third have moved from one developing country to another, while another third has gone from a developing country to a developed one. That is, migrants "South to South" are almost as numerous as the "South to North".<sup>15</sup>
- Remittances have increased from \$132,000 million in 2000 to \$440,000 million in 2010, and this despite a slight decline in the growth rate due to the current economic crisis.<sup>16</sup>
- The estimated number of international migrants in America in 2010 is 57.5 million. The countries of the region with the largest number of immigrants are the United States (42.8 million), Canada (7.2 million), and Argentina (1.4 million).<sup>17</sup>
- In recent years, at least 35 programs in both developing and developed countries were undertaken, in order to regularize the situation of migrants in accordance with existing national regulations. In total, these programs regularized the status of at least 5.3 million migrants.<sup>18</sup>

### **1.5 Migration of Americans around the world**

The United States was created 237 years ago. It is composed of 50 states and the District of Columbia, from its early life was characterized by its high rate of immigrants, as it was idealized as a heavenly place full of new opportunities for people seeking a better life. Thence comes the well-known phrase "The American Dream". In the XVII century the arrival of English occurs. By the mid-nineteenth century, Dutch and Germans arrived to the country. For the XX century, Italian, Spanish and French, and since 1965 the arrival of people from Latin America and

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June 12, 2013]. PDF Document available on the internet at: <http://siteresources.worldbank.org/INTPROSPECTS/Resources/3349341110315015165/Factbook2011Spanish.pdf>

<sup>14</sup> RATHA, Dilip; MOHAPATRA, Sanket; SILWAL, Ani; op. cit., pg. 3.

<sup>15</sup> RATHA, Dilip; MOHAPATRA, Sanket; SILWAL, Ani; op. cit., pg. 25

<sup>16</sup> United Nations Report. [online]. [Retrieved: Jun 12, 2013]. Available at: [http://www.un.org/spanish/News/migration/Migration\\_factsheet.htm](http://www.un.org/spanish/News/migration/Migration_factsheet.htm)

<sup>17</sup> IOM International Organization for Migration. [online]. [Retrieved: June 12, 2013]. Available at: <http://www.iom.int/cms/es/sites/iom/home/about-migration/world-migration.html>

<sup>18</sup> IOM International Organization for Migration, op.cit.

Asia was observed. Undoubtedly, the arrival of this great number of immigrants has been an important source of population, economic and cultural development for the country, which today is the world's most powerful one.<sup>19</sup>

Although The United States day to day receive immigrants coming from different points around the world, according to the Association of Americans Overseas, the number of Americans who are outside their country is about 6.32 million, distributed in over 160 countries, including Mexico, Canada, Puerto Rico, United Kingdom, Germany, Australia.<sup>20</sup> It should be noted that these figures do not include the militaries who are serving outside the United States, or Americans who have not registered their departure from the country or their entry to another in the respective U.S. embassy or consulate. This could indicate that the estimate of Americans out of their country is greater than the above.

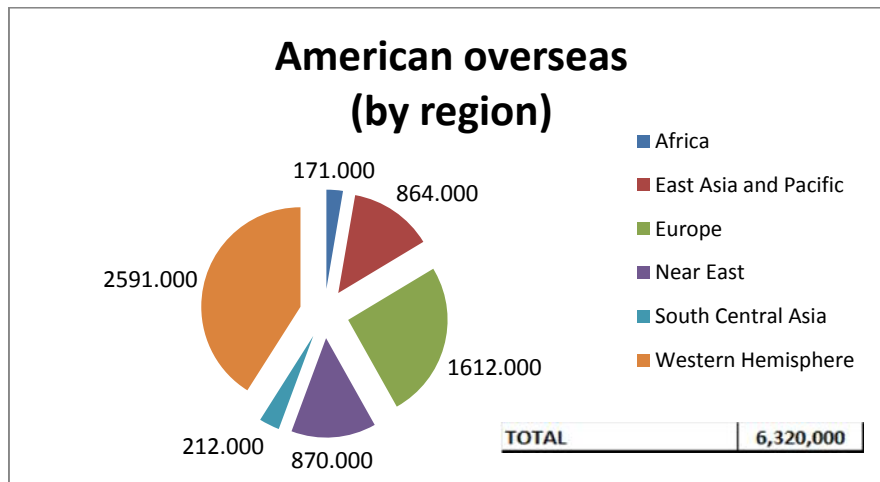
It is also important to consider mobility by land which is especially used by people seeking adventure and who normally don't register their exit. Because of these factors there are not accurate data about American immigrants living outside their country of origin, who were not registered. Another reason that there is no accurate data is due to the terrorist events of 2001, in the wake of which the State Department of the United States, for security reasons and request of those who were victims in any way in that incident does not make public personal information or places of residence of such persons. Below, a graph of the distribution of Americans out of their country by region is presented, the same as was provided by the aforementioned association.

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<sup>19</sup> U.S. Embassy. [Online]. Immigration in U.S. history. [Retrieved: June 15, 2013]. Available at: <http://iipdigital.usembassy.gov/st/spanish/publication/2008/09/20080919144039emanym0.15326.html#axzz2xw9E23bD>

<sup>20</sup> AARO Association of American Overseas. [online]. [Retrieved: June 15, 2013]. Available at: <http://www.aaro.org/about-aaro/66m-americans-abroad>

Graphic 1



Source: AARO Association of American Overseas

<http://www.aaro.org/about-aaro/66m-americans-abroad>

Author: Andrea Delgado

Dilip Ratha, Sanket Mohapatra, and Ani Silwal (2011) a research group of the World Bank, outlined in his report “Migration and Remittances Factbook” (*Datos sobre migración y remesas*), another aspect which Americans migrate to another country is the skilled migration or emigration of people with tertiary education, which corresponds to 0.5% of total migration data. In this, the physicians decide to go looking for better job opportunities, many of them do also for altruistic desire to help communities in need, doing social work and imparting their knowledge.<sup>21</sup> Finally some professionals from various fields, who besides offering its teachings to others, want a quiet life away from the stress of their country.

### 1.6 Migration in Ecuador

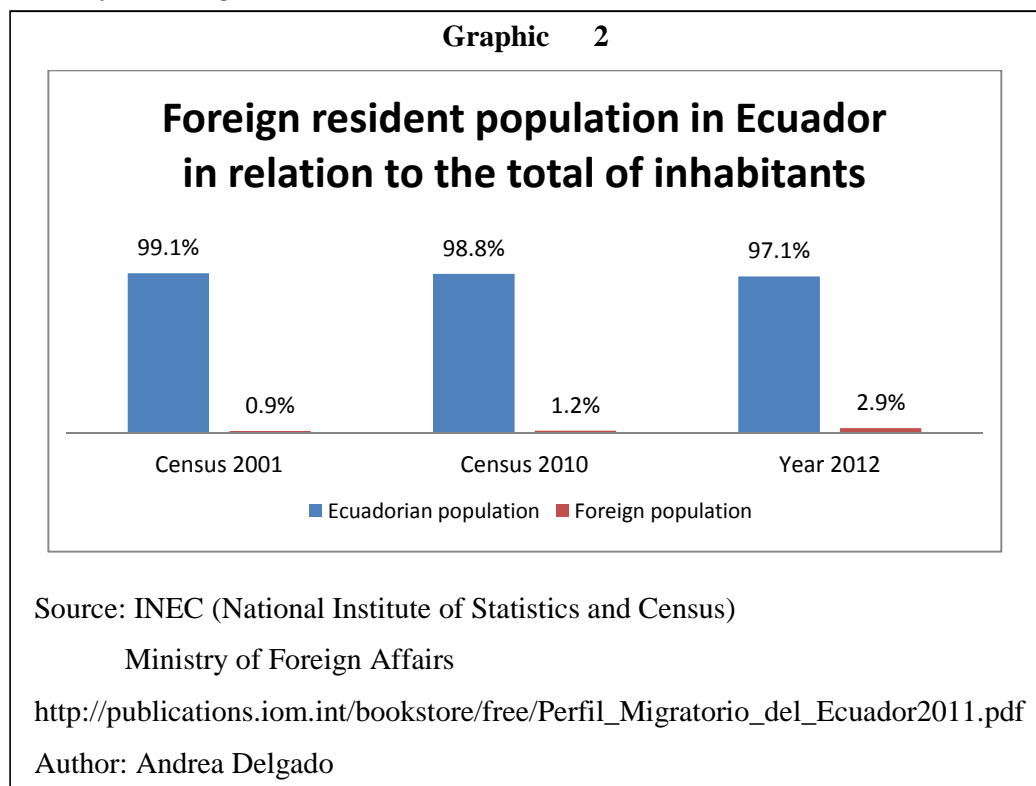
In Ecuador, the presence of migrants from abroad was very significant at certain times, such as the presence of Spaniards and Arabs, the same who entered the country after the civil war<sup>22</sup>, due to the opening of the harbor and significant commercial activities. Guayaquil received people from European countries, China

<sup>21</sup> RATHA, Dilip; MOHAPATRA, Sanket; SILWAL, Ani; op. cit., pg. 263.

<sup>22</sup> Civil War: In the late thirties Europe base in a system of dictatorships fascist or authoritarian, aimed at annihilating the rights of man and of the citizen to create a "new civilization" based on militarization lived policy, respect for the rule and the absolute primacy of the nation as ethnically homogeneous community.

and the Middle East, the latter known by the nickname of "Turks" in the early twentieth century. In Quito from the 1940s streams of European immigrants who came fleeing World War started arriving. So Quito and Guayaquil were the two cities with the highest number of immigrants in the country.<sup>23</sup>

Although Ecuador is not the largest recipient of immigrants in Latin America (such as Argentina or Brazil), currently its immigration status allows it to be a country of origin, transit and destination of migrants. In recent years, the figures about immigration in Ecuador have increased considerably, due to important aspects such as: the dollarization, the search for better life expectancy in terms of economic, social and educational conditions. The INEC (National Institute of Statistics and Census) presents data corresponding to the census carried out in the years 2001 and 2010, in which immigration to Ecuador increased from 0.9 % (2001), to 1.2 (2010), while in 2012 the index reached its double (2.9 %), according to latest data provided by the Ministry of Foreign Affairs.<sup>24</sup>



<sup>23</sup> PEREZ GUERRERO, Edmundo. “*Colonización e Inmigración en el Ecuador*”. Editorial Casa de la Cultura Ecuatoriana. Ecuador. 1954, pg. 121.

<sup>24</sup> HERRERA MOSQUERA, Gioconda; MONCAYO, María Isabel; ESCOBAR GARCIA, Alexandra. “*Perfil Migratorio del Ecuador 2011*”. [online]. International Organization for Migration, Ecuador, 2011. pg. 57. [Retrieved: June 20, 2013]. PDF Document available on the internet at: [http://publications.iom.int/bookstore/free/Perfil\\_Migratorio\\_del\\_Ecuador2011.pdf](http://publications.iom.int/bookstore/free/Perfil_Migratorio_del_Ecuador2011.pdf)

**Table 1**  
**Foreign resident population in Ecuador in relation to the total of inhabitants**

<b>Population</b>	<b>Census 2001</b>		<b>Census 2010</b>		<b>Year 2012</b>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
<b>Ecuadorian Population</b>	12.052.478	99,1%	14.301.651	98,8%	15.127.373	97,1%
<b>Foreign Population</b>	104.130	0,9%	181.848	1,2%	393.600	2,9%
<b>Total</b>	12.156.608	100%	14.483.499	100%	15.520.973	100%

Source: INEC (National Institute of Statistics and Census)

Ministry of Foreign Affairs

[http://publications.iom.int/bookstore/free/Perfil\\_Migratorio\\_del\\_Ecuador2011.pdf](http://publications.iom.int/bookstore/free/Perfil_Migratorio_del_Ecuador2011.pdf)

Author: Andrea Delgado

Additionally, the information about the input and output of Ecuadorians and foreigners from any migratory port are collected by the Migration office through the Andean migration card, which must be completed, at the time that any Ecuadorian or foreigner enters or leaves the country. These data are collected by the 13 Chiefdoms of Migration around the country (Quito, Guayaquil, Tulcán, Huaquillas, San Cristobal, Macara, Machala, Esmeraldas, Salinas, Manta, Lago Agrio, San Lorenzo and Santa Cruz.

With this information it can be noted that Ecuador has a larger number of migrants from Colombia 99,873 people, which is half of the immigrant population, followed by Peru 17,361, The Unites States 7,158, Spain 13,042 and Cuba with 8232. In smaller amounts the presence of extra-regional nationalities, such as Haiti, Nigeria, can be observed, among others.<sup>25</sup> Below is the graphic showing the above.

<sup>25</sup> HERRERA MOSQUERA, Gioconda; MONCAYO, María Isabel; ESCOBAR GARCIA, Alexandra; op. cit., pg. 57.

**Table 2**  
**Ecuador foreign resident population by origin country and year of arrival**

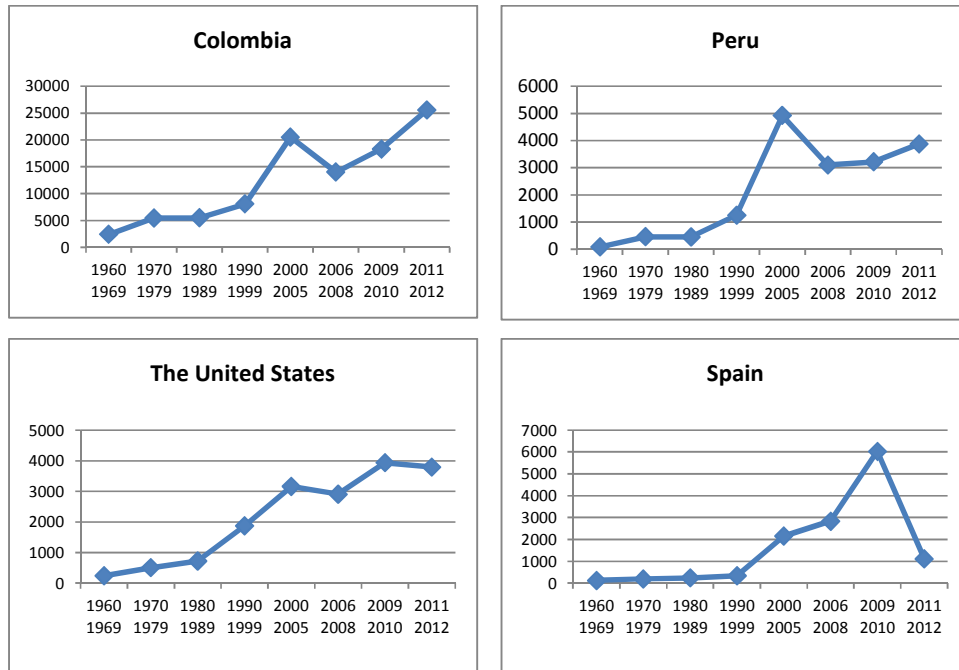
<b>Country of Origin</b>	<b>1960</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>	<b>2006</b>	<b>2009</b>	<b>2011</b>
	<b>1969</b>	<b>1979</b>	<b>1989</b>	<b>1999</b>	<b>2005</b>	<b>2008</b>	<b>2010</b>	<b>2012</b>
<b>Colombia</b>	2,412	5,477	5,502	8,080	20,540	14,027	18,285	25547
<b>Peru</b>	81	457	455	1,252	4,924	3,099	3,216	3877
<b>The United States</b>	244	506	724	1,874	3,162	2,910	3,941	3797
<b>Spain</b>	125	197	243	342	2,155	2,835	6,031	1114
<b>Cuba</b>	29	46	49	514	594	991	3,816	2193

Source: IOM International Organization for Migration

[http://publications.iom.int/bookstore/free/Perfil\\_Migratorio\\_del\\_Ecuador2011.pdf](http://publications.iom.int/bookstore/free/Perfil_Migratorio_del_Ecuador2011.pdf)

Author: Andrea Delgado

**Graphic 3**  
**Ecuador Foreign resident population by origin country and year of arrival**



Source: IOM International Organization for Migration

[http://publications.iom.int/bookstore/free/Perfil\\_Migratorio\\_del\\_Ecuador2011.pdf](http://publications.iom.int/bookstore/free/Perfil_Migratorio_del_Ecuador2011.pdf)

Author: Andrea Delgado

Ecuador has also presented a significant growth of cross-border immigration, called the entry of migrants as refugees mainly from Colombia and Peru. In this aspect Ecuador is the country with the largest number of refugees in Latin America, although it is not possible to know for sure what the exact rate of refugees is, because many of them have entered the country without notice. The International Organization for Migration through the Ministry of Foreign Affairs estimates that up to April 2012, there are 192,543 refugees in the country, of which 91.97% are from Colombia.<sup>26</sup>

**Table 3**  
**Refugee's population and refugee's claimant by nationality**  
**Data through April 2012**

	Refugees population		Refugee Claimant Population		Total Population Refugees and Refugee Claimant	
	Total	%	Total	%	Total	%
Colombia	55,317	98,82%	137,226	89,48%	192,543	91,97%
Rest of America	390	0,71%	15,072	9,82%	15,462	7,38%
Africa	93	0,16%	736	0,49%	629	0,40%
Asia	90	0,16%	155	0,10%	245	0,12%
Europe	66	0,12%	164	0,10%	230	0,11%
Others	19	0,03%	26	0,01%	45	0,02%
<b>Total</b>	<b>55,975</b>	<b>100%</b>	<b>153,379</b>	<b>100%</b>	<b>209,354</b>	<b>100%</b>

Source: IOM International Organization for Migration

[http://publications.iom.int/bookstore/free/Perfil\\_Migratorio\\_del\\_Ecuador2011.pdf](http://publications.iom.int/bookstore/free/Perfil_Migratorio_del_Ecuador2011.pdf)

Author: Andrea Delgado

One of the major problems of human mobility in Ecuador is the lack of accurate statistical data. Not all migrations occur legally or are simply not recorded anywhere, which leads to the conclusion that may be there is a highest number of immigrants in

<sup>26</sup> HERRERA MOSQUERA, Gioconda; MONCAYO, María Isabel; ESCOBAR GARCIA, Alexandra; op. cit., pg. 68.

the country. This entire migratory phenomenon has created a change in the social, cultural and economic structure between countries or regions, so that a cosmopolitan culture has been created, in which we are accustomed to be together with people of other regions.

### **1.7 International migration of elderly Americans**

The United States has an estimated population of approximately 311,591,917 people. Of this, the elderly people (over 65 years) represent 13.2%, or 75 million of the total population.<sup>27</sup> This generation born between 1945 and 1960 are called Baby Boomers, have a high purchasing power and self-proclaim "We are the economy".<sup>28</sup> However, although the United States has been characterized as a receiving country due to its large economy, currently the major problems experienced such as the falling dollar and the collapse of banks and financial institutions in 2008, have the collapse of Stock Market Prices and the devaluation of the retirement savings of many people. It is estimated that approximately 40% of Americans retirement savings has already been spent or has lost its value due to the economic crisis facing the country.<sup>29</sup>

The loss of the savings of retired Americans has caused the concern of the government, who as a way out of this crisis is trying to increase the retirement age to 67 years, seeks to halt the decline of \$ 6.6 billion in savings of U.S. citizens. In addition, the U.S. Congress is looking to make more cuts in social security programs as it is estimated that as of 2023 the fund will be forced to use the main capital to meet their payments, due to projected depletion of funds for 2036.<sup>30</sup> Thus one of the

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<sup>27</sup> GREENE, Kelly; TERGESEN, Anne. "*En la Tercera Edad y Aún Trabajando*". [online]. The Wall Street Journal. [Retrieved: June 20, 2013]. Available at: <http://online.wsj.com/news/articles/SB10001424052970204740904577191052751633474?mg=reno6wsj&url=http%3A%2F%2Fonline.wsj.com%2Farticle%2FSB10001424052970204740904577191052751633474.html>

<sup>28</sup> "Baby Boomers" is a term used to describe people born between 1940 and late 1962, where some Anglo-Saxon countries experienced an unusual spike in birth rates in the World War II period.

