



Universidad Del Azuay

Faculty of Law

School of International Relations

“STUDY OF TRADE BETWEEN ECUADOR AND THE UNITED KINGDOM (GREAT
BRITAIN AND NORTHERN IRELAND), SPECIFICALLY THE TRADE BALANCE
BETWEEN 2007 AND 2012, AND PROPOSALS FOR ITS GROWTH”

**Graduate thesis prior to obtaining a Bilingual Bachelor in International Studies
minor in Foreign Trade**

AUTHOR: Geovanny Mauricio Carreño Ulloa.

DIRECTOR: Eng. Antonio Fabián Torres Dávila.

CUENCA – ECUADOR

2015

Dedication

To my parents, José and Victoria.

Acknowledgments

To my parents, for their unconditional love, support, and trust, a thousand thanks to you; I am what I am because of you today. A special thanks to my mother; since childhood she has taught me to be a responsible and dedicated man; she has managed to guide me in every moment of my life with advice and infinite love, thank you for your unconditional support in converting me into a good man.

To my grandparents, who were constantly there to take care of me and love me; much of what I am today I owe to them specifically.

To my nephews, because they are the most beautiful gift that God has given me, I hope to be a source of inspiration and pride to them.

To my good friends, for always giving me help with words of encouragement to complete my goals.

To my supervisor, Antonio Torres, who has guided me in the development of this thesis.

Table of Contents

Dedication	iv
Acknowledgments	v
Table of Contents	vi
Tables Index.....	viii
Graphs Index.....	ix
Images Index.....	x
Abstract	xi
Introduction.....	xiii
Chapter I: Background of trade relations and agreements signed by Ecuador and the United Kingdom.....	1
1.1 Historical precedents.....	1
1.2 Agreements signed between the two countries.....	3
1.3 Meetings between the government of the Republic of Ecuador and the government of the United Kingdom - Great Britain and Northern Ireland.....	8
Chapter II: Profile of the United Kingdom - specifically Great Britain and Northern Ireland	10
2.1. Political factor	10
2.2. Economic factor	12
2.3. Social factor	15
2.4. Technological factor	18
Chapter III: Commercial study of Ecuador and the United Kingdom - specifically Great Britain and Northern Ireland	21
3.1. Trade balance of oil and non-oil exports from Ecuador to the world; 2008 – 2009, 2009 – 2010, 2010 – 2011, and 2011 – 2012.....	21
3.2. Analysis of the Trade Balance between Ecuador and the United Kingdom, specifically Great Britain and Northern Ireland, from 2007 to 2012	30
3.3. Main exports from Ecuador to Great Britain and Northern Ireland; 2007-2012	41
3.4. Ecuadorian products exported to the UK.....	42
3.4.1. Tuna	42
3.4.2. Shrimp	45

3.4.3. Cavendish Valery bananas	48
3.4.4. Fresh cut roses	52
3.5. Analysis of the United Kingdom's trade balance	56
3.6. Main products of Great Britain and Northern Ireland that were imported to Ecuador from 2007 to 2012.....	60
3.6.1. Solvent Naphtha	61
3.6.2. Whisky	64
3.6.3. Machines whose superstructure can spin 360°.....	66
3.6.4. Anesthetics	68
3.7. Perspectives on the best commercial exchanges between Ecuador and the United Kingdom, specifically Great Britain and Northern Ireland.....	71
3.8. Achievements and losses acquired from the treaties signed by Ecuador and the United Kingdom.....	72
3.8.1. Economic and Investment	72
3.8.2. Cultural	78
3.8.3. Education.....	79
Chapter IV: Proposals for growth	82
4.1. Exportation of new products from Ecuador to the United Kingdom	82
4.1.1. Panama hats.....	82
4.1.2. Fruit puree.....	85
4.2. Importation of new British products into Ecuador	89
4.3. Observations for better exchange of culture, technology, and education	91
Conclusions and Recommendations	95
Bibliography.....	100
Annexes	115

Tables Index

Table N° 1: Major Economic Indicators in the UK - 2013/2014	12
Table N° 2: Changes in GDP for 2010, 2011, and 2012.....	13
Table N° 3: Comparison of the UK's GDP with the World - 2013.....	15
Table N° 4: Trade balance of oil and non-oil exports from Ecuador to the world; 2008 – 2009.....	22
Table N° 5: Trade balance of oil and non-oil exports from Ecuador to the world; 2009 - 2010.....	24
Table N° 6: Trade balance of oil and non-oil exports from Ecuador to the world; 2010 - 2011.....	26
Table N° 7: Trade balance of oil and non-oil exports from Ecuador to the world; 2011 – 2012.....	28
Table N° 8: Ecuadorian exports to Great Britain and Northern Ireland; 2007 – 2012	32
Table N° 9: Imports from the United Kingdom to Ecuador from 2007 to 2012.....	34
Table N° 10: Horizontal analysis of the trade balance between the UK and Ecuador ...	40
Table N° 11: Tuna exports to the United Kingdom (2007-2012).....	43
Table N° 12: Ecuadorian tuna exports to the world	44
Table N° 13: Shrimp exports to the United Kingdom (2007-2012).....	45
Table N° 14: Ecuadorian, Cavendish Valery banana exports to the United Kingdom (2007-2012)	49
Table N° 15: Exports of roses to the UK from 2007 to 2012.....	53
Table N° 16: Major Trade Partners of the UK.....	59
Table N° 17: Solvent naphtha imports from the United Kingdom (2007-2012).....	62
Table N° 18: Imports of whisky from the UK (2007-2012)	64
Table N° 19: Imports from the UK of machines whose superstructure can spin 360° (2007-2012)	66
Table N° 20: Imports of anaesthetics from the UK (2007-2012).....	68
Table N° 21: Total items imported from Great Britain and Northern Ireland	70
Table N° 22: UK Foreign Investment in Ecuador by Sectors.....	77
Table N° 23: Prices of Panama hats in London.....	85

Graphs Index

Graph N° 1: Trade between the EU and Ecuador in 2012.....	xiv
Graph N° 2: Trade Agreements.....	3
Graph N° 3: Financial Agreements.....	4
Graph N° 4: Diplomatic Agreements	5
Graph N° 5: Technical Agreements.....	6
Graph N° 6: Cultural, Social, and Investment Agreements.....	7
Graph N° 7: Trade balance of oil / non-oil products between Ecuador and the UK (2007 – 2012).....	30
Graph N° 8: Ecuador's exports to the UK	32
Graph N° 9: Ecuador imports from the United Kingdom (2008-2012)	34
Graph N° 10: Trade Balance Ecuador-UK (2007 – 2012)	37
Graph N° 11: Tuna exports to the United Kingdom (2007-2012).....	43
Graph N° 12: Shrimp exports to the United Kingdom (2007-2012).....	46
Graph N° 13: Ecuadorian, Cavendish Valery banana exports to the UK (2007-2012) ..	49
Graph N° 14: Main destinations of exports of bananas (2012)	52
Graph N° 15: Exports of roses to the UK from 2007 to 2012.....	54
Graph N° 16: Major export destinations of Ecuadorian flowers (2012).....	55
Graph N° 17: Solvent naphtha imports from the United Kingdom (2007-2012).....	62
Graph N° 18: Imports of whisky from the UK (2007-2012)	65
Graph N° 19: Imports from the UK of machines whose superstructure can spin 360° (2007-2012)	67
Graph N° 20: Imports of anaesthetics from the UK (2007-2012)	69
Graph N° 21: Flow of Direct Investment from the UK to Ecuador.....	77
Graph N° 22: Hat exports to the UK	83
Graph N° 23: Main countries exporting hats to the UK.....	83
Graph N° 24: Imports of fruit puree to the UK from other countries.....	86
Graph N° 25: Imports of fruit puree to the UK from Ecuador	87

Images Index

Image N° 1: UK 2014 population pyramid	16
Image N° 2: Exported products to the UK; 2007 - 2012	41
Image N° 3: Main exporting countries of shrimp in 2008	48
Image N° 4: Trade balance between the UK and the world.....	57
Image N° 5: UK Production Rate.....	58
Image N° 6: Traded products from the UK to Ecuador (2007-2012).....	60
Image N° 7: Dates of denunciations of bilateral investment treaties.....	74
Image N° 8: Main recipients of direct foreign investment	75
Image N° 9: Major donor countries of direct foreign investment.....	76

Abstract

This graduation thesis is done with bibliographic and field research to understand the brief history and the existing pattern of Foreign Trade between Ecuador and the UK from 2007 to 2012. A chronological overview of the Bilateral Treaties is analyzed; the first conclusion is that most of these treaties are only the result of the time period they were signed in. Today, most of these treaties are not in effect. An overview of the British Market is also analyzed to determine its most important aspects; such as Political, Economic, Social and Technological. The main theme of this thesis is an analysis based on the Trade Balance of Ecuador and the UK, the trade pattern based on the Commerce of Traditional Products with No Value Added, the achievements in the years of its commercial history, and how the trade balance could be improved.

Note: According to Maria Cristina Muñoz, head of the Department of Culture of the Embassy of Ecuador in the United Kingdom of Great Britain and Northern Ireland, and Francisco Mena Guarderas, Director of Pro Ecuador in London, it is correct to refer to the UK and its citizens as “an English country or English State” or “English.”

Introduction

Diplomatic and trade relations have emerged as a solution to track and address the needs of people who are slowly looking for better days for themselves and the society around them.

Globalization has forced countries to seek ways to relate to other countries; most of the time nations seek to create partnerships with similar countries to achieve better and effective trade, better diplomatic relations, and avoid crises.

Ecuador, in order to improve trade, seeks new markets for its products. This in turn will increase revenue, improve the balance of payments, create more opportunities for both exporters and importers, and optimize foreign relations. As a result, Ecuador will have better national development, maintaining cooperation and peace due to stable international relations.

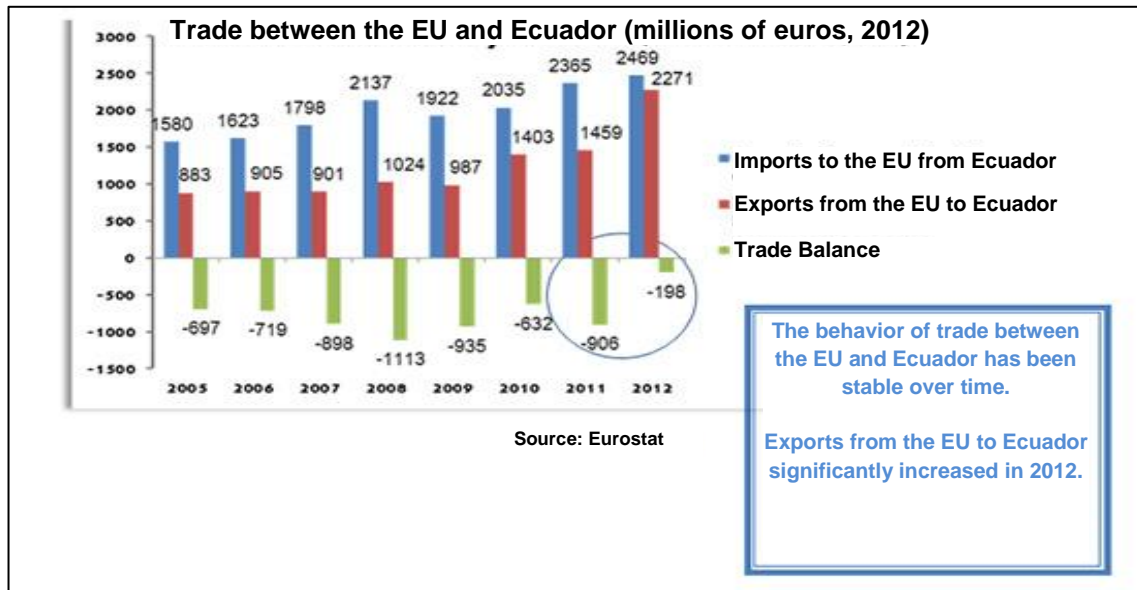
The United States is the main trading partner of Ecuador. According to the business analysis of Pro Ecuador, from December of 2014 to January of 2015, there was a deficit in the trade balance with the United States of approximately \$3 million; between January and December, \$2.8 billion in exports was generated.

Exports to the US creates disadvantages for domestic trade, as most products or services are solely destined for that country; although the second highest trading partner of Ecuador is the European Union, one must keep in mind that this is a regional block, not a country. The Central Bank of Ecuador generates this information each year. The official website of the *Delegation of the European Union for Ecuador* affirms the above statement; noting that for 2012, trade between Ecuador and the regional bloc was around €4.7 billion, making the European Union Ecuador's second highest trading partner.¹

In the table below we can see the constant trade that has been going on in recent years between the EU and Ecuador; exports were higher than imports from Ecuador to the European Union.

¹http://eeas.europa.eu/delegations/ecuador/eu_ecuador/trade_relation/bilateral_agreement/index_es.htm

Graph N° 1: Trade between the EU and Ecuador in 2012



Source: Delegation of the European Union for Ecuador

Prepared by: Delegation of the European Union for Ecuador

The thesis topic presented in this study is of great importance to Ecuador since part of this investigation is of a country that belongs to the European Union. It should be noted that the bilateral trade figures with the EU are not very encouraging for Ecuador.

In this study we can determine the evolution of international trade and relations between the Republic of Ecuador and the United Kingdom - specifically, Great Britain and Northern Ireland - as well as new perspectives and new ideas to further growth in bilateral trade between the two nations, given that the UK has one of the most stable economies for businesses. According to *Transparency International*, the UK is one of the most transparent countries in the world for international business and is in a better position than France, USA, and Japan.

Globally, The United Kingdom is 17th in terms of corruption, France is 22nd, the United States is 19th, and Japan is on par with the UK at 17th.²

This thesis study provides an excellent opportunity to enhance existing trade relations between the two countries, market new products, and improve importation and exportation between Ecuador, Great Britain, and Northern Ireland.

We will study the four most important aspects of the UK: political, economic, social and technological.

The suggestions and comments made in this thesis regarding the proposals for the strengthening and growth of diplomatic and trade relations are personally expressed in order to reach the respective conclusions.

²http://www.transparency.org/news/pressrelease/20121205_comunicado_de_prensa_indice_de_percepcion_de_la_corrupcion_2012.

Chapter I: Background of trade relations and agreements signed by Ecuador and the United Kingdom

1.1 Historical precedents

Relations between America and Europe have existed for over 500 years through trade, diplomacy, and politics; these in turn have increased and evolved over the years, most notably the European cultural that has influenced the American continent.

One of the first trade routes was established between the Kingdom of Spain and the new American continent in 1492. The commercial process began through colonization, but gradually declined as the merchandise obtained was confiscated, retained, seized, and/or stolen by English and Dutch pirates³ that controlled much of the route in the Atlantic.

Another form of commerce that was used was known as “triangular trade.”⁴ Europeans traveled to Africa to buy slaves which would be transported to America to work; in America, merchants would also trade the slaves for precious materials, coffee, cocoa, etc., which would then be shipped to Europe. This process would be repeated many times over.

This route was controlled by the Portuguese and Spanish in the sixteenth century, the Dutch in the seventeenth century, and the English in the eighteenth century.

The presence of the United Kingdom was of great importance in American soil after the weakening of the Kingdom of Spain in America. The UK in the first quarter of the nineteenth century had an economically significant increase in the Americas since the Napoleonic blockade, also called the Continental Blockade - a

³ History of Latin America. Colonial Latin America: America and Europe in the XVI, XVII, and XVIII centuries. Leslie Bethel

⁴http://portal.unesco.org/culture/es/ev.php-URL_ID=19228&URL_DO=DO_TOPIC&URL_SECTION=201.html

commercial system imposed by France to exclude the United Kingdom from any kind of trade with the rest of Europe, did not allow the UK to import or export their goods to Europe legally, forcing the products made by Britain to be sent to the American colonies.

Shipping to America was indirectly managed through smuggling; very little direct shipping was done from the port of Cadiz in Spain, which at that time belonged to Britain.

From 1825 on, exports directed towards America ranged between 4 and 6 million pounds; most exports were destined for Brazil (Mora, Historia general de América Latina: Los proyectos nacionales latinoamericanos: sus instrumentos y articulación). Although these numbers dwindled considerably, even the four and six million pounds imported caused much havoc in the domestic economy, since small producers did not have the financial power that British merchants had at that time. Today, this would be considered unfair competition.

The British began to import cotton textiles, which created a demand that didn't exist prior to that time as people were accustomed to products made from local wool. This did not mean that local shops disappeared but it did lead to many employees losing their jobs due to lack of demand for their products.

The only thing protecting domestic trade was landforms, mountain ranges, and large distances within the continent as there was no facility to move from coast to coast; thus, domestic producers continued to survive for several decades.

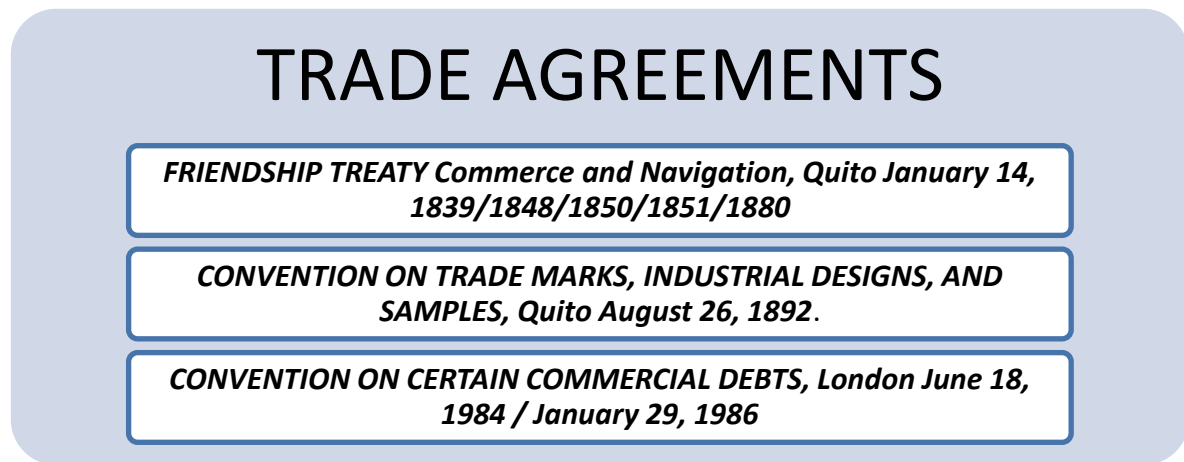
The industrial revolution was led by Britain in the eighteenth and nineteenth centuries which allowed major advances in areas such as trade, cultural, technology, among others. Manufacturing output at that time had become fifty percent cheaper, enabling an improvement in the trade agreements with America and leading to economic openness between the two continents.

1.2 Agreements signed between the two countries

Treaties signed between Ecuador and the UK included: diplomatic, commercial, technical, cultural, economic, and scientific agreements.

This has allowed America to have better relations with Britain and thus maintain diplomacy and elevate trade cooperation. The aforementioned treaties are as follows:

Graph N° 2: Trade Agreements



Graph N° 3: Financial Agreements

FINANCIAL AGREEMENTS

CONVENTION FOR THE PAYMENT OF DEBT, Quito, November 6, 1854.

AGREEMENT ON MACKINTOSH DEBT, Quito, July 24, 1857.

CREDIT AGREEMENT 1966 London, February 15, 1966.

LOAN UNITED KINGDOM / ECUADOR (INECEL), Quito, November 15, 1969 / June 16, 1975 / March 22, 1983 / June 15, 1975 / November 11, 1976 / November 19, 1976 / April 15, 1977 (2) / December 1, 1978

AGREEMENT FOR THE GRANTING OF FINANCIAL RESOURCES FOR THE ACQUISITION OF GENERATORS AND ELECTRICAL EQUIPMENT (INECEL) / April 10, 1975

Exchange of notes between REPRESENTATIVES OF ECUADOR AND THE UNITED KINGDOM IN RELATION TO PUBLIC DEBT - 1994 AGREEMENT BETWEEN THE TWO COUNTRIES, London, June 6, 1994.

FINANCING AGREEMENT "1995 MINING PROJECT AND ENVIRONMENTAL CONTROL OF WORLD BANK, Quito, March 3, 1995.

DEBT AGREEMENT UNITED KINGDOM / ECUADOR No. 7 (2000), Quito, October 3, 2001.

CONSOLIDATION OF DEBT AGREEMENT SIGNED BETWEEN GREAT BRITAIN AND ECUADOR No.8 (2003), London June 13, 2003 / September 14, 2005

Graph N° 4: Diplomatic Agreements

DIPLOMATIC AGREEMENTS

<i>TREATY ON BAN OF THE SLAVE TRADE, QUITO, MAY 24 1841</i>
<i>POSTAL CONVENTION, JANUARY 28, 1861.</i>
<i>EXTRACTION TREATY, QUITO, SEPTEMBER 20, 1880 / JULY 17, 1885</i>
<i>PROTOCOL ON BRITISH POSSESSIONS. 1880 QUITO, 17 JULY 1885.</i>
<i>CONVENTION ON PACKAGE SHIPPING / SEPTEMBER 24, 1911 / SEPTEMBER 24, 1916 / JUNE 4, 1993</i>
<i>CONVENTION ON THE TREATMENT OF TRAVEL AGENTS, QUITO, JANUARY 5, 1929.</i>
<i>CONVENTION ON EXTENSION OF BRITISH PROTECTORATES SEPTEMBER 20, 1880</i>
<i>CONVENTION ON DIPLOMATIC CASES, LONDON, NOVEMBER 1, 1939</i>
<i>AGREEMENT ON RIGHTS OF PASSPORT VISAS, JUNE 28, 1946 / SEPTEMBER 13, 1963 / JULY 23, 1968</i>
<i>MEMORANDUM OF UNDERSTANDING ECUADOR -UNITED KINGDOM, LONDON, MAY 7, 1985.</i>
<i>AGREEMENT ON DEPENDENTS OF STAFF ACCREDITED IN OFFICIAL MISSION MAY ACCEPT JOBS IN THE HOST COUNTRY, QUITO, APRIL 17, 1990</i>
<i>MUTUAL ASSISTANCE IN RELATION TO DRUG TRAFFICKING, QUITO, IN MAY 1992.</i>
<i>AGREEMENT ON PAID EMPLOYMENT OF DEPENDENTS OF DIPLOMATIC AND CONSULAR PERSONNEL, QUITO, JUNE 4, 1993.</i>
<i>COOPERATION BETWEEN THE FOREIGN MINISTRY OF ECUADOR AND THE EMBASSY OF GREAT BRITAIN FOR THE IMPLEMENTATION OF THE PROJECT "PROMOTION OF NATIONAL HUMAN RIGHTS PLAN," QUITO, JULY 15, 1999.</i>
<i>AGREEMENT BETWEEN THE KINGDOM AND ECUADOR ON THE TRANSFER OF PRISONERS, JULY 21, 2001</i>
<i>AGREEMENT FOR ELIMINATING ELECTRONIC REVIEW (X-RAY) OF DIPLOMATIC MAILBAG. QUITO, JANUARY 14, 2010.</i>

Graph N° 5: Technical Agreements

TECHNICAL AGREEMENTS

SUPPLEMENTAL MEMORANDUM EXECUTION OF GEOLOGICAL RESEARCH IN ECUADOR, JULY 16, 1973 / AUGUST 7, 1975 / APRIL 24, 1978

MEMORANDUM OF UNDERSTANDING ON TECHNICAL COOPERATION THROUGH SECAP TRADES IN ELECTRICAL TRAINING, JULY 16, 1973 / JUNE 18, 1979

MEMORANDUM OF UNDERSTANDING ON TECHNICAL COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, QUITO, JANUARY 5, 1972.

BRITISH REQUEST FOR TECHNICAL ASSISTANCE, QUITO, SEPTEMBER 29, 1976. (AGRICULTURAL TREATY)

MEMORANDUM OF UNDERSTANDING ON TECHNICAL COOPERATION, QUITO, JUNE 13, 1979. ESPOL AS THE BODY RESPONSIBLE FOR THE COMMITMENTS WITH THE UNITED KINGDOM. / JUNE 10, 1983 / AUGUST 26, 1989

AGREEMENT BETWEEN THE REPUBLIC OF ECUADOR AND THE COMMONWEALTH OF ENGLAND CORPORATION ON CONDITIONS TO OPERATE IN ECUADOR. QUITO, DECEMBER 8, 1982.

SUPPLEMENTARY AGREEMENT ON TECHNICAL COOPERATION INVESTIGATION OF COCOA, QUITO, DECEMBER 4, 1985 IMPLEMENTED UNDER THE "NATIONAL AGRICULTURAL RESEARCH INSTITUTE" (INIAPI) / MARCH 7, 1990

TECHNICAL COOPERATION FOR THE IMPLEMENTATION OF THE GEOLOGICAL RESEARCH PROJECT IN THE CORDILLERA REAL OF ECUADOR, QUITO, MAY 15, 1986 / OCTOBER 10, 1987 / OCTOBER 5, 1990

TECHNICAL COOPERATION FOR FISHERIES DEVELOPMENT PROJECT, QUITO, MAY 15, 1986 / FEBRUARY 24, 1993

MEMORANDUM FOR THE PROVISION OF AN AMBULANCE BOAT, QUITO AUGUST 20, 1987.

STUDY ON TRANSPORT PROJECT IN ECUADOR, QUITO, MAY 4, 1988 / JUNE 23, 1993

MINING DEVELOPMENT PROJECT. QUITO, SEPTEMBER 8, 1997.

AGREEMENT ON AIR SERVICES, QUITO, JANUARY 4, 2007.

Graph N° 6: Cultural, Social, and Investment Agreements

CULTURAL, SOCIAL, AND INVESTMENT AGREEMENTS

CULTURAL AGREEMENT BETWEEN THE GOVERNMENT OF ECUADOR AND THE GOVERNMENT OF GREAT BRITAIN AND NORTHERN IRELAND, QUITO, ON JUNE 18, 1979.

PROJECT ON PROFESSIONAL TRAINING OF ENGLISH TEACHERS, QUITO, MARCH 2, 1989

CONVENTION ECUADOR- UK FOR THE PROMOTION AND PROTECTION OF INVESTMENTS, SIGNED IN QUITO ON MAY 10, 1994.

EXCHANGE OF NOTES BETWEEN THE UK AND ECUADOR IN RELATION TO THE BRITISH SCHOOL, QUITO, JUNE 6, 1995.

AGREEMENT TO EXTEND THE AGREEMENT FOR THE PROMOTION AND PROTECTION OF INVESTMENTS ON THE ISLE OF MAN, THE GUERBSEY BAILIWICKS, AND JERSEY, QUITO, MAY 18, 1999.

MINUTES FROM THE MEETING WITH THE AERONAUTICS AUTHORITIES FROM THE KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, QUITO, APRIL 2005.

AGREEMENT BETWEEN THE INTERNATIONAL RAILWAY MUSEUM FR YORK (NATIONAL RAILWAY MUSEUM) AND THE ECUADOR RAILROAD COMPANY, QUITO, MARCH 26, 2010.

Source: Historical Archive of the Ministry of Foreign Affairs and Human / SITRAC Mobility (Ecuador Treaty System - United Kingdom of Great Britain and Northern Ireland.

Prepared by: The author

1.3 Meetings between the government of the Republic of Ecuador and the government of the United Kingdom - Great Britain and Northern Ireland

All meetings that the Governments of Ecuador and the United Kingdom have had are considered “official.” Meetings attended by the President or Head of State of either of these two governments, the Minister of Foreign Affairs, a ministerial representative, cabinet leader, personnel officer, or any other representative on behalf of Ecuador to the United Kingdom or vice versa are considered official.

As told to the author of this study in the Ministry of Foreign Affairs, according to officials of the Department of International Treaties, official visits between the two governments are counted according to the treaties signed by them.

To sign any kind of treaty, the two sides, or a representative, must be present so that they become effective upon entry into force. There are only certain Government Releases where it is not necessary that any of the parties be present at the time of signature; however, it is proper diplomatic form when one of the parties is not present, that these communications pass through the respective embassies for any necessary seals and signatures.

The main objective was to investigate how trade and diplomatic ties were formed with the UK, and how they developed until today.

Treaties, conventions, agreements, and so on are the main force of International Relations, as it is through these that parameters are set regarding various issues which help maintain stability for signatory nations.

Most existing treaties form the backbone of the fundamental cooperation of various nations, in order to promote sustained and efficient agreements. It can be seen that, despite having signed around eighty three treaties throughout history, these unfortunately have not laid foundations for a sustainable economic relationship.

The treaties signed and the meetings held were the result of the period in which they were signed; mostly, the UK was instrumental in the creation of electrical networks for various cities in Ecuador, as well as a stretch of the railroad that runs

through the country. These projects led to agreements for the payment of debts, which then resulted in several meetings to reach a debt settlement agreement.

Most of the treaties between the UK and Ecuador are no longer in force, and the few that remain, in spite of their importance, have not become cornerstones of trade relations between the two countries. The two nations should reach solid agreements that strengthen relations over time, unlike the agreements that exist today.

Chapter II: Profile of the United Kingdom - specifically Great Britain and Northern Ireland

The main goal of this chapter is to understand the main geographical, political, economic, social, technological and cultural aspects of the UK, as well as its investment policy and strategic alliances. This objective will be achieved through a PEST analysis (Political, Economic, Social and Technological), which will reveal more about the current situation of the English country.

2.1. Political factor

The UK is a parliamentary constitutional monarchy and a unitary state, divided into four constituent countries: Scotland, Wales, Northern Ireland, and England. The head of state is the Queen; her role is based on three constitutional principles: The right to counsel, the right to notice, and the right to be consulted. The Head of Government is the Prime Minister who has all executive rights to the full development of the country and the appointment of the Presidential Cabinet.

On May 6, 2010 the last elections in the UK took place, in which David Cameron was elected as the British Prime Minister. The Conservative Party was the overall winner in the elections, taking a total of 306 seats, followed by the Labor Party with 256 seats. (Spanish Ministry of Foreign Affairs)

To regulate the UK parliament, the monarchy, which is represented by the Queen, the House of Commons, and House of Lords were established. For a set of legislation to pass, it is necessary for the three aforementioned institutions to give their approval; the approval of the Queen is given routinely. Wales and Scotland, despite having representation in Parliament in London, have their own assemblies which are in Edinburgh and Cardiff, respectively.

The UK grants trade preferences to several countries which maintain good diplomatic relations and which have signed a number of agreements, as well as social, technological, and cultural treaties. Design for a UK trade policy takes into account economic, social, and geographic issues, mainly to manage trade preferences by sectors. In the case of the European Free Trade Association and the General System of Preferences (GSP+), these entities give trade facilities countries in the Andean region, such as Ecuador, Bolivia, Colombia, Peru, and Venezuela. (Colombo - British Chamber of Commerce)

The UK's investment policy is very friendly both domestically and overseas. According to an interview with the Director of Pro Ecuador in London, Francisco Mena Guarderas, the UK has a program of incentives to foreign investors; these are divided into two areas:

- State Incentives
- Regional Development Agency

These incentives emerged after the crisis in 2008 and after the European crisis hit the UK. During that time, the UK's status as a best place to invest went down; however, this was offset with the incentives mentioned above.

According to a study by *Globe International*, the UK has 22 laws on environment issues; although this is not a very high amount, at least it gives us an idea of the clear view that this country has concerning this issue and their fight against problems like global warming. (Global International)

In terms of education policy, education in the UK falls under the Department of Education, this entity has sub-departments that regulate each constituent country. In Scotland, the agency responsible for education is the "Department of Education and Learning," in Wales it is the "Department for Education and Skills," and in Northern Ireland it is the "Department of Education." Primary and

secondary education is also regulated by local authorities in each region and there is also a small section on private education.

2.2. Economic factor

The main economic indicators in the United Kingdom are:

Table N° 1: Major Economic Indicators in the UK - 2013/2014

Currency:	British Pound (£)
Exchange rate:	£1 = \$1.55 ⁵
GDP:	2.678 billion USD (2013)
GDP per capita (USD):	\$37,955 USD (2013)
Inflation rate (%):	2.725 % (2013)
Growth rate (%):	2.70 % (2013)
Unemployment rate (%):	5.7 % (2014)
Workforce:	32,377,782 people (2013)
Industry:	Technology, construction, mining, textiles
Agriculture:	Potatoes, wheat, barley
Livestock:	Ovine, bovine.
Natural resources:	Oil, coal
Major export products:	Machinery, chemicals, food
Export destinations (%):	United States, Germany, France, Ireland, mainly.
Major import products:	Machinery, fuel, food
Source of Imports:	Germany, United States, People's Republic of China, Netherlands.

Source: World Bank / Trading Economics

Prepared by: The author

⁵ Exchange rate on January 2, 2015.

The UK economy is one of the largest in the European continent and the world; the UK economy is behind the German economy and is parallel with the French economy according to data from the European Central Bank.

After World War II, and after losing several colonies, the United Kingdom was still considered a world power. The UK managed to strengthen its ties with the United States, as well as with so-called "allies," and to this day has a strong role in the world economy.

Economic indicators are statistical or numerical elements that show the development and behavior of an economy over time, or for a set period, in terms of Gross Domestic Product (GDP), which represents the market value of all goods and services produced in a nation during a period of usually one year (Krugman y Wells). The UK has increased its GDP from €2.296 trillion in 2010 to €2.464 trillion in 2011, an increase of 1.1%. In 2012, the UK's GDP increased another 0.3% with €2.476 trillion.

Table N° 2: Changes in GDP for 2010, 2011, and 2012

Growth Indicators	2010	2011	2012
GDP (in billions of US \$)	2,296.93	2,464.64	2,476.67
GDP (annual growth in %, constant price)	1.7	1.1	0.3
GDP per capita (US \$)	36,891	39,286	39,161
Balance of public finances (in % of the GDP)	-8.4	0	-5.8
National debt (in % of the GDP)	78.5	84.3	88.8
Inflation rate (%)	3.3	4.5	2.8

Source: World Bank / National Census Bureau

According to a study issued by the Ministry of Culture of the United Kingdom, the UK entered a recession following the global credit crisis; however, there have been periods of growth in recent years from the proper investment of domestic enterprises. The services sector has also been gradually increasing, representing 75% of GDP in 2012. The UK had a lot of public spending prior to

the completion of the Olympic Games which means that the economy received a number of additional resources; these resources impacted the purchase of consumer goods, housing, and investment spending.

Economic crises go hand in hand with unemployment, and the UK was affected like most European countries; but, by 2012, unemployment fell by 7% meaning 30.94 million people found a job, and 1.86 million people stayed unemployed, mainly due to part-time jobs according to the National Bureau of Statistics and Census.

According to a study by the University of Santander - Spain, in 2012, the British economy started to recover which is a normal reaction in the economy; however, this is not a real improvement in the economy, despite showing significant improvements the economy still has several challenges to meet. In 2012 people began to borrow money again which stimulated growth; Finance Minister George Osborne (University of Santander) said in late 2012 that the British economy was recovering rapidly; despite having suffered several problems, residents of the United Kingdom had not felt the implications of being in a global crisis thanks to measures taken such as stimulating the manufacturing sector, which helped the economy to break away from its dependence on consumption and credit. According to figures from the International Monetary Fund (IMF), by the year 2018 and 2019, the UK economy will be the star of Europe.

Pro Ecuador, in its economic profile of the UK, indicates that the most important economic sectors are technology, agriculture, and non-renewable resources, and there is a lot of potential in the communication sector. Although in recent years the reserves of natural gas and oil in the UK have been falling, today, Shell and British Petroleum are still world leaders in the oil industry.

The main exports from the UK to the world are machinery, transport vehicles, and chemicals. The service sector accounts for almost 80% of GDP, thus

representing the driving force of the economy. London is known for being the main financial engine of the country and one of the largest in Europe. Here we can see the relationship of the UK's GDP compared to the rest of the world.

Table N° 3: Comparison of the UK's GDP with the World - 2013

Gross domestic product 2013		
<i>Ranking</i>	<i>Economy</i>	<i>(millions of US dollars)</i>
1	United States	16,768,100
2	China	9,240,270
3	Japan	4,919,563
4	Germany	3,730,261
5	France	2,806,428
6	United Kingdom	2,678,455
7	Brazil	2,245,673
8	Italy	2,149,485
9	Russian Federation	2,096,777
10	India	1,876,797
<i>Ranking</i>	<i>Economy</i>	<i>US dollars)</i>
60	Angola	124,178
61	Morocco	103,836 ^a
62	Puerto Rico	103,135
63	Slovak Republic	97,707
64	Ecuador	94,473
65	Oman	79,656
66	Libya	74,200

Source: World Bank⁶

2.3. Social factor

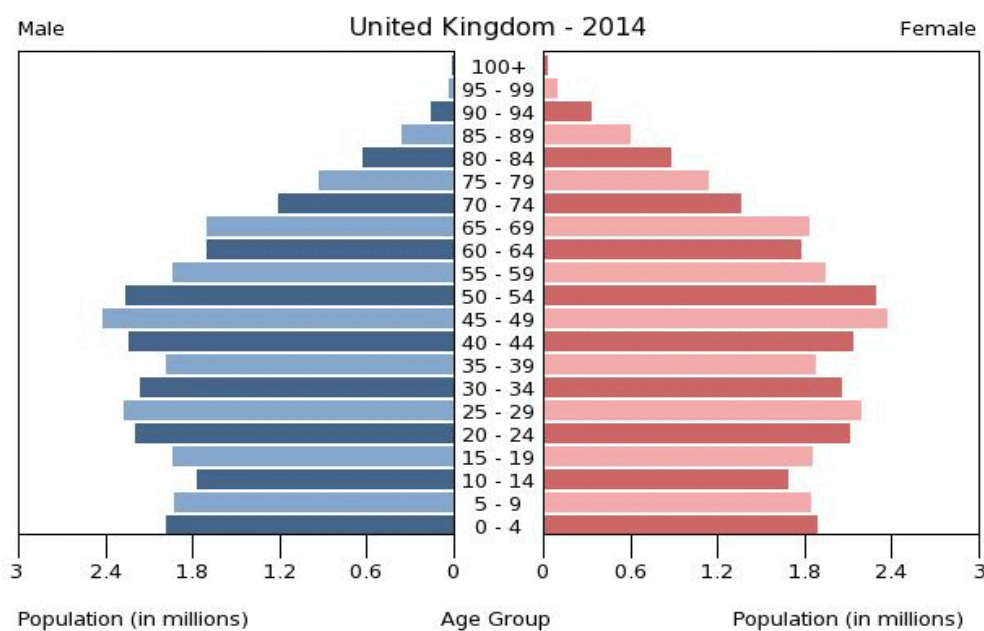
The UK is located to the northeast of France, on the Atlantic Ocean and the North Sea, covering a sixth of the islands of Northern Ireland, with dependent territories such as Gibraltar, the Falkland Islands (Malvinas), San Cristobal - Nevis, Saint Lucia, the Solomon Islands, and the Virgin Islands (Proecuator). The United Kingdom of Great Britain and Northern Ireland has a total area of 243,610 km².

⁶ <http://databank.worldbank.org/data/download/GDP.pdf>

According to the National Statistics and Census page, the literacy rate in the UK is 99%. In 2013 the population was 63.7 million, representing an increase of 0.7% compared to 2012.

The following graph shows the population pyramid in 2014:

Image N° 1: UK 2014 population pyramid



Source: National Bureau of Statistics and Censuses⁷

It can be seen in the chart above that peak ages are distributed as follows: The largest population of men are aged 20-24 / 25-29 and 45-49; and women in the population are distributed mainly in the ages of 25-29 and 45-49, which indicates that the majority of the population is relatively young and economically active.

Despite having a young population today, the author believes that it will not be sustainable in the long run; in 10, 15 and 20 years the population, now

⁷<http://www.ons.gov.uk/ons/interactive/uk-population-pyramid---dvc1/index.html>

considered economically active, will no longer be so. Production in the UK could fall into a deep recession and will generate strong demand for foreign young people, as in the case of Spain. Nevertheless, a specific analysis of the UK population, specifically the impact on production, would be the subject of another study.

According to the National Bureau of Statistics and Census, the population is distributed according to the regions that make up the country; the population is divided as follows: In England there are 53.5 million people, in Scotland there are 5.3 million, in Wales there are 3.1 million, and in Northern Ireland there are 1.8 million.

Michael Pooler, economist and author for the *Financial Times*, says London is the capital of England and the UK; also it has the greatest number of people throughout the kingdom and lies on the Thames River. London is known like New York, as one of the major financial centers in the world.

Edinburgh, capital of Scotland, is one of the most visited cities, annually. According to the local Edinburgh government, services is one of the largest sources of employment, as millions of tourists come to visit the city for its great architecture and history. Among the most famous landmarks is Edinburgh Castle, a participant in the fight against the Norman invasions of the seventeenth century.

Belfast, the capital and largest city of Northern Ireland, is located in the northeast of Northern Ireland and has a population of 280,962 inhabitants; over 40% are people under 30 years of age. The economically active population is aged between 16 and 64 years, representing 60% of the population. Similarly, the official website of the City of Belfast suggests that the economy of Belfast focuses primarily on technology and has attracted a number of projects in this

sector. It also has two airports; approximately six million people use these airports every year.

Cardiff is the main city in Wales; it is considered the capital of this state. According to the UK census, until mid-2012, it had 348,500 inhabitants. This city has an annual increase of about 3,100 people, a percentage of about 0.9%. The official website of Cardiff states that students represent 10% of the population and 13.5% of the people (age 64 and up) are no longer economically active.

The Office of National Statistics and Census indicates that over 95% of the population speaks English as a native language, there are some minorities in some parts of the country who speak other languages; for example, in Scotland, 1.4% of the population speaks Gaelic Scottish and English; in Northern Ireland, 6.6% speak Irish Gaelic and English; and in Wales, 21% of the population speaks Welsh. Welsh is the only Celtic language which is also considered an official language.

Helen Longworth, head of Oxfam policy at a humanitarian organization that is based in Oxford, mentions that despite the UK economy growing, poverty levels have begun to affect the country in recent years as about 20% of its population lives below the level of basic needs and do not have adequate housing. However, this is isolated mainly in specific sectors such as single mothers, children, and elderly who unfortunately have not been included in the country's growth.

2.4. Technological factor

New technologies allow for the creation of new markets and products by connecting countries through advances in communication and information, which enables nations to be globalized, open, and interconnected.

The ability of different countries to compete in the global economy depends on, and is related to, its technological potential, the governments driving of research, and development of ICTs through financial support that is reflected in its macroeconomic environment. As a result, innovation and technological progress can be seen in small, medium and large companies; major players in any economy. (Romero Gonzáles)

The global technology center is found in the United States in Silicon Valley where the world's largest technology companies like Google, Apple, Nokia, Yahoo, etc. are found; however, the UK has gradually left its mark in terms of technological and scientific advances, activators of an economy. As a brief summary, Scotland invented the kaleidoscope and the Gregorian telescope; in England the industrial revolution brought the steam engine, among other things.

Pablo Javier Piacente states in his book, *The UK: committed to the Advancement of Technology and Railway Innovation*, mentions that the English country today invests in scientific and technological advancements of food, fashion, medicine, biotechnology, automobiles, energy, mobile telephony, etc.

For example, the online fashion company Asos has become a success, having a market value of about €4.7 billion. Currently, the company delivers to Germany, France, Italy, and the United States. (London South East)

According to the newspaper *El Pais*, the British company *King.com* listed its shares on the stock exchange on Wall Street at around €7 billion; *King.com* is the largest provider of games on Facebook.

It is estimated that *Mind Candy* and *Shazam* will also go public on the Stock Exchange with an IPO (Initial Public Offerings). *Mind Candy* is the UK's largest entertainment company which creates online games, as well as toys, for children; it is estimated to have around 75 million users. *Shazam* is a mobile

application that allows a person to find songs on the Internet; its estimated value is about \$1 billion. (Juliette Garside)

Similarly, the financial sector has a commitment to technology, for example *Wonga.com* (Ian Pollock), which allows companies to issue loans using algorithms that show the solvency of a borrower. Last year the company made a profit of about €84 million. Similarly, *Funding Circle*, a pioneer in money lending, could reach the United States via the internet.

The internet, a good connection speed, and easy operation enable the traditional sectors, and mature economies, to emerge and succeed. The UK has been a major player in logistics, fashion, music, art, culture, finance, etc. Stories like that of *King.com* and *Wonga.com* contribute to the great history and experience that the UK has created. They will continue to invest in information and communications technology.

In this chapter, we briefly introduced the most important aspects of the United Kingdom, specifically Great Britain and Northern Ireland. We reviewed the manner in which these two countries wield political power, the way they are structured, the territorial divisions, their forms of education, the culture, as well as the most important economic, social, and technological data.

The UK should make even more technological and scientific investments, allowing it to further establish its central role in the world economy and possibly even becoming the world leader in communication and information technologies.

Chapter III: Commercial study of Ecuador and the United Kingdom - specifically Great Britain and Northern Ireland

The trade balance is a component of the balance of payments of a country; this balance only considers exports and imports of goods between nations. The balance is obtained by subtracting imports from exports; and depending on the case, it will be positive or negative. There is a surplus when exports exceed imports or a deficit when imports are higher.

This chapter will focus on the business relationship between Ecuador and the United Kingdom; the analysis is based on the information available on the website of the Central Bank of Ecuador, Pro Ecuador, and interviews conducted by the author. The analysis was performed for both oil and non-oil exports / imports, with an emphasis on the years 2007 to 2012. In addition, there is a description of the main products exported and imported from Ecuador to the UK to determine the difference in value added.

3.1. Trade balance of oil and non-oil exports from Ecuador to the world; 2008 – 2009, 2009 – 2010, 2010 – 2011, and 2011 – 2012

The following charts detail the trade balances of the UK and Ecuador. The first chart shows trade balances of Ecuador with its major trading partners, from 2008 to 2009. As can be seen, the UK appears to be the 17th highest business partner of Ecuador; in first place is Panama followed by the United States.

Table N° 4: Trade balance of oil and non-oil exports from Ecuador to the world; 2008 – 2009

		Jan – Dec 2008									Jan – Dec 2009									Trade Balance	
		Exports (2)			Imports			Trade Balance			Exports (2)			Imports			Trade Balance			Variation 2008 - 2009	
		TM	FOB	Part.	TM	FOB	Part.	TM	FOB		TM	FOB	Part.	TM	FOB	Part.	TM	FOB		TM	FOB
	Totals	27,933,717	18,510,599	100.00%	11,355,414	17,415,349	100.00%	16,578,303	1,095,249		27,239,538	13,762,289	100.00%	11,260,018	14,072,177	100.00%	15,979,519	-309,887		-3.61%	-128.29%
1	Panama	1,929,980	897,556	4.85%	106,418	478,469	2.75%	1,823,562	419,087		4,887,712	1,963,371	14.27%	73,774	378,790	2.69%	4,813,939	1,584,581		163.99%	278.10%
2	US	12,942,286	8,379,585	45.27%	1,762,579	3,321,133	19.07%	11,179,706	5,058,452		10,149,832	4,605,296	33.46%	2,809,745	3,579,704	25.44%	7,340,087	1,025,592		-34.34%	-79.73%
3	Russia	1,422,992	548,555	2.96%	194,037	129,919	0.75%	1,228,955	418,636		1,351,344	613,438	4.46%	69,976	32,860	0.23%	1,281,368	580,578		4.26%	38.68%
4	Chile	2,434,021	1,503,406	8.12%	379,368	542,185	3.11%	2,054,653	961,221		2,129,581	897,836	6.52%	378,527	469,151	3.33%	1,751,054	428,685		-14.78%	-55.40%
5	Italy	995,766	510,310	2.76%	29,369	189,782	1.09%	966,396	320,528		1,068,704	574,988	4.18%	63,021	205,443	1.46%	1,005,683	369,544		4.07%	15.29%
6	Peru	2,458,735	1,702,382	9.20%	696,090	534,561	3.07%	1,762,645	1,167,821		2,002,029	932,063	6.77%	883,867	628,402	4.47%	1,118,162	303,662		-36.56%	-74.00%
7	Guatemala	356,588	170,472	0.92%	6,604	11,677	0.07%	349,984	158,795		549,423	224,302	1.63%	5,622	7,900	0.06%	543,801	216,402		55.38%	36.28%
8	Spain	229,693	418,386	2.26%	62,454	205,896	1.18%	167,239	212,489		153,732	316,292	2.30%	42,633	157,351	1.12%	111,099	158,942		-33.57%	-25.20%
9	El Salvador	516,228	309,090	1.67%	4,205	5,182	0.03%	512,023	303,908		366,031	156,425	1.14%	1,581	2,174	0.02%	364,450	154,251		-28.82%	-49.24%
10	Holland	172,218	250,417	1.35%	55,503	130,889	0.75%	116,715	119,529		235,190	298,595	2.17%	139,192	145,116	1.03%	95,999	153,479		-17.75%	28.40%
11	Nicaragua	81,104	60,836	0.33%	284	1,631	0.01%	80,820	59,205		122,859	61,265	0.45%	1,082	392	0.00%	121,777	60,874		50.68%	2.82%
12	Honduras	395,731	193,719	1.05%	2,550	2,490	0.01%	393,181	191,229		159,590	60,753	0.44%	2,125	1,249	0.01%	157,465	59,504		-59.95%	-68.88%
13	France	41,472	154,657	0.84%	14,881	84,119	0.48%	26,592	70,538		38,275	142,443	1.04%	39,569	92,563	0.66%	-1,294	49,880		-104.87%	-29.29%
14	Cuba	7,394	14,167	0.08%	27,593	1,975	0.01%	-20,200	12,191		4,695	10,256	0.07%	6,087	2,849	0.02%	-1,393	7,407		-93.11%	-39.24%
15	Belgium	437,201	196,197	1.06%	63,098	193,554	1.11%	374,103	2,643		361,389	189,055	1.37%	44,524	185,747	1.32%	316,865	3,308		-15.30%	25.16%
16	Bolivia	5,770	21,556	0.12%	24,278	16,743	0.10%	-18,507	4,814		2,903	10,387	0.08%	9,744	11,270	0.08%	-6,841	-883		-63.04%	-118.34%
17	Paraguay	476	1,662	0.01%	108	1,967	0.01%	368	-305		316	1,421	0.01%	53	2,969	0.02%	263	-1,547		-28.58%	407.16%
18	UK	75,127	153,203	0.83%	19,699	69,030	0.40%	55,428	84,173		101,931	97,938	0.71%	68,890	104,139	0.74%	33,041	-6,201		-40.39%	-107.37%
19	Germany	579,168	300,028	1.62%	83,594	354,301	2.03%	495,574	-54,273		575,304	323,058	2.35%	73,250	365,206	2.60%	502,054	-42,148		1.31%	-22.34%
20	Uruguay	6,560	4,735	0.03%	7,453	44,057	0.25%	-893	-39,323		6,307	6,651	0.05%	5,908	48,806	0.35%	399	-42,154		-144.64%	7.20%

Source: Central Bank of Ecuador

As can be seen, for these years the trade balance with the United Kingdom were positive and negative for each year, respectively. In 2008, the trade balance was 55.428 metric tons, representing \$84 billion. By 2009, the trade balance went down to 33.041 metric tons, a loss of \$6.2 billion.

The next chart shows the trade balance of Ecuador's exports to the world from 2009 to 2010, including the UK's relationship in said balance.

It can be seen that, in this period, the United States is in first place, followed by Panama and Russia; the UK is in 15th place.

Table N° 5: Trade balance of oil and non-oil exports from Ecuador to the world; 2009 - 2010

		Jan – Dec 2009							Jan – Dec 2010							Trade Balance			
		Exports (2)			Imports			Trade Balance	Exports (2)			Imports			Trade Balance	Variation 2009 - 2010			
		TM	FOB	Partic. en valor	TM	FOB	Partic. en valor		TM	FOB	Partic. en valor	TM	FOB	Partic. en valor			TM	FOB	
	Totales	27,270,991	13,799,023	100.00%	11,260,018	14,072,177	100.00%	16,010,973	-273,154	26,537,940	17,369,236	100.00%	12,850,172	18,668,825	100.00%	13,687,768	-1,299,589	-14.51%	375.77%
1	US (3)	10,153,501	4,607,716	33.39%	2,809,745	3,579,704	25.44%	7,343,755	1,028,013	10,191,924	6,046,643	34.81%	3,408,522	4,856,788	26.02%	6,783,402	1,189,855	-7.63%	15.74%
2	Panama (2)	4,888,032	1,963,713	14.23%	73,774	378,790	2.69%	4,814,258	1,584,924	4,093,580	2,114,322	12.17%	748,389	942,723	5.05%	3,345,191	1,171,599	-30.51%	-26.08%
3	Russia	1,350,676	609,485	4.42%	69,976	32,860	0.23%	1,280,700	576,625	1,125,061	593,880	3.42%	87,577	44,532	0.24%	1,037,484	549,348	-18.99%	-4.73%
4	Venezuela (2)	141,418	541,174	3.92%	1,743,678	914,198	6.50%	-1,602,260	-373,023	434,060	955,627	5.50%	853,803	521,572	2.79%	-419,743	434,055	-73.80%	-216.36%
5	Peru	2,008,550	938,456	6.80%	883,867	628,402	4.47%	1,124,683	310,055	2,252,582	1,332,787	7.67%	1,112,019	977,640	5.24%	1,140,564	355,147	1.41%	14.54%
6	Italy	1,070,707	577,250	4.18%	63,021	205,443	1.46%	1,007,686	371,807	931,651	580,105	3.34%	60,072	259,636	1.39%	871,579	320,469	-13.51%	-13.81%
7	Chile	2,131,091	899,514	6.52%	378,527	469,151	3.33%	1,752,563	430,363	1,534,343	842,774	4.85%	372,167	533,939	2.86%	1,162,176	308,835	-33.69%	-28.24%
8	Holland	236,429	301,170	2.18%	139,192	145,116	1.03%	97,237	156,054	225,176	326,246	1.88%	88,275	124,492	0.67%	136,901	201,754	40.79%	29.28%
9	El Salvador	366,063	156,438	1.13%	1,581	2,174	0.02%	364,482	154,264	348,229	183,718	1.06%	4,743	3,474	0.02%	343,487	180,244	-5.76%	16.84%
10	France	38,511	143,391	1.04%	39,569	92,563	0.66%	-1,058	50,828	47,614	204,050	1.17%	11,342	84,970	0.46%	36,272	119,079	-3529.42%	134.28%
11	Spain	153,978	315,681	2.29%	42,633	157,351	1.12%	111,346	158,331	128,958	351,176	2.02%	62,165	253,130	1.36%	66,793	98,045	-40.01%	-38.08%
12	Honduras	159,612	60,861	0.44%	2,125	1,249	0.01%	157,487	59,612	153,670	76,293	0.44%	10,233	2,807	0.02%	143,437	73,487	-8.92%	23.28%
13	Nicaragua	122,864	61,297	0.44%	1,082	392	0.00%	121,782	60,905	122,166	75,151	0.43%	5,503	3,647	0.02%	116,664	71,504	-4.20%	17.40%
14	Guatemala	549,450	224,353	1.63%	5,622	7,900	0.06%	543,829	216,453	203,679	103,472	0.60%	84,895	62,076	0.33%	118,784	41,397	-78.16%	-80.88%
15	UK	102,076	98,432	0.71%	68,890	104,139	0.74%	33,186	-5,706	82,310	84,093	0.48%	9,582	73,405	0.39%	72,729	10,688	119.15%	-287.31%
16	Cuba	4,711	10,304	0.07%	6,087	2,849	0.02%	-1,376	7,455	5,441	10,927	0.06%	27,917	2,484	0.01%	-22,476	8,443	1533.53%	13.25%
17	Angola	2	70	0.00%	105,120	42,828	0.30%	-105,119	-42,758	1	22	0.00%	8	38	0.00%	-8	-16	-99.99%	-99.96%
18	Paraguay	335	1,431	0.01%	53	2,969	0.02%	282	-1,538	468	1,936	0.01%	258	5,529	0.03%	210	-3,594	-25.37%	133.72%
19	Bolivia	3,029	10,661	0.08%	9,744	11,270	0.08%	-6,715	-609	4,590	13,648	0.08%	30,607	17,939	0.10%	-26,016	-4,291	287.41%	604.62%
20	Belgium	361,558	189,579	1.37%	44,524	185,747	1.32%	317,035	3,832	395,840	241,265	1.39%	140,468	283,271	1.52%	255,372	-42,006	-19.45%	-1196.09%
21	Uruguay	6,324	6,680	0.05%	5,908	48,806	0.35%	416	-42,126	57,607	32,648	0.19%	90,882	84,484	0.45%	-33,275	-51,836	-8097.10%	23.05%
22	India	55,027	9,745	0.07%	42,098	82,810	0.59%	12,928	-73,065	79,345	10,285	0.06%	64,853	122,198	0.65%	14,492	-111,913	12.09%	53.17%
23	Germany	576,174	325,769	2.36%	73,250	365,206	2.60%	502,924	-39,437	502,010	319,086	1.84%	115,414	451,739	2.42%	386,596	-132,652	-23.13%	236.36%
24	Hong Kong	3,294	6,690	0.05%	29,432	131,912	0.94%	-26,138	-125,222	2,459	9,732	0.06%	37,735	149,172	0.80%	-35,276	-139,440	34.96%	11.35%
25	Taiwan	33,233	17,895	0.13%	45,729	116,477	0.83%	-12,495	-98,582	16,880	15,186	0.09%	60,262	155,418	0.83%	-43,381	-140,231	247.18%	42.25%
26	Canada	14,314	41,437	0.30%	396,136	155,915	1.11%	-381,822	-114,478	16,109	54,532	0.31%	574,667	236,309	1.27%	-558,558	-181,777	46.29%	58.79%
27	Japan	126,379	109,192	0.79%	222,463	523,160	3.72%	-96,084	-413,968	643,554	401,029	2.31%	110,686	652,905	3.50%	532,868	-251,876	-654.59%	-39.16%
28	Thailand	5,947	2,302	0.02%	31,274	180,099	1.28%	-25,327	-177,797	1,312	1,250	0.01%	42,167	280,655	1.50%	-40,854	-279,405	61.31%	57.15%
29	Argentina	214,620	99,617	0.72%	576,860	461,765	3.28%	-362,240	-362,148	204,875	113,351	0.65%	899,927	529,176	2.83%	-695,052	-415,825	91.88%	14.82%
30	Mexico	55,531	70,667	0.51%	585,818	530,293	3.77%	-530,288	-459,626	36,923	83,922	0.48%	313,011	691,298	3.70%	-276,088	-607,376	-47.94%	32.15%

Source: Central Bank of Ecuador

As mentioned above, Ecuador's trade balance remained negative for 2009; however, in 2010, Ecuador maintained a surplus, generating a total of 72.729 metric tons, representing a value of \$10.6 billion.