<sup>29</sup> WORLD SERVICE. "*La Crisis Económica Afecta a Jubilados Estadounidenses*". [online]. [Retrieved: June 21, 2013]. Available at: <http://spanish.tribuna.com/noticias/politica/2013/06/21/136513-crisis-economica-afecta-a-jubilados-estadounidenses>

<sup>30</sup> HAYES, Matthew. "*Una Nueva Migración Económica: el Arbitraje Geográfico de los Jubilados Estadounidenses Hacia los Países Andinos*". [online]. Flacso Sistema de Información sobre Migraciones Andinas, Ecuador, 2013. Pg. 9. [Retrieved: June 21, 2013]. PDF Document available on the internet at: <http://www.flacsoandes.edu.ec/dspace/bitstream/10469/5075/1/BFLACSO-AM15.pdf>



most important aspects of Americans' retirement is being redesigned, increasingly affecting the welfare of those who have saved and contributed for several years.

The U.S. Bureau of Labor Statistics (BLS) indicates that the unemployment rate of elderly in the United States was 7.2% in December 2009, and although by 2011 the figure dropped to 6%, the rate of elderly unemployed remains a serious concern to the U.S. government. The American Association of Retired Persons (AARP) reported that of the 14 million unemployed in the country, 55% of the total is 55 years of age or older. It is estimated that a retired couple in America needs about \$24,000 to cover medical expenses in 2012, equivalent to an increase of 50% compared to 2002 when the cost estimate skirted \$16,000 a year.<sup>31</sup>

As a result, some retirees choose to continue their jobs in order to earn more income, while others decide to leave their country to escape this economic crisis. It is impossible to know exactly the number of retirees living abroad, but data supplied by the Statistical Supplement to the Social Security Administration estimates that about 350,000 seniors are abroad receiving Social Security benefits.<sup>32</sup> Additionally we could mention that the recognized International Living magazine, which had a total of 39,000 subscribers, today has approximately 80,000 who receive information about ideal places for retirement.<sup>33</sup>

One important thing about American retirees' migration is written in the article published in 2007 "Retiring in a Foreign Land", which states that U.S. retirees who decide to migrate abroad do so to "developing" countries, while European retirees decide to go to "developed" ones, similar to countries where they were born.<sup>34</sup> This type of departure by Americans is known as North-South migration.

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<sup>31</sup> HAYES, Matthew; op. cit., pg. 6.

<sup>32</sup> Knowledge at Wharton Magazine. "*Desempleo de Jubilados*". [online]. University of Pennsylvania. [Retrieved: June 15, 2013]. Available at: <http://www.wharton.universia.net/index.cfm?fa=printArticle&ID=2244&language=spanish>

<sup>33</sup> Revista Knowledge de Wharton; op. cit.

<sup>34</sup> AMIN, Iftekhar; INGMAN, Stanley R. "Retiring in a Foreign Land". [online]. Department of Gerontology and Sociology, 2007 Pg. 24. [Retrieved: June 18, 2013]. PDF Document available on the internet at: <https://www.kent.edu/sociology/resources/jaee/upload/retiring-in-a-foreign-land.pdf>

Sociologist William H. Walters<sup>35</sup> (2002) who writes on the migration of elderly Americans, in one of his works called “Later-Life Migration in the United States” defines three types of migrants. The first type is amenity-seeking migrants, who are motivated by the pursuit of recreational opportunities, scenic beauty, pleasant weather, friendly culture, low crime, and low cost of living, attractive cities in prominent locations and privileged people. Migrants belonging to this type are healthy and have good purchasing power.<sup>36</sup>

A second type of migrant is the “assistance-seeking”, to this category belong the elderly who have a mild illness or widowhood, income is moderated so their lifestyle is comfortable, yet many of them move to live with their adult children or share housing with another older person in order to share costs.<sup>37</sup> Finally, the third type of migrant corresponds to “disability-impelled”, this type refers to older adults with severe chronic diseases or who must travel to institutions that can provide them assistance, most move short distances, usually without leaving the country trying to be close to their loved ones.<sup>38</sup>

Most retirees choose places that offer attractive services without having to pay high costs, the most attractive destinations are those with warm climates and large elderly populations of the same nationality with whom to socialize.

### **1.8. Preferred countries for Americans to migrate**

Retirees seeking information on possible destination countries, mainly use the internet as a tool to explore the possibilities for retirement abroad. The range of countries is very wide showing all their charms and benefits to this group of people. Retirees meanwhile, probe the possibilities of life and analyze the requirements that they seek. Having chosen one or two locations, after careful analysis, comparisons or planning a sightseeing tour for a few days, they finally decide for the option that best suits them.

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<sup>35</sup> Sociologist William H. Walters is recognized by the author of several books and research on migration and U.S. elderly migration.

<sup>36</sup> WALTERS, William. “Later-Life Migration in the United States: A Review of Recent Research”. [online] Journal of Planning Literature. Unites States. 2002 Pg. 40. [Retrieved: June 19, 2013]. PDF Document available on the internet at: <http://www.sagepub.com/oswcondensed/study/articles/13/Walters.pdf>

<sup>37</sup> WALTERS, William; op. cit., pg. 40.

<sup>38</sup> WALTERS, William; op. cit., pg. 41.

Today, in countries with more influx of retirees from abroad, there are several organizations or groups of retirees who migrated in the past and were in similar conditions and with the same concern as to whether the decision to move to the city is the best option. Furthermore, these groups aim to serve as a reference contact for new interested retirees, many times providing accommodation, offering tours of the locations or helping them get in touch with important people, for example in the field of real estate.

Several regions of the world in recent years have felt the presence of retired migrants. According to research conducted by Dr. Omar Lizarraga Morales<sup>39</sup> (2008) in his article entitled "U.S. Immigration Retirees in Mexico and Transnational Practices" (*La Inmigración de Jubilados estadounidenses en México y sus Prácticas Transnacionales*), it says that the main European countries receiving immigrants retirees are: Portugal, Italy, Greece, Turkey, Hungary and Spain (preferred by older adults from the Nordic countries); retirees from northern Europe and eastern Asia, prefer to migrate to Oceania, to countries like Australia and New Zealand, however the countries of Central and South America are the most attractive to retirees from the United States and Canada.<sup>40</sup>

In addition there are various media such as television reports and journals, which are responsible for reporting the ideal countries for retiree living; one of these magazines known for their truthfulness is International Living,<sup>41</sup> which for 22 years has published the rating of the best international retirement destinations, based on survey data and information on categories or factors such as cost of living, climate, house prices, health services, ease of integration, infrastructure retiree, entertainment, etc.

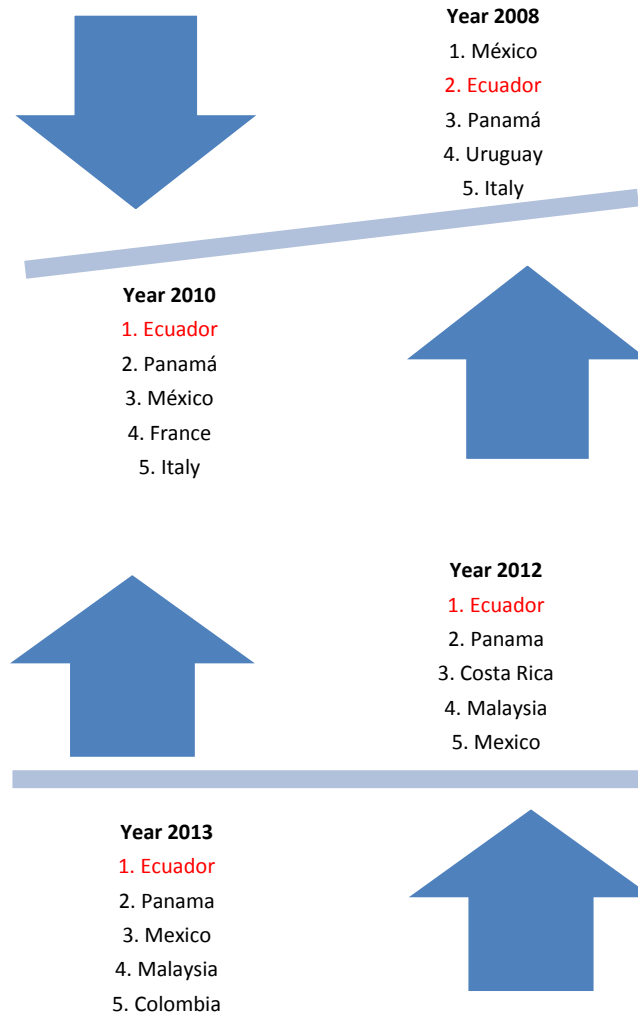
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<sup>39</sup> Omar Lizarraga Morales Mexican, Doctor in Social Sciences is the author of several studies on immigration of retired Americans in Mexico and their effects, these being recognized and taken as a reference in several research projects, conferences, etc.

<sup>40</sup> LIZARRAGA MORALES, Omar. "*La Inmigración de Jubilados Estadounidenses en México y sus Prácticas Transnacionales*". [online]. Red de Revistas Científicas de América Latina, el Caribe, España y Portugal Informe Migración y desarrollo. México. 2008 Pg. 98. [Retrieved: June 24, 2013]. PDF Document available on the internet at: <http://www.redalyc.org/articulo.oa?id=66011754005>

<sup>41</sup> International Living: magazine dedicated to the categorization and score of countries according to their attractive or deficiencies

**Graphic # 4**  
**Preferred countries for retirement Americans**



Source: International Living

<http://internationalliving.com>

Author: Andrea Delgado

Data obtained from the website of the International Living magazine, about the countries to which foreign retirees prefer to migrate and the changes that have occurred over four years are shown in this table. It can be seen that Mexico, Panama and Ecuador have been for several years, preferred by retirees as migration countries, while European countries such as Italy and France have lost these privileged positions. By contrast, during the last two years Malaysia has been rising in the ranking positions presented by the magazine.

An important point to consider is that Ecuador has held, for three consecutive years, the first place among the favorite countries to migrate, because of the countless benefits offered to new residents. This type of sorting or ranking done by several media are of great help to both people seeking information as to the chosen countries, and that somehow allows the country's promotion and ensures the presence of more retirees each year. Next, a brief analysis of the favorite countries chosen by American retirees, based on data of this prestigious magazine.

### **1.8.1 Ecuador**

Ecuador has been considered for the third consecutive year as the preferred country for American retirees to reside, for the following reasons: It is considered that this country is in a privileged area because we can find three regions as Coast (*Costa*), Mountains (*Sierra*) and the Amazon (*Oriente*), all different but beautiful; since Ecuador is a small country this allows visitors to change from one region to another, traveling short distances. On the same day, you can visit a place full of mountains and rivers, and with only three hour trip you can go to a warm climate to enjoy the beach. Likewise, both domestic and foreign retirees can access the benefits that the country offers to the elderly, such as discounts, preferences, etc. With this background, the country has achieved recognition as a good destination for tourism and residence.

### **1.8.2 Panama**

Panama is known among retirees as a "first world country with third world prices", due to its great architectural infrastructure, Panama is considered as one of the favorite destinations by U.S. retirees. One strategy to promote migration during retirement by the Panamanian government is the implementation of the Pensioner visa, which allows getting residence in a faster and easier way. With this visa seniors can access benefits and discounts on almost everything, such as 10% to 15% for medical consultations and medicines, 25% discount in restaurants, 50% on tickets to entertainment such as movies, 30% on public transport, etc.<sup>42</sup>

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<sup>42</sup> Panamá Tourist Guide. [online]. "*Beneficio Para los Jubilados Extranjeros*". [Retrieved: June 26, 2013]. Available at: <http://www.panamainfo.com/es/beneficios-para-jubilados-extranjeros>.

Also, the dollar as the currency and the fact that most people speak English almost perfectly, are helpful factors when choosing this country, without leaving aside the friendliness of its people and a calm and happy lifestyle, which is exactly what the retirees want. Property prices are quite affordable and you can get a comfortable and beautiful home starting at \$ 85,000.

### **1.8.3 Mexico**

Mexico has a mix of history and modernity, full of color and joy from its citizens, which are highly appreciated by retirees from abroad. Among the causes that make this one of the favorite cities for staying retired, is the low cost of living; you can buy a large and comfortable house at a low price, and may also bring goods from abroad without paying taxes. Mexico has excellent health services, promoting medical tourism which offers low-cost consultation, examination and medication, almost 50% less than they would pay in their countries of origin.

### **1.8.4 Costa Rica**

Costa Rica is known for its low costs especially in health. Foreign retirees can also benefit from this service, once they obtain their residence. The medical system known in Costa Rica as "*Caja*" is a government program through which people can be treated in Hospitals-Caja, thus paying small amounts of money. They can also get affordable medicine. For example, a couple of American retirees residents would pay about \$ 49 a month for the service, while in their country of origin they would pay more than \$ 1,000.<sup>43</sup>

### **1.8.5 Malaysia**

Malaysia is the only country in Asia that has earned the privilege of being on list of favorite countries chosen by foreign retirees. There are several reasons that have made this place the favorite of many people, tropical climate year-round, full of beaches, islands and places with beautiful scenery to be enjoyed; besides its low prices, good restaurants, entertainment centers and shopping with all the luxuries and comforts of a first world country. Citizens are very friendly people and speak English quite fluently, which is helpful for retirees. In cities like Kuala Lumpur and Penang

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<sup>43</sup> International living. [Online]. "The world's top retirement havens in 2013". [Retrieved: June 27 2013]. Available at: <http://internationalliving.com/2012/12/the-worlds-top-retirement-havens-in-2013/>

where there are higher rates of migration of foreign retirees, a lot of organizations have been formed, which serve as a guide for a pleasant stay with meetings to exchange experiences, walking through the city and mainly encourage interaction between these two different cultures.

But without a doubt, one of the keys to being an attractive country for retirees is that Malaysia has excellent quality medical centers, almost every day, hundreds of people arrive in the country, attracted by medical tourism, in order to treat some kind of disease; besides health insurance is one of the cheapest in the world, and medicines are very economical. Finally, it is very easy for foreign retirees to purchase goods using only the benefits that this country offers them.<sup>44</sup>

### **1.9 Migration of elderly American to Ecuador**

Ecuador is a beautiful country in all its aspects: cold weather in the Andes, high mountains, rivers and valleys; warm climate in the coastal region, surrounded by beautiful beaches. Not to mention the world-renowned Galapagos Islands, which are one of the main attractions for foreign retirees. Those who come in search of a new home, leaving behind the false ideology that South American countries are dangerous due to the existence of crime, inadequate services and politically different. In this way, the North-South migration has been encouraged day by day, developed by first world countries to developing or third world countries.

With the above background, today there is a wide variety of media and commercial developers who perform and promote migration to Ecuador, especially targeted at this generation of "baby boomers", with such catchy titles as "Ecuador is the favorite 'shelter' for retirees ", and " top haven for retirees in 2013." In this way, our country has managed to be the favorite place for retirees.

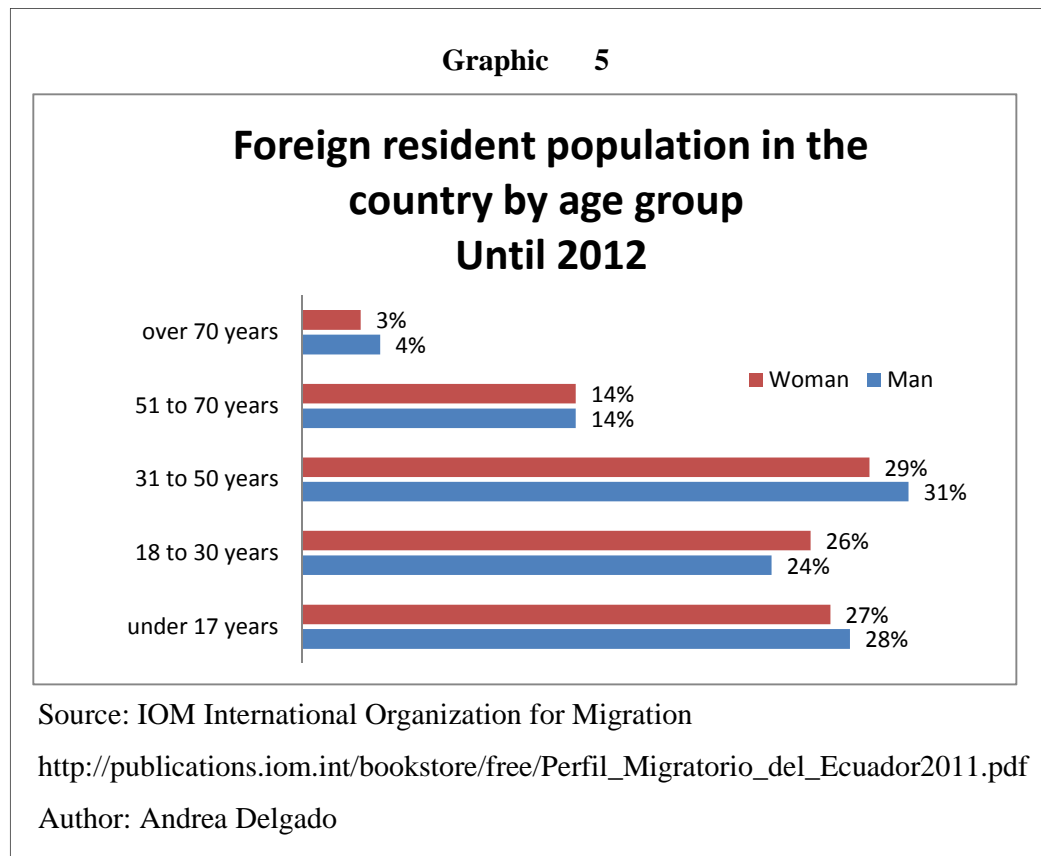
Additionally, one can mention the series of reports and positioning ranking, such as International Living magazine; which gives ratings to each country in areas such as: cost of living, climate, housing prices, health services, infrastructure, entertainment, services, benefits based on surveys conducted. Grades earned by Ecuador are high, which position is ahead of countries such as Panama, Mexico, Costa Rica and

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<sup>44</sup> International living; op.cit.

Malaysia, winning this award for three consecutive years. So we can say that Ecuador is the favorite place for retirees.

Retirees are between 51 and 70 years (considered seniors), representing 15% of all migrants from abroad, adding to this figure, the very low rate of Americans over age 70 living in the country, representing only 4%; comparatively high rates of young foreigners residing in Ecuador (according to the picture shown). This means that migration of American retirees still does not represent the majority as to the entry of foreigners. It is important to mention that the popular cities for retirees are: Quito, Guayaquil, Cuenca, Ambato, Loja, Manta, Salinas, Vilcabamba, Esmeraldas.<sup>45</sup> Below is the graph showing the figures, it should be noted that the table corresponds to the last two censuses in the country.<sup>46</sup>



<sup>45</sup> Ecuador Inmediato. [online]. “Ecuador Elegido por Quinta Vez Como Mejor Destino Para Jubilados Extranjeros”. [Retrieved: June 21, 2013]. Available at: [.http://ecuadorinmediato.com/index.php?module=Noticias&func=news\\_user\\_view&id=200418&umt=ecuador\\_es\\_elegido\\_por\\_quinta\\_vez\\_como\\_mejor\\_destino\\_para\\_jubilados\\_extranjeros](http://ecuadorinmediato.com/index.php?module=Noticias&func=news_user_view&id=200418&umt=ecuador_es_elegido_por_quinta_vez_como_mejor_destino_para_jubilados_extranjeros)

<sup>46</sup> HERRERA MOSQUERA, Gioconda; MONCAYO, María Isabel; ESCOBAR GARCIA, Alexandra; op. cit., pg. 62.



Due to the increase of tourists entering the country in order to find out if Ecuador is the best place for living, the Ministry of Tourism is working to increase tourism and migration rates. The Minister Veronica Sion, who is at the head of the Ministry, has planned several projects, including the Marketing Plan 2010-2014, which has invested a total of \$ 20 million dollars, and aims to promote tourism, improve service quality and efficiency in tourist spending.

### 1.10 Causes of American retirees migration in Ecuador

It seems contradictory that people from a developed country like the United States migrate to developing countries such as Ecuador, looking for "better living ". This leads us to ask "what do they seek in a country when they choose it?. To answer this question it is necessary to present the following table prepared by the International Living magazine based on research and surveys to retirees, in which the positioning ranking of favorite countries for retirees to live is presented. Ecuador leads this classification, showing the factors that make U.S. retirees decide to come to this country.<sup>47</sup>

**The world's top retirement havens in 2013**

Country	Real Estate	Special Benefits	Cost of Living	Ease of Integration	Entmt. & Amenities	Health	Infras-structure	Climate	Final Scores
Ecuador	97	98	100	95	90	85	80	83	91.1
Panama	95	100	95	96	96	91	82	68	90.4
Mexico	94	91	88	96	96	88	75	89	89.6
Malaysia	94	79	95	95	96	87	91	66	87.7
Colombia	93	76	60	92	96	93	84	75	83.7
New Zealand	87	72	69	90	93	84	86	89	83.6
Nicaragua	92	79	94	89	85	78	63	70	82.6
Spain	79	68	78	90	93	76	94	81	82.1
Thailand	90	68	71	91	97	83	76	75	81.4

Source: International Living  
<http://internationalliving.com/2012/12/the-worlds-top-retirement-havens-in-2013/>  
 Author: Andrea Delgado

<sup>47</sup> International Living. [online]. "The world's top retirement havens in 2013". [Retrieved: June 27, 2013]. Available at: <http://internationalliving.com/2012/12/the-worlds-top-retirement-havens-in-2013/>

### **1.10.1 Real Estate**

With a score of 97 points out of a hundred, Ecuador once again has won another important award "the best real estate value in the world." The real estate value in Ecuador is quite accessible to those interested in purchasing a property at a low price, since many retirees have expressed their full capacity to acquire a property between \$ 75,000 and \$ 200,000; for instance, a house on the beach in Ecuador is around \$ 60,000, while in North Carolina the same house would be estimated at more than \$ 250,000.<sup>48</sup>

Thus, new residents will find it very easy to get a house or apartment that fits their needs at a reasonable price, payment solved with their retirement savings. Today, many national and foreign companies are dedicated to the exhibition of houses and apartments, with a variety of prices and geographical locations, advertising properties on the Internet, so that retirees can buy them before they reach the country.

### **1.10.2 Special Benefits**

According to the Constitution of the Republic of Ecuador made in 2008, in the country, every elderly, national or foreigner has the same rights and benefits; including discounts, preferential positions, certain free services, etc.

### **1.10.3 Cost of living**

With a score of 100 out of 100, another cause of migration of American retirees to Ecuador. Many U.S. retirees residing in the country have felt surprised by the very low prices of certain things, for example in the city, you can find full lunches from \$ 2, public transport costs 12 cents for seniors (discount already included 50%), the cost of countless fruits throughout the year, low prices on medical and dental services, basic services; the same products and services in the United States would represent a luxury.

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<sup>48</sup> El Telégrafo Newspaper. "*Los "Expats" Cambian el Rumbo Inmobiliario en la Capital Azuaya*". [online]. [Retrieved: June 28, 2013]. Available at: <http://www.telegrafo.com.ec/noticias/informacion-general/item/los-spaks-cambian-el-rumbo-inmobiliario-en-la-capital-azuaya.html>

#### **1.10.4 Ease of integration**

The percentage in this category is 95 points, since kindness and respect shown by Ecuadorian people towards "baby boomers" is one of the things that Americans retirees really like. It is also important to mention other factors that help Americans retirees to get integrated to their new environment, such as:

- Language: Although many have said that the different language can be a barrier when adapting to a new place, this has not been a problem for English-speaking seniors who have decided to come to a country with a different language. In Ecuador it is now easy to find people who have fluent English, plus you can find restaurants, supermarkets and stores where people speak English, seeking to provide a good service to both domestic and foreign. Additionally, many retirees have enrolled in Spanish schools to progressively adapt to the country and some of them have even gotten jobs by teaching English.
- The U.S. dollar as the official currency of Ecuador adopted since 1999 is a very important and attractive resource for both retirees and foreign investors, as the dollar is a stable currency and Americans see as a benefit not having to calculate currency exchange.
- Having foreign groups or communities that help or guide new residents, as these tend to seek the company of people of the same cultural and geographical origin, to exchange experiences, to face the fear of change of environment and thus achieve a better integration into this new life.

#### **1.10.5 Entertainment and amenities**

A total of 90 points is reached in this category, since U.S. retirees who decide to go to Ecuador, are also attracted by a desire for adventure and to live new experiences, having worked long hours during most of their lives and now they want to enjoy their savings and the best option is to move to a different culture. In Ecuador you can enjoy cultural experiences and a relaxed life, attending meetings organized by the community of American retirees. The country has a variety of cultural and artistic events for everyone.

### 1.10.6 Health

In the United States their elderly citizens who have insurance are subjected to a new process of health care that categorizes persons at their ages:

- If a person is 68 years old can access certain proceedings under the State Health Insurance.
- If he/she is 69 years old, the person is eligible to fewer procedures.
- Over 75 years, have even less chance of getting treatments

But the problem is that all retirees pay a similar fee a month, which causes discontent of many retirees, who see this as an affront to their rights.<sup>49</sup>

With this background, some tourism promoters refer to Ecuador as one of the best receivers of “medical migration”, in which foreign retirees can access an excellent medical system of high quality, with very good clinics, modern hospitals and affordable prices. In certain clinics, medical care and even medicines are free, with many benefits. They also have doctors with higher education, who studied in countries famous for their medical advances, like for example the United States. One interviewee mentioned that "the \$ 300 a month, which pays for the health concept in Ecuador, would cost at least five times more in the U.S."<sup>50</sup>

Finally, one of the privileges that foreign retirees have is the facility to import medicines for geriatric or gerontological treatment, if they are not produced in the country. The import would be free of taxes and duties, by the applicant institutions after approval from the Ministry of Health. In this classification, Ecuador has achieved a score of 85 points.

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<sup>49</sup> BENGÉ, Vicky. “*Seguros Médicos Para la Tercera Edad*”. [online]. Ehow en Español. [Retrieved: July 6, 2013]. Available at: [http://www.ehowenespanol.com/seguros-medicos-tercera-edad-info\\_424493/](http://www.ehowenespanol.com/seguros-medicos-tercera-edad-info_424493/)

<sup>50</sup> VEGA, Julio. “*Crece el Número de Estadounidenses que Prefieren Residir en América Latina*”. [online]. RT noticias. [Retrieved: July 6, 2013]. Available at: <http://actualidad.rt.com/actualidad/view/27851-Crece-n%C3%BAmero-de-estadounidenses-que-prefieren-residir-en-Am%C3%A9rica-Latina>

### **1.10.7 Infrastructure**

In this classification the country received 80 points, according to International Living magazine. Ecuador has grown with wide roads and highways, which allows moving from one city to another in just a few hours. Additionally the country has big cities like Quito and Guayaquil, where it is easy to find impressive buildings, fancy restaurants and boutiques with international brands, which attract the attention of many. Meanwhile, more traditional cities like Cuenca and Loja are very cultural cities, full of museums, churches and restaurants with typical food. In Ecuador, there are two international airports located in Guayaquil and Quito. There are also domestic airports such as Cuenca, Loja and Manta. The Quito airport was recently opened, and is considered one of the most sophisticated in South America

Finally, basic services, especially in Cuenca, are considered the best in the region. The companies offering these services, which operate efficiently and at affordable prices, make it easy for anyone to access these services.

### **1.10.8 Climate**

Ecuador due to its location in the center of the planet at zero latitude has two predictable seasons: wet and dry, known by all as winter and summer. Although the country has a variety of climates starting with the heat of the Ecuadorian coast to the cold of the Andes, the climate is quite nice for older adults, who have decided to migrate to Ecuador, escaping from very extreme climates in their countries of origin, with intense and sweltering summers and winters with freezing temperatures, which often make them sick.

### **1.11 Effects of elderly migration to Ecuador**

The influx of American retirees to Ecuador has affected the host regions and also new residents of the country; in aspects such as: the economic impact due to revenue growth, increase of jobs in the services sector, the area of finance, insurance, real estate, etc. As the presence of U.S. retirees grows in our country, also the demand for services, products and labor has increased, which means new jobs. Additionally, as foreign retirees generally have higher incomes, product requirements are higher too,

and this is why many migrants have felt that their money has had a positive impact into receiving regions.

Sociologist William Walters (2002) argues that migrant retirees have an average annual expenditure of 35,975 per household and every dollar spent by migrants in the local economy, generates almost another dollar of economic output, through indirect effects such as increasing employment and labor. This has been generating about 943 new jobs, which represents a significant increase in the employment rate of Ecuadorians.<sup>51</sup> With the arrival of retired migrants, there has been an improvement in the territorial order and in the maintenance of city infrastructure, progress of public and private services, creation of information centers, etc. All these improvements benefit the community living in the country, whether foreign or domestic. In addition, it achieves the objective of encouraging and promote both tourism and residency in Ecuador.<sup>52</sup>

The cosmopolitan influence of American retirees is very important since many are working with their knowledge, especially in rural areas, which in a way does not always benefit from the state works. Along many of them have participated in their free time helping the community as volunteers in philanthropic or assistance centers, returning somehow a little affection they have received from the country. It is also more likely to get more support from U.S. organizations, donations or promoting projects for the inclusion of retirees in the community.

The migration of American retirees to Ecuador has brought with it a negative consequence, the striking increase in rents and property prices of housing, which is causing a housing crisis since the owners of real estate are trying to sell or lease the best bidder. This certainly is affecting low-income Ecuadorians, who cannot afford to pay these high rents, and are forced to move to some remote areas of the city in the countryside. Finally, many local citizens feel that the new residents are not really integrated into the country, many Americans only socialize with people of their own

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<sup>51</sup> WALTERS, William; op. cit., pg. 40.

<sup>52</sup> Welcome Ecuador. [online]. "*Ecuador espera doblar número de turistas en cuatro años*". [Retrieved: March 20, 2014]. Available at: <http://www.welcomeecuador.com/category/turismo-ecuadoriano/page/3/>

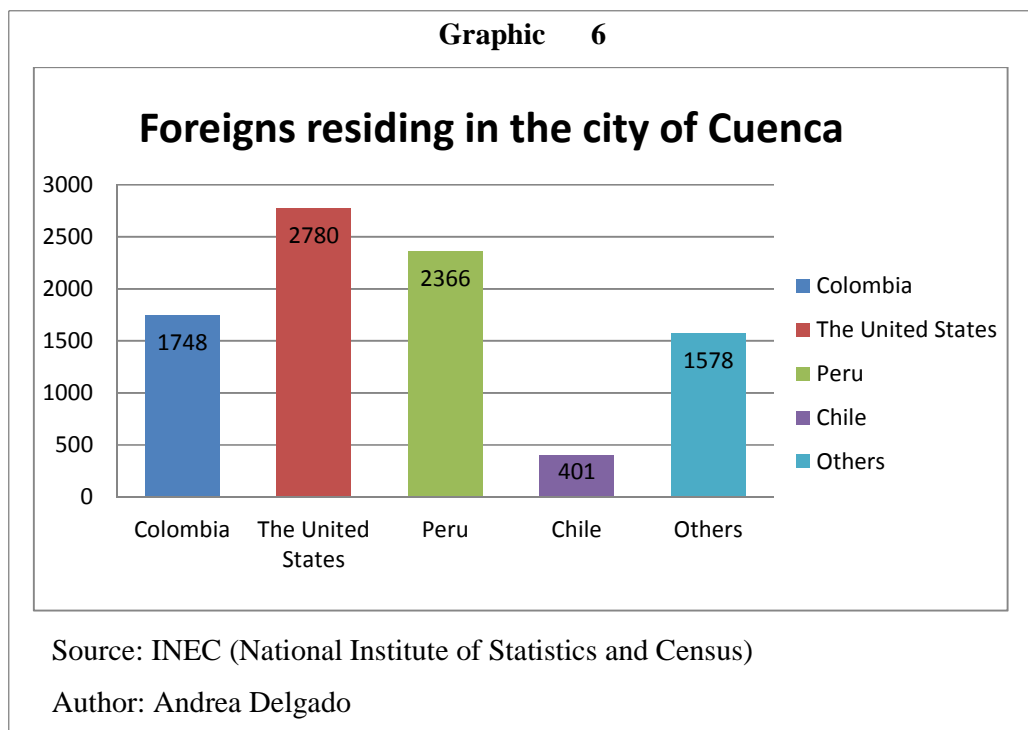
community, organizing meetings just for Americans; it is also said that they are not willing to learn the official language of Ecuador, Spanish, they say "being too old to learn the language." Ideally, the two cultures should socialize in the best way for the good of the country.

## CHAPTER 2

### CAUSES THAT MAKE THE CITY OF CUENCA THE MAIN DESTINATION FOR THE SETTLEMENT OF AMERICAN RETIREES

#### 2.1 International migration in Cuenca

The City of Cuenca has flows of migrants, immigrants and displaced persons who have seen the city as their destination. With data acquired by a visit to the offices of the INEC (National Institute of Statistics and Census), it is known that the number of people of different nationalities living in Cuenca is 9,174 up to 2010, the date on which the last census was made in Ecuador. The United States, Colombia and Peru are the countries that show greater number of residents, the first country with a total of 2,780 people, followed by Peru with 2,366 and Colombia with 1,748 persons, who are residing in the city. It's also possible to identify the arrival of people from other countries, which do not represent a significant number; however they are still important to the interests and economy of the city.





The reason for these arrivals coincides with the policy of free entry to the country, adopted by the government of the President Rafael Correa in 2008, which involved the removal of an entry visa for all nationalities, as an attempt to increase tourism in the country. But this measure had to be removed two years later in September 2010, for certain nationalities of Asian and African continents because it was observed that the measure was being used for other purposes.<sup>53</sup>

This phenomenon has developed economic activities in formal and informal trade, agriculture, manufacturing, mining, construction, etc. Other retirees have decided to migrate to Cuenca just looking to enjoy their retirement to the fullest, as is the case of people from the United States. However, from another perspective, international migration to the city of Cuenca is not considered as a positive aspect by some citizens, who feel injured by the rise of outsiders especially Peruvians and Colombians, who don't really mind about a low salary or excessive work hours, in order to get a job. These characteristics might be very appreciated by some companies, when hiring staff. For this reason it is important that both local and international governments look for a migration regulation.

## **2.2. Migration of American retirees to the city of Cuenca**

The financial crisis caused by the Great Recession of December 2008,<sup>54</sup> severely hit most Americans especially people over 65 years being the most affected. This group, also called "baby boomers" (people born between 1946 and 1964) have seen how their savings and the value of their assets, have been devalued gradually, so they have had to give up their dreams and hopes to enjoy a dignified life in their retirement. Due to these facts, each day the number of U.S. retirees willing to leave their country and moving abroad is greater, Cuenca being one of their favorite places.

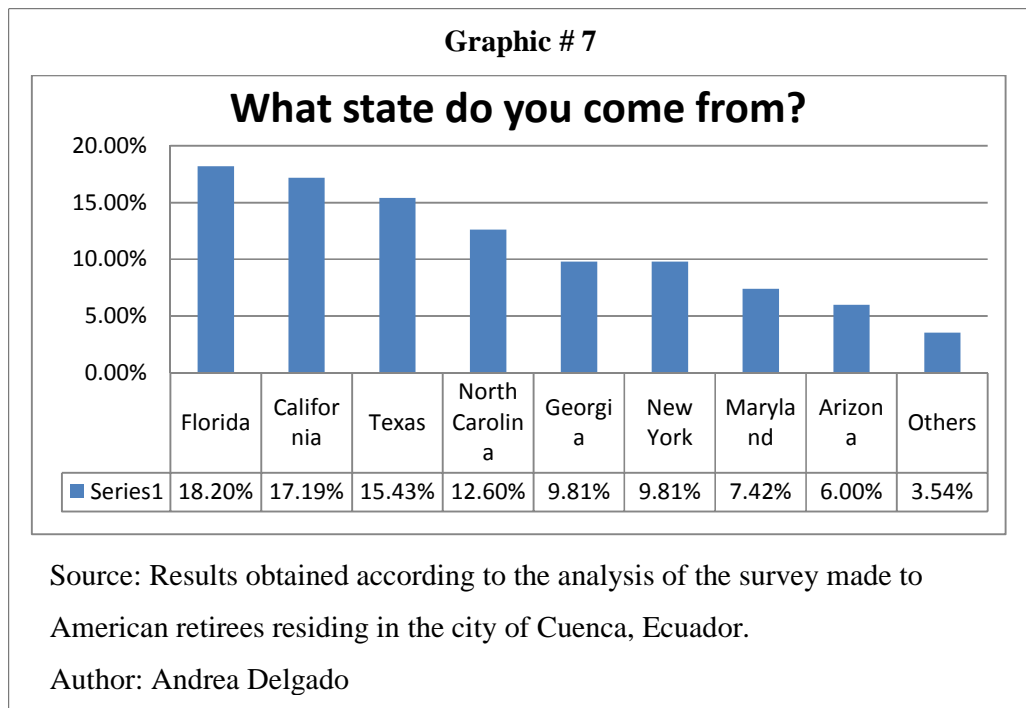
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<sup>53</sup> Ministry of Foreign Affairs, Trade and Integration. [online]. "Newsletter No. 398." [Retrieved: July 15, 2013]. Available at: [http://www.mmree.gob.ec/mre/documentos/novedades/pol\\_exterior/junio/bol398.htm](http://www.mmree.gob.ec/mre/documentos/novedades/pol_exterior/junio/bol398.htm)

<sup>54</sup> The United States became to suffer a severe credit and mortgage crisis, affecting those who had mortgages and investors holding in financial institutions including pension or retirement funds.

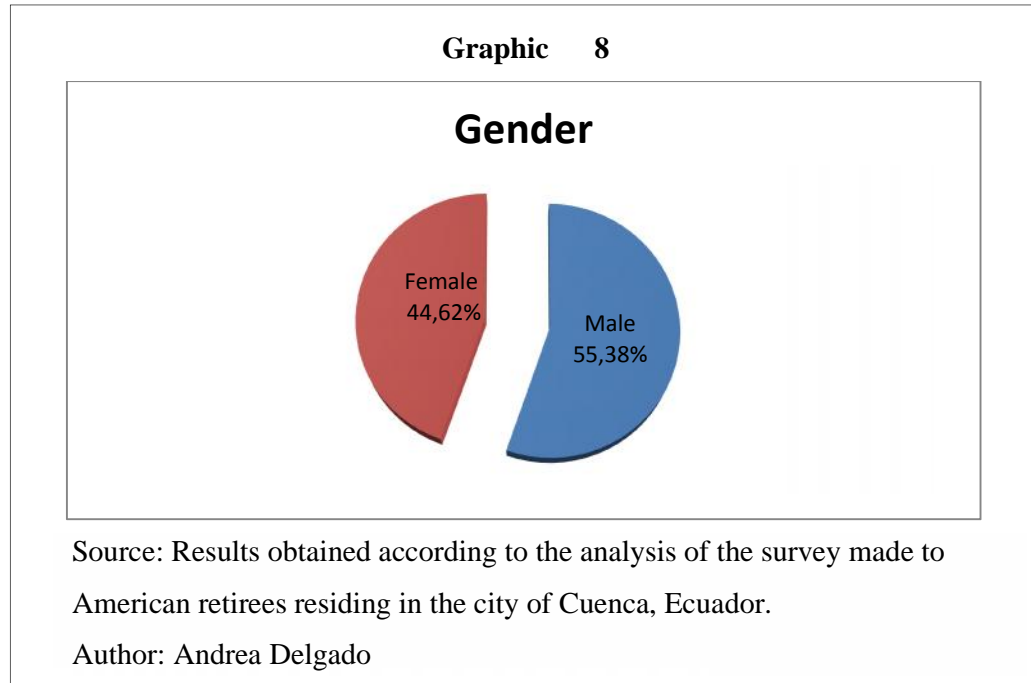
Cuenca, with a population of approximately 505,585 inhabitants<sup>55</sup> was declared on December 1999, as Cultural Heritage of Humanity by the UNESCO (United Nations Educational Scientific and Cultural Organization). This city has been internationally acclaimed as an exceptional place for living, due to its geographical location, favorable economic conditions for the foreign community, countless cultural attractions and stability for eventual investment. Cuenca has seen its citizens migrate day by day, looking for new and better opportunities abroad; nowadays the city lives a reverse migration phenomenon, which is the arrival of a high flow of U.S. retirees every day.