In the following image we can see the Trade Balance of Ecuador to the world from 2010 to 2011. During this period the most exports of Ecuadorian oil products were destined for the United States, Peru, Panama, and Venezuela; the most non-oil exports were also shipped to the United States, as well as Colombia and Russia. The UK only represented 1.5% of the total oil exports for Ecuador in 2011. As for imports of oil products, these came mainly from the United States, Peru, Venezuela, and Argentina; the United Kingdom represented 0.6% of oil imports. (Central Bank of Ecuador)

Table N° 6: Trade balance of oil and non-oil exports from Ecuador to the world; 2010 - 2011

	Jan – Dec 2010									Jan – Dec 2011									Trade Balance	
	Exports (2)			Imports			Trade Balance			Exports (2)			Imports			Trade Balance			Variation 2010 - 2011	
	TM	FOB	Partic. en valor	TM	FOB	Partic. en valor	TM	FOB		TM	FOB	Partic. en valor	TM	FOB	Partic. en valor	TM	FOB		TM	FOB
Totales	26,628,009	17,489,923	100.0%	13,716,472	19,278,705	100.0%	12,911,536	-1,788,782		27,517,749	22,292,245	100.0%	14,473,550	22,945,797	100.0%	13,044,199	-653,552		1.0%	-63.5%
1 US ¹	10,202,071	6,077,496	34.7%	4,189,205	5,389,896	28.0%	6,012,866	687,600		13,082,136	10,025,870	45.0%	3,571,423	5,782,567	25.2%	9,510,713	4,243,303		58.2%	517.1%
2 Peru	2,254,119	1,335,590	7.6%	1,112,099	977,643	5.1%	1,142,020	357,947		2,208,827	1,724,189	7.7%	1,203,079	1,096,033	4.8%	1,005,748	628,156		-11.9%	75.5%
3 Russia	1,125,538	596,657	3.4%	87,577	44,532	0.2%	1,037,962	552,124		1,285,228	698,485	3.1%	162,523	96,627	0.4%	1,122,705	601,858		8.2%	9.0%
4 Venezuela	449,893	973,960	5.6%	844,823	510,881	2.6%	-394,930	463,079		1,192,343	1,443,018	6.5%	1,166,097	904,817	3.9%	26,246	538,201		-106.6%	16.2%
5 Italy	932,091	582,412	3.3%	60,074	259,639	1.3%	872,017	322,773		818,538	580,034	2.6%	38,754	268,663	1.2%	779,784	311,371		-10.6%	-3.5%
6 Chile	1,536,252	846,629	4.8%	372,169	533,940	2.8%	1,164,084	312,688		1,341,145	898,400	4.0%	407,527	588,676	2.6%	933,618	309,724		-19.8%	-0.9%
7 El Salvador	348,270	183,810	1.1%	4,743	3,474	0.0%	343,528	180,336		321,128	225,706	1.0%	4,316	4,375	0.0%	316,812	221,331		-7.8%	22.7%
8 Honduras	153,689	76,326	0.4%	10,233	2,807	0.0%	143,456	73,519		282,117	185,055	0.8%	13,163	10,290	0.0%	268,955	174,766		87.5%	137.7%
9 Holland	226,947	331,553	1.9%	88,275	124,493	0.6%	138,672	207,060		253,493	348,941	1.6%	115,422	220,334	1.0%	138,071	128,607		-0.4%	-37.9%
10 Spain	129,711	354,200	2.0%	62,168	253,133	1.3%	67,543	101,067		159,430	416,010	1.9%	70,720	306,899	1.3%	88,710	109,111		31.3%	8.0%
11 Guatemala	203,802	104,000	0.6%	84,895	62,076	0.3%	118,907	41,924		156,538	118,514	0.5%	35,240	20,175	0.1%	121,298	98,339		2.0%	134.6%
12 France	47,659	204,281	1.2%	11,344	84,972	0.4%	36,315	119,309		49,611	209,359	0.9%	9,192	130,407	0.6%	40,418	78,952		11.3%	-33.8%
13 Bolivia	4,591	13,676	0.1%	30,607	17,939	0.1%	-26,016	-4,263		6,868	22,494	0.1%	2,965	7,977	0.0%	3,902	14,518		-115.0%	-440.5%
14 Nicaragua	122,465	75,538	0.4%	5,503	3,647	0.0%	116,962	71,891		7,804	16,919	0.1%	8,280	6,963	0.0%	-476	9,957		-100.4%	-86.2%
15 Cuba	5,586	11,073	0.1%	27,918	2,484	0.0%	-22,332	8,589		5,671	11,876	0.1%	27,843	9,889	0.0%	-22,173	1,987		-0.7%	-76.9%
16 UK	82,480	84,399	0.5%	9,583	73,406	0.4%	72,897	10,992		129,822	139,062	0.6%	50,742	137,947	0.6%	79,080	1,115		8.5%	-89.9%
17 Paraguay	473	1,936	0.0%	258	5,529	0.0%	215	-3,594		305	1,735	0.0%	180	7,513	0.0%	124	-5,777		-42.0%	60.8%
18 Uruguay	57,619	32,660	0.2%	24,281	53,280	0.3%	33,339	-20,620		67,730	50,426	0.2%	40,567	76,468	0.3%	27,162	-26,041		-18.5%	26.3%
19 Angola	1	22	0.0%	8	38	0.0%	-8	-16		0	15	0.0%	46,004	35,584	0.2%	-46,004	-35,569	595499.6%	225076.7%	
20 Belgium	397,335	244,398	1.4%	140,469	283,273	1.5%	256,865	-38,875		368,861	261,373	1.2%	96,301	299,389	1.3%	272,560	-38,016		6.1%	-2.2%
21 Germany	502,385	320,264	1.8%	115,418	451,743	2.3%	386,967	-131,480		683,167	490,912	2.2%	137,909	539,406	2.4%	545,258	-48,494		40.9%	-63.1%
22 India	80,244	10,543	0.1%	64,854	122,198	0.6%	15,390	-111,655		137,274	25,700	0.1%	73,122	175,979	0.8%	64,152	-150,278		316.8%	34.6%
23 Canada	16,317	56,266	0.3%	574,668	236,310	1.2%	-558,351	-180,043		18,560	86,154	0.4%	525,256	246,369	1.1%	-506,696	-160,215		-9.3%	-11.0%
24 Taiwan	16,925	15,248	0.1%	60,263	155,419	0.8%	-43,339	-140,171		8,189	10,670	0.0%	55,874	185,619	0.8%	-47,685	-174,949		10.0%	24.8%
25 Hong Kong	2,522	9,955	0.1%	37,737	149,174	0.8%	-35,216	-139,219		4,602	13,997	0.1%	30,382	197,021	0.9%	-25,780	-183,024		-26.8%	31.5%
26 Thailand	1,314	1,250	0.0%	42,168	280,656	1.5%	-40,853	-279,406		51,489	33,623	0.2%	37,481	262,445	1.1%	14,008	-228,822		-134.3%	-18.1%
27 Japan	644,499	401,977	2.3%	110,688	652,907	3.4%	533,811	-250,929		424,274	348,790	1.6%	122,470	623,356	2.7%	301,804	-274,567		-43.5%	9.4%
28 Argentina	205,182	114,297	0.7%	899,928	529,178	2.7%	-694,747	-414,881		56,802	88,982	0.4%	670,780	503,131	2.2%	-613,978	-414,149		-11.6%	-0.2%
29 Mexico	38,023	87,371	0.5%	313,014	691,301	3.6%	-274,992	-603,930		45,042	98,320	0.4%	723,712	822,703	3.6%	-678,669	-724,383		146.8%	19.9%
30 Brazil	16,390	51,407	0.3%	403,569	805,778	4.2%	-387,179	-754,371		22,358	89,470	0.4%	404,843	889,070	3.9%	-382,485	-799,600		-1.2%	6.0%
31 South Korea	7,024	9,213	0.1%	180,813	826,677	4.3%	-173,789	-817,464		11,494	28,035	0.1%	207,773	861,895	3.8%	-196,279	-833,860		12.9%	2.0%
32 Panama	4,138,504	2,139,170	12.2%	804,594	985,045	5.1%	3,333,910	1,154,125		1,598,782	1,035,657	4.6%	1,485,293	1,903,344	8.3%	113,489	-867,687		-96.6%	-175.2%
33 Colombia	468,106	793,062	4.5%	924,879	1,949,997	10.1%	-456,772	-1,156,935		608,266	1,022,832	4.6%	894,952	2,141,580	9.3%	-286,686	-1,118,748		-37.2%	-3.3%
34 China	504,469	328,738	1.9%	733,394	1,438,442	7.5%	-228,925	-1,109,704		77,494	190,907	0.9%	939,558	2,129,776	9.3%	-862,065	-1,938,869		276.6%	74.7%
35 Other Countries	1,705,518	1,020,546	5.8%	1,284,256	1,316,798	6.8%	421,262	-296,252		2,032,362	1,350,714	6.1%	1,093,806	1,452,511	6.3%	938,556	-101,797		122.8%	-65.6%

¹ The figures are provisional; process is according to the reception of the operations source of foreign trade documents. Adjustment of balance of payments is not included. Imports correspond to country of origin. The exports and imports are valued in US dollars.

Source: Central Bank of Ecuador

We can see that the UK is number 16 for the period from 2010 to 2011. The trade balance was 79.080 metric tons, an increase of \$1.115 billion. Exports to the UK accounted for 0.6% of total Ecuador exports and imports equally represented 0.6% for this period. Compared to Ecuador's other major trading partners, the US represented 45% of exports and 25% in imports, followed by Peru which represented 7.7% in exports and 4.8% in imports.

The following table shows the trade balances with major partners in 2011 and 2012; the later showing an even larger deficit than that experienced in 2009, representing \$303 billion. The UK, during this period, is 26th, with the United States again being Ecuador's main trading partner; followed by Latin American countries such as Chile, Peru, and Venezuela.

Table N° 7: Trade balance of oil and non-oil exports from Ecuador to the world; 2011 – 2012

	Jan – Dec 2011									Jan – Dec 2012									Trade Balance	
	Exports (2)			Imports			Trade Balance			Exports (2)			Imports			Trade Balance			Variation 2011 - 2012	
	TM	FOB	Part. v/FOB	TM	FOB	Part. v/FOB	TM	FOB		TM	FOB	Part. v/FOB	TM	FOB	Part. v/FOB	TM	FOB		TM	FOB
Totales	27,311.0	22,322.3	100.0%	14,473.6	22,945.8	100.0%	12,837.5	-623.4		27,910.6	23,898.7	100.0%	14,266.5	24,017.7	100.0%	13,644.1	-119.0		6.3%	-80.9%
1 US ²	12,709.5	9,770.8	43.8%	3,571.4	5,782.6	25.2%	9,138.1	3,988.3		13,181.6	10,698.3	44.8%	3,832.4	6,496.7	27.0%	9,349.2	4,201.6		2.3%	5.3%
2 Chile	1,632.5	1,106.2	5.0%	407.5	588.7	2.6%	1,225.0	517.5		2,886.1	2,013.3	8.4%	378.8	597.1	2.5%	2,507.3	1,416.2		104.7%	173.7%
3 Peru	2,261.5	1,766.3	7.9%	1,203.1	1,096.0	4.8%	1,058.4	670.2		2,540.4	1,991.8	8.3%	1,017.5	1,087.9	4.5%	1,522.9	903.8		43.9%	34.8%
4 Venezuela	1,196.6	1,474.5	6.6%	1,166.1	904.8	3.9%	30.5	569.7		350.0	1,010.0	4.2%	376.5	222.4	0.9%	-26.5	787.6		-186.6%	38.3%
5 Russia	1,288.2	700.8	3.1%	162.5	96.6	0.4%	1,125.7	604.2		1,199.9	694.3	2.9%	223.5	115.2	0.5%	976.5	579.1		-13.3%	-4.2%
6 Italy	819.3	582.1	2.6%	38.8	268.7	1.2%	780.6	313.5		605.0	501.8	2.1%	37.9	268.4	1.1%	567.1	233.4		-27.3%	-25.6%
7 El Salvador	321.1	225.7	1.0%	4.3	4.4	0.0%	316.8	221.3		210.3	147.5	0.6%	1.5	3.5	0.0%	208.8	144.0		-34.1%	-34.9%
8 Honduras	282.4	185.2	0.8%	13.2	10.3	0.0%	269.2	175.0		209.3	143.7	0.6%	42.8	6.0	0.0%	166.5	137.7		-38.2%	-21.3%
9 Holland	255.2	349.6	1.6%	115.4	220.3	1.0%	139.8	129.3		273.7	329.1	1.4%	72.6	201.2	0.8%	201.2	128.0		43.9%	-1.0%
10 France	49.7	209.9	0.9%	9.2	130.4	0.6%	40.5	79.5		55.3	238.3	1.0%	44.8	156.3	0.7%	10.5	82.0		-74.2%	3.1%
11 Guatemala	156.7	118.9	0.5%	35.2	20.2	0.1%	121.5	98.8		123.8	97.2	0.4%	49.8	24.2	0.1%	74.0	73.0		-39.0%	-26.1%
12 Nicaragua	7.8	16.9	0.1%	8.3	7.0	0.0%	-0.5	10.0		3.9	19.0	0.1%	0.1	0.2	0.0%	3.8	18.8		-901.6%	88.4%
13 Cuba	6.4	12.4	0.1%	27.8	9.9	0.0%	-21.4	2.5		8.5	16.8	0.1%	3.0	14.1	0.1%	5.5	2.7		-125.5%	7.1%
14 Angola	0.0	0.0	0.0%	46.0	35.6	0.2%	-46.0	-35.6		0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0197		-100.0%	-100.1%
15 Bolivia	6.9	22.7	0.1%	3.0	8.0	0.0%	3.9	14.7		7.9	22.2	0.1%	36.7	29.0	0.1%	-28.8	-6.8		-832.6%	-146.3%
16 Paraguay	0.3	1.7	0.0%	0.2	7.5	0.0%	0.1	-5.8		0.7	3.4	0.0%	6.0	11.7	0.0%	-5.4	-8.3		-4406.3%	43.5%
17 Japan	424.4	348.9	1.6%	122.5	623.4	2.7%	301.9	-274.5		930.7	652.8	2.7%	234.9	692.5	2.9%	695.9	-39.7		130.5%	-85.5%
18 Uruguay	71.4	53.0	0.2%	40.6	76.5	0.3%	30.8	-23.4		12.0	14.0	0.1%	52.4	80.9	0.3%	-40.4	-66.8		-231.0%	185.3%
19 Belgium	377.1	265.1	1.2%	96.3	299.4	1.3%	280.8	-34.3		331.5	208.3	0.9%	90.2	312.4	1.3%	241.3	-104.1		-14.1%	203.9%
20 Spain	241.2	468.4	2.1%	70.7	306.9	1.3%	170.5	161.5		142.2	443.3	1.9%	284.2	583.6	2.4%	-142.0	-140.3		-183.3%	-186.9%
21 Canada	18.9	86.8	0.4%	525.3	246.4	1.1%	-506.3	-159.6		72.6	126.6	0.5%	498.7	288.1	1.2%	-426.0	-161.6		-15.9%	1.2%
22 Taiwan	8.2	10.7	0.0%	55.9	185.6	0.8%	-47.7	-174.9		3.8	6.4	0.0%	58.3	181.5	0.8%	-54.5	-175.1		14.3%	0.1%
23 Germany	684.9	492.6	2.2%	137.9	539.4	2.4%	547.0	-46.8		488.3	377.6	1.6%	98.8	563.9	2.3%	389.5	-186.3		-28.8%	297.9%
24 Hong Kong	4.7	14.7	0.1%	30.4	197.0	0.9%	-25.7	-182.3		2.2	10.4	0.0%	32.6	216.6	0.9%	-30.4	-206.2		18.4%	13.1%
25 Thailand	51.5	33.6	0.2%	37.5	262.4	1.1%	14.0	-228.8		1.3	1.9	0.0%	42.2	287.0	1.2%	-40.9	-285.1		-392.0%	24.6%
26 UK	129.8	139.2	0.6%	50.7	137.9	0.6%	79.1	12		149.4	164.6	0.7%	329.1	468.0	1.9%	-179.7	-303.4		-327.2%	-25078.3%
27 India	139.2	25.9	0.1%	73.1	176.0	0.8%	66.0	-150.1		285.3	93.1	0.4%	279.0	417.0	1.7%	6.3	-323.8		-90.5%	115.7%
28 Argentina	57.0	89.1	0.4%	670.8	503.1	2.2%	-613.8	-414.0		65.6	105.0	0.4%	564.2	442.3	1.8%	-498.6	-337.4		-18.8%	-18.5%
29 South Korea	11.7	29.1	0.1%	207.8	861.9	3.8%	-196.0	-832.8		8.9	39.9	0.2%	217.8	736.5	3.1%	-208.9	-696.7		6.6%	-16.3%
30 Panama	1,607.0	1,042.1	4.7%	1,485.3	1,903.3	8.3%	121.7	-861.3		1,276.5	923.3	3.9%	1,144.2	1,634.5	6.8%	132.2	-711.2		8.6%	-17.4%
31 Mexico	45.2	98.5	0.4%	723.7	822.7	3.6%	-678.5	-724.2		68.4	101.1	0.4%	991.4	844.6	3.5%	-923.0	-743.5		36.0%	2.7%
32 Brazil	22.4	89.8	0.4%	404.8	889.1	3.9%	-382.4	-799.3		44.7	135.9	0.6%	403.9	881.1	3.7%	-359.2	-745.2		-6.1%	-6.8%
33 Colombia	609.2	1,025.5	4.6%	895.0	2,141.6	9.3%	-285.7	-1,116.1		643.8	1,058.9	4.4%	777.1	2,121.3	8.8%	-133.3	-1,062.3		-53.3%	-4.8%
34 China	78.0	192.3	0.9%	939.6	2,129.8	9.3%	-861.6	-1,937.5		385.9	391.6	1.6%	1,109.7	2,609.2	10.9%	-723.8	-2,217.6		-16.0%	14.5%
35 Other Countries	1,734.8	1,273.3	5.7%	1,093.8	1,452.5	6.3%	641.0	-179.2		1,341.0	1,117.4	4.7%	933.8	1,422.9	5.9%	407.2	-305.5		-36.5%	70.4%

¹ The figures are provisional; process is according to the reception of the operations source of foreign trade documents. Adjustment of balance of payments is not included. Imports correspond to country of origin. The exports and imports are valued in US dollars.

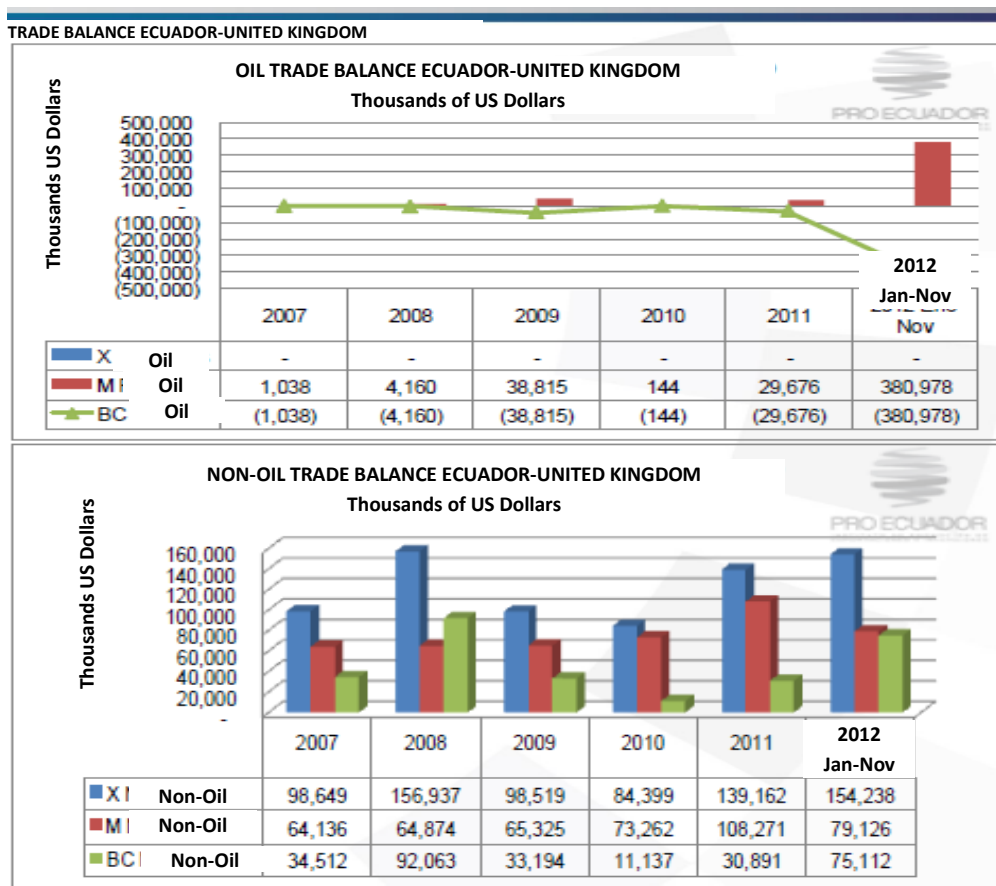
² Exports of crude oil and derivatives are recognized in accordance with international standards for the production of statistics on International Trade in Goods. For the purposes of this methodology, the record of the last known destination is only available in the invoices issued by EP Petroecuador. From 2011, in the framework of the Law Amending the Hydrocarbon Law, published in the Supplement to Official Registry No. 244 of July 27, 2010, in the statistics of crude oil exports, it is included under the Secretary of Hydrocarbons, Ministry of Non-Renewable Natural Resources of Ecuador, as another source of information. This entity is responsible for providing information about the various forms of payment, set-up as a tariff, receive private oil companies operating in Ecuador, under the contractual mode of provision of services. For purposes of this table, payment for export is included.

³ Includes Puerto Rico

Source: Central Bank of Ecuador

As mentioned above, the oil trade balance with the UK is completely deficient, since no oil is exported to this country; rather, products from oil production are imported, thus representing a deficit. Ecuador exports more non-oil products to the UK than it imports; however, from 2007 to 2011 the surplus in the non-oil trade balance covered the deficit of the oil trade balance (except in 2009). Nevertheless, in 2012, the amount increased and thus the value of imports from the UK, in terms of oil products, increased the deficit; to the point that it exceeded the non-oil trade surplus, generating a trade balance deficit of \$305 billion dollars. Although, the non-oil surplus increased more than 100% over 2011, implying some form of increased trade relations with the United Kingdom.

Graph N° 7: Trade balance of oil / non-oil products between Ecuador and the UK (2007 – 2012)



Source: Pro Ecuador

3.2. Analysis of the Trade Balance between Ecuador and the United Kingdom, specifically Great Britain and Northern Ireland, from 2007 to 2012

Prior to analysis, it is necessary to understand the concept of neo-mercantilism and its functions. This concept is the resurrection of the practices and ideas of mercantilism. In order for a country to accumulate wealth and maintain development, it is vital that exports be increased and imports be reduced, as well

as for capital to be moved and currency be controlled by its respective government.
(Latin American Council of Social Sciences - CLASCO)

Ecuador, throughout its history, has managed to maintain good business relations with major European countries like Britain, Spain, Holland, Italy, France, and Belgium. In recent years, trade with Great Britain and Northern Ireland has increased due to the good relations with the English government. However, in 2009, the bilateral trade balance showed a decrease in exports and a considerable increase in imports, resulting in a negative balance for Ecuador – this will be analyzed in later sections.

Bilateral trade relations with the United Kingdom are characterized as complementary, as Ecuador usually exports commodities and imports products that have already been processed and have value-added features.

According to the National Customs Service of Ecuador, exports are the final departure of goods from the Ecuadorian territory for consumption abroad (National Customs Service of Ecuador). The following is a table detailing export values between Ecuador and the UK.

Table N° 8: Ecuadorian exports to Great Britain and Northern Ireland; 2007 – 2012

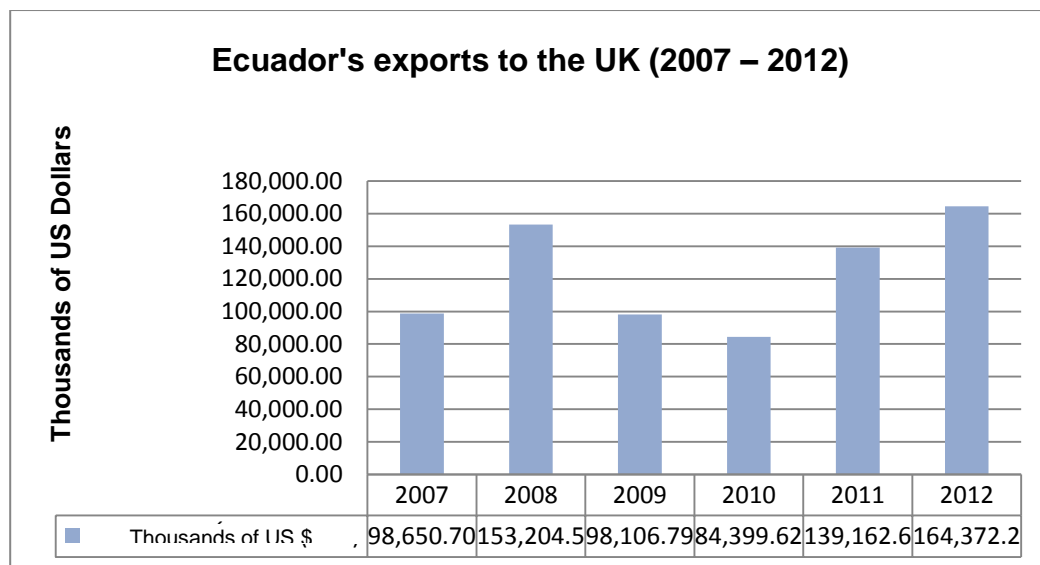
Value in thousands of US dollars

2007	2008	2009	2010	2011	2012
\$ 98,650.70	\$ 153,204.59	\$ 98,106.79	\$ 84,399.62	\$ 139,162.63	\$164,372.29

Source: Central Bank of Ecuador / Pro Ecuador

Prepared by: The author

Graph N° 8: Ecuador's exports to the UK



Source: Central Bank of Ecuador / Pro Ecuador

Prepared by: The author

To determine growth or decreases over the years, the growth rate formula is used. As indicated by the ECLAC (Economic Commission for Latin America and the Caribbean), this formula is an indicator of international trade. (ECLAC)

$$\text{Growth rate} = \frac{\text{Current year}}{\text{Previous year}} - 1(100)$$

According to the values obtained from the Central Bank of Ecuador and Pro Ecuador, we realize that in 2008, exports tended to rise when compared with the previous year and subsequent years, with the exception of 2012, which is the year in which exports were the highest level according to the years compared. The stability promised by the new Ecuadorian government took effect on trade; from 2007 to 2008 exports grew by \$54 billion, which represented a growth of 55.3%. However, in 2009, exports decreased by \$55 billion, representing a decrease of 35.96% over the previous year. Some reasons for this fluctuation in trade were a lack of initiative, promotion, development, and economic know-how by small and medium Ecuadorian companies. 2010 exports suffered a further decline of \$13 billion, representing a fall of 13.97%. Over the following two years, exports experienced significant increases; for example, in 2011, exports had an increase of \$54.7 billion, which represented a growth of 64.88%; and for 2012, exports experienced a further increase of \$25.2 billion.

In 2008, exports rose due to the positioning of the new government, which provided a lot of assurance to the European market for the possible signing of agreements. Studies done by Pro Ecuador in London resulted in the opening up of the English market for Ecuadorian products likely to enter the European market with special tariffs. (Proecuador, UK Sales Record)

Over the next two years (2009 and 2010) exports of Ecuadorian products declined due to strict new rules by the Ecuadorian government imposed upon previous Free Trade Agreements, as well as the little or complete lack of promotion of national products; which in some way went against the current president's campaign speech that urged the signing of free trade agreements and the development of new market research. In 2011 and 2012, Ecuador's exports began to increase again; according to some studies this was due to the problems that Ecuador had with its main trading partner, the United States of America. The Ecuadorian government had no choice but to begin to facilitate the exportation of Ecuadorian

products to the European Union, thus reaching Great Britain and Northern Ireland as new and valuable business partners.

The following table details the imports from the United Kingdom to Ecuador from 2007 to 2012.

Table N° 9: Imports from the United Kingdom to Ecuador from 2007 to 2012

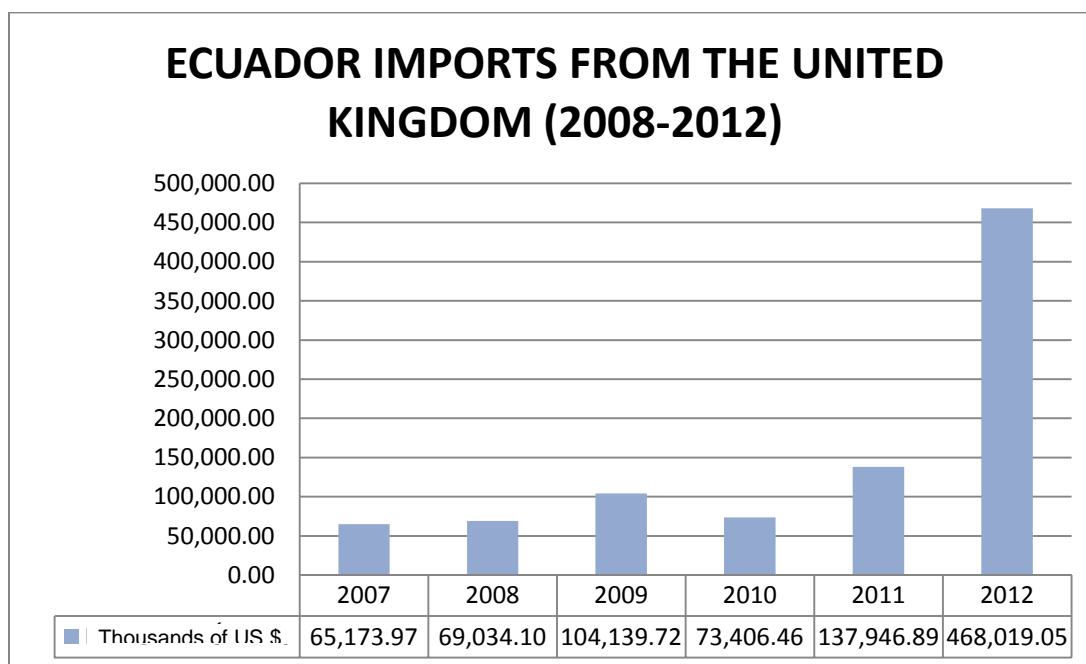
Value in Thousands of US Dollars

2007	2008	2009	2010	2011	2012
\$65,173.97	\$69,034.10	\$104,139.72	\$73,406.46	\$137,946.89	\$468,019.05

Source: Central Bank of Ecuador

Prepared by: The author

Graph N° 9: Ecuador imports from the United Kingdom (2008-2012)



Source: Central Bank of Ecuador

Prepared by: The author

To analyze imports, and high or low trends, the same formula that was used to analyze exports will be used.

With the data we get from the above chart we can see that the trend in imports of British goods is on the rise; exports tended to increase in the last two periods due to two main factors: a high promotion of Ecuador and constant incentives for medium and large national industries to export quality products.

Imports fell in 2010 due to the implementation of the Special Consumption Tax, also known as ICE; products considered luxuries, such as liquors (specifically whiskey from the UK) were subject to this new tax. This tax took effect in late 2009, by early 2010 it had full impact in terms of imports of non-essential products for humans; thus, domestic consumption of imported products was limited. (Internal Revenue Service of Ecuador)

Later on we will statistically analyze the imports to Ecuador. From 2007 to 2008, imports had an increase of \$3.8 billion, which represented an increase of 5.92%. In 2009, imports rose by \$35 billion, a 50.85% increase.

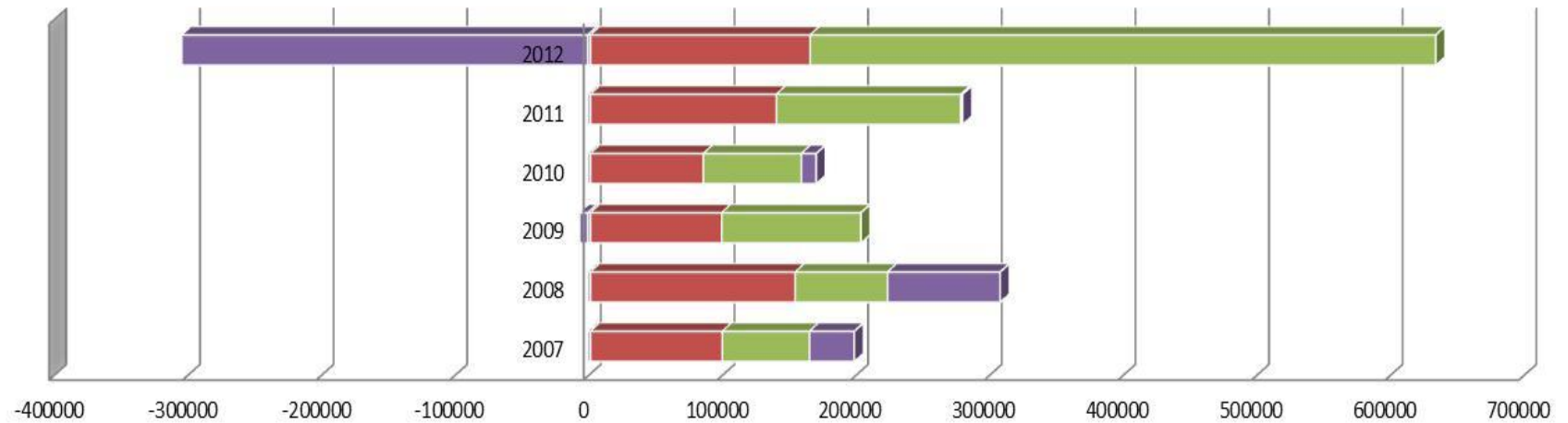
In 2010, imports dropped by 29.54% compared to 2009, for the reasons stated above. In 2011, imports increased again, compared to 2010, by 87.92%. In 2012, exports rose another 239.27%; furthermore, British imports to Ecuador increased by over 200% during this same year.