According to data obtained by a survey focused on this group around the city, the majority of retired Americans come from Florida (18.20%), California (17.19%) and Texas (15.43%). Apparently, retirees decide to migrate away from the chaos, pollution, hot weather, high cost of living and the large populations that these states have. The remaining states maintain equal or low percentages, as seen in the chart; however it is important to mention that Americans come from various states and not just a few, which leads us to the conclusion that Ecuador and in this case Cuenca is recognized throughout the United States. Below is the graph showing the above



<sup>55</sup> Municipal Tourism Foundation to Cuenca. [Online]. "Population of the City of Cuenca to the year 2010." [Retrieved: July 17, 2013]. Available at: <http://www.cuenca.com.ec/cuencanew/node/3>

It is important to note that, through the survey it was possible to find out that the gender of American retirees living in Cuenca, the percentages are quite similar, this is 55.38% male and 44.62% female.

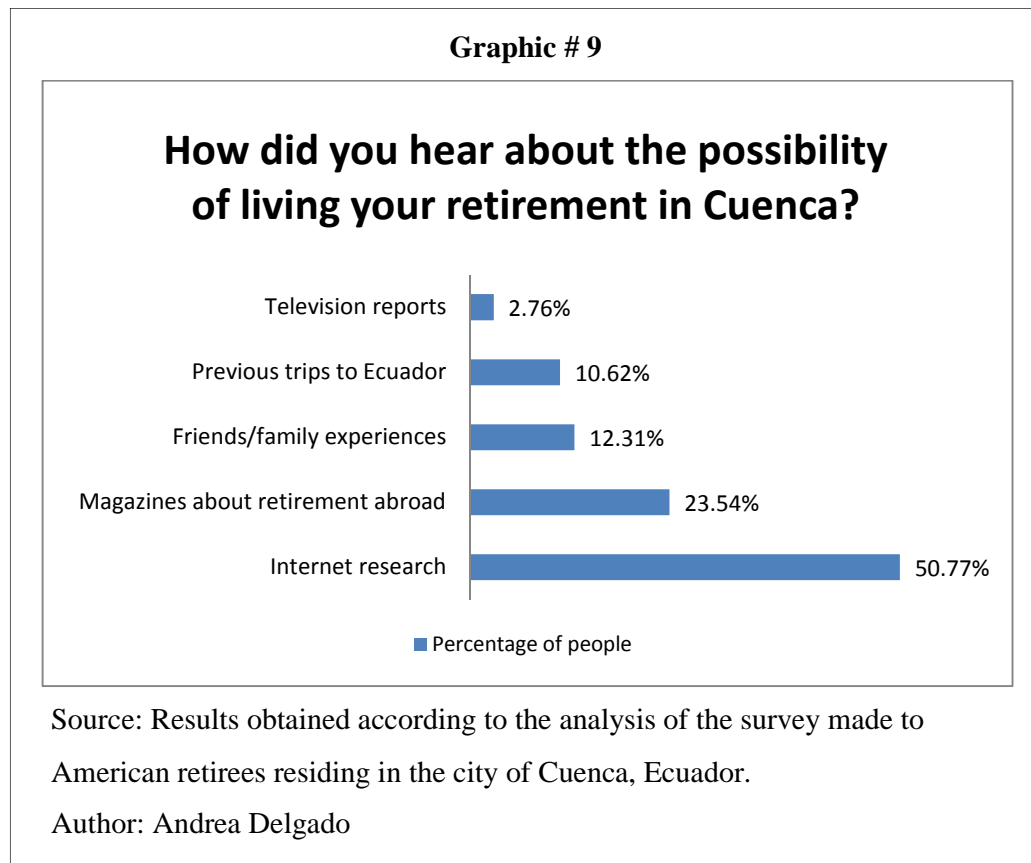


### **2.3 Cuenca as “the paradise of retirees”**

How did you hear about the possibility of living his retirement in Cuenca? Through the survey made to U.S. retirees currently residing in the city, the following data were obtained. The 50.77% of respondents said they had known about Cuenca, through internet research, such as: commercial promoters full information pages, blogs, etc., which talk about this type of retirement, the city and its benefits.

The 23.54% of respondents said they had known about it, through the countless publications of magazines and tourist guides worldwide; such as: "International Living", a prestigious magazine experienced in finding the best international destinations for retirement, which categorizes Cuenca as the "Ideal Place for Retirement in 2013"; National Geographic puts the city within its “top 50 historical cities to be visited”; The German magazine Stern qualifies Cuenca as "The best place in Latin America for foreigners" and The Lonely Planet tour guide included the city among the "Top 10 cities of the world to visit."

12.31% of respondents said they found out about Cuenca, through social networks; that is to say through relatives, neighbors or friends already living in the city who are points of contact and information. 10.62% said they visited the city for a few days, for sightseeing and observing its conditions and later they decided to come back and start a new life. TV networks in North America and the world constantly make reportages dedicated to Cuenca, but only 2.76% of participants said that they knew about the city and its qualities, through this kind of media. Below is the graph showing the above.



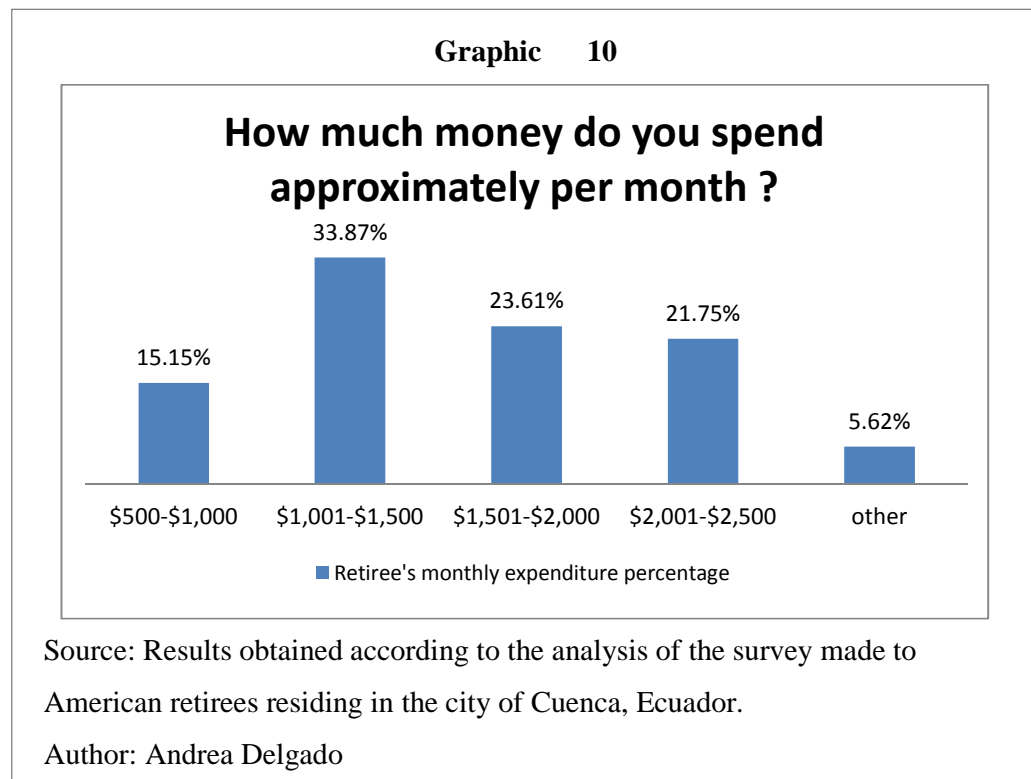
#### **2.4 Causes of American retirees migration to Cuenca**

The search for amenities such as: the beauty of the city, nice weather, low cost of living, but mainly a cozy place to live, are the main causes that make Cuenca the favorite place of many people. Through the survey, American retirees were asked about the positive features they found in the city, which boosted them to make the final decision to accept it as their new home:

### 2.4.1 Low cost of living

32% of respondents said that the low cost of living in Cuenca was their main reason for immigration. Monthly expenses for a middle-class couple in the United States reaches \$ 3,532 per month,<sup>56</sup> while in Cuenca their monthly spending might be between \$ 500 to \$ 2,500 according to data obtained from the survey. The following question was asked: How much money do you spend approximately per month? As a response, 15.15% said they spend monthly \$ 500 to \$ 1,000, 33.87% spend from \$ 1,001 to \$ 1,500, 23.61% spend from \$ 1,501 to \$ 2,000, 21.75% spend from \$ 2,001 to \$ 2,500, and only the 5.62% spend an amount superior to these.

Therefore, if we compare the amount of money a retiree spends in Cuenca, with the amount she/he needs in their home country, there is a significant difference of about \$ 2,000 per month, based on the highest expenditure percentage obtained on the survey. It can be summarized then, that Cuenca offers to retirees the option of a comfortable life, with no worries and specially saving money for future requirements.



<sup>56</sup> NATIONAL AVERAGE. [online]. [Retrieved: July 20, 2013]. Available at: file:///C:/Users/Usuario/Desktop/tesis1/8%20juli/Nueva%20carpeta/National%20Average,%20United%20States%20Cost%20of%20Living.htm

### **2.4.2 Climate**

Cuenca, also called "the city of eternal spring"<sup>57</sup> has an ideal climate. 29% of retirees decided to leave the United States, due to the extreme weather that this country has; with four strongly marked seasons, summers and winters with extreme temperatures, which are not well tolerated by elderly people. This fact is one of the reasons why retirees prefer to live in Cuenca with its comfortable weather, which also allows them to save significantly on heating and air conditioning.

### **2.4.3 Reasonable cost of health care**

In addition to its cultural and architectural beauty, Cuenca has also been highlighted as one of the best places to live, due to its high quality health centers and excellent medical care. For most retirees their health care is a very important point especially at this stage of their life; however with their savings and retirement pension it would be impossible to afford all these expenses in their home country. That is the reason why 18% of retirees mentioned that this was the cause for coming to Cuenca. This type of migration is also known as the "medical migration".

The city has modern, cheap and high-quality health services, also excellent physicians in various fields, who studied in the best universities in the world. A medical appointment costs only \$30 while surgery costs in the city are affordable compared with the United States. The health insurance cost for an American retiree (provided by an insurance agency in the United States) might be around \$640 a month, while private insurance in Ecuador might cost just \$100 for the same period.<sup>58</sup> Seeing the following picture, it is shocking to see the surgery costs in the United States, are up to 10 times higher compared with other countries. Already knowing this information, it's easy to understand why retirees prefer to live in other countries with lower medical costs.

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<sup>57</sup> El Tiempo Local Newspaper. "5.000 Jubilados Extranjeros en Cuenca". [online]. [Retrieved: July 27, 2013]. Available at: <http://www.eltiempo.com.ec/noticias-cuenca/109921-5-000-jubilados-extranjeros-en-cuenca/>

<sup>58</sup> ANDES Agencia Pública de Noticias de Ecuador y Suramérica "Cuenca, en el Austro de Ecuador, se ha Convertido en el Paraíso Para los Retirados Norteamericanos". [online]. [Retrieved: July 24, 2013]. Available at: <http://www.andes.info.ec/es/actualidad/cuenca-austro-ecuador-convertido-paraiso-retirados-norteamericanos.html>

### Surgeries costs around the world

Surgeries	Countries					
	U.S.A	India	Thailand	Singapore	Malaysia	Ecuador
Heart Bypass	\$ 130,000	\$ 10,000	\$ 11,000	\$ 18,500	\$ 9,000	\$ 10,000
Replacement of heart valve	\$ 160,000	\$ 9,000	\$ 10,000	\$ 12,500	\$ 9,000	\$ 15,000
Angioplasty	\$ 57,000	\$ 11,000	\$ 13,000	\$ 13,000	\$ 11,000	\$ 5,000
Hip Prosthesis	\$ 43,000	\$ 9,000	\$ 12,000	\$ 12,000	\$ 10,000	\$ 8,000
Hysterectomy	\$ 20,000	\$ 3,000	\$ 4,500	\$ 6,000	\$ 3,000	\$ 2,000
Knee prosthesis	\$ 40,000	\$ 8,500	\$ 10,000	\$ 13,000	\$ 8,000	\$ 10,000
Spinal fusion	\$ 62,000	\$ 5,500	\$ 7,000	\$ 9,000	\$ 6,000	\$ 12,000

Source: INVEC Proactive investment promotion

Author: INVEC<sup>59</sup>

#### 2.4.4 Benefits for retired people

A total of 11% of respondents chose this option as the reason to migrate to Cuenca. The Constitution of the Republic of Ecuador, made in 2008, points out in its article number 9: "Foreign persons in Ecuadorian territory shall have the same rights and duties as those of Ecuadorians, in accordance with the Constitution."<sup>60</sup> that is to say national or foreign people, over 65 years old have the same benefits. Among them we can highlight the following:<sup>61</sup>

- Exemption from notary and registration costs.
- Half of the price in means of transport (land, air and maritime)
- Preferential rows in banking institutions for the elderly, pregnant women and adults with children in their arms.

<sup>59</sup> INVEC: promotes investment opportunities in various sectors throughout the region aligned with the interests of the city, region and country.

<sup>60</sup> CONSTITUTION OF THE REPUBLIC OF ECUADOR. Montecristi, Manabí, Ecuador. 2008. [online]. [Retrieved: July 21, 2013]. Available at: [http://www.asambleanacional.gov.ec/documentos/constitucion\\_de\\_bolsillo.pdf](http://www.asambleanacional.gov.ec/documentos/constitucion_de_bolsillo.pdf)

<sup>61</sup> LEY DEL ANCIANO. [online]. [Retrieved: July 21, 2013]. Available at: <http://www.ipgh.gob.ec/imagenes/noticias/pdfs/Anciano.pdf>

- Public transport units must have designated-seats specifically for the elderly; in addition, they must pay just half of the price, that is to say 12 cents of dollar.
- 50% discount on various activities, including public events, sports, culture, etc.
- Everyone over 75 years with monthly income up to five unified basic remunerations, and who has a patrimony not exceeding five hundred unified basic remunerations, may be exempted from the payment of fiscal and municipal taxes. If their income or patrimony exceeds the designated values, taxes will be paid only by the difference or surplus.
- Refund of IVA and ICE (taxes) on their shopping.
- Free care in the area of health, in addition to free certain medicines.
- Medicines for treatment of special diseases, geriatric or gerontologist, which didn't exist in the country, may be imported free of taxes and duties by the applicants institutions, prior authorization from the Ministry of Social Welfare and Public Health.
- "Differential payment" in electricity payment, this applies if the bill does not exceed 129kw per hour.
- 50% discount on payment of drinking water service if it doesn't exceed 20 cubic meters, plus, the discount rate also applies to land phone and internet bills.

#### **2.4.5 Affordable cost of real estate**

A total of 7% of respondents pointed out that low costs to rent or buy a property was a big incentive when they decided to migrate to Cuenca; because from abroad, they can search on the internet for houses or apartments and make a purchase decision, even before their arrival. Nowadays, the real estate business has also increased due to this phenomenon, not only Ecuadorian businesses, but also foreign ones, who see their compatriots as potential customers.

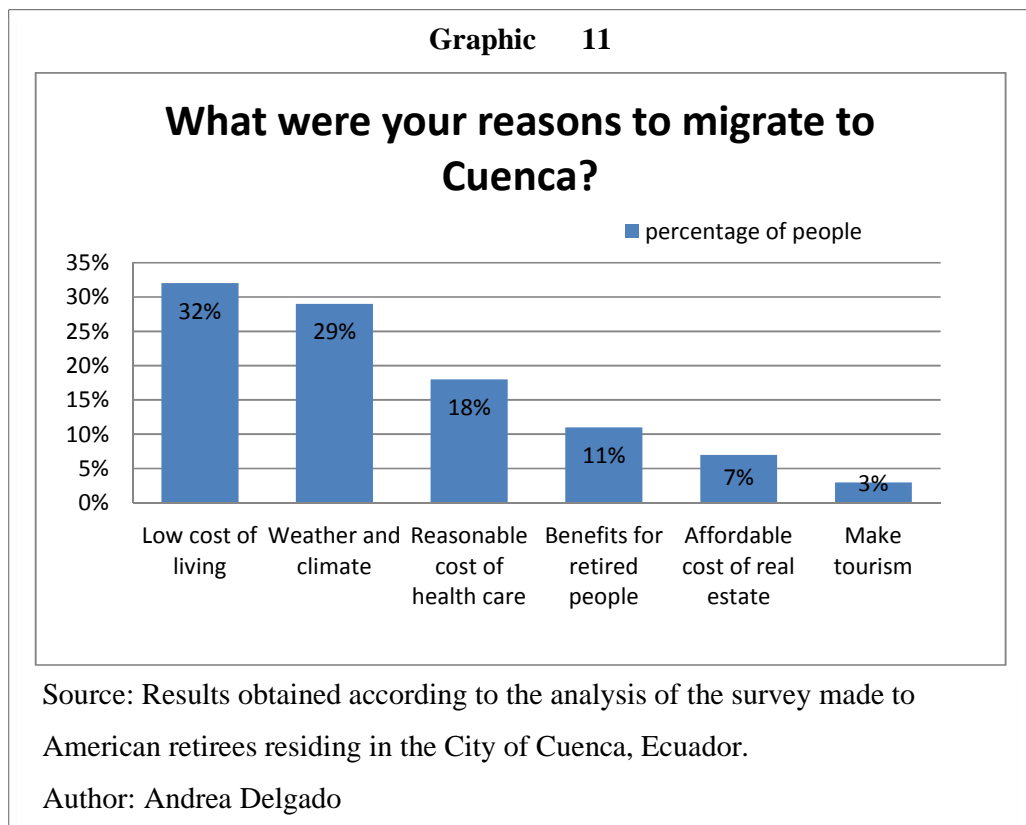
For foreign retirees, real estate costs in Cuenca are low compared to what it could cost in the United States. For example, to invest in a house they would need between



\$ 70,000 and \$ 200,000, depending on location, property size, etc.<sup>62</sup> A very important thing to mention is that they prefer properties in quiet places with a good view, and although American retirees and people from Cuenca have different preferences about houses design, retirees are happy to live in the city.

#### 2.4.6 Make tourism

From December 1st, 1999, the date on which Cuenca was declared Cultural Heritage of the Humanity, the city has been promoting itself by almost all media to the position of a destination for international tourism. Therefore 3% of respondents mentioned that they were attracted to go to Cuenca for visiting. Many of them said they were surprised by the level of education and culture of the people in the city. Almost every day there are cultural activities, such as various concerts of classical music, salsa, jazz, etc. Additionally, more than 14 museums are open to the public at minimal prices and many times for free. Finally, a graphic on the causes of the immigration of American retirees to Cuenca, based on the survey.



<sup>62</sup> El Telégrafo Local Newspaper; op.cit.

## **2.5 Legal situation of American retirees in the city**

To legalize a person's entry in Ecuador, the Migration Act provides two types of visas: immigrant and non-immigrant, who are divided into categories, granting certain rights and length of stay, according to the reason for staying in the country. However, a thorough study of the visa types will be discussed in a later chapter.

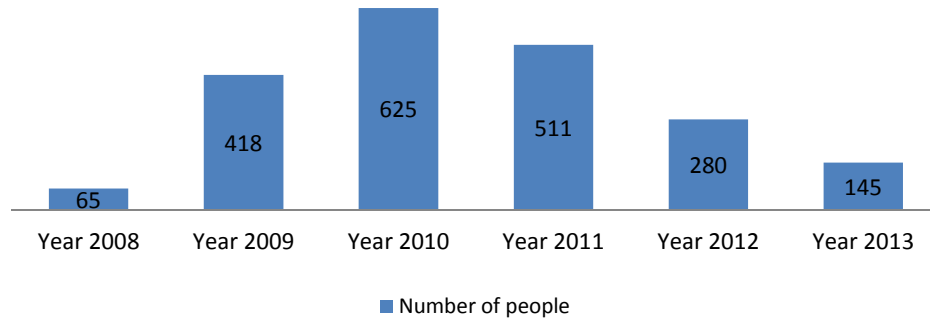
Retired Americans, who arrive in the country with the desire to settle permanently, must legally prove that they meet the necessary requirements to reside in Ecuador, also must possess IMMIGRANT type visa 9I, which corresponds to retired annuitants. No organism of the city or the country has an official record of the number of retired foreigners legally living in Ecuador, which I affirm, since I tried to get local and national statistics, but I could not get that information.

To corroborate the above, it should be noted that the Ministry of Foreign Affairs in its Coordination Office in the city of Cuenca, began in June 2012. Therefore the data provided on the subject above, are only from this date forward. With regard to previous years, there was no organism that could provide accurate data. A request to the Ministry of Foreign Affairs was made in Quito, but they justified themselves by saying “we have no information about legalized foreigners by cities, we only fulfill the duty to grant visas, and we cannot ask applicants about the city they chose for living”.

Although several organizations, like the Chamber of Commerce, Chamber of Tourism, INEC (National Institute of Statistics and Census) and Municipality of Cuenca, estimate that the number of foreign retirees is 5,000 (4,500 American retirees); we can only add that in the second half of 2012, 61 visas, type 9I (retired annuitants) were processed, while in 2013, a total of 114. Due to the difficulty of obtaining accurate data, it was decided to go to the Customs of Ecuador (SENAE), in order to obtain information on the transportation of household goods, as this service is used by the majority of retired Americans who come to reside in Cuenca, who benefit from the ease of bringing their belongings from their home country without paying any taxes. The data provided showed the following figures:

Graphic 12

### Household goods brought by American retirees into the city of Cuenca



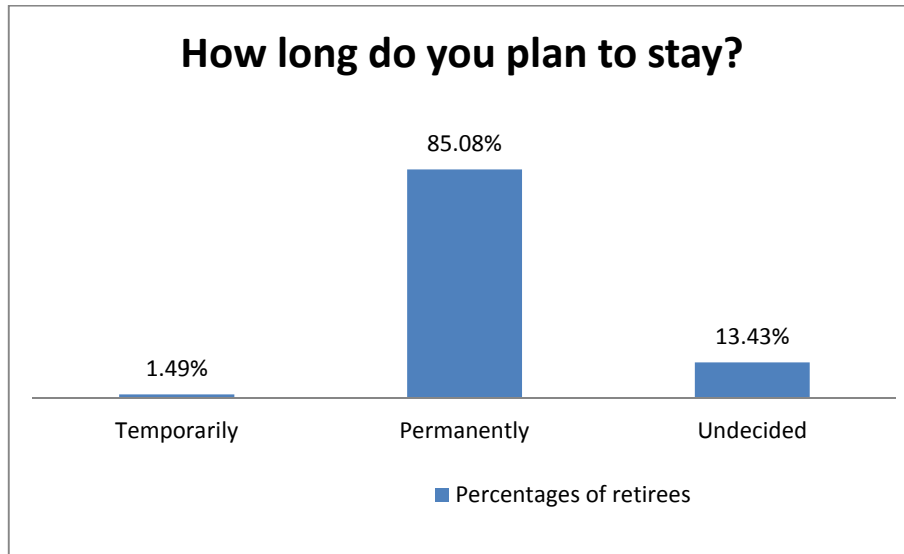
Source: The Customs of Ecuador (SENAE)

Author: Andrea Delgado

As we can see in 2008, there were few retirees in the city. In 2010, there was a notable increase in the number of people who decided to bring their belongings from abroad, an increase that was reduced by 2011 (only 511 people). In subsequent years 2012 and 2013, the growth figures are even lower.

As explained above, the data about the situation of retirees are uncertain. For that reason, and trying to get more information on this topic, the following question was formulated in the survey: How long do you plan to stay?. In response, the following percentages were obtained: 85.08% think to stay in town permanently; 13.43% do not know exactly for how long and only 1.49% said they are planning to stay temporarily. It is important to know this information because it allows us to have a clearer picture of the number of U.S. retirees residing in the city and who plan to stay for a long time. Below is a table showing the above.

Graphic 13



Source: Results obtained according to the analysis of the survey made to American retirees residing in the City of Cuenca, Ecuador.

Author: Andrea Delgado

## 2.6. Adaptation process

When someone decides to leave his/her home country to settle in another, they must adapt to the differences and similarities that can be found in this new place. According to Trotsky Guerrero<sup>63</sup> (2003), author of the book "Mirage and Reality of Emigration from the city of Loja" (*Espejismo y Realidad de la Emigración Lojana*), since the early twentieth century in the United States, several investigations about the incorporation of immigrants into the host society have appeared. One of the most important pieces of research presents three models of people adaptation: assimilation, the "melting pot" and cultural pluralism.<sup>64</sup>

**Assimilation** -. This model recognizes the full adaptation of the individual in the new residence place, becoming new inhabitants thereof, because "with a simple change of nationality or the new immigrants formal commitment to recognize their

<sup>63</sup> Trotsky Guerrero is born in Loja city. He was the author of several books of agronomy and migration in the city of Loja.

<sup>64</sup> GUERRERO CARRION, Trotsky; op.cit., pg. 57.

cultural status; the racial, religious or ethnic differences disappear, regarding native people and other groups who live there".<sup>65</sup> This type of model is the most harmful, as it tries to make the person completely forget the place where she/he comes from and finally the person gets coupled to something different from their culture. It would be impossible to live in a place like that, where the culture or beliefs are imposed, and the freedom of choice is forbidden.

**The "melting pot"**-. "The use of this term as a metaphor is used to determine the social integration of migrants in host societies. It compares societies with a large pot, in which the native population and immigrants are merged to form a unique and wholly enriched society".<sup>66</sup> This cultural fusion has existed for centuries in many regions of the world. History tells about certain cultures that were imposed on others, creating political and social instability, as well as discrimination, especially towards minorities who may be more vulnerable.

**Cultural pluralism**: "It is an ideal model of coexistence that respects social groups' differences and allows them under certain rules to maintain their cultural characteristics and aspirations as specific social segments".<sup>67</sup> It is important to learn to live with the wide variety of ethnicities and cultures that exist around the world, with tolerance and respect for each other.

In the specific case of the adaptation of American retirees to Cuenca, the model that best fits them is Cultural Pluralism, since there is an integration between those who need to adapt and their new environment, looking for the conditions that allow this process, without impositions.

## **2.7. Adaptation and integration of immigrants**

American retirees in Cuenca and local citizens form a multicultural region where the two coexist in an atmosphere of mutual respect and tolerance. The American retirees are far from being socially homogeneous, since the degree of integration into the city depends on the individual and the passage of time. Most of them try to integrate into the local society, showing interest in it and keeping in touch with its inhabitants;

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<sup>65</sup> GUERRERO CARRION, Trotsky; op.cit., pg. 58.

<sup>66</sup> GUERRERO CARRION, Trotsky; op.cit., pg. 58.

<sup>67</sup> GUERRERO CARRION, Trotsky; op.cit., pg. 59.

while a smaller group prefers to deal only with other Americans, without mixing with the local society, but always respecting the other culture.

Through a focus group planned for the development of this research, we were able to talk with a foreigners' group, who told us about their experiences and their adjustment process in the city of Cuenca. Most retirees mentioned language as the main challenge to adapt to Ann Miller an American retiree, who has lived in Cuenca for three years, told us that when she arrived in Cuenca she knew no more than three words in Spanish, and at first, she even had to communicate by waving hands. She also said it was very funny, but emphasized the collaboration and patience showed by Cuenca citizens, when she was trying to say something. Currently she is taking Spanish classes three days a week, which allow her to communicate in a better way.

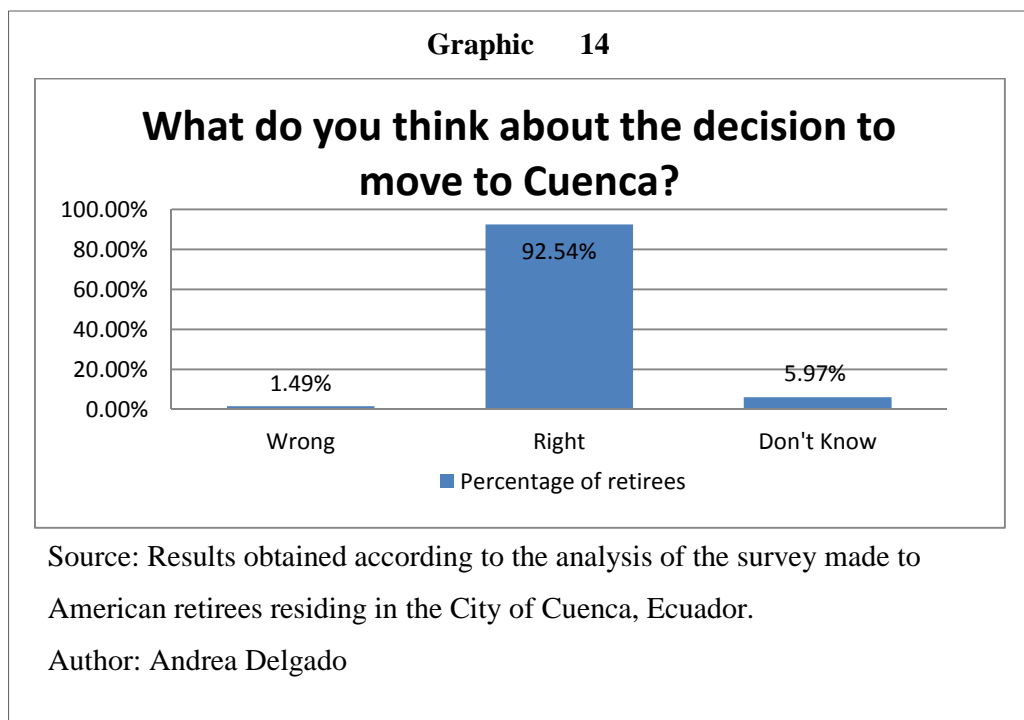
Speaking about the adaptation of the city and its inhabitants, it has been seen that gradually the supermarkets, travel agencies, construction companies, etc., are employing bilingual staff; as well as most restaurants have their menu in English and Spanish, trying to increase sales and better integration with foreigners. All focus group participants agreed that it is important to learn the language to avoid being scammed, if a health emergency would occur, or to perform necessary paperwork throughout their stay in the city.

Foreigners and locals living together in the same neighborhood, is a very important aspect, and the degree of integration of this study group was observed. Regardless if this is in an urban or rural area (remarking that cultural differences in rural areas may be more obvious), foreigners seek to buy or rent a home or apartment, showing respect for neighbors. Some focus group members said they would like to relate to their neighbors because they are always ready to offer friendship, everyone knows each other and to take care of their houses.

Nowadays, many Americans have undertaken the adventure of establishing a business, being the most common: cafes or restaurants where typical dishes from their origin countries are offered. Eventually these places have attracted both foreign and local clients; as well as many of them (at least once a week) organize the famous "gringo-night", with the presence of both foreigners and locals, integrating

themselves by learning salsa dancing, tasting a dish, enjoying a drink or a pleasant time.

Misty Hitt (with a big smile on her face) and other volunteers, part of the focus group, said that after several years living in the city they feel like locals, while they are gradually adapting their lifestyle; they have even learned to eat guinea pig, haggle prices, ask for “yapa” and to use the public transport. Customs that they don't have in their home country, but nowadays they see them as normal. To finish the adaptation issue, in the survey the following question was asked: What do you think about your decision to move to Cuenca?. The answers confirmed the fact that the new inhabitants feel comfortable and grateful to the city and its people for the welcome. El 92,54% said that their decision was correct, 5.97% answered they don't know and only 1.49% said it was a bad decision to move to Cuenca.



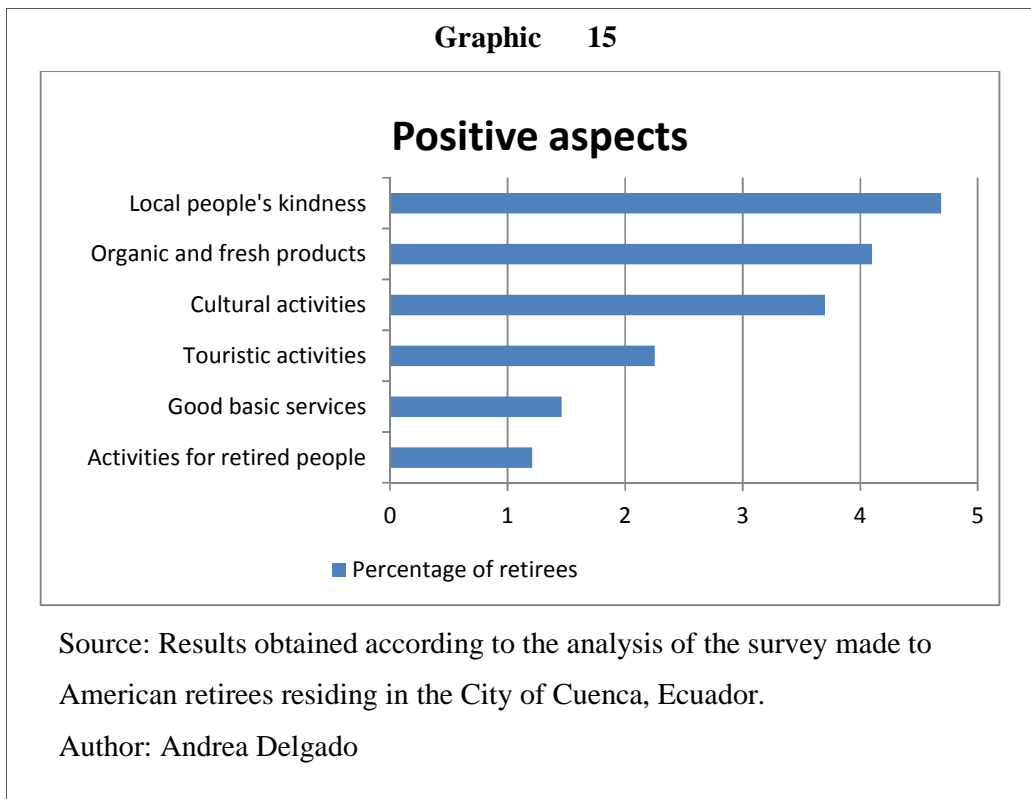
### **2.8 Positive and negative aspects that the increasing foreigners' group find when moving to Cuenca, Ecuador**

Cuenca as any city in the world has both positive and negative conditions, which have been listed by the group of retired foreigners. Through the survey, they were asked to rate (from 1 to 5) certain positive and negative aspects of the city, according to their experiences or opinions.

### 2.8.1 Positive aspects

There are many amenities that make Cuenca one of the favorite places to reside. The most valuable feature according to the responses was the local people's kindness. The second positive aspect was the wide variety of fruits, vegetables and other foods, grown with organic fertilizers and without pesticides around Cuenca. This aspect is exploited to the fullest by American retirees, who were used to eating processed food with chemical and transgenic fertilizers and pesticides.

The third place went to the tourist attractions and scenic beauty that the city shows, with its colonial houses, parks and especially the famous Cajas National Park. The various cultural activities that the city has are valued by foreigners, who attend concerts performed by the Symphony Orchestra of Cuenca, outdoor performances, museums, etc. Normally at economic prices or for free, while in their home countries the shows are usually very expensive. Other activities in which retirees are actively involved are: dance-therapy, yoga, self-defense, etc., which are offered for free at several city parks; such as: "El parque de la Madre" or "El Paraiso". The basic services of excellent quality, like drinking water that allows people to consume water "straight from the tap", are only some of the benefits that other cities do not have.



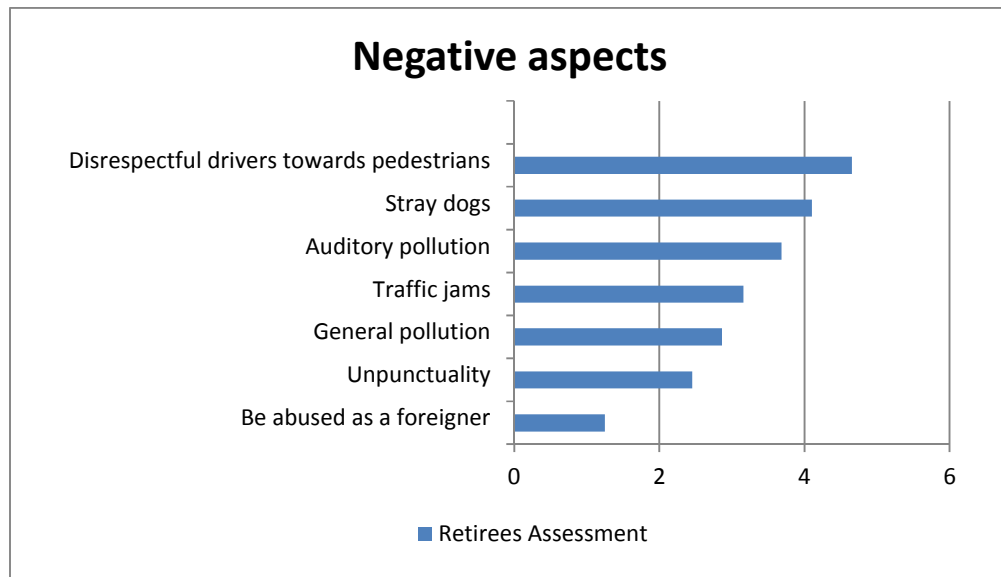


### 2.8.2 Negative Aspects

One of the negative aspects which got a high score -according to the respondents- was the disrespect showed by drivers towards pedestrians, auditory pollution by horns and alarms; as well as the pollution produced by the exhaust of public transport units. All these aspects are very unpleasant for retirees who are used to living in cities where drivers show much respect for the people. The traffic jams and drivers, who are disrespectful to the law (most of them), are problems that affect and are disliked to everyone.

Unpunctuality, which is -regrettably an Ecuadorian “custom”- is frowned upon by foreigners, who are used to meeting schedules and respecting others’ time. Additionally, they noted as a negative aspect, a pretty big number of stray dogs and garbage in parks and streets. Many respondents mentioned that some people try to abuse their status as foreigners, such as certain taxi drivers and sellers who speculate with prices. Finally, mentioned as a negative aspect, begging and peddlers that disrupt the traffic.

**Graphic 16**



Source: Results obtained according to the analysis of the survey made to American retirees residing in the City of Cuenca, Ecuador.

Author: Andrea Delgado

## CHAPTER 3

### IMPACT PRODUCED BY THE AMERICAN RETIREES COMUNITY OVER CUENCA

#### **3.1 Economic, social-cultural, demographic and visual impact of elderly immigration to the City of Cuenca.**

This new form of migration has different effects on receiving societies, such as:

##### **3.1.1 Economic impact**

###### **3.1.1.1 Polarization of the economy**

Undoubtedly American retirees provide human and financial capital in their new places of residence, but it is also important to highlight the economic polarization caused by this migration, which is affecting the local community. The purchasing power of U.S. retirees is higher than the Ecuadorian middle class, whose incomes are generally low and cannot afford the excessive rise in prices of most goods and services; whereas retirees can access them, benefiting themselves and causing uneven development between the local population and new residents. Not for no reason Cuenca has the title of "the most expensive city of Ecuador."

This is one of the concerns of the former mayor of the city of Cuenca Mr. Paul Granda, who -in an interview with ABC News- notes that "in Cuenca, prices have soared by 40 or 50 percent on some products or services".<sup>68</sup> However, he adds that this drastic rise in prices is not only due to the arrival of foreigners, but also the return of many Ecuadorians who migrated years ago and have decided to return to the country, once the economy improved and the government provided the facility to do it. With all this, in the eyes of the host society, outsiders are receiving the best food, services and spaces, which in some cases generates discontent and rejection to new residents.

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<sup>68</sup> ANDES Agencia Pública de Noticias de Ecuador y Suramérica; op. cit.

### **3.1.1.2 Economic contribution**

It is estimated that the city of Cuenca has had economic growth in areas such as services, finance, insurance, real estate and trading activities; this increase may be considered by the economic contribution made by the foreign retiree group who are currently living in the city, most of whom choose to sell their belongings in their home country and invest the earned money in this new stage of their lives.<sup>69</sup>

In the text, “Later-Life Migration in the United States” it's noted that foreign retirees positively contribute to the economy of the host city: “Attracting retirees is an effective means of stabilizing the local economy and ensuring against the economic crisis in agricultural, commercial and manufacturing sectors.” Foreigners, throughout their residence in the city acquire "goods", such as: homes, cars, appliances, etc., as well as public and private services; investing the money obtained by selling their objects or their retirement pension. Whatever is the origin of the money; this is invested within the city which invigorates the economy.