The main reason 2012 had higher values of imports is because Ecuador signed a Free Trade Agreement with the EU which had previously expired in 2009 due to a lack of conformity with its terms. Likewise, there was an oversupply of products by private companies and projects by the Ecuadorian government to change the current productive matrix by restricting and even banning certain tariff headings, as well as the construction of new roads and the supply of new drugs and medical equipment.

The following is a graph showing the trade balance between Ecuador and the UK from 2007 to 2012.

Graph N° 10: Trade Balance Ecuador-UK (2007 – 2012)

**TRADE BALANCE BETWEEN ECUADOR AND THE UK (GREAT BRITAIN AND NORTHERN IRELAND) -
2007 TO 2012**



YEAR	2007	2008	2009	2010	2011	2012
EXPORTS	98.650,70	153.204,59	98.106,79	84.399,62	139.162,63	164.372,29
IMPORTS	65.173,97	69.034,10	104.139,72	73.406,46	137.946,89	468.019,05
BALANCE	33.476,73	84.170,49	-6.032,93	10.993,16	1.215,74	-303.646,76

Source: Central Bank of Ecuador

Prepared by: The author

The Trade Balance Ecuador - UK was positive for Ecuador in 2007 and 2008; 2009 showed a decrease in exports relative to imports resulting in a negative trade balance, the value of the balance was -\$6 billion. One reason for this decline was because in July 2009, 260 import restrictions were removed that were just established in January of that same year. These restrictions were published in the Official Registry No. 512, Resolution 466 of the Committee on Foreign Trade. This government agency attempted to place safeguards on textiles, footwear, and food products. At the end of the second semester, fees ranging between 12% and 35% were applied on certain imports.

In 2010, there was a positive trade balance with a total balance of approximately \$10 billion. Likewise, the following year managed to produce a positive trade balance of about \$1.2 billion; basically, exports were relatively equal to imports. However, the trade balance in 2012 was negative, producing the largest deficit in the period under review, with a value of -\$303 billion.

In 2012, imports rose due to the Ecuador – European Union Agreement; which, in 2014, was completed and will take effect in 2015 and 2016.

According to several documents published by the Chamber of Commerce of Guayaquil and Quito (Hurtado), the reason for Ecuador's trade deficit is because the Ecuadorian government has been introducing resources for public spending which rose from \$14.3 billion in 2007 to \$25 billion in 2011. Public spending generates more income and liquidity for the economy which leads to foreign goods consumption (imports) without boosting the domestic economy.

Increased revenue from oil sales leads to increased liquidity in Ecuador, which in turn leads to consumption of foreign products (imports) rather than channel said goods into the national economy. (Ministry of Foreign Trade)

After this analysis, it is important to examine foreign trade development from one period to another by means of a horizontal analysis of the trade balance Ecuador and the UK, including existing increasing or decreasing variations.

Table N° 10: Horizontal analysis of the trade balance between the UK and Ecuador

VALUES EXPRESSED IN THOUSANDS OF US DOLLARS				
YEAR	2007	2008	VARIATION IN THOUSANDS OF US DOLLARS	% INCREASE
EXPORTS	\$ 98,650.70	\$153,204.59	\$ 54,553.89	55%
IMPORTS	\$ 65,173.97	\$ 69,034.10	\$ 3,860.13	6%
YEAR	2008	2009	VARIATION IN THOUSANDS OF US DOLLARS	% INCREASE
EXPORTS	\$153,204.59	\$ 98,106.79	\$(55,097.80)	-36%
IMPORTS	\$ 69,034.10	\$104,139.72	\$ 35,105.62	51%
YEAR	2009	2010	VARIATION IN THOUSANDS OF US DOLLARS	% INCREASE
EXPORTS	\$98,106.79	\$ 84,399.62	\$ (13,707.17)	-14%
IMPORTS	\$104,139.72	\$73,406.46	\$ (30,733.26)	-30%
YEAR	2010	2011	VARIATION IN THOUSANDS OF US DOLLARS	% INCREASE
EXPORTS	\$ 84,399.62	\$139,162.63	\$ 54,763.01	65%
IMPORTS	\$ 73,406.46	\$ 137,946.89	\$ 64,540.43	88%
YEAR	2011	2012	VARIATION IN THOUSANDS OF US DOLLARS	% INCREASE
EXPORTS	\$139,162.63	\$164,372.29	\$25,209.66	18%
IMPORTS	\$137,946.89	\$ 468,019.05	\$ 330,072.16	239%

Source: Central Bank of Ecuador

Prepared by: The author

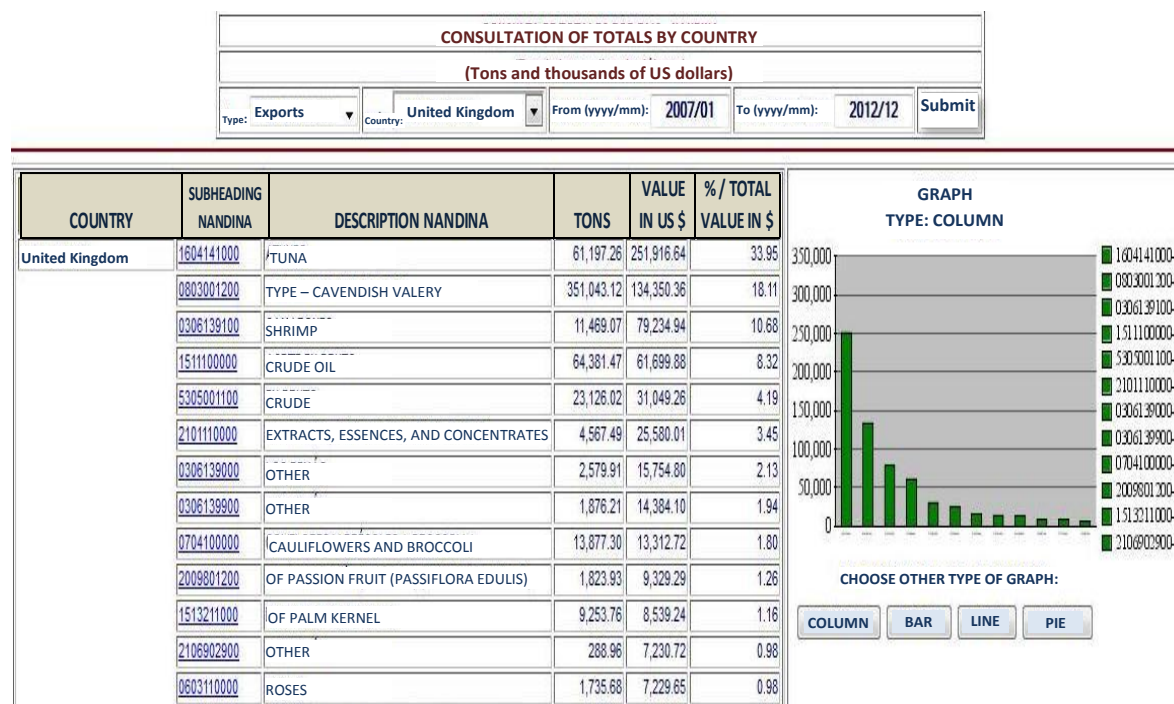
In this horizontal analysis we can see the results as percentages of trade between Ecuador and the UK over the years of study. As can be seen, from 2007 to 2008 exports grew by 55% and imports to Ecuador increased by 6%.

From 2008 to 2009, exports fell 36% and imports grew by 51%. From 2009 to 2010, exports decreased by 14% and imports 30%. From 2010 to 2011, exports grew by 65% and imports 88%. From 2011 to 2012, exports grew by 18% and imports by 239%.

3.3. Main exports from Ecuador to Great Britain and Northern Ireland; 2007-2012

The products that Ecuador sent to Great Britain and Northern Ireland, in the period under review (2007-2012), were characterized as products without much or no added value; the most exported products were:

Image N° 2: Exported products to the UK; 2007 - 2012



Source: Central Bank of Ecuador

Tuna is considered the Ecuadorian product with the largest presence in the UK, accounting for 33.95% of total exports to the British market from 2007 to 2012. Banana (Cavendish Valery) accounted for 18.11% of total exports; shrimp accounted for 10.68% of total exports; crude oil accounted for 8.32% of total exports; extracts, essences and concentrates accounted for 3.45% of total exports; cauliflower and broccoli accounted for 1.80%; roses accounted for 0.98% of total exports; Gypsophila represented 0.58% of total exports; other products such as purees and pastes accounted for 0.35% of total exports; ethyl alcohol represented 0.25% of total exports; and mango, watermelon, tilapia, cocoa oil, sweaters, scrap copper, black tea, spices, cotton, belts, among other products reached very low numbers ranging between 0.17% and 0.01% (Central Bank of Ecuador).

The following is an analysis of the four most important products, according to their export values, from 2007 to 2012; these are:

- Tuna
- Shrimp
- Bananas (Cavendish Valery)
- Roses

3.4. Ecuadorian products exported to the UK

3.4.1. Tuna

Tuna is the Ecuadorian product with largest presence in the UK in the analyzed period from 2007 to 2012. The following table shows the values of tuna during this period, as well as its value and the percentage of total exports that it represents.

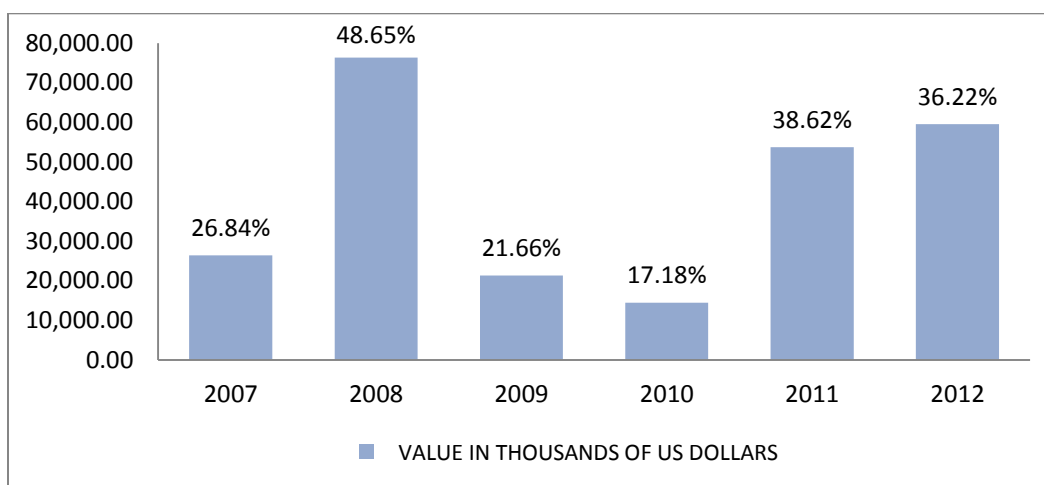
Table N° 11: Tuna exports to the United Kingdom (2007-2012)

COUNTRY	SUBHEADING	DESCRIPTION	YEAR	VALUE IN US DOLLARS	PERCENTAGE OF TOTAL EXPORTS
UNITED KINGDOM	NANDINA	NANDINA			
	1604141000	TUNA	2007	26,476.76	26.84%
			2008	76,340.72	48.65%
			2009	21,333.99	21.66%
			2010	14,497.40	17.18%
			2011	53,737.27	38.62%
			2012	59,530.53	36.22%

Source: Central Bank of Ecuador

Prepared by: The author

Graph N° 11: Tuna exports to the United Kingdom (2007-2012)



Source: Central Bank of Ecuador

Prepared by: The author

According to the study published by *Sea Food Corporation*, Ecuadorian tuna represents 24% of exports in the European Union; together, with other marine products, this equates to around \$420 million annually. The main destinations of Ecuadorian tuna are France, Italy, the UK, and Spain.

The vast export of tuna streamlines both the domestic and external economies; generating, indirectly, jobs in the oil, plastic, cardboard, and lids industries, among others. The trend of tuna consumption in the UK is rising, which can be seen in exports from 2007 to 2008. In 2008, tuna exports reached \$76 billion; however, for 2009 and 2010, exports of tuna declined due to the 2008 global economic crisis. In 2010, the value of tuna reached \$14 billion, a decrease of 32%.

For 2011 and 2012, exports were renewed with sales of over \$50 million; this was due to the economic recovery of the UK market. Furthermore, in recent years, Ecuador has begun exporting products without intermediaries, distributing directly to restaurants and supermarkets. As a result, delivery times, as well as the distribution chain, are more effective.

One of the main reasons Ecuador has a good reception in the English market is the high value of the products; specifically, those labeled as "ready for use," as well as those certified by organizations like *Fishery Products International*.

The following table shows the UK as the second largest importer of Ecuadorian tuna in Europe.

Table N° 12: Ecuadorian tuna exports to the world

ECUADOR - Export Of Canned Tuna And Pre-Cooked Loins In M/T				
	2009	2010	2011	2012
Venezuela	11 099	4 387	11 634	26 902
Spain	16 130	15 201	16 368	24 212
United States	6 576	7 788	16 174	16 173
United Kingdom	6 738	4 225	12 077	11 673
Colombia	8 111	8 893	9 278	10 427
Others	32 171	43 075	58 347	64 828
Grand Total	80 825	83 569	123 878	154 215
Source: Trade Map Data				

According to data from the Central Bank of Ecuador, exports of this product represent 33.95% of total exports from 2007 to 2012. (Central Bank of Ecuador)

3.4.2. Shrimp

The second most important product, commercially, in Ecuador is shrimp. The following section explains how this product has evolved over time.

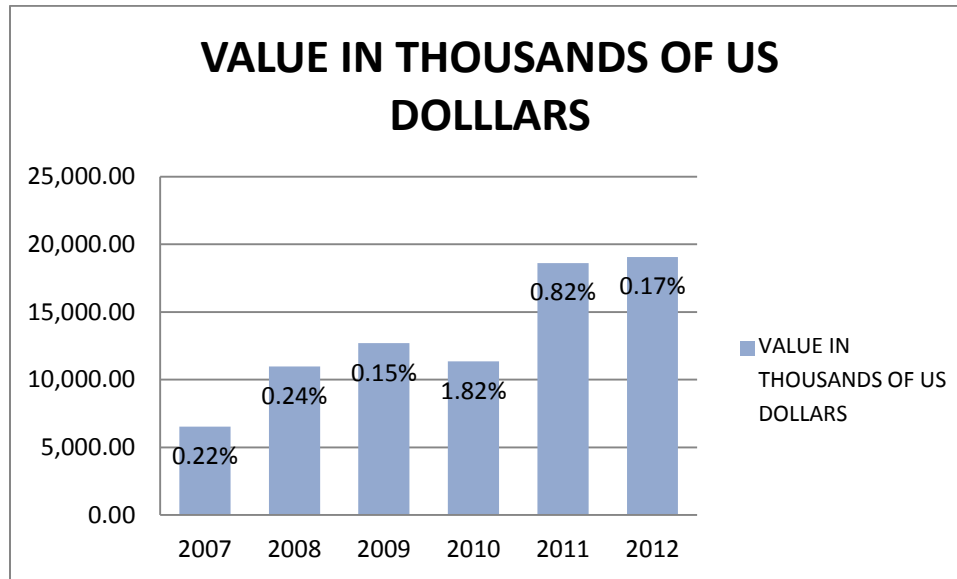
Table N° 13: Shrimp exports to the United Kingdom (2007-2012)

SUBHEADING	DESCRIPTION	YEAR	VALUE IN THOUSANDS OF US	PERCENTAGE OF TOTAL
NANDINA	NANDINA		DOLLARS	FOB
306139100	Shrimp	2007	6,534.31	6.63%
		2008	10,970.80	7.00%
		2009	12,691.36	12.89%
		2010	11,363.99	13.47%
		2011	18,617.86	13.38%
		2012	19,056.64	11.60%

Source: Central Bank of Ecuador

Prepared by: The author

Graph N° 12: Shrimp exports to the United Kingdom (2007-2012)



Source: Central Bank of Ecuador

Prepared by: The author

In 2007, shrimp exports from Ecuador reached a value of \$6.5 billion; by 2008, the export of this product was worth \$10.9 billion, a growth of 67.89% over the previous year. For 2009, shrimp exports grew by another 15.68% compared to 2008.

Shrimp exports to the UK had a relatively small decrease for 2010 compared to 2009, which represented a decrease of 10.45% in relation to 2009. For the next two years, growth was 63.83% and 2.35% for 2011 and 2012 respectively.

As we can see in Table N° 13, total exports of shrimp each year are located between 6% and 13% of all products exported to the UK in the period analyzed. The year with the lowest percentage of total exports was 2007 at 6.63% and the year with highest percentage was 2010 at 13.47%.

Although prices for shrimp rose, exports likewise increased; meaning that Ecuadorian shrimp is appreciated for its quality, texture, and flavor. This national

product now competes directly with Thailand and Malaysia, which are the main suppliers of shrimp in the UK.

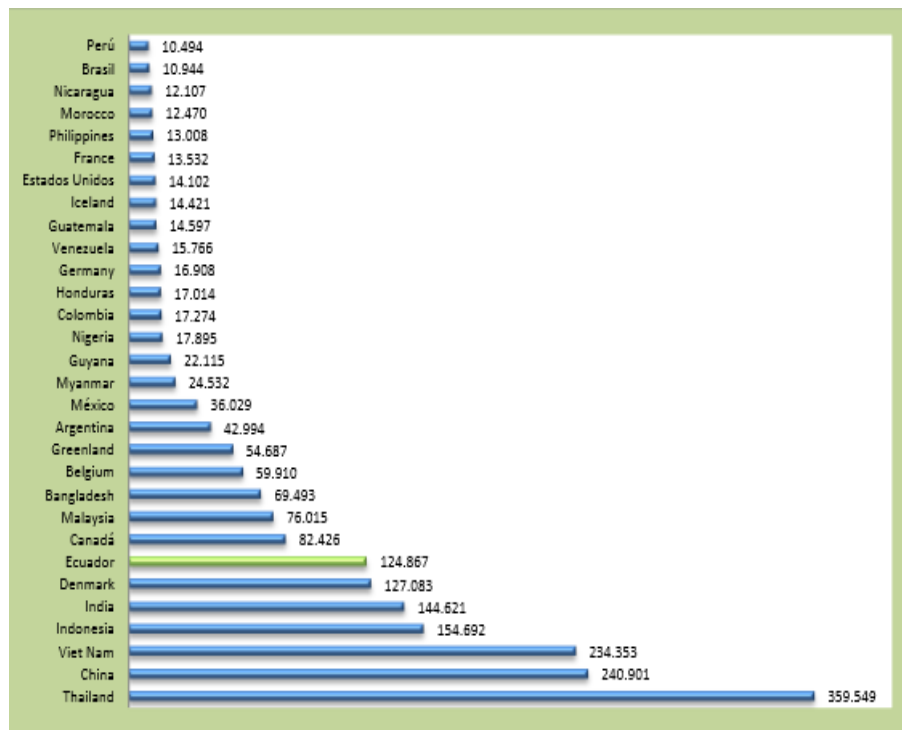
Ecuador, due to its geographical location, promotes ideal development for shrimp farming. The shrimp industry first appeared in Ecuador in the 1970s; however, it has had certain hurdles to overcome in later years because it was affected by the “White Spot” virus. (National Institute of Advanced Studies) Despite having suffered this great epidemic, Ecuadorian shrimp is known globally for its taste, texture, and color; recognized in major world markets. (Diego Castañeda Eguez)

Over eighty percent of shrimp production in Ecuador is for export. This product has been steadily growing, despite a fall in 2009 as a result of the global economic crisis in 2008. Shrimp production is located in three major provinces of Ecuador: *Guayas*, *Manabi*, and *El Oro*. (National Institute of Advanced Studies)

In the Americas, Ecuador is the country with the highest production of shrimp for export, followed by Canada. Some other American countries have exports that are 100 times less than what Ecuador exports. (Food and Agriculture Organization of the United Nations)

Worldwide, the Asian continent is the largest producer of shrimp, followed by the European continent, then the US, followed by Africa, and finally Oceania. The following chart obtained from the Latin American University of Social Sciences, and from data collected by the Food and Agriculture Organization (FAO), shows Ecuador at number seven for worldwide shrimp exports in 2008.

Image N° 3: Main exporting countries of shrimp in 2008



Source: Latin American Faculty of Social Sciences (FLACSO)

3.4.3. Cavendish Valery bananas

Bananas are a vital part of Ecuadorian exports; this product is among the top five export products in the world. Good weather and ecological conditions have allowed small, medium, and large producers to be involved in banana production, which in turn makes the Ecuadorian banana one of the most acclaimed worldwide. (Proecuador)

Trade of bananas between Ecuador and the United Kingdom is detailed below.

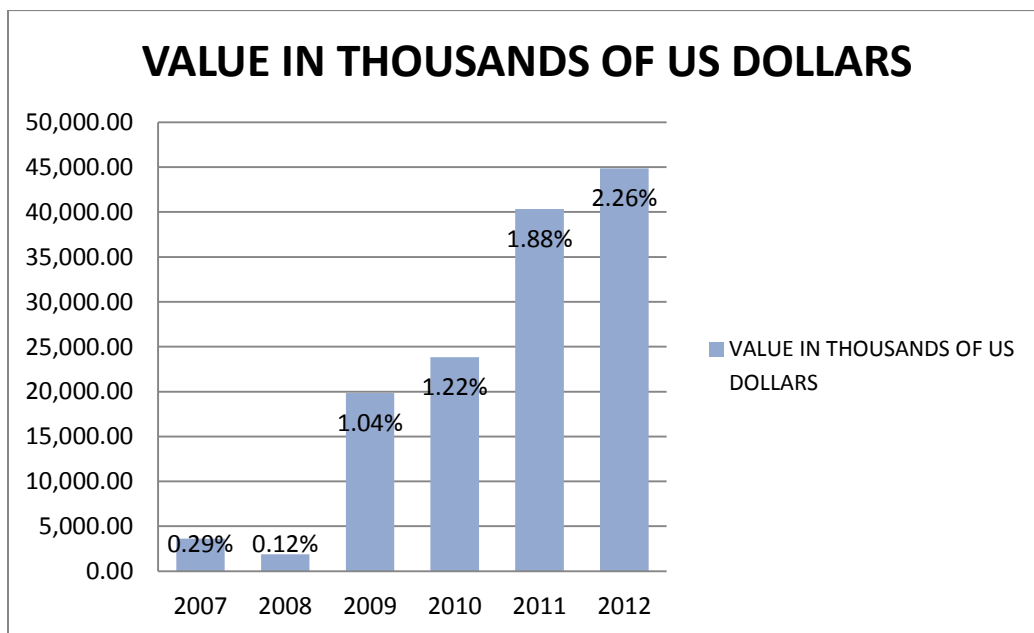
Table N° 14: Ecuadorian, Cavendish Valery banana exports to the United Kingdom (2007-2012)

SUBHEADING NANDINA	DESCRIPTION NANDINA	YEAR	VALUE IN THOUSANDS OF US DOLLARS	PERCENTAGE OF TOTAL FOB
803001200	BANANA (CAVENDISH VALERY)	2007	3,610.86	0.29%
		2008	1,872.48	0.12%
		2009	19,851.37	1.04%
		2010	23,839.00	1.22%
		2011	40,319.07	1.88%
		2012	44,857.59	2.26%

Source: Central Bank of Ecuador

Prepared by: The author

Graph N° 13: Ecuadorian, Cavendish Valery banana exports to the UK (2007-2012)



Source: Central Bank of Ecuador

Prepared by: The author

In 2007, Cavendish Valery banana exports reached a total FOB value of \$3.6 billion dollars; by 2008, this figure decreased by \$1.7 billion dollar, a fall of 48.18%. This drop was due to the global economic recession which had a direct impact on the United States and the European Union; demand shrank from lack of revenue per capita and because the fruit is considered sumptuary.

With the speedy restoration of certain European economies, in 2009, Cavendish Valery banana exports grew to a total FOB value of \$17.9 billion, an increase of 960.19%.

After inaugurating Pro Ecuador in London, Ecuador began a marketing campaign on its domestic products, like bananas; various booths at fairs and assorted projects led to growing exports. For example, from 2009 to 2010, there was an increase of \$3.897 billion, a growth of 20.08%.

In 2011, Ecuador began to develop a campaign for the global positioning of Ecuadorian bananas; this campaign is projected to rebound in 2015. The campaign focuses on three main points: sustainable farming, the image of the product, and differentiation of the various musaceae plants. (La Nación)

Due to the aforementioned campaign, positive results were achieved. In 2011, Ecuador exported \$16.4 billion more in bananas than in 2010, a growth of 69.13%. Likewise, for 2012, banana exports had an increase of \$4.5 billion, resulting in an 11.25% increase.

These increases are due to the presence and establishment of *Pro Ecuador*, which has held several shows over the years, promoting Ecuadorian products. In general, Ecuadorian exports have risen since 2008, years in which Ecuadorian advertising has been disseminated not only in Europe but worldwide.

According to Juan Francisco Ballén, Deputy Minister for Policy and Services of the Ministry of Foreign Trade, the European market rewards sustainable production,

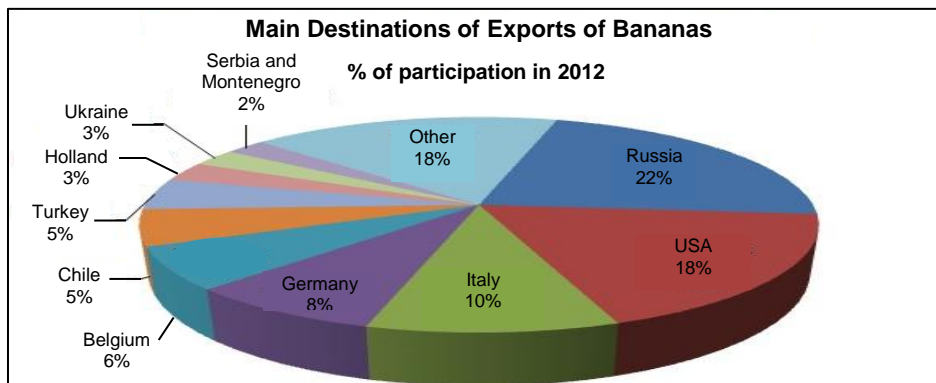
which is why banana exports have benefited from the UK. According to the Central Bank of Ecuador, subheading 0803001200, representing banana (Cavendish Valery), throughout the period under review, has represented 18.11% of total exports.

According to historian Rodolfo Pérez Pimentel, the Ecuadorian “boom” was a result of a hurricane that hit the Caribbean in the year 1940s (Banana Sector Analysis). Mr. Clemente Yerovi Indaburu, who later became President of the Republic of Ecuador, saw a chance to start growing this product, for which he requested a loan of twenty-two million Sucres (\$880,000) from the Government of Ecuador during the administration of Galo Plaza Lasso. The banana industry in Ecuador is considered the second most important, after oil, and generates many jobs and much revenue.

The provinces of Ecuador where most bananas are grown are: *El Oro*, *Guayas* and *Los Rios*. According to the Undersecretary of Agriculture, Ecuador has about 230,000 hectares of bananas plants, of which only 75% are registered, leaving 25% as unregistered areas. (Ministry of Agriculture, Livestock, Aquaculture, and Fisheries)

According to Pro Ecuador, and data from TradeMap, the top ten importers of Ecuadorian bananas (Cavendish Valery) are: Russia, United States, Italy, Germany, Belgium, Chile, Argentina, Japan, Turkey, and the Netherlands.

Graph N° 14: Main destinations of exports of bananas (2012)



Source: Institute for the Promotion of Exports and Investments (Pro Ecuador)

Regarding the behavior of the European market, according to data from the Institute for the Promotion of Exports and Investments, bananas have come to reach a growth of more than one million tons since the new tariff regime was imposed in January of 2006, 24% more than in previous years. There were two major falls in the consumption of bananas in Europe; the first occurred in 2004 when ten new countries were added to the European Union which did not have a high level of consumption of bananas, thus affecting the per capita consumption, not the general or acceded total consumption; and the second happened in 2005 as a result of Hurricane Mitch which affected more than 50% of the banana plantations, insomuch that Europe sought new markets. In the years 2006, 2007, and 2008, some countries in Eastern Europe such as Poland, Ukraine, Slovakia, Hungary, among others, got to know the benefits of this fruit, and per capita consumption began to increase gradually.

3.4.4. Fresh cut roses

According to the Institute for the Promotion of Exports and Investments (Pro Ecuador), in its analysis of Floriculture, Ecuadorian roses are considered the best in the world; both for its quality, beauty, unique features, thick stems, large bulbs, and bright colors. Similarly, the big feature of Ecuadorian roses is their long life after being cut.

Pro Ecuador mentions that, for 2012, Ecuador mainly exported to ten countries, among which are: United States, Russia, Italy, the Netherlands, Canada, Ukraine, Spain, Germany, Chile, and Japan; concentrating the remaining 10% in other countries. The following section details how the rose industry has developed in the UK market from 2007 to 2012.