### **3.1.1.3 Real estate boom**

Cuenca and its surroundings show an important architectural change, due to the purchase and sale of houses, apartments and land; which is easy to realize just by walking around the city and observing the large number of buildings and homes that have been built to be sold to people who need them. The president of the Association of Real Estate Cuenca (ASOCOBIRA), Architect Marco Rodriguez said that in the city more than 4500 Americans couples have purchased a property in the last five years, not including in the number the properties which are leased to the Americans at really high prices.<sup>70</sup>

While the real estate business has benefited a large segment of the local population, improving the economy and creating new jobs in the construction and decoration areas; on the other hand, the housing boom has caused a negative impact on local citizens, due to escalating property prices and rents, which are affordable for

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<sup>69</sup> WALTERS, William; op. cit., Pg. 52.

<sup>70</sup> El Comercio Local Newspaper. “*Cuenca También Atrapa Jubilados*”. [online]. [Retrieved: August 9, 2013]. Available at: [http://www.elcomercio.com.ec/construir/Cuenca-vivienda-jubilados-extranjeros\\_europeos\\_0\\_938306185.html](http://www.elcomercio.com.ec/construir/Cuenca-vivienda-jubilados-extranjeros_europeos_0_938306185.html)

foreigners but not for many Ecuadorians who are relegated due their lower purchasing power.

#### **3.1.1.4 Tourism increase**

The tourism area has also had a positive economic impact, since 95% of foreigners residing in Cuenca today, said that they had visited the city for a few days before deciding to settle permanently;<sup>71</sup> a situation that favors the hotel sector by high occupancy rates and consequently high levels of income that this entry gives the city. It is estimated that in recent years, there has been a significant increase of 12% as a result of the large number of visitors coming to the city every day. Cuenca receives more than 300,000 tourists a year, producing an income of \$ 2,700,000 per year, equivalent to 20% of national total income from tourism.<sup>72</sup>

Before the arrival of a large number of foreigners who come to the city for sightseeing or for living, Mr. Daniel Hernandez, President of the Association of Hoteliers of Azuay, in an interview with *El Mercurio* local newspaper, said that the guild is concerned because every time more and more informal lodging places, are appearing in Cuenca which are managed by people not related to tourism who rent their own houses and apartments to tourists. Within this group are also foreign residents themselves, who have seen this business as the opportunity to earn some extra money, with the advantage of the language (they speak English) and the immediate identification with their compatriots.

With all this, the hotel industry demands more control, arguing that: “It cannot be possible that in Cuenca over 200 informal apartments are offered, which do not pay taxes, phone, electricity, gas service, as we do.” “Foreigners are renting homes, this cannot be, we cannot do the same in their countries and there must be control.”<sup>73</sup>

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<sup>71</sup> El Universo Local Newspaper. “*Ya Son 5000 Extranjeros los que Viven en Cuenca*”. [online]. [Retrieved: June 23, 2013]. Available at: <http://www.eluniverso.com/2013/04/12/1/1447/ya-son-5000-extranjeros-viven-cuenca-95-ellos-eeuu.html>

<sup>72</sup> El Mercurio Local Newspaper. “*Cuenca Despunta en Índices de Turismo*”. [online]. [Retrieved: August 11, 2013]. Available at: <http://www.elmercurio.com.ec/399478-cuenca-despunta-en-indices-de-turismo/#.Uu6sHD15MqM>

<sup>73</sup> El Mercurio Local Newspaper. “*Hoteleros Preocupados por Servicios Informales*”. Cuenca, Ecuador. Published: October 21, 2013. Pág. 1B.

### **3.1.1.5 Self-employment and entrepreneurship**

While most American retirees came to the city for retirement or to relax, they also have the possibility of starting some kind of business because they have enough time and money. Therefore today in the city you can find restaurants, cafes, real estate agencies, etc., whose owners are foreigners and who hire local labors. Likewise some of them are working as teachers of their native language, thus achieving appropriate use of their leisure time and contributing financially to the city.

### **3.1.1.6 Increase of jobs**

With the arrival of a large number of foreigners, the jobs both direct and indirect have increased, as it is necessary to supply all the goods and services required by the residents. In the text “Later-Life Migration in the United States”, according to the words of the economist Steven Deller (2002),<sup>74</sup> "per every hundred retired migrants approximately fifty-five new jobs are created in the country."<sup>75</sup> In the specific case of Cuenca, the foundation of tourism indicates that the influx of foreigners into the city has generated jobs for 7000 people directly and 100,000 people indirectly.<sup>76</sup> This is easy to check, just by taking a look to the number of people who are working in construction, restaurants, cafes etc.

## **3.1.2 Social – cultural impact**

### **3.1.2.1 Professional contribution**

A large number of U.S. retirees who immigrate to Cuenca have a high educational level, that is, most of them before coming to the city were working as teachers, engineers, doctors or businessmen. Therefore, it is necessary to take advantage of their intellectual knowledge and experiences as citizens of an economically and technologically advanced country, such as the United States. Many retirees decide to participate in community volunteer groups and others provide their services as teachers of their native language, usually at prestigious universities. They also might perform other activities, as well as sharing knowledge with the locals, due to their remarkable ability.

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<sup>74</sup> Steven Deller has written books related to migration.

<sup>75</sup> WALTERS, William; op. cit., Pg. 54.

<sup>76</sup> El Mercurio Local Newspaper, op.cit.

### **3.1.2.2 Social assistance**

"Hearts of Gold" is a nonprofit organization created in 2009 by two foreign retirees. The goal is to raise funds and manage resources at the international level to help the most vulnerable sectors of the province of Azuay. The 230 members or volunteers are constantly organizing food and school supplies deliveries, to families from every corner of the province; its mission also includes working together with organizations which watch over children's rights when they are in danger.<sup>77</sup>

### **3.1.2.3 Ideological barriers are broken**

Social, political and economic conditions have not always favored the so-called third world countries such as Ecuador, since many times there is a false ideology abroad about our country. It's said, that it is a dangerous and corrupt country with inadequate basic services. But when people come to town and find that the bad publicity they may have heard is false, all ideological barriers are broken; creating an atmosphere of cordiality and solidarity among local citizens and new residents, to the point that some have chosen Ecuadorian nationality, and have even established love relationships with Ecuadorians. It should be mentioned that cultural integration into the local society varies among retirees.

### **3.1.2.4 Creation of a new social class**

The migration of American retirees to economically cheaper and socially different countries, has led to the birth of a new social class. As FLACSO (Latin American Faculty of Social Sciences) expressed in its article entitled "A new economic migration: Geographic arbitrage of American retirees to the Andean countries" (*Una nueva migración económica: el arbitraje geográfico de los jubilados estadounidenses hacia los países andinos*): "these movements can cause new forms of inequality that may impact the national and local politics, due to the installation of a new social class within the Andean and Latin American societies."<sup>78</sup> Foreign residents believe their money has a positive impact on the local community and to some extent they are right, because some city sectors are being transformed, adapting to the new residents' demands and needs.

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<sup>77</sup> El Mercurio Local Newspaper. "Hearts of Gold, Iniciativa de Ayuda Social". Cuenca, Ecuador. Published: December 10, 2013. Pág. 10A.

<sup>78</sup> HAYES, Matthew; op. cit., pg. 6.

It is likely that urban planning, and the use of public spaces are influenced by the new residents' demands; some of these innovations may be positive, while others tend to multiply inequalities between these two cultures.

#### **3.1.2.5 Saturation of the services**

The City of Cuenca -with approximately 505.585 inhabitants and about 5,000 foreign residents- is already showing saturation in its public and private services; although the original projects were certainly created, thinking of a population increase, it was never thought that the city would live through such a marked migration of American retirees willing to reside in the city.

The provision of basic services such as drinking water, electricity and telephone are suffering saturation, because since the building boom, these services are in greater demand. The health area, also used by foreigners, has suffered as well; since certain services have collapsed, causing shortages of drugs, medical tests, etc.<sup>79</sup> All this produces nonconformity by a large number of local citizens, especially in rural areas, who feel unprotected and neglected.

#### **3.1.2.6 Creation of new tourist attractions**

The tourism agencies have had to increase their tourism and recreational activities in order to attract more foreign customers and these actions have caused that domestic customers also get interested in these new activities, resulting in increased rates of tourism in the city.

### **3.1.3 Demographic Impact**

#### **3.1.3.1 Land occupation**

Urban growth that is not properly planned is a factor that is causing serious consequences in the city and therefore the local community that has seen the fully impacted city transformed by many erratic constructions, hoarding of historic centers, land fractionation, as well as the rising price of real estate, all without any conservation plan.

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<sup>79</sup> CASTILLO, Lineida. "*Las Casas y Servicios Aumentan en Cuenca por los Extranjeros*". [online]. El Comercio Local Newspaper. [Retrieved: June 30, 2014]. Available at: <http://www.elcomercio.com/actualidad/casas-y-servicios-aumentan-cuenca.html>

It is important to mention the large number of housing projects such as buildings, condominiums, houses and hotels that are built to meet foreign demand, creating exclusive areas for new residents. At present, there are neighborhoods in the city, as in the case of *Av Ordoñez Lazo and Puertas del Sol*, which have been termed as "Gringolandia", due to the large number of foreigners living and walking by this sector. For instance, in the Palermo building located at *Av. Ordoñez Lazo*, 70% of owners and residents are foreigners.<sup>80</sup> This has caused a spatial segregation, establishing a style of lines or divisions where only foreigners are allowed, which distances them from the local citizens.

### **3.1.3.2 Land values**

With the arrival of U.S. retirees the property value has increased; the real estate business is the most important economic activity in the city. This impact is presented with two different sides; the first is the benefit that the land revaluation produces for its owners, where the properties are transformed into developable land due to the demand for places to build, resulting in a greater facility to sell them and greater profit. On the other hand the negative impact affects the local community whose living standards are lower than those of foreigners and find it difficult to purchase a property with an overvalued price, having to find options away from the city, which normally are far from the places where they develop their activities.

### **3.1.4 Visual impact**

Cuenca has suffered a total abuse, since large tracts of land have been used for construction of buildings or hotels for foreigners and locals, creating a serious problem which is the deforestation of vegetation; with the growth of the city, builders are forced to look for places farther away, thus damaging the beautiful panorama of the city.

## **3.2 Advantages and disadvantages of migration into the city**

There are many advantages and disadvantages that the migration of American retirees has brought to Cuenca, and among the most prominent are:

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<sup>80</sup> El Mercurio Local Newspaper. "*Extranjeros Tienen su Propio Barrio en Cuenca*". Cuenca, Ecuador. Publisher: November 3, 2013. Pg. 1D.



### 3.2.1 Advantages

Cuenca has appeared in several prestigious international journals, which has aroused great interest in various countries. As a result, many positive reportages have been made about Cuenca, which has served to effectively promote the city.

The City of Cuenca, being promoted internationally as an ideal destination for retirees has achieved economic advantages in the tourism sector with the arrival of a large number of tourists every day.

The retirees' migration has created the need to improve land management and city maintenance, through the public facilities optimization, adequacy of sidewalks, creating public information centers, etc. Thus trying to improve the image of the city, for its local citizens and visitors.

For several years the local government in order to make the visitors stay more pleasant has offered free internet service in some squares and traditional city parks, which also benefits the local citizens who go to these places to use these services .

Retirees have more purchasing power, hence higher costs in their new places of residence; as a result, the total city income has increased.

Socialization between the local community and new residents, allows to build a more tolerant and friendly citizenship, to receive the outsiders who come to the city looking for a better future in their lives.

The retired migrants living in the city must also pay taxes for services, products or money, thus contributing to the economy of the country.

To the extent that the number of foreign retirees in the city increases, so does the demand for both public and private services, resulting in an increase in the labor demand for local citizens.

The high number of foreign retirees brings alternatives for possible investment in both domestic and foreign companies, allowing the city to grow and promote the local citizens' work.

Retirement migration attracts more support from governmental and non-governmental social assistance organizations by increasing the number of donors and the number of volunteers.

With the increase of people traveling by air or land, there has also been an increase in the number of inter-provincial bus lines and flights, benefiting all who use these services to move from one destination to another.

Local businesses have expanded its products and services variety to be offered to foreigners who live in the city.

In recent years, the construction sector has experienced a considerable growth due to the arrival of a large number of foreign retirees.

### **3.2.2. Disadvantages**

Some of the new residents prefer not to socialize with local people, which produce division and resentment in the social environment of the city.

Businesses as certain restaurants or bars are often visited by the influential group of foreign retirees, who because of their high purchasing power cause the increase in prices of products or services, which become unaffordable to the local community.

The ecosystem beauty and characteristic green areas of Cuenca are slowly disappearing, due to the large number of buildings designed to meet the needs of foreign retirees.<sup>81</sup>

Migration could hinder future supply of basic services like water and electricity, as well as worsen some factors such as traffic congestion, overcrowding and overexploitation of the city.

The increase in purchasing power and the money circulation produced by the arrival of the Americans retirees to the city has caused a rise in prices of most products and services.

Greater number of street criminals and cyber criminals who prey on foreigners and steal their belongings, because of their vulnerability and little knowledge of Spanish.

Ecuadorians retirees feel harmed by foreign retirees who use the benefits that the country gives to the elderly, resulting in a saturation of medical services and medicines.

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<sup>81</sup> El Mercurio Local Newspaper. “*Visuales de la Atenas del Ecuador afectadas por construcciones*”. [online]. [Retrieved: June 30, 2014]. Available at: <http://www.elmercurio.com.ec/380127-visuales-de-la-ciudad-afectadas-por-construcciones/#.U7LSgVNAenw>

### 3.3 Immigration consequences in the city

To understand the consequences of immigration to the city of Cuenca, we are going to use the research made by gerontologists D.Rowles Graham<sup>82</sup> (2002) and John F. Watkins<sup>83</sup> (2002), who are mentioned in the book “Later-Life Migration in the United States”, as promoters of a model based on the changes -step by step-, experienced by communities that begin to attract and retain immigrants retirees.<sup>84</sup> According to these sociologists, in the first stage occurs the **emergence** of the foreign community, which produces a capital injection, as well as the increase of infrastructure and buildings, housing, products and services; all this, just thinking of the new foreigners in the city.

The second and third stages, **the recognition** and **restructuring**, occur when the local community sees this migration as a real aspect in their life and environment; as a result, the city undergoes a restructuring in all areas especially seeking to serve the foreign group. The changes or the restructuring of the city has both negative and positive aspects. For the local community, which many times benefits and at other times feel the inequality produced by this type of migration in the city.

The fourth stage is due to **saturation** or overcrowding of retired Americans, which is expected to happen in subsequent years, as the city doesn't have an adequate retirement plan for immigrants. Due to a lack of projection of the number of immigrants and the lack of a study of the advantages and disadvantages of this migration type, the city will begin to suffer the depletion of resources and infrastructure; in addition to the discontent of the local community, because of their economy, which will be affected by the lower purchasing power in relation to foreign retirees residing in the city.

The fifth and last stage corresponds to what would be in the future, the **new concerns** or the slowdown of immigration retiree, it's mentioned that due to lacking planning and the above factors, the city will become a chaos for its inhabitants (both

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<sup>82</sup> D.Rowles Graham is one of the most important social geographers of the world. He had written about the elderly migration, he also made significant contributions to the changing relationship between the elderly and their environment.

<sup>83</sup> John F. Watkins is currently a professor at the University of Kentucky and author of several books on migration and their impact on society.

<sup>84</sup> WALTERS, William; op. cit., Pg. 52

foreigners and locals); thus causing U.S. retirees in coming years no longer see Cuenca as a place to live and enjoy their retirement pension, and they will look for new places which fulfill their expectations and where they can live and rest in peace.

### **3.4 Projects undertaken by the local government and institutions**

#### **3.4.1 Chamber of Commerce**

In March 2011, the Chamber of Commerce initiated two programs designed exclusively for foreigners in the city, among them we have "Cuenca for expats" and "BEC Jobs", which seek to provide information and guidance to outsiders who decide to reside in the city.

##### **3.4.1.1 Cuenca for expats**

This program provides support and advice to foreign retirees, for them to integrate in their residence city, on a better way. The Chamber of Commerce provides advice and information on both the economic and social ambit of the city of Cuenca. Besides, for those retirees who visualize any chance of starting a business or investment, the Chamber of Commerce provides facilitators and consultants who advise them to make good investments as well as purchase goods or products at fair prices. Of the approximately 5,000 foreigners currently living in Cuenca, 200 form part of these programs. The cost of membership is \$ 99.99 a year per couple, and includes the monthly participation in 1 or 2 activities and the right to benefit from the agreements signed with hospitals, lawyers, and various businesses that the Chamber Commerce provides to its members.<sup>85</sup>

##### **3.4.1.2 BEC Jobs**

Bec Jobs (Employment Bureau of the Chamber of Commerce of Cuenca), is an assistance program for all foreigners looking for a stable job. This program facilitates the staff workers of companies or members of the Chamber of Commerce. Who need this service. It also provides legal advice in the event that any dispute or problem between employer and employee arises.<sup>86</sup>

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<sup>85</sup> CHAMBER OF COMMERCE OF CUENCA. [online]. "Cuenca for Expats". [Retrieved: August 28, 2013]. Available at: <http://www.cuencaforexpats.com/>

<sup>86</sup>CHAMBER OF COMMERCE OF CUENCA. [online]. "*Trabajos BEC*". [Retrieved: August 28, 2013]. Available at: <http://www.cccuenca.com.ec/index.php/servicios/trabajos-bec>

### **3.4.2 Municipality of Cuenca**

#### **3.4.2.1 Municipal tourism foundation of Cuenca**

The Municipal Tourism Foundation of Cuenca was legally established under ministerial agreement on July 22, 2005, with the grouping of various institutions such as the Ministry of Tourism of Ecuador, Chamber of Tourism of Azuay, Hotel Association of Azuay, representatives of craft guilds and the Mayor of the city. Its main objectives are:

To position the city of Cuenca as one of the most important tourist destinations in Ecuador, nationally and internationally, and strengthen the city as a tourist destination through training projects, awareness, education and diversification of the tourism product .

To rescue Cuenca's traditions and customs with the aim of strengthening the identity of the city, and thus make the Intangible Heritage of Cuenca, a major driver of tourism promotion.

Obtaining through tourism a real social and economic development in the city of Cuenca.

To make the "Municipal Tourism Foundation of Cuenca" an organization that provides support to the activity of the city's private tourism sector, being a channel for the promotion and strengthening of businesses.

To achieve a true cohesion between all institutions and public and private companies, which work in the city tourist area.

To maintain permanent and current information about the statistics related to tourism that comes to Cuenca and foreigners who choose to live in it, data that will be useful to all those involved in this area.<sup>87</sup>

#### **3.4.2.2 Safety plan and support for foreigners**

The Town Hall of Cuenca through the municipal police, has promoted the creation of the Tourism Unit. The project has been boosted since 2012, and its purpose is to provide security and guide to domestic and foreign tourists on the most visited places in the city historic center. The Municipal Tourism Foundation of Cuenca, and the

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<sup>87</sup> Municipal Tourism Foundation of Cuenca. [online]. [Retrieved: September 1, 2013]. Available at: [http://www.cuenca.gov.ec/?q=system/files/ordenanzas/207\\_ESTATUTO%20DE%20LA%20FUNDACION%20MUNICIPAL.doc](http://www.cuenca.gov.ec/?q=system/files/ordenanzas/207_ESTATUTO%20DE%20LA%20FUNDACION%20MUNICIPAL.doc).

University of Cuenca, provides training workshops for the security guards who belong to the Tourism Unit, about Cuenca culture and history, tourist routes, protective measures and languages. This program has had positive results for tourism and residence of foreigners in the city.<sup>88</sup>

### **3.4.2.3 Inclusion program for foreign retirees**

The Municipality of Cuenca, for two years ago, has been promoting the catchphrase "Cuenca, a city for family living."<sup>89</sup> With this sentence the municipality seeks to inform, educate and involve mostly foreign retirees living or planning to live in Cuenca; teaching them the city's positive aspects, the benefits that they have as retirees and how to socialize with the local community. The program's main goal is that immigrants see Cuenca as their new home and the local community as their family. The local government expects that rates of foreign retirees and tourists -who come to the city-, to continue increasing every day.

### **3.4.3 Chamber of Commerce Ecuadorian-American of Cuenca AMCHAM**

The Chamber of Commerce Ecuadorian-American of Cuenca, established in this city in April 1990, is a binational nonprofit partnership that seeks to promote the commercial, industrial and tourism relations between Ecuador and the United States, as well as promoting free trade, investment and new business development. Currently, the Chamber has about 310 members including corporate members, individual members, and additional executives who are beneficiaries of the various incentives and discounts offered by the Chamber, as well as the opportunity to expand their business network as they keep in touch with a select group of entrepreneurs in the city.