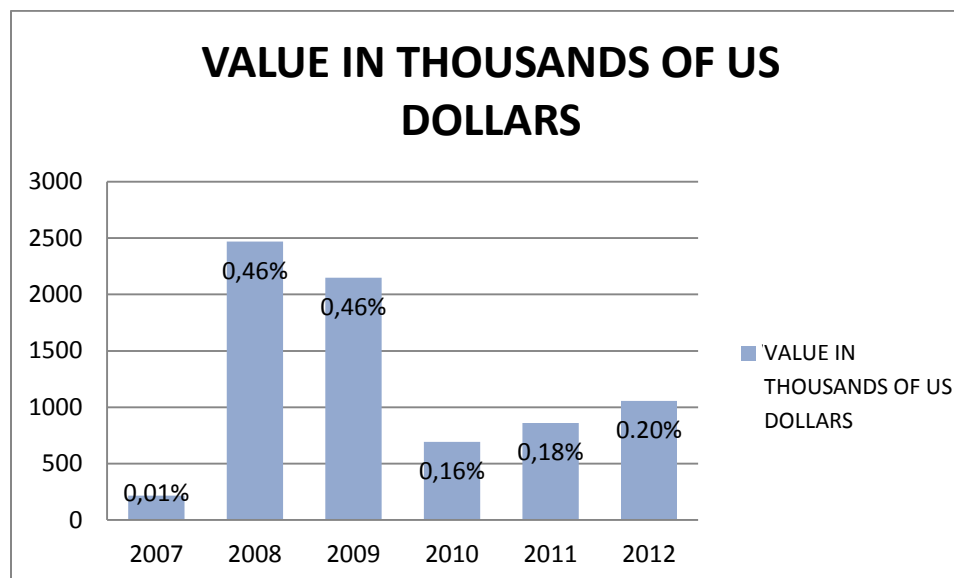
Table N° 15: Exports of roses to the UK from 2007 to 2012

SUBHEADING	DESCRIPTION	YEAR	VALUE IN THOUSANDS OF US	PERCENTAGE OF TOTAL
NANDINA	NANDINA		DOLLARS	FOB
603110000	ROSES	2007	215.51	0.01%
		2008	2,470.02	0,46%
		2009	2,148.32	0,46%
		2010	692.94	0.16%
		2011	859.82	0.18%
		2012	1,057.05	0.20%

Source: Central Bank of Ecuador

Prepared by: The author

Graph N° 15: Exports of roses to the UK from 2007 to 2012



Source: Central Bank of Ecuador

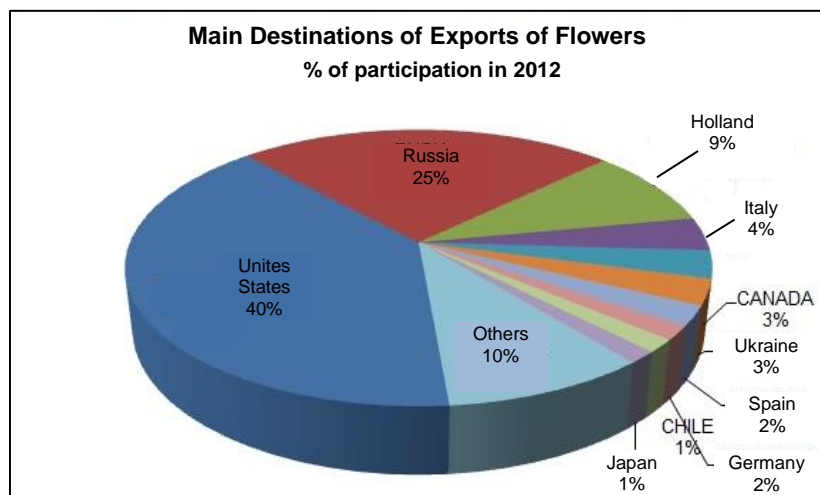
Prepared by: The author

Demand for roses by the UK has been steadily growing. High per capita income determines acquisition of certain, non-primary products; people acquire roses for their home or office, but mainly as a gift or token of affection. Increases in exports of Ecuadorian roses mainly occur around Valentine's Day, Mother's Day, Father's Day, and other special dates. In 2008, Ecuador passed the billion dollar mark of roses sent to the UK, specifically exporting \$2.47 billion. In 2010, Ecuador only exported \$692 million due to the distribution chain, since countries like the Netherlands and Belgium had direct purchasers which generated lower prices compared to Ecuador.

According to Pro Ecuador, in one of several analyses done on the floral market, the reasons for almost no exports of this tariff item is direct competition; for example, the Netherlands accounts for 50% of total flower sales worldwide. Moreover, since the Netherlands is relatively close to the UK, its flowers can easily be distributed throughout the European Union.

An added value, that not only European countries or the United States have, is the cultivation of flowers for culinary use. In Ecuador, the company *Nevado Ecuador* is a leader in this market; however, despite its high cost, this export is emerging in the European market, as mentioned in an analysis by Pro Ecuador on flowers.

Graph N° 16: Major export destinations of Ecuadorian flowers (2012)



Source: Institute for the Promotion of Exports and Investments (Pro Ecuador)

There is great momentum in the flower market, as can be seen in the figures above; this dynamism is the result of strong competition in the sector. There are three main actors in the flower industry: the producers, the retailer, and the wholesaler; for this reason prices of flowers are in constant flux. For example, in the distribution chain, roses are more expensive in the absence of wholesalers. In order for Ecuador to reach a wider market it must create a bilateral relationship between the consumer and the producer; thus the retail price could be lower but the quality would not be lost. (PROECUADOR)

In 2007, a total of 191 Nandina tariff items were exported, the lowest amount to the UK during the analyzed period. In 2009, there was a total of 227 items exported; the year that the most products were shipped to the UK.

Table No. 16: Total number of tariff headings exported (2007-2012)

2007	191
2008	196
2009	227
2010	197
2011	178
2012	223

Source: Central Bank of Ecuador

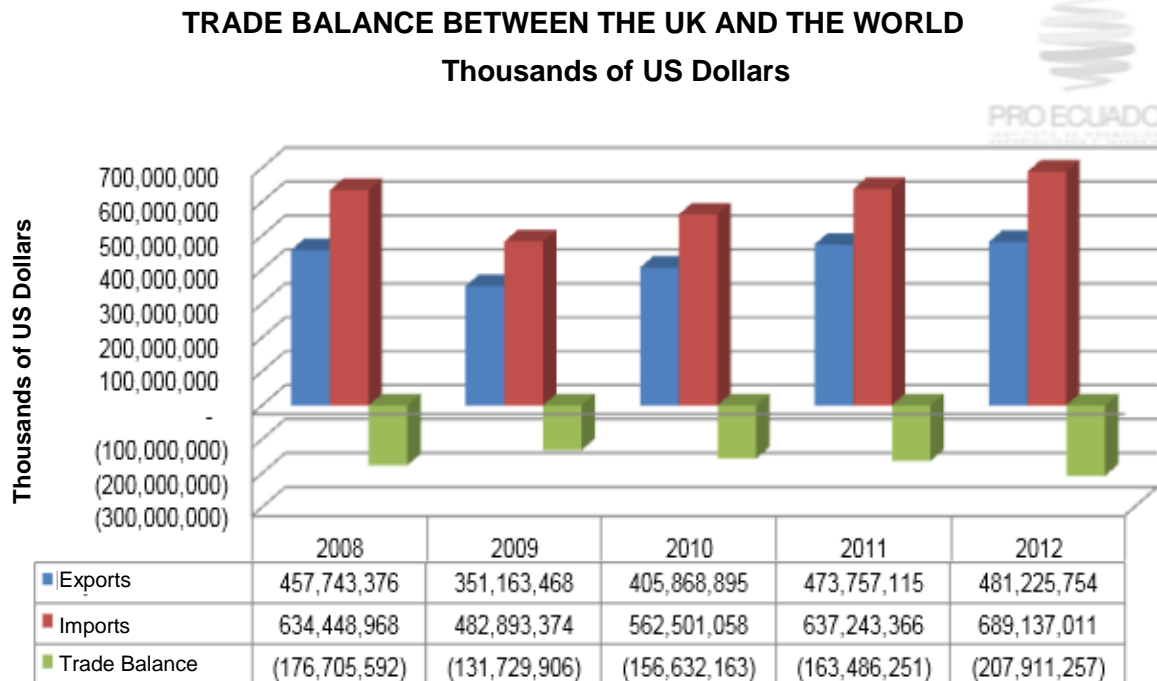
Prepared by: The author

From 2007 to 2012, there was basically no diversification of exported products from Ecuador. Over the years, tuna, bananas, shrimp, and roses were the top four exports of Ecuador, in that order; only in 2010 did bananas exceed tuna exports. Ecuador has two export strategies that it could implement: diversify its exports or perfect its traditional export products.

3.5. Analysis of the United Kingdom's trade balance

Below is a detailed analysis of the UK's trade balance with other countries; the following graphs and figures show that the UK imports more than it exports. The UK has had a trade deficit in every year of the analyzed period.

Image N° 4: Trade balance between the UK and the world



Source: Pro Ecuador

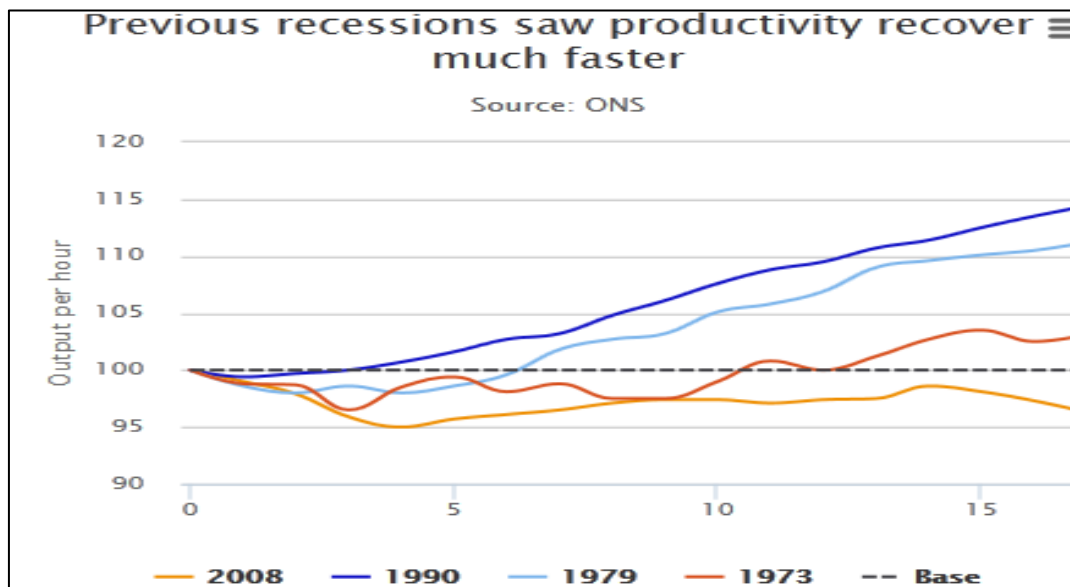
In a commercial profile made by Pro Ecuador, the UK has had a negative trade balance in recent years; imports have been much higher than exports because many sectors of the UK have been specializing mainly in machinery, oil, cars for assembly, and technology.

Exports of goods and services in the UK reached \$481 billion, and imports \$689 billion. (World Trade Organization) This data shows a negative trade balance for 2012 of -\$208 billion. From 2007 to 2012, imports grew by approximately 0.39% annually. (Proecuador, UK Sales Record)

One of the main reasons the UK has a negative trade balance, a country in constant growth, politically stable, with very little corruption, is mainly due to insufficient production. Productivity is defined as the amount of goods and services produced for each hour worked. Even though the UK has a very low unemployment rate this is not reflected in its production model. (Mehreen Khan)

With the crisis of 2008/2009, the UK has had a very low production rate compared to the 1974 crisis; however, it has not been able to revive its production of goods and services quickly compared to previous crises, as can be seen in the following image.

Image N° 5: UK Production Rate



Source: National Bureau of Statistics and Censuses / Mehreen Khan

In 2012, production was 20% lower than the rest of the G7 nations;⁸ national production was a 1/5 less per hour compared to developed economies. Production plays a leading role in the trade balance because if a country fails to produce what it needs domestically then it will not be able offer what is needed by other countries; in the end, imports will be greater than exports.

The amount of goods produced by a country is tied to its economic health. However, in the study, *Why does production matter in the UK?*, certain points were mentioned. For example, many British workers are not satisfied with their pay, leading to people having more than one job. Robert Chote, head of the Office of Budget Responsibility, says that the country cannot raise wages because first, they

⁸ The G7 Nations are: Germany, Canada, the United States, France, Italy, Japan, and the UK.

are adjusted to current economic realities; and second, an increase in wages would generate more costs and less domestic production. (Mehreen Khan)

The Office for Budget Responsibility, along with the Bank of England, believes a rise in production is a matter of time, It also believes that companies may change their employees to more productive areas which would generate improved productivity for the medium term; also, new businesses are expected to arise and new companies that invest in research will generate the creation of new markets for the production of goods and services. (The Telegraph UK)

In the next table we can see that Ecuador is not considered a major trade partner for the UK.

Table N° 16: Major Trade Partners of the UK

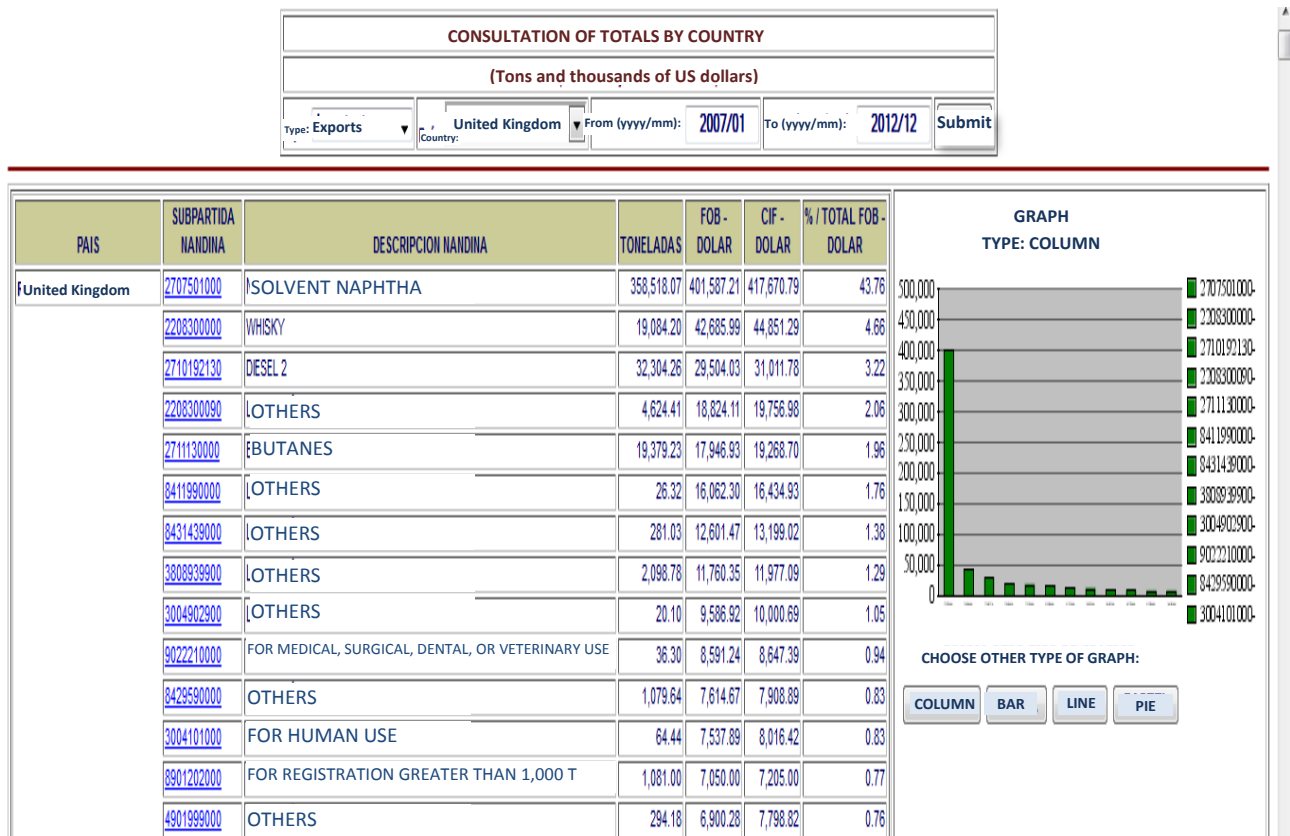
1	UNITED STATES	31,712	30,894
2	GERMANY	27,539	23,502
3	FRANCE	18,905	16,542
4	NETHERLANDS	18,823	17,189
5	IRISH REPUBLIC	14,063	13,307
6	BELGIUM	12,949	10,835
7	ITALY	8,287	7,193
8	SPAIN	7,946	8,065
9	CHINA	7,055	5,839
10	SWEDEN	5,103	4,504
11	INDIA	4,597	3,172
12	SWITZERLAND	4,400	4,063
13	CANADA	4,126	3,445
14	HONG KONG	4,120	3,464
15	RUSSIA	3,853	2,692
16	UAE	3,844	3,101
17	JAPAN	3,667	3,443
18	POLAND	3,655	2,999
19	AUSTRALIA	3,380	2,609
20	TURKEY	3,115	2,452
21	SINGAPORE	2,929	2,704
22	SOUTH AFRICA	2,836	2,201
23	NORWAY	2,732	2,390
24	SAUDI ARABIA	2,554	2,440
25	DENMARK	2,477	2,242

Source: HM Revenue & Customs

3.6. Main products of Great Britain and Northern Ireland that were imported to Ecuador from 2007 to 2012

UK exports to Ecuador consist mainly of oil, and industrial and technological products, as shown in the following image obtained from the Central Bank of Ecuador.

Image N° 6: Traded products from the UK to Ecuador (2007-2012)



Source: Central Bank of Ecuador

These products are not primary goods, rather they are processed goods; such as: heavy machinery, solvent naphtha, chemicals, electrical appliances, medical equipment, medicines, among others.

The four main trade products that the UK exports to Ecuador are:

- Solvent naphtha
- Whiskey
- Machines whose superstructure can spin 360°
- For cancer treatment or HIV
- Anesthetics

These products will be analyzed in detail in the following sections.

3.6.1. Solvent Naphtha

Naphtha Solvent is the oil flagship product in terms of trade between the UK and Ecuador. In 2009, Naphtha Solvent had an FOB value of \$ 38 billion, representing 37.19% of imports in that year. In 2012, it represented 18.25% of imports and had a FOB value of \$362 billion.

According to the Central Bank of Ecuador, from 2008 to 2011 there were no imports of this tariff subheading; its value was \$ 0 in FOB and 0% as a percentage of imports in those years, as can be seen in the following table. The United States each year remains the main supplier of this tariff heading according to Central Bank of Ecuador data.

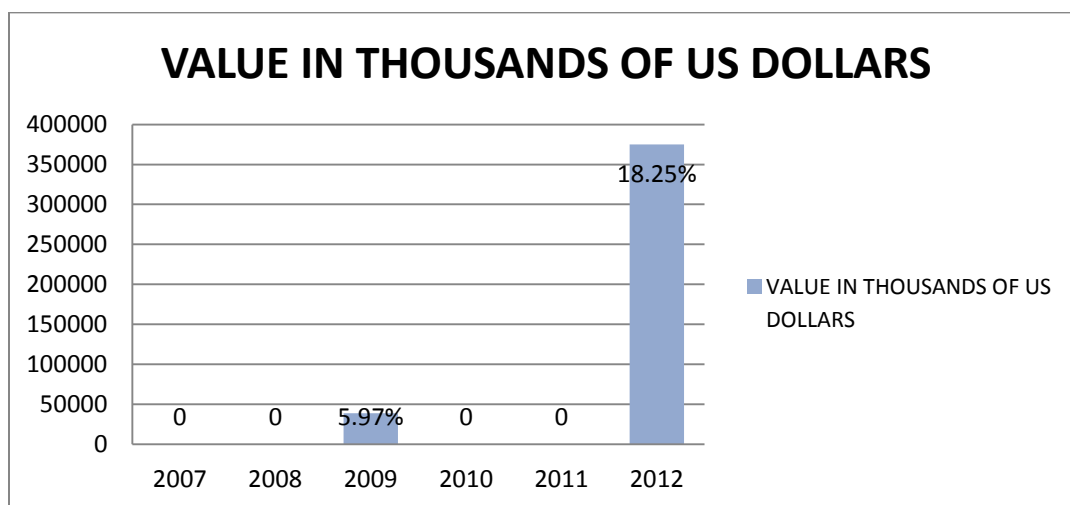
Table N° 17: Solvent naphtha imports from the United Kingdom (2007-2012)

SUBHEADING	DESCRIPTION	YEAR	VALUE IN THOUSANDS OF US	TOTAL FOB
NANDINA	NANDINA		DOLLARS	PERCENTAGE
2707501000	SOLVENT NAPHTHA	2007	0	0%
		2008	0	0%
		2009	38,722.98	5.97%
		2010	0	0%
		2011	0	0%
		2012	362,864.24	18.25%

Source: Central Bank of Ecuador

Prepared by: The author

Graph N° 17: Solvent naphtha imports from the United Kingdom (2007-2012)



Source: Central Bank of Ecuador

Prepared by: The author

Since there is no data for 2007, 2008, 2010, and 2011, only data for 2009 and 2012 will be calculated.

In 2009, Solvent naphtha had an FOB value of \$38 billion, representing 5.95% of total imports. In 2012, imports of this product grew by 837.07% compared to 2009 reaching an FOB value of \$362 billion. This significant increase is due to the Solvent naphtha shortage that Ecuador experienced in 2012, despite being a leading oil producer. This particular product is used in many finished products, such as: paints, sprays, herbicides, and vegetable fat extracts.

Similarly, in recent years, Ecuador has ventured into the automobile industry; solvent naphtha is essential for painting vehicles. (Escuela Superior Politécnica del Litoral)

As can be seen in the graph above, there are years with no values. One of the reasons that these years had no Solvent naphtha imports was due to the cost of importing petroleum and naphtha. Diesel and LPG increased by more than 120% between 2004 and 2006; in 2007, the volume of imports of these products totaled about 30 million barrels, even rising 20% more in 2006.

At this point it should be emphasized that naphtha solvent was imported in large quantities from the United States; in 2008, \$42 billion worth of the product was imported into Ecuador and in 2010 Ecuador imported \$449 billion. Import costs are much lower when importing from the United States than from the UK; however, in 2011, Ecuador had diplomatic problems with the United States so solvent naphtha began to be imported from the UK.

Another reason for the big increase in imports of naphtha solvent was that in early 2013, production at the Esmeraldas refinery in Ecuador experienced a recession. Ecuador imported 90% of its demand; around 8,500 tons of LPG and 240,000 barrels of premium gasoline.

According to economist Carlos David Aviles, in his book “Analysis of fuel subsidies in Ecuador – 2010,” Ecuador, despite being an oil producer, imports its derivatives in order to satisfy the domestic demand of the country and to generate electricity.

Ecuador imports 22 million barrels since 46% of the country's energy supply depends on burning fossil fuels in power plants. A change in the productive matrix of Ecuador would be very beneficial to its economy, specifically in the development of its own petroleum, or even removing its dependence on oil all together. Thus, Ecuador would be able to focus on the importation of other products that it cannot produce.

3.6.2. Whiskey

Another product that is important for this analysis is Scotch whiskey; which, as of lately, has all but ceased to be imported to Ecuador from the UK. In the table below we can see how this import has devolved over time.

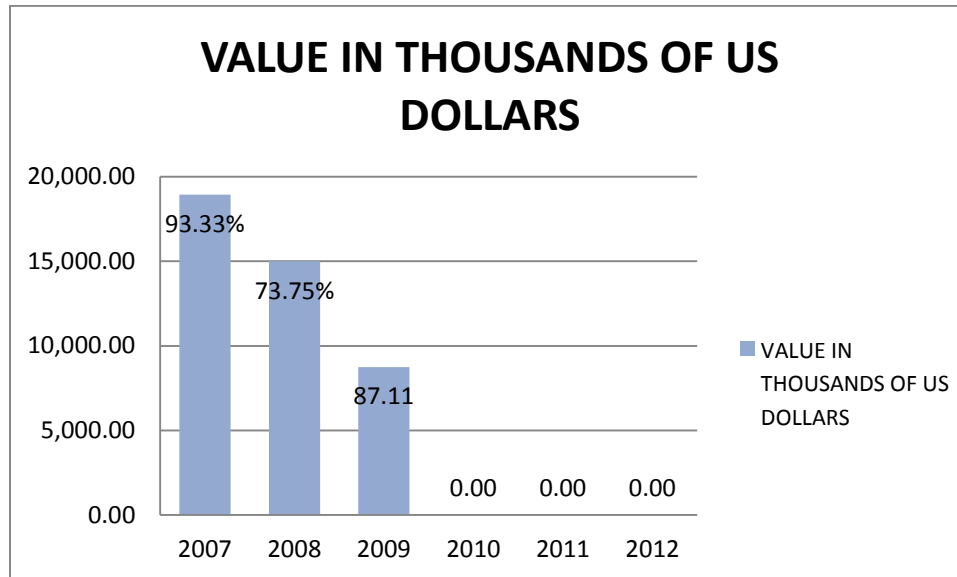
Table N° 18: Imports of whisky from the UK (2007-2012)

SUBHEADING	DESCRIPTION	YEAR	VALUE IN THOUSANDS OF US	TOTAL FOB
NANDINA	NANDINA		DOLLARS	PERCENTAGE
2208300000	WHISKEY	2007	18,940.87	93.33%
		2008	14,995.13	73.75%
		2009	8,750.00	87.11%
		2010	0.00	0%
		2011	0.00	0%
		2012	0.00	0%

Source: Central Bank of Ecuador

Prepared by: The author

Graph N° 18: Imports of whiskey from the UK (2007-2012)



Source: Central Bank of Ecuador

Prepared by: The author

Exports of whiskey represent £4.3 billion in the UK trade balance; statistically, every second 40 bottles are exported and there are about 119 Scotch whiskey distilleries (Scottish Whiskey Association), this data establishes a direct relationship between the UK and Ecuador through the importation of this product. Ecuador has not always been against the exportation of this product; in 2007, \$18 billion was imported which accounted for 93.33% of total exports from the UK for that year. The next year \$14 billion was imported which represented 73.75% of total exports. In 2009, there was a decline in whiskey imports, resting at \$8 billion; a decrease of 41%. Three years later, according to the Central Bank of Ecuador, there were no whiskey imports at all. (Central Bank of Ecuador)

This behavior is clearly due to restrictions imposed by the Government of Ecuador by the COMEXI, which was responsible for regulating imports in Ecuador in 2009. COMEXI Resolution No. 466 (Appendix I) indicates that imports for whisky had a tariff surcharge of 30%, greatly affecting imports in 2010, 2011, and 2012. This resolution modified the original tax that only charged \$0.25 per alcohol grade, plus 1% ad valorem.

3.6.3. Machines whose superstructure can spin 360°

Another product that is imported from the UK is heavy construction machinery; in this case, machines whose superstructure can spin 360°. These are also known as propulsion machinery, excavators, or simply heavy machinery.

The following table shows the annual values for imports of machines whose superstructure can spin 360°.

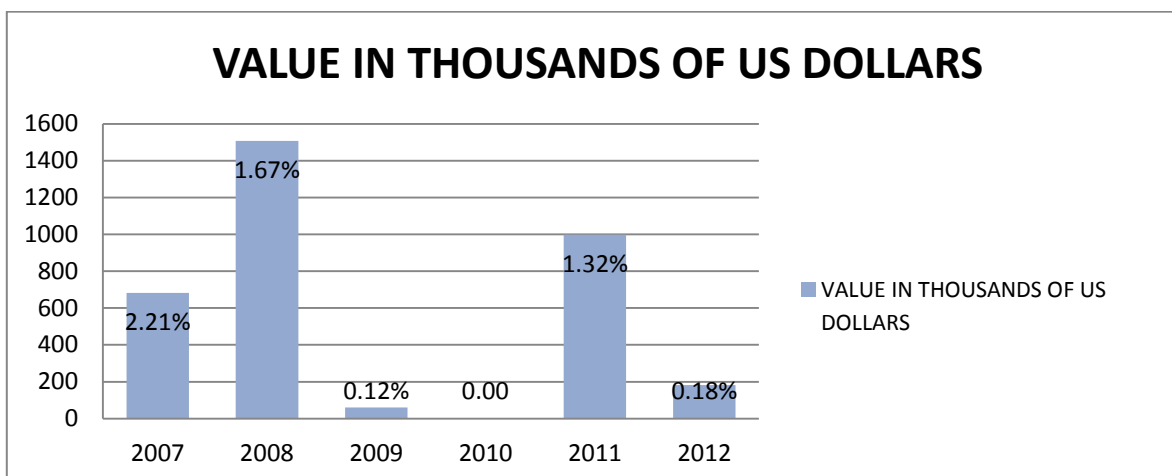
Table N° 19: Imports from the UK of machines whose superstructure can spin 360° (2007-2012)

SUBHEADING	DESCRIPTION	YEAR	VALUE IN THOUSANDS OF US	TOTAL FOB
NANDINA	NANDINA		DOLLARS	PERCENTAGE
8429520000	MACHINES WHOSE SUPERSTRUCTURE CAN SPIN 360°	2007	681.91	2.21%
		2008	1,506.68	1.67%
		2009	59.63	0.12%
		2010	0.00	0%
		2011	998.1	1.32%
		2012	181.24	0.18%

Source: Central Bank of Ecuador

Prepared by: The author

Graph N° 19: Imports from the UK of machines whose superstructure can spin 360° (2007-2012)



Source: Central Bank of Ecuador

Prepared by: The author

Prior to the current government of Rafael Correa, imports of heavy machinery remained constant, but, in 2008 there was a sharp growth of 120% compared to 2007; this growth was due to the different construction projects going on in Ecuador, such as the construction of the different highways and roads. In the following year, there is a decrease in imports by approximately \$1 million; one reason is that Ecuador, from 2009 onwards, began importing from the United States and South Korea, leaving aside the United Kingdom. Ecuador preferred to import directly from the United States based on shorter delivery times and from South Korea for its specialized technology.

In 2010, the United Kingdom did not import any heavy machinery to Ecuador, according to the Central Bank of Ecuador; leaving the United States and South Korea again as the two main exporters of this product.

In 2011, Japan topped the list of importers of machines whose superstructure can spin 360°, followed by the United States and South Korea. The United Kingdom was 8th place of 16 importing countries, importing a reported \$998,000; imports of machinery rose due to public spending on infrastructure, the creation of various

public works and government ministries, as well as the construction of “Millennial Schools.” Among the first group of products are capital goods, technological goods, and inputs, most of which are not produced in the country.

The United States and South Korea remained the leading imports of heavy equipment in 2012; the UK market share declined, reaching an import value of only \$181,240. By 2013, the UK was among the last countries exporting the product. These trends indicate that Ecuador is not dependent on imports of machinery from the United Kingdom.

3.6.4. Anesthetics

Another product which is considered an important import is anesthetics, used by the Ministry of Public Health, Hospitals, Clinics, Medical Centers, among others. Below is data collected by the Central Bank of Ecuador on imports of this product.

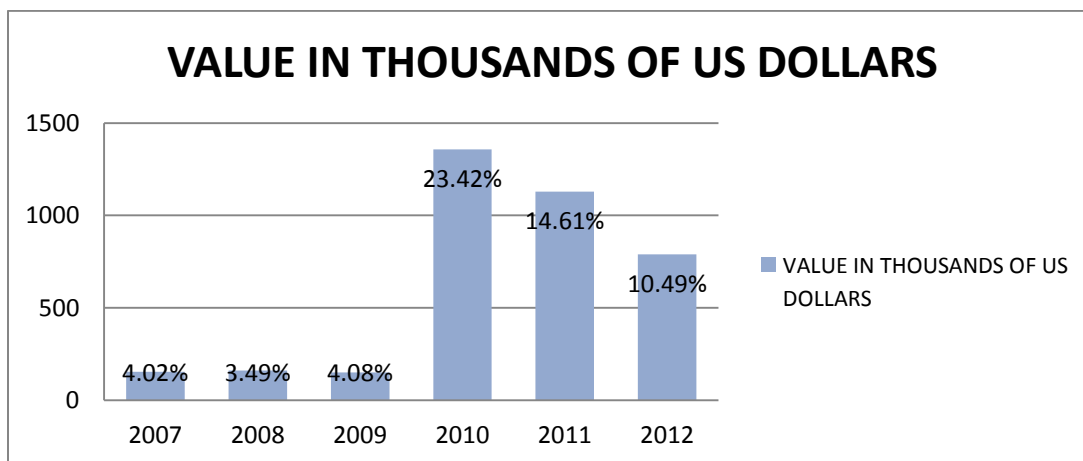
Table N° 20: Imports of anesthetics from the UK (2007-2012)

SUBHEADING	DESCRIPTION	YEAR	VALUE IN THOUSANDS OF US	TOTAL FOB
NANDINA	NANDINA		DOLLARS	PERCENTAGE
3004902100	ANAESTHETICS	2007	140.07	4.02%
		2008	161.80	3.49%
		2009	151.55	4.08%
		2010	1,332.43	23.42%
		2011	1,129.57	14.61%
		2012	790.40	10.49%

Source: Central Bank of Ecuador

Prepared by: The author

Graph N° 20: Imports of anesthetics from the UK (2007-2012)



Source: Central Bank of Ecuador

Prepared by: The author

In 2008, there was a growth of \$6,120 compared to 2007, representing a growth of 4.34%. In 2009, there was a decrease of \$10,250, an amount representing 6.33% compared to 2008 which was \$161,000. In 2010, imports increased to \$1.2 billion which represented an increase of 795.28%; this abrupt growth was reflected in Executive Order #1151 which relieved all taxes on all imports of medicines in the last quarter of 2009. Due to this relief, the pharmaceutical industry was supplied with anesthetics that year.