The Chamber is always organizing events, dinners, exhibitions, and first level seminars in which issues related to the political, economic and social situations of Ecuador are analyzed.<sup>90</sup> In one of the last conferences, the experiences of the

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<sup>88</sup> CASTILLO, Lineida. "*Los Guardias Cuencanos Guían a los Extranjeros en Inglés y Francés*". [online]. El Comercio Local Newspaper. [Retrieved: September 5, 2013]. Available at: <http://edicionimpresa.elcomercio.com/es/0323000155f33c92-9787-4dec-a906-f54909b37716>

<sup>89</sup> El Comercio Local Newspaper. "*Ecuador es un 'Refugio' Preferido de los Jubilados*". [Online]. [Retrieved: September 5, 2013]. Available at: [http://www.elcomercio.com/noticias/Ecuador-refugio-preferido-jubilados\\_0\\_113988689.html](http://www.elcomercio.com/noticias/Ecuador-refugio-preferido-jubilados_0_113988689.html)

<sup>90</sup> Chamber of Commerce Ecuadorian-American of Cuenca AMCHAM. [online]. [Retrieved: September 7, 2013]. Available at: <http://www.amchamc.com/Presentacion-corporativa>

Mexican cities of Ajijic and San Miguel de Allende were studied, which are globally recognized as main destinations for the retirement of American retirees. It was also analyzed, the way these cities achieved their economic and real estate development, new business opportunities and relationships within the community. As well as, how Cuenca can positively take advantage of these experiences, since it is currently experiencing a similar boom to these cities.

#### **3.4.3.1 Cuenca friendship network**

Cuenca friendship network is a program promoted by the Chamber of Commerce Ecuadorian-American, created due to the large number of U.S. retirees who decide to take the city of Cuenca as his new home. The program seeks to help the retirees so they can engage and settle in Cuenca in a better way. Through the program, partners can access information about the city and its surroundings, recreation, social events, volunteering, Spanish classes, etc. Also available is the ability to receive legal assistance, professional document translation and consultancy about legal proceedings for the Embassies.<sup>91</sup>

#### **3.5 Economic harm to foreign retirees by Coopera Ltd. (Savings and Credit Cooperative)**

Cooperatives emerged as a productive development model, and were considered as an example of the popular and solidarity economy in the country. The Savings and Credit Cooperative "Coopera Ltd.", was the third largest Cooperative in the country, with more than 100,000 members and deposits estimated in 100 million dollars, 1,190 employees, 40 agencies, 4 restaurants, 11 warehouses and 2 pharmacies. The cooperative had 700 foreign retiree's partners, who after selling their properties in their origin countries deposited all their money in this cooperative, in order to live off the interest generated by their investment and also gain access to benefits, such as discounts in supermarkets, healthy food, and the sense of belonging to a financial institution.

Everything showed that this institution was a role model. But on June 12, 2013, that image changed when the Cooperative closed its doors to the public. According to

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<sup>91</sup> Chamber of Commerce Ecuadorian-American of Cuenca AMCHAM. [online]. "Cuenca Friendship Network". [Retrieved: September 7, 2013]. Available at: <http://www.amchamc.com/cuenca%20friendship%20network/cuenca-friendship-network>

research by the Prosecution office, the institution was performing unusual money transactions through 16 accounts for about 35 million dollars. A triangulation of funds occurred, where money went from Venezuela to Ecuador and then it was sent through electronic transfers to the United States, Panama and other countries considered as tax havens. This money was never reported to the responsible authorities for monitoring money laundering.<sup>92</sup>

With the closing of the cooperative all accounts were blocked and partners were unable to withdraw their savings. After some time, part of the money was given back, but only to those who had less than \$ 10,000 in their accounts. Others still await their money, including 120 U.S. retirees and American investors who deposited about 10 million dollars.<sup>93</sup>

Foreigners unable to use its money (capital or interests) realize they are in trouble, as suddenly they can't pay rent or food costs. Also many of them fear that this situation might harm their legal status in Ecuador, as some of them came to the country as investors. To be considered as investors, they had to deposit and keep \$25,000 in a bank account, in order to legally settle in the country, and since they don't have the money anymore, their visa may be canceled. Currently some retirees have decided to return to their country of origin, as the cooperative balances are not clear enough, and it seems there is no solution for the money refund.

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<sup>92</sup> El Tiempo Local Newspaper. "*Coopera Lleva Seis Meses de Agonía*". [online]. [Retrieved: September 15, 2013]. Available at: <http://www.eltiempo.com.ec/noticias-cuenca/134141-coopera-lleva-seis-meses-de-agona-a/>

<sup>93</sup> El Telégrafo Local Newspaper. "*Extranjeros Tienen Cerca de 10 Millones de Dólares en Coopera*". [online]. [Retrieved: September 15, 2013]. Available at: <http://www.telegrafo.com.ec/economia/item/extranjeros-tienen-cerca-de-10-millones-de-dolares-en-coopera.html>



## CHAPTER 4

### MIGRATION POLICIES IN ECUADOR

Ecuador is a country with high human mobility and simultaneous flows of migrants, immigrants, persons in need of protection and displaced persons. However, since 2000 the country began to give more importance to migration policies, seeking to be at the forefront of this new reality: the output of a large number of compatriots outwards and the arrival of immigrant population to the country, in recent years. The immigration regulation in Ecuador is composed of the Constitution of the Republic of Ecuador, Migration Act and Ecuadorian Aliens Act.

#### **4.1 Migration policies towards immigration**

The important role played by immigrants and emigrants in recent years in Ecuador, has caused the government to recognize them as important actors in current Ecuadorian society. For this reason, it has sought to establish an integrated and inclusive migration policy towards this group, focusing on four specific areas such as: Ecuadorian policies about migration which link themselves with others countries' migration policies, social integration policies focused on the foreign population residing in the country and returnee Ecuadorians, management policies of migration flows in the country and policies of development and social protection in areas of high incidence of emigration in order to maximize benefits of human mobility.<sup>94</sup>

Having identified these four work areas, in 2007, the National Secretariat for Migrants (SENAMI) was created, whose mission focuses on the “coordination and implementation of comprehensive immigration policy, through ongoing dialogue and the mainstreaming of the migration approach in the actions of all the authorities of

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<sup>94</sup>HERRERA MOSQUERA, Gioconda; MONCAYO, María Isabel; ESCOBAR GARCIA, Alexandra; op. cit., pg. 18.

the state, promoting the guarantee of the rights and duties of emigrants and immigrants”.<sup>95</sup>

As part of the SENAMI policies, it's also important to mention the following rights:

The right to human development (the right not to be forced to migrate in search of a full and satisfying life), which contains itself the set categorized as rights of first, second and third generation (rights to life, liberty , security, equality, nondiscrimination, labor, education, culture, participation, peace, a healthy environment, etc.).

The right to exercise a free, informed and safe voluntary mobility.

The right to full integration into the host society, whose realization should be as effective, as to equate in the offer and enjoyment of goods and services and opportunity in general for national citizens and immigrant citizens, on the basis of access mechanisms which must be clear, transparent and egalitarian. Full integration into the host societies should be complemented with the simultaneous right to participation in the origin society in all aspects of politics life, social, economic and cultural, that is with the possibility of exercising a transnational citizenship.

The right to return to the country of origin once the emigration project has been completed and on the basis on the willfulness of information and the minimum public guarantees for the full reengineering (guarantee of equal access to rights).<sup>96</sup>

Regarding foreign retirees who have decided to reside in Ecuador, the current immigration policies of the National Secretariat for Migrants are: to provide and ensure a more inclusive and intercultural society, eradicating the xenophobic discrimination and the vulnerability of their rights. But it mostly promotes an egalitarian society, to make it clear that both foreigners and nationals can enjoy the same rights and duties. Finally, it is important to mention that the National Secretariat for Migrants also seeks to obtain actual and updated statistical information about this migratory phenomenon, with which it's possible to make

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<sup>95</sup> PEREZ, Nicole; VALLE, Alex. “Los Derechos en la Movilidad Humana del Control a la Protección”. Ministerio de Justicia y Derecho Humano. Quito, Ecuador. 2009. pg. 203.

<sup>96</sup> PEREZ, Nicole; VALLE, Alex; op. cit., pg. 202.

decisions, create plans and projects aimed at creating a better living among the local community and immigrants.

#### **4.2 Constitutional aspects of Ecuador concerning foreigners' immigration**

The Ecuadorian Constitution approved in 2008, regarding human mobility seeks to stimulate and develop the migrant dimension as a political, social, economic and cultural actor, besides to contribute to the development of both societies of origin and destination with intercultural approach and integration.

##### **Rights of Ecuadorian citizens**

Firstly, it is important to point out the **Article 40** -. "The right to migrate of persons is recognized. No human being shall be identified or considered as illegal because of his/her migratory status".<sup>97</sup> That is, foreigners living in Ecuador in an irregular way or without documents won't be considered as "illegal", since the Constitution recognizes the right to move freely. The Constitution also promotes the equality of conditions for all foreigners who have chosen the country as their place of residence.

**Article 9** "Foreign persons in Ecuadorian territory shall have the same rights and duties as those of Ecuadorians, in accordance with the Constitution".<sup>98</sup>

**Article. 11 -. Numeral 2** states that "All persons are equal and shall enjoy the same rights, duties and opportunities. No one shall be discriminated against for reasons of ethnic belonging, place of birth, age, sex, gender identity, cultural identity [...] migratory status, which might be aimed at or result in the diminishment or annulment of recognition, enjoyment or exercise of rights"<sup>99</sup> This is one of the most important aspects of the Ecuadorian Constitution, which aims to protect and guarantee the rights of equality of migrant population, forbidding discrimination based on a migratory status.

##### **Elderly woman and men**

Since both domestic citizens and foreigners have the same rights, foreign retirees can certainly access the rights that the Ecuadorian state provides to its elderly, in the

**Article. 37.** - The State shall guarantee elderly persons the following rights:

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<sup>97</sup> CONSTITUTION OF THE REPUBLIC OF ECUADOR.; op.cit.

<sup>98</sup> CONSTITUTION OF THE REPUBLIC OF ECUADOR.; op.cit

<sup>99</sup> CONSTITUTION OF THE REPUBLIC OF ECUADOR.; op.cit

1. Specialized healthcare free of charge, as well as free access to medicines.
2. Paid work, on the basis of their skills, for which purpose their constraints shall be taken into account.
3. Universal retirement.
4. Discounts in public services and private transportation services and entertainment.
5. Tax exemptions.
6. Exemption from paying the costs for notarial and registration services, in accordance with the law.
7. Access to housing that ensures a decent life, with respect for their opinion and consent.<sup>100</sup>

This article represents some of the benefits that senior people receive thanks to the Constitution, which make it stand out and it is seen with favor by retirees who have chosen Ecuador as their place of residence.

### **Rights to participation**

It is important to mention that the only rights that foreigners are not allowed to access in the country are political rights, set forth in the **Article. 61.** - "Ecuadorians benefit from the following rights:

1. To elect and be elected.
2. To participate in affairs of public interest.
3. To submit projects of grass-roots regulatory initiatives.
4. To be consulted.
5. To audit activities conducted by the government.
6. To recall authorities elected by universal suffrage.
7. To hold and discharge public office and duties on the basis of merits and capacities and in a transparent, inclusive, equitable, pluralistic and democratic selection and designation system that guarantees their participation, on the basis of criteria of gender equity and parity, equal opportunities for persons with disabilities, and intergenerational participation.

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<sup>100</sup> CONSTITUTION OF THE REPUBLIC OF ECUADOR.; op.cit

8. To set up political parties and movements, join or withdraw from them and participate in all the decisions adopted by them.<sup>101</sup>

What we can tell is that this article contradicts Article 9 aforementioned because on one side it says that all the inhabitants of the Ecuadorian territory have equal rights and obligations, while Article 61 says that only Ecuadorians can access these political rights. Only foreign people can access the optional vote, having lived at least five years in the country. What is important is to encourage foreign residents living in the country for several years to express their will at the ballot, since they have currently become an important social, political and economic hub for the country, so the state should prevent future problems or political disagreements.

### **Rights to freedom**

On the rights of freedom in Ecuador, the Constitution states the following in **Article 66 -**. Numeral 14. “The right to travel freely throughout the nation’s territory and to choose one’s place of residence or to freely enter and leave the country, whose exercise shall be regulated by law. Prohibition from leaving the country can only be ordered by a judge authorized to do so.” “Foreigners cannot be returned or expelled to a country where their lives, liberty, safety or well-being or those of their families are in danger because of their ethnic belonging, religion, nationality, ideology, belonging to a given social group or political opinions.” “The expulsion of groups of foreigners is forbidden. Migratory processes must be singled out.”<sup>102</sup>

In Ecuador the irregular situation results in the deportation of foreigners who commit offenses established by law; which is another inconsistency in the Constitution, since according to the Article 40, which was mentioned at the beginning of this theme, no one is considered "illegal" because of his/her migratory status. However, it is important that Ecuador shows firmness and caution about its internal security, as not all foreign persons entering the country do so with the best intentions, some of them even arrive to the country, fleeing from other ones. This is one of the reasons why, Ecuador should prevent the entry of people who do not have their papers in order, this would be a good option to preserve peace in the country.

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<sup>101</sup> CONSTITUTION OF THE REPUBLIC OF ECUADOR.; op.cit

<sup>102</sup> CONSTITUTION OF THE REPUBLIC OF ECUADOR.; op.cit

## **International relations**

Finally, **Article 416** numerals 6 and 7 relate to the principles promoted by the State about international relations. Numeral 6: “It advocates the principle of universal citizenship, the free movement of all inhabitants of the planet, and the progressive extinction of the status of alien or foreigner as an element to transform the unequal relations between countries, especially those between North and South.” Numeral 7: “It demands observance of human rights, especially the rights of migrant persons, and promotes their full enjoyment by complying with the obligations pledged with the signing of international human rights instruments”.<sup>103</sup>

The Ecuadorian State has an obligation to promote the equality of conditions for domestic and foreign people as well as emphasize the non-discrimination contained in most international treaties. Likewise it must meet the covenants, conventions and other international instruments in force to avoid international sanctions for breach or neglect of one of these agreements, which seek respecting human rights and welfare of the citizens of the world.

## **4.3 Functions of the National Directorate of immigration, the Aliens Act and Migration Act**

### **4.3.1 The National Directorate of Immigration and the Aliens Act**

The function of the National Directorate of Immigration is, coordinating, planning, and overseeing the development of activities and functions relating to the arrival of migrants in Ecuador based on the Aliens Act. **Article 1** of the Act corroborates the above: “The rules of this law governs the situation of foreigners residing in Ecuador, as well as establishes modalities and conditions for the qualities of immigration. Aliens' precepts established in special laws or international agreements in force to Ecuador will be applied to the specific cases to which they relate”.<sup>104</sup>

Likewise, all foreigners who legally enter to the country should be governed by the Aliens Act of Ecuador and its regulations, since this law clearly establishes the

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<sup>103</sup> CONSTITUTION OF THE REPUBLIC OF ECUADOR.; op.cit

<sup>104</sup> THE ALIENS ACT. [online]. [Retrieved: October 17, 2013]. Available at: <http://www.oas.org/DIL/.Migrants/Ecuador/Ley%20N%C2%B0%202004023%20del%204%20de%20noviembre%20de%202004,%20Ley%20de%20Extranjer%C3%ADa.pdf>

different regulations, residence status and activities that foreigners have to accept while they live within the country.

#### 4.3.2 Regularization to stay in Ecuador

To regulate the entry and stay of a foreigner in the country, two visa categories have been established, immigrant (permanent) or non-immigrant (temporary); depending on the person's needs, this is, the stay time and the activity that the person is going to perform during this time. This gives support to **Article 8** of the Aliens Act that says "Any foreigner seeking admission in Ecuador as an immigrant or non-immigrant except for by-standers shall be provided with a visa issued by a Foreign Services officer, who provide services at the place of their residence abroad or in its absence, at the nearest place".<sup>105</sup>

##### 4.3.2.1 Immigration Categories

###### Immigrant (permanent) visa type 9

The immigrant visa is also known as type 9 visa, since it proceeds from **Article 9** of the Ecuadorian Aliens Act "It is considered as an immigrant, any foreigner who conditionally and lawfully enters the country, in order to settle and develop the activities authorized in each category, is then determined."<sup>106</sup> This visa category is divided into seven different subcategories, depending on the activity that the applicant will undertake in the country. Below is a chart with types of visa.

Visa	Applies for	Description
9-I	Pensioner Visa	Those living of their deposits, the income they produce or any other permanent income to be transferred to the country.
9-II	Stock holders or Real Estate Investment	Those who invest their capital in the purchase of real estate, certificates, bonds or national credit institutions.
9-III	Investment in Industry,	To invest their capital in any branch of industry, agriculture, livestock export trade or in a stable and

<sup>105</sup>The Aliens Acts; op. cit.

<sup>106</sup>The Aliens Acts; op. cit.

	Agriculture, Livestock, or Export Trade	different from the corporation.
9-IV	General Representative, Indefinite Work Contract, Clergy	To indefinitely assume administrative or technical function, as well as specialized functions in companies, institutions or persons established in the country.
9-V	Professionals	To exercise a profession or a technical profession, under the rules of Higher Education Act of Ecuador.
9-VI	Spouses, children and parents of Ecuadorian citizens (dependents).	In case of being spouse or relative within the second degree of consanguinity or affinity of an Ecuadorian citizen or a foreign citizen with an immigrant visa different category; and,
9-VII	Permanent visa	To carry out legitimate activities that are not included in the other categories described in this article, and in accordance with the relevant regulation that requires the assent of the Consultative Council on Migration Policy, it is ensure that the foreign has a sufficient and a stable income for his own financial support and of their dependents.

This visa category gives the foreigner the possibility to develop (in addition to the authorized activity, described on his/her category) any other activity which allows him/her to legally profit as long as the antecedent that served to grant him/her visa does not change. All this is authorized under **Article 10** of the studied law “The foreign immigrants who are legitimate holders of a visa which corresponds to one of the immigration categories described in the previous article, will be able to freely



develop any lawful activity, economic or profit, without involving change of immigration category or work authorization required.”<sup>107</sup>

It is interesting to mention that foreigners with this type of visa cannot leave the country for more than ninety days in each year, during the first two years of their admission and enrollment or more than eighteen consecutive months at any time during the five early years.

### **Non-Immigrants (temporary) visa type 12**

This visa category is granted to foreigners who want to go to Ecuador for a short period of time and have no intention of settling in it. This type of visa is also known as Type 12 since it corresponds to the **Article 12** of the Aliens Act, that says “It is considered as non-immigrants, all foreigners who conditionally and lawfully enter the country, who reside in a different State, who have no intention to settle down in the country and with the reasons for each category that will be described below.”<sup>108</sup>

This visa type is also divided into eleven categories depending on the activity and stay time of the applicant. Below is a table with the categories of visa 12.

<b>Visa</b>	<b>Applies for</b>	<b>Description</b>
12-I	Diplomatic Missions and International Organizations	Diplomatic or consular officials, qualifies international civil servants belonging to international bodies of which Ecuador is a member, and representatives of special missions accredited to the Government of Ecuador, and their immediate families (the visa will have the same duration as the person’s quality).
12-II	Diplomatic Missions and International Organizations	Senior officials from other states and persons holding diplomatic Passports, and their immediate relatives. (The visa will have the same duration as his/her diplomatic passport).

<sup>107</sup> The Aliens Acts; op. cit.

<sup>108</sup> The Aliens Acts; op. cit.

12-III	Several entries	Private and domestic employees of the persons mentioned in the preceding paragraphs, and their immediate families. (The visa will have the same duration as the employment contract).
12-IV	Asylum and refugee	Displaced people as a result of war or political persecution in their home country, to protect their lives or freedom, and their closest relatives.
12-V	Study	Students wishing to commence, complete or further their education in government or private institutions with government recognition, and their immediate families. (The visa will last for one academic).
12-VI	Work	Highly skilled technical experts or specialized workers hired by businesses, institutions or persons in the country for temporary assignments in their specialty or for industrial training, and their closest relatives. (The visa will have the same duration as the contract).
12-VII	Volunteer Religious Missionaries	Missionaries, volunteers or religious orders volunteers or recognized organization in their origin country and in Ecuador to engage in care work, teaching and apostolate and their immediate families. (The visa will last for more than 6 months and less than 2 years).
12-VIII	Cultural Exchange	Persons assisted by national organizations in order to develop legal cultural exchange programs, and their closest families. (1 year. Renewable).
12-IX	Business	Temporary visitors for lawful purpose such as tourism, sport, health, study, science, art, or those who perform business activities that do not involve the simultaneous import of goods. If the categories described in this article do not apply to them a visa can be granted if their presence in the country is duly justified. The assent of the Consultative Council on Migration Policy in accordance with the established regulations has to be considered. (The visa will last for more than 3 months

		and less than 6 months).
12-X	Tourism	<p>Temporary residents, including in the following subcategories:</p> <ol style="list-style-type: none"> <li>1.- people who enter into direct transit zones with opportunity for technical stopovers of ships or aircraft to continue their journey on the same ship or in other provided by the same company.</li> <li>2.- Persons who enter the country in order to reach their country of destination to board a ship that will transport them outside or in fulfillment of services in the conduction of international land transport vehicles.</li> <li>3.- Short-term visitors for the purpose intended in the number IX of this article, for a period not exceeding three months in each year and,</li> <li>4.- Persons resident abroad in towns adjacent to the Ecuadorian border and who require to transit daily in the towns in neighboring regions.</li> </ol>
12-XI	Temporary	Temporary visitors for lawful purposes such as business, investment, commercial, industrial or professional activities that require multiple inputs to Ecuador.

This type of visa only allows performing the specific activity for which it was granted, if it fails to meet this standard, the person may even lose the passport, and consequently his/her deportation, this category allows multiple entries within the lease time thereof. It is important that the person does not exceed the granted validity time; otherwise a fee must be paid, ranging from \$200 to \$2,000, as well as leaving the country within next 48 hours. In case the person wants to extend their stay, the extension must be processed in the immigration offices before the expiration of the deadline allowed.

#### **4.3.3 Foreigners' registration**

After entering the country, foreigners with visas in any of the previous categories, are obliged to go to the Ministry of Foreign Affairs for their census within thirty days

following their entry to the country, as stated in **Article 13** of the Ecuadorian Aliens Act: "Any alien subject to territorial jurisdiction, over eighteen, who had been admitted as an immigrant or nonimmigrant -except passers-, must register with the Foreigners Registration of the Consular Department in the Ministry of Foreign Affairs, within thirty days following their arrival in the country."<sup>109</sup>, this document will be valid indefinitely and renewal will be required only if the immigration status change.

People with immigrant visa or type-9, when completing their registration, will acquire the Ecuadorian political address, signed by the Consular Department Director, which is itself an authorization to get the Ecuadorian identity card and to freely move around the country. For those with non-immigrant visa or type-12, when they register, they will receive the proof of legalizing of their stay by the Director of the Consular Department. Although the difference between these 2 types of visa is that, with type-9, it's not possible to get an Ecuadorian identity card. On the other hand, it's important to mention that, without the census certificate, foreigners won't be able to leave the country.

#### **4.3.4 Foreigners' naturalization**

The Ecuadorian government allows a person's dual citizenship, so a foreigner -after residing for at least three years in the country- might obtain Ecuadorian nationality (after complying with all the requirements). A person's naturalization allows access to all political rights and duties, as well as obtaining the Ecuadorian passport, which legalizes the person as an Ecuadorian citizen, with this; his immigration status and their need for a visa are removed since now he/she is an Ecuadorian.

In the case of marriages between foreigners and nationals, which is one of the most used ways to get nationalization, the Ecuadorian State is very aware of the applicants and the veracity of their commitments. Since there have been cases, especially with Cuban and Colombian foreigners, who have paid money to marry an Ecuadorian person, thus obtaining their nationalization. After some time, they get divorced and the foreign person keeps their new rights and Ecuadorian passport. For this reason the Ministry of Foreign Affairs designates a place where these marriages are

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<sup>109</sup> The Aliens Acts; op. cit.

processed, as well as an interview with the couple, in order to make a meeting and a series of personal questions to verify the legality of this love relationship.

On the contrary, in the case of a marriage between an Ecuadorian and a foreigner, who comes from a developed country or area, such as the U.S., Canada, Europe, etc., the process is very easy and just a few steps, since it's considered that such a foreigner would not have ulterior motives to marry an Ecuadorian person.

#### **4.3.5 Obtaining the visa by foreign retirees**

In the case of foreign retirees who decide to legally reside in the country for a long period of time. They can basically apply to two categories of visa type 9 - Immigrant.<sup>110</sup>

<b>VISA</b>	<b>Applies for</b>	<b>Description</b>
9-I	Pensioner Visa	· To have a pension or life insurance for at least \$ 800 a month. If there is dependents, their income must increase by \$ 200 per month for each dependent.
9-II	Stock holders or Real Estate Investment	· To own a bank investment of at least \$ 25,000; or an investment in agriculture, industry, or real estate for at least \$ 30,000. For each dependent, the investment should be increased by \$ 5000.

These two categories of visa apply to retirees, since they can meet the requirements of any of them. In the case of visa 9-I, it is requested that the foreigners have at least \$ 800 a month from his/her pension retirement to support themselves in the country, it is also required that the applicant has a cash deposit in an authorized bank, equivalent to five years of pensions. Foreigners who retire in their home countries normally receive more than \$ 1,000 per month as pension (which was stated in a previous chapter), therefore they meet the requirement to have a minimum income of \$ 800, so they can certainly enter the country with this visa category.

<sup>110</sup> Ministry of Foreign Affairs and Human Mobility. [online]. "Visa Application Requirements". [Retrieved: November 12, 2013]. Available at: <http://cancilleria.gob.ec/visa-9-i-rentista-pension-del-exterior/>

Foreign retirees have another option to legally enter the country, with the visa type 9-II (investors), for which they must own real state or bank investments from \$ 25,000 to \$ 30,000. They must also demonstrate the legal purchase of their goods by presenting deeds or certificates, proving on that way that the applicant are able to support themselves without financial problems. This is the reason why many retirees choose to invest in real estate, buying a house or apartment, for living in and also to accelerate and facilitate the process to obtain the legalization of their residence.

Below, the requirements or documents that foreign retirees must submit to access either of these two types of visa, corroborating the above about deposits and investments that applicants must possess in order to get their legal stay in the country.

#### **4.3.5.1 Requirements for Visa 9-I (pensioner)**

1. Visa request submitted to the General Director of Foreign Affairs, with findings of fact and law, signed by the applicant. The following information must be placed: applicant's home address, telephone, fax and email, this last is essential in order to receive notifications about the application that is carrying out with the Directorate.<sup>111</sup>
2. Complete the form "Application for immigrant visa category 9-I" by using a computer, it must be signed by the applicant (can be requested at the Directorate of Immigration or download it from the website).
3. Completed order form for Ecuadorian ID card.
4. Color copy passport notarized with a minimum of 6 months validity remaining.
5. Criminal record. This form should be apostilled in the requested residence or legalized in the Ecuadorian consulate.
6. Certificate of Immigration Movements within Ecuador provided by the immigration authorities in Ecuador.

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<sup>111</sup> Embassy of Ecuador. [online]. "Requirements of the Pensioner's Visa". [Retrieved: November 18, 2013]. Available at: [Http://www.ecuador.org/nuevosite/visas/REQUISITOS\\_VISAS\\_9.pdf](http://www.ecuador.org/nuevosite/visas/REQUISITOS_VISAS_9.pdf)

7. Proof of pension above or equal to \$800 per month apostilled in the requested country or legally certified by the Ecuadorian consulate, plus \$100 extra for each dependent.
8. Document certified by the Ecuadorian consulate proving the pension in the case of not being able to prove the pension through the aforementioned means.
9. All documents stated above should be translated and notarized with signature of translator.

#### **4.3.5.2 Requirements for Visa 9-II (Stock holders or Real Estate Investment)**

1. Visa request submitted to the General Director of Foreign Affairs, with findings of fact and law, signed by the applicant. The next information must be placed: applicant's home address, telephone, fax and email, this last is essential in order to receive notifications about the application that is carrying out with the Directorate.<sup>112</sup>
2. Fill the form "Application for immigrant visa category 9-I" by using a computer, it must be signed by the applicant (can be requested at the Directorate of Immigration or download it from the website).
3. Completed order form for Ecuadorian ID card.

#### **4. Real Estate Investment**

- Gather notarized copy of the title or "*Escritura*" of the property as registered in the Property Registry, wherever the property is located.
- Get the "Official Domain History Certificate" of the property in the applicant's name.
- Get the payment receipt of the last yearly property tax of the property which also states the official Municipal value of the property which should be no less than \$25,000 and must increase \$500 in value for each dependent of the applicant that is also coming to Ecuador.

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<sup>112</sup> Embassy of Ecuador. [online]. "Visa Requirements 9II Stock holders or Real Estate Investment ". [Retrieved: November 20, 2013]. Available at: [http://www.ecuador.org/nuevosite/visas/REQUISITOS\\_VISAS\\_9.pdf](http://www.ecuador.org/nuevosite/visas/REQUISITOS_VISAS_9.pdf)

### **Stock Holders' Investment**

- Original and copy stock holder notarized with a minimum of 1 year validity remaining.
  - Proof of investment above or equal to \$25000USD, plus \$500USD extra for each dependent.
5. Color copy passport notarized with a minimum of 6 months validity remaining.
  6. Criminal record. This form should be apostilled in the requested residence or legalized in the Ecuadorian consulate.

### **4.4 Migration Act**

The Migration Act regulates the organization and coordination the input and output of foreigners and domestic from the country, through the classification and examination of documents delivered for the residence application and foreigners' activities. As stated in the **Article 1** of the Migration Act. “The rules which are part of this Act regulate the organization and coordination of services related to the input and output of domestic and foreigners from the country, by supervising the legal provisions' accomplishment, regarding to residence and activities of foreigners within Ecuador.”<sup>113</sup>

Finally, it allows the migratory movements registration, statistical charts about input and output, and censuses, which are controls that allow planning projects and agreements for the better development of these activities

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<sup>113</sup> Migration Act. [online]. [Retrieved: November 21, 2013]. Available at: [http://www.mmree.gob.ec/mre/documentos/ministerio/legislacion/leg\\_ley\\_migracion.htm](http://www.mmree.gob.ec/mre/documentos/ministerio/legislacion/leg_ley_migracion.htm)



## **CHAPTER 5**

### **RESEARCH**

#### **5.1 Quantitative method and research techniques**

For the development of this research and data collection, a quantitative method was used, in this case the direct personal survey type. This survey was structured around important questions related to the respondent and the developing topic, basing the information to achieve the specific objectives considering socioeconomic and cultural factors. It is noteworthy that the survey was developed in English and planned for full understanding by all respondents.

#### **5.2 Sample analysis**

Working with the entire population of American elderly residents in the city of Cuenca would be very difficult, which is why the sample is a necessary tool to simplify the process of quantifying the information, and that gives us real and direct information about a portion of the population. For the development of this research, a stratified random sampling technique was used, which is more appropriate for this type of work since this has a reliability of 93%, therefore an error margin of just 7%.

#### **5.3 Stratified random sampling**

This method was very useful because about 4,500 American seniors live in Cuenca and would be impossible to carry out the survey with all of them. This sampling requires dividing the population into groups or strata defined by virtue of the studied behavior's characteristics, seeking the creation of internally homogeneous and divergent groups together. Stratified sampling allowed dividing all population in strata, facilitating the separation of valuable information, the same which resulted in a total of 169 people who were needed for the surveys.

## 5.4 Sampling plan

**5.4.1 Universe:** male and female Americans population (65 or older) residing in the city of Cuenca, which according to data from the Chamber of Commerce of Cuenca, were 4500 until year 2013. Surveys were conducted in June, July and August 2013, and were taken like survey points, the most frequented places by foreigners. Additionally, an online survey was conducted, the same that was placed on the website of "Gringo Tree", known and visited by foreigners residing or seeking to reside in the city of Cuenca, in the following link [https://es.surveymonkey.com / s / KHZPYQK](https://es.surveymonkey.com/s/KHZPYQK).

**5.4.2 Element or Sampling unit:** all American retirees or over 65 living in the city of Cuenca and who wished to collaborate with the development of the survey.

**5.4.3 Sampling frame:** 169 Americans residing in Cuenca, 65 years or older, were surveyed for obtaining the required data.

## 5.5 Sample size:

To obtain the appropriate number of surveys, the following formula was applied:

$$n = \frac{N \cdot a^2 \cdot Z^2}{(e^2)(N-1) + a^2 \cdot Z^2}$$

**N= 4500 population**

**Z= 1,81 = 93%**

**a= 50%**

**e<sup>2</sup>=7%**

$$n = \frac{4500 \times 0.5^2 \times 1.85^2}{(0,07^2)(4500-1)}$$

**n= 169 American retirees**

## **Analysis of results**

After analyzing the migration of American retirees in the city of Cuenca, it can be concluded that the savings devaluation and real estate depreciation due to the economic crisis in the United States, have certainly influenced so many American retirees who have decided to look for a better place to live, as well as getting more out of their pensions and enjoy a quiet life.

Retirees, based on Internet searches, reports and nominations granted by the best magazines related to retirement, as well as experiences lived by family and friends, make the decision to travel to the city of Cuenca, and make it their new home. According to the Chamber of Commerce and Chamber of Tourism, there are currently about 4,500 American retirees in the city. It is important to stress the fact that the city of Cuenca doesn't have exact statistics for foreigners' living in the city, since the offices of the Ministry of Foreign Affairs and Human Mobility, began its duties in the city on June 2012, so data from previous years are uncertain.

A sample of 169 American retirees completed the survey, who mentioned that they came to Cuenca attracted by its low cost of living, retiree benefits, low cost medical care, great weather as well as affordable real estate and rentals. Furthermore retirees enjoy Cuenca's nature and architecture, with a climate of eternal spring and especially a city where their monthly income allows them to cover their living expenses, medical services, and even entertainment without having to worry about money.

Regarding their immigration status, the retirees normally apply for the visa type 9 (immigrant visas) specifically 9-I (pensioner) or 9-II (Stock holders or Real Estate Investment), having to demonstrate in any case, that they are capable to cover their own expenses in the country, as Ecuadorian law requires the applicant to have a minimum monthly income of \$ 800 and hold a minimum \$ 25,000 deposit or investment. About this, foreigners have no problem, because on the one hand they

have their retirement pension and on the other hand many of them decide to start a business. That is the case with many retirees, who typically get the needed capital by selling their goods in their country of origin.

This migratory phenomenon in the city can be seen from two different perspectives, a positive point of view and a negative one. As part of the positive impact of migration, the following points can be mentioned:

a. - Cuenca, called "a great place to visit or live" each day receives the visit of many domestic and foreign tourists of all ages, especially retirees who come to the city to check if it meets their expectations of living.

b. - The job increase is an important positive aspect, because a larger number of retirees, produces a bigger need for goods and services, which creates more jobs for nationals. Furthermore, retirees contribute financially by providing capital, taxes payment or investments made during your stay.

As negative aspects we can mention:

a.- The difference in purchasing power between foreigners and local, has created one of the most obvious impacts on the city, with the consequent rising price of goods and services, such as housing, food, etc., to which local citizens can no longer access, due to their low purchasing power in relation to foreigners living in the city. Real estate has increased by 20%, to cite one example, land which used to cost \$ 80 per sq m before the retirees arrival, now can cost \$100 to \$120 per sq m; while this benefits those who deal the real estate business, it does not favor many local citizens, who currently cannot buy or lease properties at central or traditional neighborhoods, being forced to move to farther but cheaper areas of the city.

b. - The excessive ground use and the environmental consequences, are two factors produced by the arrival of American retirees. The city has been forced to build new homes and apartment buildings to meet this new community's needs, which have also damaged the town and its surroundings, with the destruction of landscapes,

agricultural crops and tourist areas which have always been part of the beauty of Cuenca. Besides the new local government ordinance requires a reduction in buildings' height, thus increasing horizontal buildings, resulting in a waste of land, as well as the need to implement services in new urbanizations, in a city that lacks planning in the short and medium term. Finally it should be noted, the excessive increase of car fleets (*parque automotor*).

Finally, beyond the positive or negative impact that retirees' immigration has had on the city, it is important to mention that retirees come to town, looking for a place which gives them peace, warmth and security; simple things but almost nonexistent in populous and congested areas such as large cities in the United States, where they come from. Thus breaking the ideological barriers that made them think that Ecuador is a dangerous and backward country.

The pensioners' integration process depends on each person, but most of them somehow seek to have contact with local people. Such is the case of the non-profit organization Hearts of Gold, whose members are foreign retirees who work in fundraising and managing international resources, all with the goal of providing aid, food and other items as school supplies to people in the poorest areas of the province of Azuay.

## **Conclusions and Recommendations**

It is difficult to say whether immigration of retirees is positive or negative for the city and its inhabitants, as this depends on every person's circumstances, what the community should do is learning how to interact between these two cultures, taking advantage of this current migration phenomenon, in a positive way. To conclude this research is essential to take into account certain parameters that would probably be very useful for better socialization, coexistence, and understanding of these two cultures.

It has become a need to create a foreigners' updated database, both temporary and permanently, which allows citizens to know the true number of immigrants and other quantitative and qualitative data about the distribution of Americans in our city. A statistical analysis would help us to design and plan strategies in both space and time, and the results would help to make social and economic projects.

It is also important; the local city government initiates social-demographic projects to achieve better integration between foreign retirees and local citizens.

The local government should also look for better projects on city planning, optimizing space for housing and recreation, roads, parks, sport as well as the development of cultural issues.

The City Hall of Cuenca -based on relevant studies-, must review, encode and update the ordinances that are in force as well as repeal the inappropriate ones, and regulate all new ones as may be necessary, without losing sight of

the inhabitants' needs, in harmony with beauty of its rivers, its nature, architecture, etc.

Again, it is essential to recommend to the City Halls in the area, proper land use so that there is harmony between the horizontal and vertical growth of buildings for housing and other uses by virtue of which, it is up to the City Hall of Cuenca to regulate the urgent development of a new Land Use Plan, and above all it must be strictly enforced.

Finally, despite all the economic, social and cultural changes experienced by host countries and also those who expel citizens, the basis of the Migration will always be to learn to live in harmony between national citizens and foreigners, beyond borders and economic and ideological barriers that have been imposed since the beginning of humanity and which have caused separation and chaos among cultures.

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**Annexes**  
**Survey**



Date: \_\_\_\_\_

Survey :

Hello, my name is Andrea Delgado. I am a student from the International Studies School of the University of Azuay in Cuenca, Ecuador. I am working on my thesis project, in order to get my Bachelor Degree in International Studies, Minor in Foreign Trade. My work theses will be based upon the investigation of the retired Americans who have come to Cuenca for living. The result of this survey will only provide information in order to carry out this research, and the results will be used in a confidential way. Thank you in advance, for your cooperation.

**1. - Gender:** F  M

**2.- Age** \_\_\_\_

**3.- State where you come from** \_\_\_\_\_

**4.- What were your reasons to migrate to Cuenca?**

Weather and climate

Reasonable cost of Health care

Low cost of living

Benefits for retired people

Affordable Cost of real state

Make Tourism

**5. - How did you first hear about retirement in Cuenca?**

Internet research

Previous trips to Ecuador

Friends/family experience

Television reports

Magazines about retirement abroad

**6.- How long do you plan to stay?**

Temporary  Permanent  Undecided

**7.- How much do you spend approximately per month?**

\$500 - \$1.000  \$1.501 - \$2.000   
 \$1.001 - \$1.500  \$2.001 - \$2.500   
 Others

**8. - Please give a score from 1 to 5 for the following aspects, which according to your opinion are beneficial or detrimental to the city.**

<b>POSITIVE ASPECTS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Good Basic Services					
Organic and fresh products					
Local people's kindness					
Activities for retired people					
Cultural activities					
Touristic Activities					

<b>NEGATIVE ASPECTS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Stray dogs					
Be abused as a foreigner					
Unpunctuality					
General Pollution					
Auditory Pollution					
Disrespectful drivers towards pedestrians					
Traffic Jams					

**9. - What do you think about the decision to move to Cuenca?**

Wrong  Right  Don't know

*Thank you for your cooperation*

*If you have any question, please write [andreachris28@hotmail.com](mailto:andreachris28@hotmail.com).*