In 2011, imports of anesthetics suffered a decrease of \$227 million, representing a fall of 16.74%; this was due to the government favoring local production of medicine. Nevertheless, Ecuador imported \$1.12 billion as Ecuador still lacked the technology and raw materials to make drugs. In 2012, there was another decrease by \$337,170, representing a decrease of 32.02%; again this decline reflects the commitment of Ecuador, along with the national laboratories, to increase medicine production. (El Telégrafo)

As can be seen in Graph No. 20, percentages of this subheading are generally very significant in terms of total imports for each year analyzed. 2010 had the

highest rate of imports with 23.42% of total imports for that year; the year with the least representation was 2009 with a rate of 3.49% of total imports.

The European Union is the main provider of anesthetics worldwide; in addition, they have patented most pharmaceuticals in the world meaning the national pharmaceutical sector cannot generate generic anesthetics. (European Commission) As a consequence, Ecuador must import item 3004902100 on a regular basis as Ecuador still does not have a sufficient supply of anesthetics; the import of this product is also linked to the constant importation of doctors and other medical devices.

The products discussed above are the most representative in the five years analyzed; they have more value in terms of revenue and they have the highest percentage of total imports for each year analyzed. It should be noted that Ecuador imports many tariff items, but these were below 0.05% of total imports for the period 2007-2012; thus, a complete analysis of this product is not necessary.

The table below shows the total tariff lines that Ecuador has imported from Great Britain and Northern Ireland.

Table N° 21: Total items imported from Great Britain and Northern Ireland

TOTAL ITEMS IMPORTED	
2007	1361
2008	1168
2009	1049
2010	1125
2011	1173
2012	1129

Source: Central Bank of Ecuador

Prepared by: The author

There are many tariff items that are imported but there is no noticeable diversification; 90% of imported products from 2007 to 2012 were whiskey, products for cancer treatment, antibiotics, anesthetics, hardware appliances, and metal appliances. By 2008, fewer items were imported without any consistent variation; traditional products such as medical devices, machinery, radio telephone antennas, nuts, valves, etc. continued to be imported. This trend is similar in all the years under review. In 2012, mainly medical products like medicines were imported, which indicates that Ecuador is net importer of technology and research.

3.7. Perspectives on the best commercial exchanges between Ecuador and the United Kingdom, specifically Great Britain and Northern Ireland

According to the FAO, in a published study on trade and the possible insertion of organic food in Great Britain and Northern Ireland, the UK is considered an “uncommon” market because the people tend to adapt quickly to new customs and trends; thus, it would not be difficult to introduce Ecuadorian products with added value. (United Nations Food and Agriculture Organization)

For example, when Ecuadorian coffee exports were analyzed the results showed that this product was not yet fully exploited, despite the English having begun to adopt Western ways regarding the intake of coffee, even specialty coffees. This is a very good opportunity for coffee exporters as value can be added to the exports; whether it be new textures or different flavors, coffee could be developed which would generate great long-term benefits.

Another Ecuadorian product that is recognized globally is bananas, which are sent to the UK with little or no added value. This product could be developed further into new and exciting products like: baby foods, jams, purees, pastes, banana chips, or candies. The same could also be said with shrimp or roses since these can generate more income in terms of exports.

In order for Ecuador to create demand for these products it must add value to its exports through creative packaging or diverse designs, in order to be interesting and stimulate trade flows.

The main problem usually lies among Ecuadorian producers who do not have much entrepreneurial vision. Products often are outsourced to large industries only to be delivered in its original form. These products should be developed and directly shipped to the consumer by the producers, removing the “middle man.”

According to a study by the Ministry of Industry and Productivity, Ecuador is within the top 15 countries that have the most entrepreneurial ideas; 6 in 10 people have a business idea in mind, 3 of those 6 which are in the field of trade and agriculture. (Marcelo Guitierrez)

Some of the strengths of Ecuadorian entrepreneurs are age and the vision to find new markets, and the main weakness of these entrepreneurs is a lack of training. We can conclude, although there are good ideas in terms of Ecuadorian products that could enter foreign markets, many are stifled due to lack of capital, quality, and access to credit.

The Ecuadorian government, through Pro Ecuador, has established several programs to stabilize the income of Ecuadorian products in Europe, including UK markets. These programs are based on 3 phases: start-up, strengthening, and sustainability; these phases also include aspects of training, promotion, support, and supervision.

3.8. Achievements and losses acquired from the treaties signed by Ecuador and the United Kingdom

3.8.1. Economic and Investment

According to the Information System for Trade of the OAS, Ecuador has signed 30 bilateral treaties, of which over 80% have been in force since the 90s. However,

several of these have been subjected to a thorough analysis by the government of Ecuador. In 2009, an International Commission was created to audit the treaties signed by Ecuador; according to SENPLADES, 10 treaties have already been reported on and the rest are in a process of review. (Perez; Bustamante; Ponce)

Ecuador and the UK have maintained an “Agreement on the Promotion and Reciprocal Protection of Investments,” which was signed in 1933 and is still in force today; but, in 2010, the National Assembly of Ecuador decided to denunciate⁹ this agreement because it contradicted the current jurisdiction of Ecuador. (Marco Gerardo Monroy)

The following is the denunciation of the treaties on the part of Ecuador.

⁹ In international law, the term “denunciate” refers to a state unilaterally terminating the relationship of a binding international treaty. States may denunciate a treaty through the sovereignty that they hold.

Image N° 7: Dates of denunciations of bilateral investment treaties

 ARGENTINA Pending denunciation. Not yet resolved	 FRANCE Denounced on March 15, 2011 by the Assembly.
 CANADA Pending denunciation. Analysis in legislative committee.	 GREAT BRITAIN Denounced on September 15, 2010 by the Assembly.
 SWITZERLAND Pending denunciation. No resolution by the Assembly.	 THE NETHERLANDS Pending denunciation. Not enough votes in the Assembly.
 CHILE Pending denunciation. Analysis in legislative committee.	 SWEDEN Denounced on March 15, 2011 by the Assembly.
 GERMANY Denounced on September 15, 2010 by the Assembly.	 THE UNITED STATES Pending denunciation. Resolution has not arrived before the Assembly.
 FINLAND Complete denunciation. Diplomatic note submitted.	 VENEZUELA Pending denunciation. Analysis in legislative committee.
	 CHINA Pending denunciation. Not enough votes in the Assembly.

Source: Chancellery of Ecuador

The complete nullification of these treaties will become effective within 8 to 10 years; however foreign investors may challenge said nullification if the need arises.

Despite having denounced these international treaties; today, the Government of Ecuador, through Pro Ecuador, promotes the entry of direct investment, as long as this gives rise to technological investment, quality job creation, new businesses, and new production.

Various incentives for investors, in order to generate the above provisions, are set out in the new Code of Production, Trade, and Investment; such as:

- Financing by the Public Bank

- Customs Amenities
- Human Resource Development

According to the “Report on World Investment” by the *United Nations Conference on Trade and Development – 2014*, the United Kingdom, as a recipient of foreign direct investment (FDI), was placed in 11th place, with an investment of \$37 million, as shown in the following image. (United Nations Conference on Trade and Development 2014)

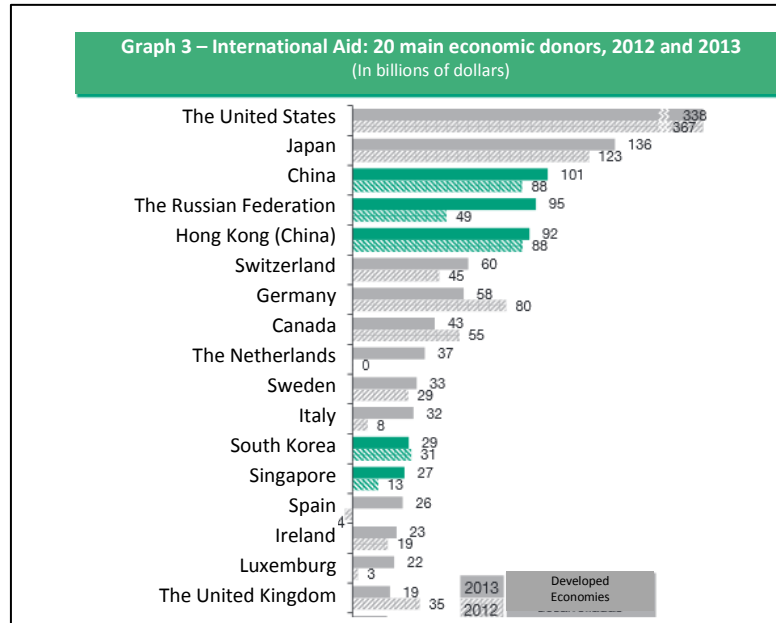
Image N° 8: Main recipients of direct foreign investment



Source: United Nations Conference on Trade and Development 2014

As for outward FDI, the UK is the 17th highest donor with a recorded investment of \$19 billion, as shown in the following image. (United Nations Conference on Trade and Development 2014)

Image N° 9: Major donor countries of direct foreign investment



Source: United Nations Conference on Trade and Development 2014

With this data we can say that the UK receives more FDI than it sends out; this is favorable situation as financial resources help boost the economy. We can conclude that the much of the world views the UK as a nation with opportunity for growth.

The UK has an incentives program for foreign investors, these are divided into:

- State Incentives
- Regional Development Agency

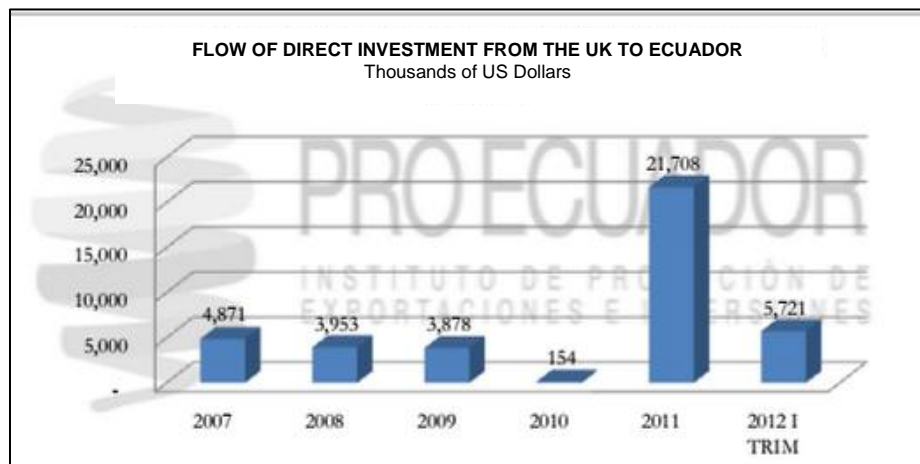
These incentives emerged after the European crisis hit the UK in 2008 in order to offset any negative repercussions to its financial security image.¹⁰

The Central Bank of Ecuador and Pro Ecuador show that investment by the UK is up; for example, in 2011, approximately \$21 billion invested by oil and mining companies such as *British Petroleum (BP)*, *British Gas Group*, and *Rio Tinto*

¹⁰ Mr. Francisco Mena Guarderas – Director of Pro Ecuador in London.

Group. These companies came to Ecuador to work on the design and implementation of new hydroelectric plants that will be operational in 2016. Similarly, British Petroleum sold a lot of gas to Ecuador after *Petroecuador* fell into a recession period.

Graph N° 21: Flow of Direct Investment from the UK to Ecuador



Source: Central Bank of Ecuador

Prepared by: Pro Ecuador – London Office

Generally, British investment in Ecuador is mainly focused on the commercial, agriculture, manufacturing, and communications sectors, as seen in the following table.

Table N° 22: UK Foreign Investment in Ecuador by Sectors

FLOW OF DIRECT INVESTMENT FROM THE UK TO ECUADOR BY SECTOR Thousands of US Dollars						
Activity:	2007	2008	2009	2010	2011	2012 I TRIM
Agriculture, forestry, hunting and fishing	810	105	-	-	1	-
Commerce	314	(478)	4,425	827	7,520	5,721
Mining and quarrying	1	-	-	-	80	-
Manufacturing industry	656	209	27	46	7,557	-
Community, social and personal services	2	5	-	-	-	-
Services provided to companies	2,017	2,093	(111)	0.30	3,821	-
Transport, storage and communications	1,070	2,019	(462)	(718)	2,728	-
Total	4,871	3,953	3,878	154	21,708	5,721

Source: Central Bank of Ecuador

Prepared by: Pro Ecuador – London Office

Through this brief analysis, we can conclude that Ecuador still has much to accomplish. As noted in the first chapter, Ecuador has very few treaties in force, which is why it does not have specific objectives related to international treaties. The few treaties that Ecuador signed with the UK did not result in sustainable trade in the medium or long term.

It is necessary to encourage foreign investment, with an emphasis on the UK and other European countries, as technology development and human talent could generate breakthroughs in the many projects that the Government of Ecuador has at the moment. Ecuador must recognize that foreign investment has not only benefited Ecuador through the inflow of foreign capital, knowledge, and technology, but it has also been an important factor in raising the standard of living for Ecuadorians.

3.8.2. Cultural

In an interview with the Representative of Cultural Affairs of the Embassy of Ecuador in the UK, he said that, over time, Ecuador and the United Kingdom have had successful agreements which favored the two countries. Both in the United Kingdom and Ecuador, there have been important fairs, events, open houses, and similar events in which information is imparted about both nations. For example, every October the Embassy of Ecuador in the UK, along with Pro Ecuador, holds a “Fine Food and Drink Event” that promotes Ecuadorian cuisine. Maria Cristina Muñoz explains that the Ecuadorian booths mostly exhibit its famous chocolate; however, people are very surprised to see the different types of products that Ecuador offers.

One of the companies that attends this fair is the Quito enterprise, *Urcupac*, a division of the *CEPSA Corporation*; *Urcupac* specializes in the manufacture of Quinoa and its derivatives. Since 2013, *Urcupac* has attended the event, distributing its products to the English market. Furthermore, *CEPSA* is the representative of *British Petroleum* in the Ecuadorian market. Another Ecuadorian

company that has had some success in this fair is *Don Joaquín Gourmet* from the city of Portoviejo in Ecuador. *Don Joaquín Gourmet* exports different kinds of sauces and jams that have a distinct design and texture. (Proecuador, Ecuador participa desde ayer en Feria International Fine Food & Drink Event 2013) (Urcupac) (Don Joaquin Gourmet)

Some of the products exported to restaurants and supermarkets are: Chili sauce, passion fruit, strawberry sauce with chili, chili sauce with pineapple, and banana jam. As an example, these two companies made the decision to attend a trade fair and market their product; then they started exporting low volumes of their product until they achieved a certain portion of the market. Each company is intended for a different economic sector.

This fair was created in 1979 and each year there are about 100,000 companies in attendance from around the world.

Another program developed by the Department of Culture of the Embassy of Ecuador in the UK is a program for schools, and even universities, where stories and poetry is taught to promote student interest in history. It is a program that is having great reception that today reaches 3 or 4 schools monthly. Currently, there is no official program by the UK in Ecuador that imparts its culture and encourages interest in other countries. This should be implemented to develop mutual interest of both nations.

3.8.3. Education

Estefanía Tello is the person in charge of Educational Affairs at the Ecuadorian Embassy in the UK. She indicated that there is a lack of data on the exact figure of Ecuadorian students in the UK, as it is not requirement for Ecuadorians to be registered with the Embassy. Estefanía Tello stated that this figure could be quite high as the British market represents 35% of the places chosen by Ecuadorian graduate students.

Also, Ms. Tello emphasized that this percentage has increased thanks to programs offered by the Ecuadorian government, specifically the Ministry of Higher Education, Science, Technology and Innovation (SENECYT). The annual scholarship plan is an incentive for students wishing to leave Ecuador and acquire new and better knowledge at world-renowned universities, especially those students who choose social, economic, and technological fields. (See Annex 2)

Ecuador should perfect its production of traditional products. Today, the UK is a relatively young and economically active market that adapts to new consumer trends and that has a relatively high purchasing power; the UK market must be considered a priority, not only for the Ecuadorian government, but to the general population. (National Statistics Office)

Based on the above trade balances, figures, tables, and other information it can be argued that Ecuador follows a general pattern like most developing countries, one that is dependent on the United States as its main trade partner, followed by countries in the region. This leaves the UK in an intermediate position in the exchange of goods and services.

Ecuador exports traditional products to the UK without focusing on developing or encouraging the production of new products and services. In terms of the products that the UK exports, Ecuador imports modern products such as: technology, machinery, medicines, medical equipment, among others. In recent years, Ecuador has invested heavily in infrastructure, technology, and in the country's overall development. Ecuador should continue this trend as the UK continues to do the same.

As for logistical access, several providers offer maritime and air transport with weekly departures to the UK. The estimated transit time is 20-25 days; the price for a FCL of dry goods is around \$2,500 and \$6,500 for FCL reefer services. Arrivals are at major ports around the UK including London, Liverpool, and South Hampton.

London has the busiest airport in Europe, Heathrow International, which facilitated around 73 million people in 2013.

The above figures indicate that there were years in which commercial relations intensified, and there were years in which the figures were very low; this is fundamental to understand how trade is handled between Ecuador and the United Kingdom. Trade could be even more dynamic when traditional commercial partners of either Ecuador or the UK cannot meet demand. These countries do in fact have the ability to meet demand for products, as in the case of oil in Ecuador and palm oil in the United Kingdom.

It is at this time, the government, as well as large, medium, and small industries, should make immediate decisions to boost sales; not only oil sales, but other exports, and not only to the UK but to other countries as well.

Chapter IV: Proposals for growth

4.1. Exportation of new products from Ecuador to the United Kingdom

There are two significant products that could enter the English market in a big way, Panama hats and fruit puree. These two products will be discussed below.

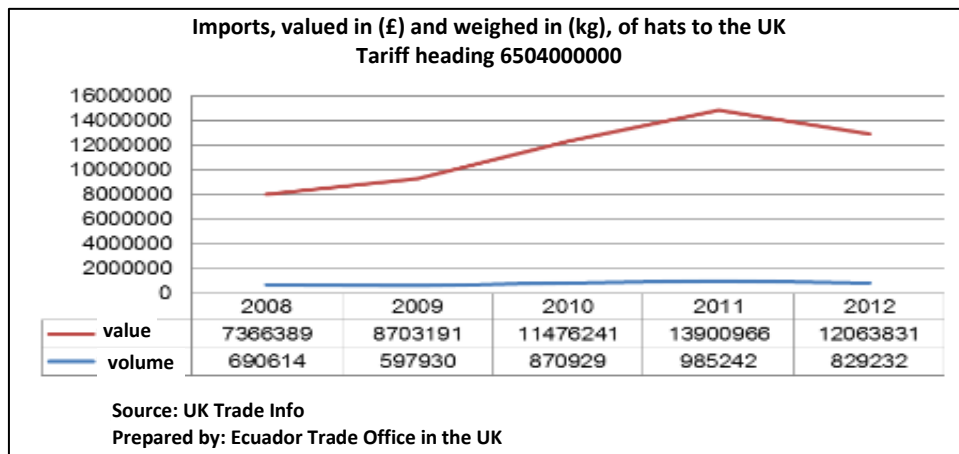
4.1.1. Panama hats

In the UK there is no domestic market to develop these products, which is why the Panama hat is considered an accessory that denotes sophistication and luxury. According to Pro Ecuador, women acquire two hats a year, and men, one hat each year. The highest demand for this product is found in London as it is the most populous city in the UK.

Men generally acquire the traditional type of Panama hat while women prefer hats with different designs and colors. This product is mostly purchased by people 30 and older who are economically active. The hats are preferably used in summer; and since the United Kingdom has four seasons, product sales in the winter decrease considerably. (Proecuador)

The following graphs show exports of Panama hats to the United Kingdom.

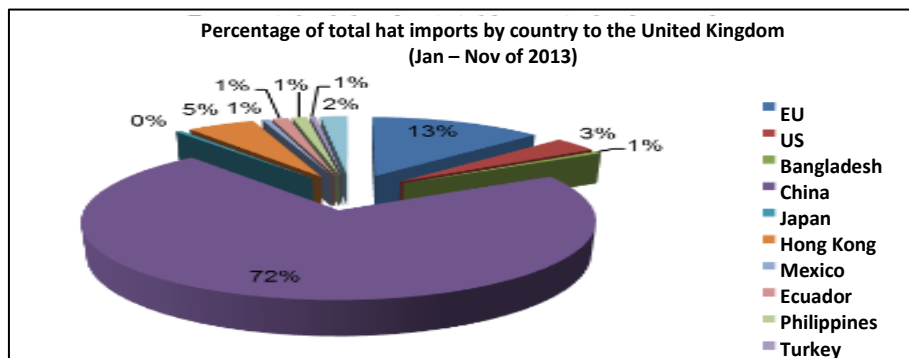
Graph N° 22: Hat exports to the UK



We can see that for the period under review there was an upward trend; but, for 2012, there was a downward trend in both volume and value, this was due to an increase in output in the countries of origin.

In the next graph we can see the main countries exporting hats to the UK.

Graph N° 23: Main countries exporting hats to the UK

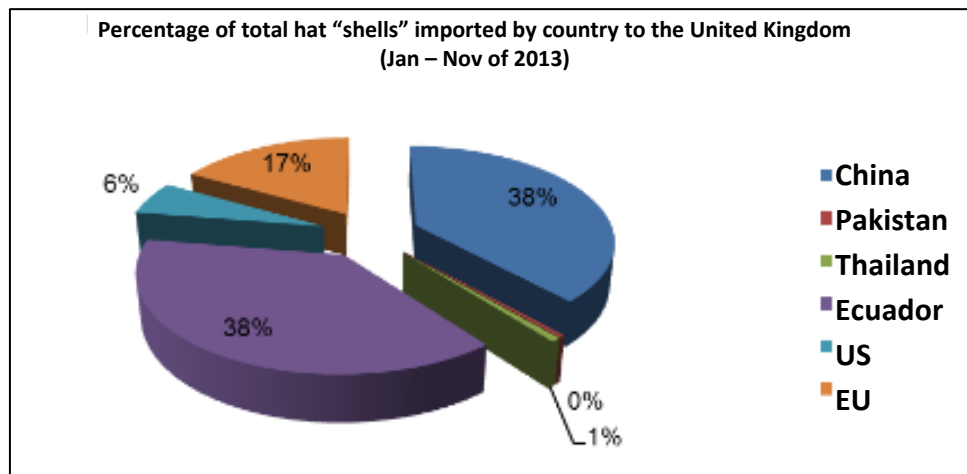


Source: Pro Ecuador

The main supplier of hats for the UK is China, with a market share of about 72%; followed by European countries with 13% and Hong Kong 2%. However it should be emphasized that Italy is the EU's leading exporter and most Italian hats shipped to the UK are from Ecuador which arrive in Italy as "shells" to be completed in that country. (Proecuador)

As for exports of unprocessed hats or “shells,” Ecuador is the second largest exporter of this product to the UK, as can be seen below.

Graph N° 23: Main exporters of “shells” to the UK



Source: Pro Ecuador

China and Ecuador are leading exporters of hat “shells,” with a share of 38% each, followed by the European Union and the United States. These products are shipped to the UK for final production and can be completed according to the tastes and preferences of the consumer.

In order to achieve positive results, the supply chain should be as follows:

The exporter should sell directly to the store; in this way, the exporter can prevent a reseller from raising the price of his product. Another distribution channel would be through the Internet, by which all intermediaries can be eliminated; however, this might generate a logistics gap concerning time. The consumer may choose a more expensive product that she can have immediately or a cheaper product that she would have to wait to receive.

According to Pro Ecuador, prices of Panama hats fall within the following ranges:

Table N° 23: Prices of Panama hats in London

Price variation of Panama hats in London		
	Lowest price of hat	Highest price of hat
Bates	£199	£2.500
Lock & C	£155	£890
Swaine Adeney Brigg	£180	£850

Source and Elaboration by: Ecuador Trade Office in the UK

4.1.2. Fruit puree

Another product that Ecuador could begin exporting to the United Kingdom is the fruit puree. The English market despite being a producer of fruit imported needs to supply its domestic demand products, is why 593 million pounds sterling were imported through tariff headings 2007.99 and 2008.99 in 2013.

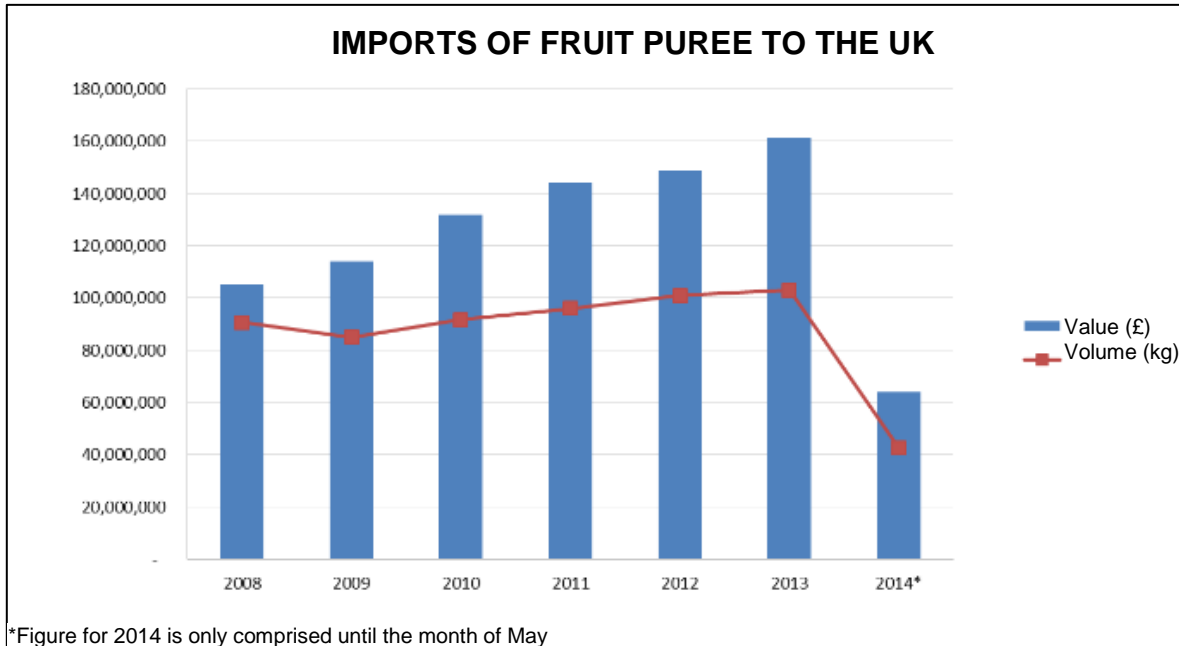
Usually, countries export raw materials to be used by large industries for juices, ice cream, and liqueurs. While this product may not be segmented to a specific demographic, as in the case of straw hats, it is estimated that the per capita consumption of fruit puree is about 1.44 kg / person.

The marketing of fruit puree in the UK, since the end of 2012, has been controlled under the *2012/12/EU standard*, which requires that these products meet certain quality criteria; such as: the removal of extra added sugar, respect of the limits of the authorized presence of heavy metals, as well as the control of labels. (European Parliament)¹¹

Below, imports of fruit puree by the UK can be seen.

¹¹https://www.fsai.ie/uploadedFiles/Dir2012_12.pdf

Graph N° 24: Imports of fruit puree to the UK from other countries



Source: Pro Ecuador in London

It can be seen that imports from the UK have been increasing year after year; this is mainly due to the tendency for the English to consume more healthy products such as fruits and vegetables.

In the sectorial analysis of fruit puree done by Pro Ecuador, the major suppliers of this product are Ireland, France, and Sweden which produce 70%; 18% is covered by Asia-Pacific countries like the Philippines, China, and Thailand; and of the American countries, mainly Brazil, Chile, and Colombia.

In Ecuador, there are 7 companies that, since 2008, have consistently pureed fruits for exportation to the UK within headings 2008.99 and 2009.99.¹²

These companies are:

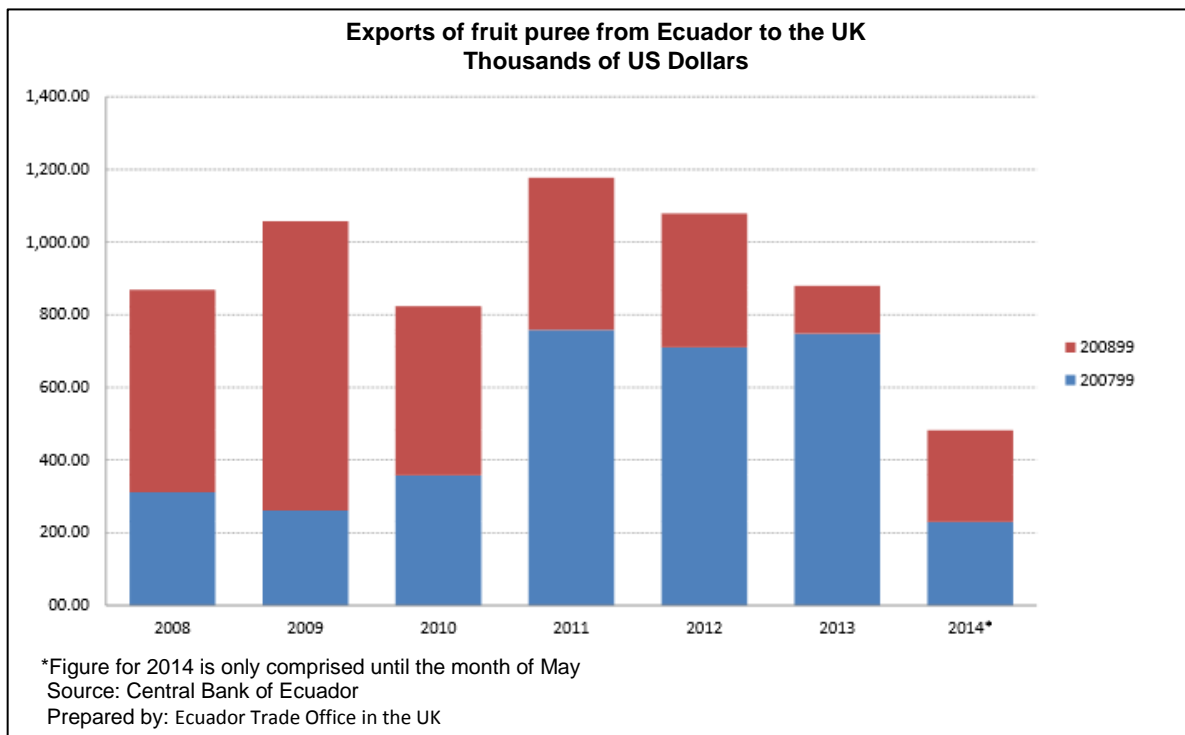
- *Ecuavegetal*

¹² Statistical Information from the Central Bank of Ecuador, consultation by Nandina Exporters

- *Congelados ecuatorianos*
- *Especies Exóticas Cía. Ltda.*
- *Banapuree S.A.*
- *Expalsa Exportadora de Alimentos.*
- *Frutucorp S.A*
- *Tropifrutas S.A*

Below we can see the trade flow of fruit puree products between Ecuador and the United Kingdom.

Graph N° 25: Imports of fruit puree to the UK from Ecuador



In the same analysis for the period 2008-2014, Ecuador exported about \$6 million of these two tariff headings; reaching its peak in 2011, with a value of about \$1.5 million. By 2012, there was a decrease of 14% as a result of the global recession that mainly affected Europe.

In 2013, Ecuador exported \$600,000 and for the first quarter of 2014 the figure was also \$600,000; leading to favorable results and indicators of improvement.

Ecuador is a natural producer of agricultural products. By further developing the fruit export industry, Ecuador could generate remarkable revenues by exporting fruit puree to the UK. However, we must not overlook demand, which is why Ecuador should perform a study to determine the key dates that exports should be made without neglecting local demand.

Supply is an important factor to be able to fulfill demand. Prior to exportation, Ecuadorian export companies should conduct a study to determine the required time for production and processing, as well as the optimal shipping dates that won't interfere with harvesting, manufacturing, and processing, according to the type of product.

Prior to exportation, companies should also consider the quantity, quality, continuity, and competitiveness of their product(s).

In terms of quantity, it is mandatory to know how much product is needed for export, so as to avoid large volumes of product that remain unsold; by the same token, insufficient quantities can generate a product shortage which is why companies need to plan together with the buyer (importer) in order to perfectly satisfy demand. As for the quality of a product, the product must be produced under the most optimal conditions, meet the regulations of the buyer country, and be safe for consumers. (Universidad Andina Simón Bolívar).

In terms of continuity, an exporter must take into account two factors: The first is planning to meet required demand. The exporter is required to send the product to the destination country; otherwise, they would lose market share and would be unable to meet demand. If demand is not met, then the importer will either look for new suppliers or simply stop consuming the product. Furthermore, exporting

companies must plan for unexpected disruptions of exports by potential local accidents or international disasters. (SISTISEG)

The competitiveness of a product is determined not necessarily by low prices, but by its value. Companies need to focus on certain quality strategies like adjustment to demand, pre- and post-sale services, and anything else that would set it apart from the competition.

4.2. Importation of new British products into Ecuador

In chapter 3 we concluded that the UK exports products designed with modern technology and research, as more than 90% of its exports to Ecuador are: machinery, medicines, and medical equipment. These facts should encourage the entry of these products into Ecuador, as the UK is a cornerstone in the development of software and research.

The new projects being developed in Ecuador, thanks to the current government, could influence the UK to take an interest in the Ecuadorian market. These said projects are closely linked to the construction of roads, infrastructure, and technology development and research. Considering the UK is as principal exporter of these products, Ecuador should take advantage of the situation.

Some projects that the UK could get involved in are:

- Cooperation and implementation of new and existing hydroelectric plants
 - Old plants that need remodeling or improvement: *Hydroelectric plant Mira, Mini hydroelectric plant Gualaceo, Hydroelectric plant Chorrillos.*
 - New hydroelectric plants under construction: *Coca Codo Sinclair, Delsatanisgua, Maza, Quijo, Sopladora.* (Ministry of Electricity and Renewable Energy)
- Construction of the “Millennial Schools,” under the Ministry of Education.

- In 2005, Ecuador, with 147 other countries, signed the Millennium Development Goals, which were set as a goal for 2015, including objectives to provide education for all in order to eliminate inequality.
- The EMU incorporates modern elements of ICT in the teaching-learning process; these are used as a means to boost knowledge.
- There are 51 functioning EMU, 31 are in the construction phase and there are plans to build 207 more. This is where the UK could collaborate in the construction phase, as well as the implementation of technology in various areas.
- Yachay - City of Knowledge, a place that encourages research, specializing in international standards by integrating scientific, academic, and economic actions contributing to the Production Matrix of the country. In this project, the UK, which has the best universities in the world, could help by using its academic know-how.

It is very important that technology transfer play a critical role in improving trade between Ecuador and the United Kingdom; this issue is equally covered by the National Plan for Good Living 2013 – 2017. The National Secretariat of Planning and Development seeks to design and implement mechanisms that regulate the transfer of both knowledge and technology, in order to boost domestic production.

According to the United Nations Conference on Trade and Development (UNCTAD), technology transfer is defined as the systematic transfer of knowledge for the development of a product or service.

Ecuador, in order to develop knowledge through technology, must use the UK as a partner and ally on this issue; this can be done through public or private purchases, to boost development and globalization in Ecuador.

In addition to the development and improvement of trade of traditional products, Ecuador must not neglect the incentive of new British goods entering the country. The Director of Pro Ecuador in London stated in an interview that the UK, in addition to being a technology developer, is also a major producer of milk, olives, beef, and agricultural products. (Proecuador)

Tourism of the UK by Ecuador is still at an early stage, as Ecuadorians need to obtain a visa to enter the UK. Until two years ago, this process was not as problematic as it is today as diplomatic problems arose between Ecuador and the United Kingdom over the case of Julian Assange. Since that time, visas granted to Ecuadorians have decrease by about 30%.

4.3. Observations for better exchange of culture, technology, and education

Ecuador tenaciously began its “SENECYT Scholarship” campaign in 2013, in which full and partial scholarships are awarded to students who have completed university and who wish to pursue masters and doctorate degrees abroad. Upon graduation, students return to Ecuador to apply their knowledge in public or private institutions. To carry out this scholarship system, Ecuador signed several agreements with universities and technology centers worldwide; today, students who pass the selection process can access more than 200 universities around the world.

Ecuador signed agreements with UK universities, among which are:

- **Art and Culture:**
 - University of Arts London
- **Innovation and Production Sciences:**
 - University of Cambridge
 - Imperial College London
 - University of Glasgow

- University of Manchester
- University of Nottingham
- **Life sciences:**
 - London School of Economic and Political Science
 - School of Hygiene and Tropical Medicine
- **Natural Resource Sciences:**
 - University of Aberdeen
 - University of Kent
 - University of Sheffield

Ecuadorians students who go to the UK will gain not only academic knowledge but also develop an interest in learning about the UK, this cultural exchange will create incentives for people to learn about the two nations, both Ecuadorians and British.

Unfortunately, today there is an educational or cultural program that encourages UK students to study in Ecuador.

In conclusion, there is not only a lack of knowledge but also a lack of technological and financial resources, as well as a lack of human talent with sufficient knowledge to induce growth of Ecuadorian products abroad; today, it is not enough to just deliver a product to a customer. According to Philip Kotler, the 4 P's have now become the 4 C's: customer, communication, cost, and convenience.

As for communication, increasingly, consumers are more aware of what they consume and do not believe everything that is advertised. That is why it is necessary to really communicate the type of product that will be exported without using misleading advertising, to not end up having a bad corporate reputation. The cost of a product must not only be low but it also must have a good reception; the consumer must know she is paying for something of good quality and high added value. As for convenience, this means not only providing good products, but also facilitating the purchase and delivery of said products; for this reason, a good business idea is selling Ecuadorian products over the Internet. There are companies that sell Panama hats over the Internet, deliver them in three days, and take payments by credit card.

For the export of domestic products, it is necessary to take into account this information so that customers can feel they acquire a good quality product at a fair price and by the technological facilities that are available today.

As an action plan and proposal for the growth of trade relations, it should be noted that the two nations do not have reciprocal tariff preferences. The UK uses the Generalized System of Preferences (GSP+) with which developed and semi-developed domestic products benefit. With this system major export products are traded duty free. However, the UK does not have these preferences from Ecuador; products entering must pay the tariff rates established by Ecuador. From the point of view of the author, Ecuador should begin to establish a trade agreement conducive to the English nation.

Ecuador must establish internal policies to encourage and increase diplomatic relations with the UK, and thus improve trade with the European nation.

As a strategic point, both Ecuador and the United Kingdom must have official meetings to deal with specific issues relevant not only in terms of international trade, but in other areas of an educational, social, and economic nature.

The Embassy of Ecuador in the United Kingdom, and Pro Ecuador, which are the country's image in the UK, should commit to working together to achieve similar objectives, as today the two institutions act independently.

In the UK, fairs that include major manufactures in Europe are held; consequently, the costs to participate in these fairs are very high. The Government of Ecuador, jointly with Pro Ecuador, should provide means for the private sector to attend such events in order to gain more traction in the UK market.

As mentioned above, a large part of imports from the United Kingdom is of heavy machinery and technology; it is proposed that Ecuador encourage the United Kingdom to directly invest in the large projects that Ecuador currently is undertaking.

Cultural and social programs cannot be neglected. Often, countries are renowned for their painters, writers, and poets; which is why Ecuador should support such

events as part of a continuous improvement of relations between Ecuador and the UK.

In terms of cooperation, the UK can contribute their knowledge to Ecuador through human resource training and technology education. A specific way the UK can help in this manner is to provide solid knowledge for two major projects in the country: the construction of Millennium Educational Units and the Yachay University of Knowledge.

Conclusions and Recommendations

Conclusions:

Certainly, the commercial process between Ecuador and the UK has been the result of actions taken over the course of their diplomatic-commercial history. The constant efforts to improve trade to the UK have been a challenge for both the public and private sectors.

One point to consider is the non-existence of bilateral international treaties between the two countries. As mentioned earlier, treaties, conventions, and agreements are the guidelines for governing commercial and diplomatic relations that satisfy the interests of both nations. Throughout its history, Ecuador has signed 83 bilateral treaties with the United Kingdom, of which over 90% are not in effect today; resulting in a lack of interest by the United Kingdom for Ecuador.

Trade relations have been complementary some years more than others; as can be seen in the Trade Balance, Ecuador has been the most favored in bilateral trade. Today, Ecuador's interest to improve and create better commercial ties with the EU has led to the signing of a cooperation agreement in 2014 with this Regional Bloc; it will enter into force in 2016.

This agreement is a direct link so that Ecuador can enter products and services to the UK in a more agile and efficient way, just as the UK can enter products to Ecuador. It should be emphasized, not only would this benefit both nations in foreign trade but in most areas such as technological, cultural, and social cooperation.

Although Ecuador has denounced investment treaties to the National Assembly; today, the Government promotes smart investments that target strategic sectors established in the changing of the Productive Matrix.

Moreover, the trade balance between Ecuador and the UK has been beneficial for Ecuador; since in the years 2007, 2008, 2010 and 2011 it was positive; this means that more national product was exported than English product. It would be even

better if the two countries would enact measures that created a win-win outcome. This could be accomplished by implementing tariff preferences, or other facilities, for British goods; the UK could reciprocate by importing more domestic goods and services to the European market.

This could change relatively thanks to the revival of production of the United Kingdom, which is expected to have ups in the short-term and new sectors to venture into the overseas market, which could result in the entry of new products and services for Ecuador.

The products tested show several different, and even abysmal, changes regarding growth and declines. According to the analysis, and in talking with people at Pro Ecuador, MIPRO, and the Central Bank of Ecuador, this kind of trading is typically generated with nations with whom there is no direct link; and in some years, the demand for domestic products is exceeded and suppliers usually fail to meet demands.

Bananas, shrimp, and roses are mainly purchased for their quality. In accordance with Bulletin 1 of the analysis done by Pro Ecuador, the UK is a lead importer of seafood. The British culture consumes seafood in the form of snacks, sandwiches, and cocktails, and they prefer it precooked. Generally, seafood is exported directly to wholesale distribution channels; few exports go directly to the supermarkets. What we should see is an opportunity to export not only quality seafood but also an attractive product that generates curiosity from consumers.

As stated, there was an upward trend in the consumption of frozen foods in the United Kingdom (Pro Ecuador, Bulletin 2012). Ecuador should begin exporting goods besides just tuna and shrimp. Because Ecuador is located in a climatically favorable region it can stock up on fruit throughout the year; as well as vegetables and products that may favor British demand, such as fruit puree.

Ecuador has many ample opportunities to continue making inroads into the British market, both with new products and traditional products. Since entering a new product takes time, money, and extra resources, traditional products need to start being exported with more value added, focusing mainly on the quality and texture

without neglecting product presentations, advertising, and delivery times; making every effort not to leave any and all demand unfulfilled

It seems that the wealth that has been accrued in the UK over the course of its history has been distributed properly among the English, creating an efficient and competitive population and giving most people a high purchasing power that results in people buying foreign products. In addition, through trade, foreign exchange earnings are significantly optimized, thereby creating revenue for the country.

Regarding imports from the UK, these are mainly technology and heavy machinery, medicines, and equipment for medical purposes; which are mainly imported by the Ministry of Health, Ministry of Public Works, Clinics, and Pharmaceutical companies, among others. This should be considered a strength rather than a weakness; as the UK, being an industrial and technological power, could help in projects that are currently underway in Ecuador.

That is why technology transfer plays an essential role in enhancing trade with the United Kingdom. For this to be developed the UK should export their virtual and human resource knowledge; through this, Ecuador could achieve further development that is critical to the future of the country.

Having talked with Denisse Espinoza, an official of the Central Bank of Ecuador in Cuenca, the author concluded that imported machinery from the United Kingdom began to enter the country after Ecuador decided to start several projects; such as hydroelectric dams, school constructions, and road improvements. These goods are projected to continue being imported, and if Ecuador continues using these products the UK should continue to be an important social, commercial, and technological trading partner.

As was analyzed in the various chapters, the United Kingdom is considered one of the main engines of the world economy; it is part of the UN Security Council, it belongs to the G8, it is part of NATO, it is against the testing of nuclear weapons, and it is against anything that goes against human rights. These are positive characteristics of a nation that can be trusted as a trading partner.

In conclusion, exports and imports of Ecuador are marked by a large difference in value added. While the country exports primary products and raw materials, Ecuador imports processed industrial products and technology, in order to make up for the lack of these products being produced domestically. As for non-oil trade balances, there is usually a surplus with European countries but a deficit with the oil trade balance; this clearly reveals that, as an oil producer, Ecuador is exporting raw materials and importing processed materials; this generally occurs with industrialized nations like the United States, with whom Ecuador maintains a positive trade balance since it is the main buyer of oil in the world.

Recommendations:

- Commit to further bilateral meetings between Ecuador and the United Kingdom, with the aim of achieving regular of commercial and diplomatic assessments between the two States.
- Meet the requirements for implementing the second part of the Productive Matrix in the National Plan for Good Living. This section encourages adding value to products by incorporating technology and knowledge in current processes. (National Secretariat of Planning and Development)
- Large, medium and small enterprises should implement the item number four in the Productive Matrix which promotes exports of new and innovated products containing more value-added, encouraging growth into new and larger markets. (National Secretariat of Planning and Development)
- Be aware of the New Productive Matrix that promotes the substitution of import with goods and services that can be produced at the national level. To achieve this, studies should be performed that show the products and services that need to be imported. (National Secretariat of Planning and Development)

- Since technology transfer by changing the Productive Matrix is a state policy, it is necessary to coordinate the purchase of patents and licenses of new information technologies and communication, thereby encouraging and facilitating national production.
- The Government of Ecuador should develop a model based on technology transfer between Ecuador and Europe which generates and encourages investment in new projects in Ecuador.
- Gradually and regularly study the behavior of English demand, in terms of tastes and preferences, in order to deliver products that satisfy consumer trends, focusing mainly on value added.
- Provide facilities for the admission of British products in order to create sustainable business relationships, insomuch that the UK becomes a major trading partner.
- Ecuadorian internal policies of each government in power must be linked to the continuous research and improvement of treaties, conventions, and other economic, commercial, technological, and cultural agreements; not just with the UK, but with other potential European markets; this will attract investment and increase national productivity.
- Change the Ecuadorian paradigm of the productive and export sector, mainly in terms of human talent; specifically, that human talent no longer be seen as an expense rather an investment for overall growth. If there is no policy related to investment in people who are generating revenue then sustainable development will never be achieved.

Bibliography

- Acuerdo complementario de Cooperación Técnica para el fortalecimiento de Programa de Formación en la Empresa. 10 Junio 1983.
<http://web.mmrree.gob.ec/sitrac/files/TRA_3945.pdf>.
- Acuerdo Complementario de Cooperación Técnica para la Realización del Proyecto de Capacitación Profesional de Profesores de inglés. 2 Marzo 1989.
<http://web.mmrree.gob.ec/sitrac/files/TRA_3955.pdf>.
- Acuerdo Complementario de Cooperación Técnica Relacionado con la Escuela Politecnica del Litoral (ESPOL). 26 Agosto 1989. <http://web.mmrree.gob.ec/sitrac/files/TRA_3956.pdf>.
- Acuerdo Complementario de Cooperación Técnica relacionados con el Proyecto sobre Estudios de Transporte en el Ecuador. 4 Mayo 1988.
<http://web.mmrree.gob.ec/sitrac/files/TRA_3954.pdf>.
- Acuerdo complementario de Cooperación Técnica Sobre el Proyecto Cordillera Real. 10 Octubre 1987. <http://web.mmrree.gob.ec/sitrac/files/TRA_3953.pdf>.
- Acuerdo Complementario de Cooperación Técnica sobre Investigación del Cacao. 4 Diciembre 1985. <http://web.mmrree.gob.ec/sitrac/files/TRA_3948.pdf>.
- Acuerdo Complementario sobre Cooperación Técnica en Materia de Investigación Geológica en el Ecuador. 13 Junio 1978. <http://web.mmrree.gob.ec/sitrac/files/TRA_3938.pdf>.
- Acuerdo Consolidación de la Deuda Comercial suscrito entre Gran Bretaña y el Ecuador N°8. 13 Junio 2003. <http://web.mmrree.gob.ec/sitrac/files/TRA_1274.pdf>.
- Acuerdo de Crédito entre Ecuador y el Reino Unido. 15 febrero 1966.
<http://web.mmrree.gob.ec/sitrac/files/TRA_3918.pdf>.
- Acuerdo mediante Notas Reversales entre Ecuador y Gran Bretaña destinado a eliminar la revisión y exploración electrónica de valijas diplomáticas que reciban las Embajadas acreditadas en el país de la otra parte. 14 Enero 2010.
<http://web.mmrree.gob.ec/sitrac/files/TRA_8499.pdf>.
- Acuerdo por el que recíprocamente los dependientes de los funcionarios acreditados en Misión Oficial puedan aceptar empleos en el país receptor. 17 Abril 1990.
<http://web.mmrree.gob.ec/sitrac/files/TRA_3958.pdf>.
- Acuerdo sobre Régimen de Divisas, Ecuador - Reino Unido. 13 Septiembre 1963.
<http://web.mmrree.gob.ec/sitrac/files/TRA_3917.pdf>.
- Acuerdo sobre Trabajo Remunerado de Dependientes del Personal Diplomático y Consular. 4 Junio 1993. <http://web.mmrree.gob.ec/sitrac/files/TRA_3962.pdf>.

- Agroindustria Ecuatoriana - Proecuador. Proecuador. 2013.
<<http://www.proecuador.gob.ec/compradores/oferta-exportable/agroindustria/>>.
- Alcivar hospital. "What is the ozone?" n.d.
- Ampliación del Préstamo, Ecuador - Reino Unido. 22 Marzo 1973.
<http://web.mmree.gob.ec/sitrac/files/TRA_3923.pdf>.
- Ana Fernandez Tena. "Archivos de Bronqueoneumología." n.d. 2012.
<<http://www.archbronconeumol.org/es/deposito-pulmonar-particulas-inhaladas/articulo/90141600/>>.
- Arístides Silva Otero . La Llamada Revolución Industrial, 1998. . n.d.
- Banana Sector Analysis. Banana Sector Analysis - Ecuador. 2011. 2014 November
<<http://www.proecuador.gob.ec/wp-content/uploads/downloads/2011/09/PROEC-AS2011-BANANO.pdf>>.
- Banco Central del Ecuador. Porcentaje Total de Atún exportado al Reino Unido. n.d.
<<http://www.bce.fin.ec/frame.php?CNT=ARB0000768>>.
- Belfast Township. n.d. 2014 July <<http://www.belfastcity.gov.uk/>>.
- Bethel, Leslie. Historia de América Latina. América Latina colonial: América y Europa en los siglos XVI, XVII, XVIII. . 2003.
- British Council. Clima y Estaciones. n.d. <<http://www.educationuk.org/spain/articles/weather-and-seasons/>>.
- Cantabria, Universidad de. Segunda Revolución Industrial. 11 12 2014.
<<http://ocw.unican.es/ciencias-sociales-y-juridicas/historia-social/materiales/Tema-3A.-La-Segunda-Revolucion-Industrial.>>.
- Central Bank of Ecuador. n.d.
<http://www.portal.bce.fin.ec/vto_bueno/comercio/consultaTotXNandinaPaisConGrafico.jsp>.
- . Consultation of Nandina Totals. n.d.
<http://www.portal.bce.fin.ec/vto_bueno/comercio/consultaTotXNandinaPaisConGrafico.jsp>.
- . "Ecuador's trade balance and its Major Trading Partners." February 2012.
<<http://contenido.bce.fin.ec/documentos/Estadisticas/SectorExterno/BalanzaPagos/balanzaComercial/ebca201202.pdf>>.
- Central Intelligence Agency. "Central Intelligence Agency." n.d. 2014 Enero
<<https://www.cia.gov/index.html>>.

- Central Intelligence Agency. n.d. <Central Intelligence Agency the worldfactbook
www.cia.gov/library/publications/the-worldfactbook/geos/in.html>.
- Centro de Comercio Internacional. "Centro de Comercio Internacional." 2011. Octubre 2011
<<http://www.laguiaadelcafe.org/guia-del-cafe/los-mercados-del-cafe/Demanda%E2%80%93Cafe-Soluble/?menuID=2920>>.
- Colombo - British Chamber of Commerce. UK Trade Policy. n.d.
<<http://www.colombobritanica.com/oportunidades-de-negocio/exporte-al-reino-unido-y-europa/politica-comercial-del-reino-unido.html>>.
- Convenio Cultural entre el Gobierno del Ecuador y el Gobierno de Gran Bretaña e Irlanda del Norte. 18 Junio 1979. <http://web.mmrree.gob.ec/sitrac/files/TRA_3939.pdf>.
- Convenio entre la República del Ecuador y el Commonwealth Corporation de Inglaterra sobre Condiciones para operar en el Ecuador. 8 Diciembre 1982.
<http://web.mmrree.gob.ec/sitrac/files/TRA_3944.pdf>.
- Convenio Marco de Cooperación Interinstitucional entre el Museo Nacional de Ferrocarriles FR York (National Railway Museum), y la Empresa de Ferrocarriles ecuatorianos. 26 Marzo 2010. <http://web.mmrree.gob.ec/sitrac/files/TRA_8545.pdf>.
- Convenio sobre ciertas dudas Comerciales. 18 Junio 1984.
<http://web.mmrree.gob.ec/sitrac/files/TRA_3946.pdf>.
- Convenio sobre Deuda Reino Unido - Ecuador N°7. 3 Octubre 2001.
<http://web.mmrree.gob.ec/sitrac/files/TRA_418.pdf>.
- Daniels, John D. and Lee H. Radebaugh. Negocios Internacionales (Ambientes y Operaciones). Pearson, Prentice Hall, 2007.
- Datos Históricos del Consulado del Ecuador en el Reino Unido. n.d.
<<http://www.consuladoecuador.org.uk/enlaces-2/tratados.html>>.
- Departamento de Ambiente, Alimentos y Asuntos Rurales. Departamento de Ambiente, Alimentos y Asuntos Rurales. Diciembre 2014. Enero 2015
<<https://www.gov.uk/government/publications/uk-statement-on-sustainable-palm-oil-two-years-on-progress-report>>.
- Descripción de Pinturas Marinas. n.d. <<http://www.farbolux.com.ar/descripc.htm>>.
- Diario la Hora. Diario la Hora. Agosto 2013. Enero 2015
<http://www.lahora.com.ec/index.php/noticias/show/1101553883/-1/Chaguarpamba_sin_produccion_de_cafe.html#.VMMvYslGvv8>.
- Diario La Hora. Diario La Hora. Septiembre 2011. Enero 2015
<http://www.lahora.com.ec/index.php/noticias/show/1101023650/-1/Importaciones_crecen_muchas_que_exportaciones.html#.VMPtM8lGvv8>.

- Diego Castañeda Eguez. "The Shrimp Industry, Ecological Dumping, And its Impact on the Social Field, The Environment, and National Development." June 2001. January 2015
<<http://repositorio.iaen.edu.ec/bitstream/24000/297/1/IAEN-005-2001.pdf>>.
- Don Joaquin Gourmet. Don Joaquin Gourmet. n.d. 2015
<<http://www.donjoaquinogourmet.com/distribuidores/>>.
- ECLAC. n.d.
<<http://www.cepal.org/cgibin/getprod.asp?xml=/comercio/noticias/paginas/1/34401/P34401.xml&xsl=/comercio/tpl/p18f.xsl&base=/comercio/tpl/top-bottom.xsl>>.
- Eco. Carlos David Aviles. ANÁLISIS DE LOS SUBSIDIOS A COMBUSTIBLES EN EL ECUADOR. Quito, 2010.
- EFE. La pobreza en el Reino Unido. 2014 Junio 2014. <http://www.rpp.com.pe/2014-06-19-la-pobreza-en-el-reino-unido-se-ha-duplicado-en-treinta-anos-noticia_701381.html>.
- El Comercio. El Comercio. Marzo 2013. Enero 2015
<<http://www.elcomercio.com.ec/actualidad/negocios/resolucion-116-estrategica-cambiar-matriz.html>>.
- . "El país capta el 0,3% de la inversión extranjera." El Comercio n.d.:
<http://www.elcomercio.com.ec/actualidad/negocios/pais-capta-de-inversion-extranjera.html>.
- El Telégrafo. "Concluye Ecuador Denuncias de Tratados Bilaterales de Inversión." El Telégrafo Julio 2013: 1.
- . El Telégrafo. January 2014. 2015
<<http://www.telegrafo.com.ec/economia/item/farmaceuticas-producen-el-40-de-su-capacidad.html>>.
- El Universo. El Universo. Abril 2014. Enero 2015
<<http://www.eluniverso.com/noticias/2014/04/17/nota/2756961/refineria-esmeraldas-parara-operacion-renovacion-planta>>.
- . Importación aumentará para mantener niveles de Gasolina. Abril 2012. 2015 Enero
<<http://www.eluniverso.com/2012/04/04/1/1356/importacion-aumentara-mantener-niveles-gasolina.html>>.
- Elizarrarás, Juan Carlos Velázquez. El Derecho Internacional Público en la Agenda Política de las Relaciones Internacionales. México: UNAM, 2005.
- Escuela Superior Politécnica del Litoral. "Effects of the Type of Trade Balance." n.d. November 2014 <http://www.cib.espol.edu.ec/Digipath/REVISTA_CICYT/Articulo/86.pdf>.

- Estudio de Aceite de Palma . Proecuador. Diciembre 2013. Enero 2015
<http://www.proecuador.gob.ec/wp-content/uploads/2013/12/PROEC_PPM2013_ACEITE-DE-PALMA_REINO-UNIDO.pdf>.
- Europea, Voceros Oficiales de la Unión. Página Oficial de la Unión Europea. n.d.
<http://eeas.europa.eu/ecuador/index_es.htm>.
- European Commission. "Executive summary of the report of sector inquiry into the pharmaceutical sector." 2004.
<http://ec.europa.eu/competition/sectors/pharmaceuticals/inquiry/communication_es.pdf>.
- European Parliament. "Council Directive 2001/112/EC Relating to Fruit Juices and certain similar products." 19 April 2012. <https://www.fsai.ie/uploadedFiles/Dir2012_12.pdf>.
- Fair Trade Foundation UK. n.d. January 2015 <<http://www.fairtrade.org.uk/en/farmers-and-workers/bananas>>.
- Floriculture Sector Analysis. n.d. 2014 December
<<http://www.proecuador.gob.ec/exportadores/sectores/flores/>>.
- Food and Agriculture Organization of the United Nations. FAO. 2013. 2014 December
<<http://www.fao.org>>.
- Franco, Cristina Costa. "Universidad de Salamanca." 2012. El Desempleo en el Reino Unido. Enero 2015
<http://campus.usal.es/~ehe/anisi/Modelizacion_II/Laura/trabajos/trabajo_Reino_Unido.pdf>.
- Germán Bolivar Blanco. "Inversión Greenfield y Mercado de Capitales." 6 Marzo 2013.
<http://www.larepublica.co/inversi%C3%B3n-greenfield-y-mercado-de-capitales_40894>.
- Global International. United Kingdom. n.d. <<http://globelegislators.org/country-chapters/united-kingdom>>.
- Gobierno del Reino Unido. 07 04 2014. <<http://ukinspain.fco.gov.uk/es/business/business-investment-in-uk/why-uk>>.
- Gonzáles, Romero. Las nuevas políticas de competitividad industrial. 2000.
- Helen Longworth. "La cara oculta del Reino Unido." Agosto 2011.
<<http://www.lanacion.com.ar/1399143-pobreza-la-cara-oculta-del-reino-unido>>.
- Hurtado, Eduardo Peña. "Guayaquil Chamber of Commerce." July 2012. October 2013
<<http://www.lacamara.org/website/images/boletines/2012%20julio%20be%20ccg%20inicio%20del%20comercio%20regulado.pdf>>.

- Ian Pollock. Wonga: What makes money lender tick? 11 May 2012. February 2015
<<http://www.bbc.com/news/business-18019272>>.
- Internacional, Centro de Comercio. The Markets for Coffee demand. Enero 2011.
<<http://www.laguiadelcafe.org/guia-del-cafe/los-mercados-del-cafe/Demanda%E2%80%93Cafe-Soluble/?menuID=2920>>.
- Internal Revenue Service of Ecuador. LAW OF INTERNAL TAX REGIME. November 2012. January 2015
<http://www.finanzas.gob.ec/wp-content/uploads/downloads/2012/08/ley_regimen_tribut_cod.pdf>.
- Julliete Garside. "How tech's new wave turned UK on to winning ways." 22 June 2014:
http://www.theguardian.com/technology/2014/jun/22/technology-boom-britain-london-apps-games-big-data?CMP=fb_gu.
- Klaus Weissermel. Química Orgánica Industrial. Reverte, 1981.
- Krugman, Paul and Robin Wells. Introduction to Economics. New York: Worth Publishers, 2007.
- La Hora. La Hora. 2011.
<<http://www.lahora.com.ec/index.php/noticias/show/1101259624#.VMLrmslGvv8>>.
- La Nación. Ecuadorian banana aims at innovation for better production. November 2014. January 2015
<<http://lanacion.com.ec/?p=7693>>.
- Latin American Council of Social Sciences - CLASCO. Neoliberalism. n.d. 2015 January
<http://bibliotecavirtual.clacso.org.ar/ar/libros/grupos/grim_cult/Introduccion.pdf>.
- Lombrana, Laura. "El G20 Confía en impulsar un 2,1% el Crecimiento Global Hasta 2018." Diario el País 15 Noviembre 2014.
- London Global University. Study finds new Evidence linking Fruit and Vegetable Consumption with Lower Mortality. Abril 2014. Enero 2015
<<http://www.ucl.ac.uk/news/news-articles/0414/010413-fruit-veg-consumption-death-risk>>.
- London South East. n.d. February 2015
<<http://www.lse.co.uk/shareprice.asp?shareprice=asc>>.
- Maldonado, María Gabriela and Andrea Torres. ANÁLISIS DE LOS TEMAS SENSIBLES DE NEGOCIACIÓN ECUADOR - UNION EUROPEA. Enero 2013. Enero 2015.
- Marcelo Guterrez. "Challenges of Ecuadorian Entrepreneurship - MIPRO." n.d. 2014 December
<<http://www.uasb.edu.ec/UserFiles/381/File/MARCELO%20GUTIERREZ.pdf>>.
- Marco Gerardo Monroy. Essays on Constitutional Theory and International Law. Universidad del Rosario, n.d.

Mehreen Khan. Three reasons why we're still failing to reduce the deficit. December 2014. 2015 January <<http://www.telegraph.co.uk/finance/11168941/Why-are-we-still-failing-to-reduce-the-deficit.html>>.

— . Will our living standards ever recover? October 2014. 2015 January <<http://www.telegraph.co.uk/finance/economics/11142987/Will-our-living-standards-ever-recover.html>>.

Memorandum de Cooperación Técnica, Ecuador - Reino Unido. 5 Enero 1972. <http://web.mmrree.gob.ec/sitrac/files/TRA_3922.pdf>.

Memorandum de Entendimiento de Cooperación Técnica entre el Gobierno del Ecuador. 20 Noviembre 1979. <http://web.mmrree.gob.ec/sitrac/files/TRA_3942.pdf>.

Memorandum de Entendimiento entre los Gobiernos de la República del Ecuador y del Reino Unido de Gran Bretaña e Irlanda del Norte. 7 Mayo 1985. <http://web.mmrree.gob.ec/sitrac/files/TRA_3947.pdf>.

Memorandum de Entendimiento sobre Cooperación Técnica. 13 Junio 1979. <Artículo II del Memorándum de Entendimiento sobre cooperación técnica.>.

Memorandum para la provisión de una lancha ambulancia. 20 Agosto 1987. <http://web.mmrree.gob.ec/sitrac/files/TRA_3952.pdf>.

Memorandum Suplementario a la Ejecución de Investigación Geológica en el Ecuador. 16 Julio 1973. <http://web.mmrree.gob.ec/sitrac/files/TRA_3925.pdf>.

Mena, Francisco Guarderas. Director de Proecuador en el Reino Unido de Gran Bretaña e Irlanda del Norte Geovanny Carreño Ulloa. 3 Octubre 2014.

Mena, Francisco. Exportación de Nuevos Productos al Reino Unido Geovanny Carreño. 3 Octubre 2014.

Ministerio de Agricultura, Ganadería, Acuacultura y Pesca. Datos estadísticos del Banano. n.d. <<http://www.agricultura.gob.ec/>>.

Ministerio de Cultura del Reino Unido. "London 2012 Games legacy impact report published shows Games could generate up to £41 billion by 2020." 19 Julio 2013. <<https://www.gov.uk/government/news/olympic-games-legacy-boosts-economy-by-billions>>.

Ministerio de Economía y Finanzas Uruguayo. "Ministerio de Economía y Finanzas." Diciembre 2006. Enero 2015 <http://www.mef.gub.uy/inversor/doc_03_competitividad.pdf>.

Ministry of Agriculture, Livestock, Aquaculture, and Fisheries. n.d. <<https://www.agricultura.gob.ec/>>.

Ministry of Electricity and Renewable Energy. n.d. <<http://www.energia.gob.ec/delsitanisagua/>>.

- Ministry of Foreign Trade. "Ministry of Foreign Trade." July 2013. January 2015
<https://www.comercioexterior.gob.ec/wp-content/uploads/downloads/2013/09/Estadisticas_Comercio_exterior_JUL2013.pdf>.
- Minutes from the meeting with the aeronautical authorities of the United Kingdom of Great Britain and Northern Ireland. 27 April 2005.
<<http://www.ivao.es/uploads/f13b4583161e9fba9d3f02c0050da546.pdf>>.
- Modificación del Convenio sobre Recursos Financieros para INECEL. 10 Abril 1975.
<http://web.mmree.gob.ec/sitrac/files/TRA_3928.pdf>.
- Modificaciones Préstamo Reino Unido / Ecuador 1973 N°1. n.d.
<http://web.mmree.gob.ec/sitrac/files/TRA_3935.pdf>.
- Mora, Enrique Ayala. Historia general de América Latina: Los proyectos nacionales latinoamericanos: sus instrumentos y articulación. 2008.
- . Historia general de América Latina: Los proyectos nacionales latinoamericanos: sus instrumentos y articulación 1870-1930 – Enrique Ayala Mora, 2008. UNESCO, 2008.
- Municipio de Cardiff. Municipio de Cardiff. n.d. Julio 2014 <<http://www.cardiff.gov.uk>>.
- Municipio de Edinburgo. Publicaciones Edinburgo. 2014 Marzo.
<http://www.edinburgh.gov.uk/info/20211/economic_development/38/economy_publications>.
- N°3, Modificaciones Préstamo Reino Unido / Ecuador 1973. n.d.
<http://web.mmree.gob.ec/sitrac/files/TRA_3936.pdf>.
- National Bureau of Census and Statistics. n.d. July 2014
<<http://www.ons.gov.uk/ons/search/index.html?pageSize=50&sortBy=none&sortDirection=none&newquery=religion>>.
- National Customs Service of Ecuador. What is an export? n.d.
<http://www.aduana.gob.ec/pro/to_export.action>.
- National Institute of Advanced Studies. "The Shrimp Sector and Anti-dumping." July 2001. October 2014 <<http://repositorio.iaen.edu.ec/bitstream/24000/297/1/IAEN-005-2001.pdf>>.
- National Secretariat of Planning and Development. January 2013. February 2015
<http://www.planificacion.gob.ec/wp-content/uploads/downloads/2013/01/matriz_productiva_WEBtodo.pdf>.
- National Statistics Office. "Ageing in the United Kingdom." n.d.
<<http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Ageing>>.

Nick Farr. Invertir en el Reino Unido. Octubre 2012.

<<http://blog.grantthornton.es/2012/10/11/invertir-en-reino-unido-5-consideraciones-imprescindibles/>>.

Notas Reversales para la Promoción y Protección de Inversiones a la Isla Man y a los Bailiwicks de Guerbsey y Jersey. 18 Mayo 1999.

<http://web.mmree.gob.ec/sitrac/files/TRA_3967.pdf>.

Oficina Nacional de Estadísticas. Climate Change. n.d. Diciembre 2013

<<http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Climate+Change#tab-data-tables>>.

Oficina Nacional de Estadísticas y Censo del Reino Unido de Gran Bretaña e Irlanda del Norte. n.d.

<<http://www.ons.gov.uk/ons/rel/pop-estimate/population-estimates-for-uk--england-and-wales--scotland-and-northern-ireland/mid-2011-and-mid-2012/index.html>>.

Oficina Nacional de Estadísticas y Censo del Reino Unido de Gran Bretaña e Irlanda del Norte. n.d.

<<http://www.ons.gov.uk/>>.

Oficina Nacional de Estadísticas y Censo. Population Estimates for UK. 2013 Agosto. Febrero 2014

<<http://www.ons.gov.uk/ons/rel/pop-estimate/population-estimates-for-uk--england-and-wales--scotland-and-northern-ireland/mid-2011-and-mid-2012/index.html>>.

Oficina Nacional de Estadísticas y Censos del Reino Unido de Gran Bretaña e Irlanda del Norte. n.d.

< Oficina Nacional de Censo y Estadísticas del Reino Unido>.

Oficina Nacional de Estadísticas y Censos del Reino Unido de Gran Bretaña e Irlanda del Norte. n.d.

<<http://www.statistics.gov.uk/hub/people-places/people/tourism/index.html>>.

Oficina Nacional de Estadísticas y Censos. Oficina Nacional de Estadísticas y Censos. n.d. Julio 2014

<<http://www.ons.gov.uk/ons/search/index.html?newquery=language>>.

Oficina Nacional de Turismo en el Reino Unido. Oficina Nacional de Estadísticas y Censos. n.d. Julio 2014

<<http://webarchive.nationalarchives.gov.uk/20140721132900/http://www.statistics.gov.uk/hub/people-places/people/tourism/index.html>>.

Organización de las Naciones Unidas para la Educación, la Ciencia y la Cultura (UNESCO).

Organización de las Naciones Unidas para la Educación, la Ciencia y la Cultura. n.d. <

<http://portal.unesco.org/culture/es/ev.php->

[URL_ID=19228&URL_DO=DO_TOPIC&URL_SECTION=201.html](http://portal.unesco.org/culture/es/ev.php-URL_ID=19228&URL_DO=DO_TOPIC&URL_SECTION=201.html)>.

Organización Mundial del Comercio. n.d. <<http://omc.com>>.

Pablo Javier Piacente. "Reino Unido apuesta por el avance tecnológico y la innovación ferroviaria." (2012).

Página Oficial del Municipio de Belfast. n.d. <<http://www.belfastcity.gov.uk>>.

Página oficial del Municipio de Cardiff. n.d. <<http://www.cardiff.gov.uk>>.

Parlamento del Reino Unido de Gran Bretaña e Irlanda del Norte - Sección Histórica. n.d. <<http://www.parliament.uk/about/living-heritage/evolutionofparliament/legislativescrutiny/act-of-union-1707/>>.

Perez; Bustamante; Ponce. "Bilateral Investment Treaties in Ecuador." n.d. January 2015 <<http://www.pbplaw.com/tbis-ecuador/>>.

Pooler, Michael. 1 Octubre 2014. <<http://www.ft.com/cms/s/0/b388de4c-174b-11e4-87c0-00144feabdc0.html#axzz3UVDaf74N>>.

Préstamo 1975 Reino Unido /. 11 Noviembre 1976. <http://web.mmree.gob.ec/sitrac/files/TRA_3933.pdf>.

Préstamo 1975 Reino Unido / Ecuador Enmienda 1976. 19 Noviembre 1976. <http://web.mmree.gob.ec/sitrac/files/TRA_3934.pdf>.

Préstamo 1975 Reino Unido / Ecuador enmienda 1978. 1 Diciembre 1978. <http://web.mmree.gob.ec/sitrac/files/TRA_3941.pdf>.

Préstamo Reino Unido - Ecuador (INECEL). 15 Noviembre 1969. <http://web.mmree.gob.ec/sitrac/files/TRA_3920.pdf>.

Pro Ecuador. "Why invest in Ecuador?" n.d. <<http://www.proecuador.gob.ec/porqueinvertir1/>>.

Productos ecuatorianos que se exportan al Reino Unido de Gran Bretaña e Irlanda del Norte, periodo 2007-2012. 2014. <<http://www.bce.fin.ec/frame.php?CNT=ARB0000768>>.

Proecuador. "Análisis de Puré de Frutas en el Reino Unido." Agosto 2014. <http://www.proecuador.gob.ec/wp-content/uploads/2014/09/PROEC_PPM2014_PURE_REINO-UNIDO.pdf>.

—. "Análisis del Aceite de Palam." Julio. 2013. Enero 2015 <http://www.proecuador.gob.ec/wp-content/uploads/2013/07/PROEC_PPM2013_ACEITE-DE-PALMA_PERU.pdf>.

—. "Análisis Sectorial." 2013. Octubre 2014 <http://www.proecuador.gob.ec/wp-content/uploads/2013/07/PROEC_AS2013_FLORES.pdf>.

—. "Análisis Sectorial de Flores." n.d. 2013. Octubre 2013 <http://www.proecuador.gob.ec/wp-content/uploads/2013/07/PROEC_AS2013_FLORES.pdf>.

—. "Analysis of the Ecuadorian Banana." August 2011. 25 October 2013 <<http://www.proecuador.gob.ec/wp-content/uploads/downloads/2011/09/PROEC-AS2011-BANANO.pdf>>.

—. Banano de Tipo (Cavendish Valery). 2011. <<http://www.proecuador.gov.ec>>.

- . Boletín Mensual de Comercio Exterior. Diciembre 2014 - Enero 2015. Enero 2015
<<http://www.proecuador.gob.ec/wp-content/uploads/2015/01/BoletinDiciembre14-final.pdf>>.
- . Ecuador participa desde ayer en Feria International Fine Food & Drink Event 2013. 2013. 2015
<<http://www.proecuador.gob.ec/2013/03/19/ecuador-participa-desde-ayer-en-feria-international-fine-food-drink-event-2013-de-londres/>>.
- PROECUADOR. Ficha Comercial del Reino Unido. Marzo 2013. Enero 2015
<http://www.proecuador.gob.ec/wp-content/uploads/downloads/2013/03/PROEC_FC2013_REINO_UNIDO.pdf>.
- Proecuador. Flowers. Febrero 2013. Enero 2015 <http://www.proecuador.gob.ec/wp-content/uploads/downloads/2013/02/ecuador_flowers_catalogue.pdf>.
- . "Guía Comercial del Reino Unido." Enero 2011. Diciembre 2014
<http://www.proecuador.gob.ec/wp-content/uploads/downloads/2013/01/PROEC_GC2012_REINO_UNIDO.pdf>.
- . Indicadores del Reino Unido. n.d. <<http://www.proecuador.gob.ec/institucional/oficinas/red-internacional/reino-unido/>>.
- . Oferta Exportable del Ecuador - Textiles. n.d.
<<http://www.proecuador.gob.ec/compradores/oferta-exportable/textiles-y-confecciones/>>.
- . "Panama hats in the UK." January 2015. February 2015 <http://www.proecuador.gob.ec/wp-content/uploads/2015/01/PROEC_PPM2014_SOMBREROSDEPAJATOQUILLA_REINOUNIDOI.pdf>.
- . Perfil de Inversiones del Reino Unido. 2011. <<http://www.proecuador.gob.ec/wp-content/uploads/2013/07/REINO-UNIDO-PERFIL-DE-INVERSIONES.pdf>>.
- . Perfil de Inversiones del Reino Unido. Septiembre 2013. Diciembre 2014
<<http://www.proecuador.gob.ec/wp-content/uploads/2013/07/REINO-UNIDO-PERFIL-DE-INVERSIONES.pdf>>.
- . Perfil Logístico del Reino Unido. 2011. <<http://www.proecuador.gob.ec/pubs/perfil-logistico-de-reino-unido-2011/>>.
- . "Perfil Logístico de Proecuador." Octubre 2011. Marzo 2014
<http://www.proecuador.gob.ec/wp-content/uploads/downloads/2011/09/PROEC-PL2011-REINO_UNIDO.pdf>.
- . Perfil Logístico del Reino Unido. 2011. <<http://www.proecuador.gob.ec/pubs/perfil-logistico-de-reino-unido-2011/>>.

- . "Perfil Logístico del Reino Unido de Gran Bretaña e Irlanda del Norte." n.d.
<<http://www.proecuador.gob.ec/pubs/perfil-logistico-de-reino-unido-2011/>>.
- PROECUADOR. Sector Analysis. January 2012. January 2015 <<http://www.proecuador.gob.ec/wp-content/uploads/downloads/2012/01/PROEC-AS2011-FLORES.pdf>>.
- Proecuador. Sector Flores, Proecuador. n.d.
<<http://www.proecuador.gob.ec/exportadores/sectores/flores/>>.
- . "Technical Data Sheet of the United Kingdom 2014." July 2014. January 2015
<http://www.proecuador.gob.ec/pubs/proec_ft2014_uk/>.
- . Términos. n.d. Enero 2015 <<http://www.proecuador.gob.ec/glossary/fair-trade/>>.
- . "UK Logistics Profile." 2012. January 2015 <http://www.proecuador.gob.ec/wp-content/uploads/downloads/2011/09/PROEC-PL2011-REINO_UNIDO.pdf>.
- . UK Sales Record. March 2013. January 2015 <http://www.proecuador.gob.ec/wp-content/uploads/downloads/2013/03/PROEC_FC2013_REINO_UNIDO.pdf>.
- RAE dictionary. n.d.
- . n.d.
- Reuters. El País. 30 Septiembre 2013. Febrero 2015
<http://tecnologia.elpais.com/tecnologia/2013/09/30/actualidad/1380527569_387703.html>.
- Revista El Agro. "Especialista Sectorial de Promoción de Alimentos Agrícolas de Proecuador."
Revista El Agro (2013).
- Revista el Agro. "Revista el Agro." Agosto 2013. Octubre 2013
<<http://www.revistaelagro.com/2013/01/18/exportacion-de-brocoli-estable/>>.
- Revista Lideres. Revista Líderes. 2012. <http://www.revistalideres.ec/mercados/gypsophila-QUIERE-ARREGLOS-FLORALES_0_662333764.html>.
- Romero Gonzáles. Las nuevas políticas de competitividad industrial. 2000.
- Scottish Whisky Association. Scottish Whiskey Association. 2013. 2015 <<http://www.scotch-whisky.org.uk/what-we-do/facts-figures/>>.
- Segundo Memorandum Suplementario referente a la Ejeucuión Geológica en el Ecuador. 7 Agosto 1975. <http://web.mmrree.gob.ec/sitrac/files/TRA_3930.pdf>.
- Shrimp Market Report. Sea Food Corporation. n.d.
<http://www.aseafood.com/news_details.php?id=43>.
- Silva, Otero Arístides. La llamada Revolución Indudtrial. 1998.

Sistema de Búsqueda de Tratados Internacionales del Ministerio de Relaciones Exteriores del Ecuador. n.d. <<http://web.mmrree.gob.ec/sitrac/Consultas/Busqueda.aspx>>.

Sistema de Búsqueda de Tratados Internacionales del Ministerio de Relaciones Exteriores del Ecuador. n.d. <<http://web.mmrree.gob.ec/sitrac/Consultas/Busqueda.aspx>>.

SISTISEG. "Continuity Plan for a Business." n.d. January 2015
<http://www.sisteseg.com/files/Microsoft_Word_-_POL_TICA_DE_CONTINUIDAD_DEL_NEGOCIO.pdf>.

Solicitud de Ayuda Técnica del Reino Unido. 29 Septiembre 1976.
<http://web.mmrree.gob.ec/sitrac/files/TRA_3932.pdf>.

Spanish Aviation Organization. n.d. January 2015
<<http://www.ivao.es/uploads/f13b4583161e9fba9d3f02c0050da546.pdf>>.

Spanish Ministry of Foreign Affairs. Listing Country United Kingdom. November 2014.
<http://www.exteriores.gob.es/documents/fichaspais/reinounido_ficha%20pais.pdf>.

Supplementary Agreement on Technical Cooperation between Ecuador and Great Britain and Northern Ireland for conducting Phase III Project at the Royal Cordillera of Ecuador. 5 October 1990. <http://web.mmrree.gob.ec/sitrac/files/TRA_3959.pdf>.

Supplementary Agreement on Technical Cooperation between the Government of the Republic of Ecuador and the Government of the United Kingdom of Great Britain and Northern Ireland, Fisheries Development Project. 7 March 1990.
<http://web.mmrree.gob.ec/sitrac/files/TRA_3957.pdf>.

Tercer Memorandum Suplementario entre Ecuador y Gran Bretaña para la Continuación del Programa Cooperación Técnica en Materia de Investigación Geológica Minera. Quito Abril 1978. <http://web.mmrree.gob.ec/sitrac/files/TRA_3937.pdf>.

The Manufacturer. The Manufacturer. 2012. Enero 2015
<<http://www.themanufacturer.com/articles/export-focus-latin-america/>>.

The Telegraph UK. The Telegraph UK. October 2014. 2015 January
<<http://www.telegraph.co.uk/finance/economics/11142987/Will-our-living-standards-ever-recover.html>>.

UK Parliament. "Act of Union." n.d. <<http://www.parliament.uk/about/living-heritage/evolutionofparliament/legislativescrutiny/act-of-union-1707/>>.

Union Europea para el Comercio. Sector y Políticas de la Unión Europea. 2011. 2015 Enero
<http://trade.ec.europa.eu/doclib/docs/2011/october/tradoc_148259.pdf>.

United Nations Conference on Trade and Development 2014. "United Nations Conference on Trade and Development 2014." 2014. January 2015
<http://unctad.org/es/PublicationsLibrary/wir2014_overview_es.pdf>.

United Nations Food and Agriculture Organization. "World Markets for Fruits and Vegetables." n.d. November 2014 <<http://www.fao.org/3/a-y1669s/y1669s0f.htm>>.

Universidad Andina Simón Bolívar. "Why, how, and when to export?" n.d. <http://www.uasb.edu.ec/UserFiles/385/File/Incadeco_Por%20que,%20como%20y%20cuando%20exportar.pdf>.

Universidad Católica de Chile. "Escuela de Medicina." n.d. <<http://escuela.med.puc.cl/publ/AparatoRespiratorio/59OxigenoTerapia.html>>.

University of Cantabria. n.d. 2014 April <<http://ocw.unican.es/ciencias-sociales-y-juridicas/historia-social/materiales/Tema-3A>>.

University of Santander. UK: Economics and Politics. n.d. December 2014 <<https://es.santandertrade.com/analizar-mercados/reino-unido/politica-y-economia>>.

Universo, El. "Importaciones Aumentan pese a Restricciones." El Universo Mayo 2012.

Urcupac. Urcupac. n.d. January 2015 <<http://www.urcupac.com/es/products/>>.

World Trade Organization. n.d. 2014 August.

World Trade Organization (WTO). n.d. 2014 August.

Annexes

Annex 1: COMEXI Resolution 466

Suplement -- Official Registry N° 512 -- Thursday, January 22, 2009 -- 9				
16	% tariff surcharge	2208202100	Pisco	35%
17	% tariff surcharge	2208202200	Singani	35%
18	% tariff surcharge	2208202900	Others	35%
19	% tariff surcharge	2208203000	Grape marc (grappa and the like)	35%
20	% tariff surcharge	2208300000	Whisky	35%
N°	Measure	NANDINA	Description	% Tariff Surcharge
21	% tariff surcharge	2208400000	Rum and other distilled liquors, fermented, and products of cane sugar	35%
22	% tariff surcharge	2208500000	Gin	35%
23	% tariff surcharge	2208600000	Vodka	35%
24	% tariff surcharge	2208701000	of anis	35%
25	% tariff surcharge	2208702000	Cremes	35%
26	% tariff surcharge	2208709000	Others	35%
27	% tariff surcharge	2208902000	Tequila and the like	35%
28	% tariff surcharge	2208904200	of anis	35%
29	% tariff surcharge	2208904900	Others	35%
30	% tariff surcharge	2208909000	Others	35%
31	% tariff surcharge	3304100000	Preperations for lipstick	30%
32	% tariff surcharge	3304200000	Preperations for eye make-up	30%
33	% tariff surcharge	3304300000	Preperations for manicures and pedicures	30%
34	% tariff surcharge	3304910000	Powders, including compacts	30%
35	% tariff surcharge	3304990000	Others	30%

Annex 2: Interview with Mrs. Estefanía Tello, head of the Department of Education at the Embassy of Ecuador in Great Britain

Embajada del Ecuador en Reino Unido
Ministerio de Relaciones Exteriores
y Movilidad Humana



Interview N° 1

University of Azuay

Interview with Mrs. Estefanía Tello, head of the Department of Education at the Embassy of Ecuador in Great Britain

Information of interviewed:

Name: Estefanía Tello

Date: August 2014

Position: Diplomatic Officer of the Education Department of the Embassy of Ecuador in the United Kingdom of Great Britain and Northern Ireland

Telephone: 00442075902501

E-mail: estefaniatello@gmail.com

The information in these questions is purely informative and should not be used as official information on policies of Ecuador.

1. What is the fundamental role of the Department of Education of the Embassy?

The Department of Education is a full representative of Ecuadorian policies and guidelines in the UK, the key role is to have facts, figures, numbers, etc., of Ecuadorian students who come to study in the UK; although, there is no database of all the people who come for purposes of study because they are not required to register. However, we do everything possible to expand the database to promote educational programs of Ecuador in the UK.

2. What are the objectives that are drawn at the beginning of the year in education?

All diplomatic representatives of Ecuador representatives have an obligation to have meetings earlier this year with the Minister; they aim to raise possible solutions to problems that arise throughout the year. It is always comforting to look back and realize that they have achieved several goals in education, basically seeking the advice of Ecuadorians in the United Kingdom and British educational issues on topics of study, internships, and scholarships in Ecuador.

3. Does Ecuador has signed treaties or agreements with universities, colleges in the UK; and if so, what?

Ecuador, together with the SENECYT scholarships, and today, together with the program students from the high performance group, has focused on providing new options for students. Ecuador has signed several agreements with universities such as Cambridge University, University of Glasgow, University of Manchester, among others. **(The list of universities that have an agreement with Ecuador can be downloaded on the SENECYT website)**

4. What is the preferred option for students in the UK in terms of education?

Ecuadorian students, when they decide to opt for a University in the UK, prefer careers that are related to the area of Life Sciences in which we find universities such as: University of Cambridge, Manchester, London School of Political Science, and Adams University. However, it is not a requirement to register with the Embassy of Ecuador when entering the UK.

5. Approximately how many Ecuadorian students are studying in the UK?

As mentioned before, we cannot have an estimate as there is no obligation to register with the Ecuadorian Embassy in the UK, but as a public official I can mention that in 2013 in the United Kingdom more than 200 students were registered either as residents, college students without a set graduation date, or SENECYT scholarship recipients.

6. What percentage of students are working in the UK rather than returning to Ecuador after completing their studies?

These figures cannot be given because students upon graduation are not required to register with the Embassy of Ecuador in the United Kingdom.

7. Is there an official program to encourage Ecuadorians to go to the UK?

The main program run by the SENECYT encourages students each year around Ecuador to apply for opportunities to study and complete their studies outside of Ecuador.

8. Are there future plans to establish better educational ties between the two countries?

Ecuador's plan is more to continue signing agreements, which show good diplomatic ties, it is to have students demonstrate their commitment to learning and research to return to Ecuador and contribute their new knowledge to the Development Plan Good Living.

9. Is there a before and after in terms of education between Ecuador and the United Kingdom?

The before and after is seen as a lack of programs and incentives that Ecuador used to have with students so that everyone who wanted to study abroad had to find the means to do so on their own.

10.Are there programs or fairs, or some kind of event, in which Ecuador promotes education for students in the UK?

Every year there are about 3 or 4 fairs in which, not only education, but Ecuador in general is promoted. This year we had three fairs, the last one was in October.

Annex 3. Interview with Ms. Maria Cristina Muñoz, head of the Department of Culture at the Embassy of Ecuador in the United Kingdom of Great Britain and Northern Ireland

Embajada del Ecuador en Reino Unido
Ministerio de Relaciones Exteriores
y Movilidad Humana



Interview Nº 2
University of Azuay

Interview with Ms. Maria Cristina Muñoz, head of the Department of Culture at the Embassy of Ecuador in Great Britain

Information of interviewed:

Name: María Cristina Muñoz

Date: August 2014.

Position: Department of Culture

Telephone: 442075902501

E-mail: mmuñoz@mmrree.gob.ec

- 1. Do you think it appropriate or correct to refer to the UK and its citizens as “English country” or “English State” and “English,” respectively?**

The use of “English” as the word for nationals of the United Kingdom has been given out of habit, though it is correct. To refer to some specific regions, there are no official names.

- 2. What is the primary role of the Department of Culture of the Embassy?**

The cornerstone of the Department of Culture of the Ecuadorian Embassy in a foreign territory is to promote the Ecuadorian culture to the rest of the world.

3. What are the objectives that are drawn at the beginning of the year on issues of Culture?

Introduce the basic cultural principles of Ecuador in the United Kingdom, as well as planting interest in children to form their own idea about Ecuador and its history.

4. Has Ecuador signed treaties or agreements with the Ministry of Culture of the UK; and if so, what were these?

The Embassy of Ecuador attached to its internal policies a signed an agreement with the London Ministry of Education to develop a monthly program where discussion are held in colleges, universities, and other educational centers to promote Ecuadorian culture and explain different points views on various social and political issues according to the student's degree of education.

5. Is there any historical cultural bond that unites Ecuador with Great Britain and Northern Ireland?

Latin America is closely linked to Europe in historical topics. While there is a strong link between Ecuador and the United Kingdom of Great Britain and Northern Ireland it can be said that throughout history there has been a lot of support from the UK to America on social issues.

6. What is the perspective of people from the United Kingdom on Ecuador in cultural matters?

In the UK it remains to be done, so people can get to know our culture; but, the concept they have of Ecuador is that it is a stabilized country in the development process.

7. Are there future plans to build better cultural ties between the two nations?

Strengthening the program "Reaching Ecuador" and "Approaching Ecuador," which was outlined in question 4.

8. Are there programs or fairs or any kind of event where the Culture of Ecuador is promoted in the UK?

Since 2013, the "Reaching Ecuador" program, which is promoted internally, as mentioned and described in question 4.

Annex 4. Questions given to the Office of Pro Ecuador in Great Britain



PRO ECUADOR
INSTITUTE FOR EXPORT
AND INVESTMENT PROMOTION

1. What is the main role of Pro Ecuador in the UK and why choose the UK as one of the venues of Pro Ecuador?

The Commercial Office Pro Ecuador in London is responsible for promoting the export supply and promoting foreign investment in Ecuador. The UK is one of the largest and most dynamic economies in Europe and therefore represents a great business opportunity for Ecuador. To cite a few examples, Ecuador's exports to the UK have risen from 84.4 million dollars in 2010 to 186.0 million in 2013, making it the seventh largest country in the European Union for Ecuadorian exports. Similarly, the UK market was the fifth destination of Ecuador's total exports of "coffee" and "textiles" in 2014 (data from the SPC UK, in July 2014).

If one takes into consideration the new and growing trends and consumer preferences for organic and healthy products at the UK Trade Fair, this represents a great opportunity for certain Ecuadorian products to position themselves in the English market; products such as quinoa, chia, fruit puree, uvilla, among others, which are highly attractive for their nutritional content.

As for the promotion of foreign investment, the UK, London in particular, represent a very attractive market to position Ecuador as an investment destination. In particular, the United Kingdom is well advanced in sectors such as hotel infrastructure, renewable energy, environmental services, educational services, and financial services. The appeal of these sectors is to align the strategic sectors driving National Plan for Good Living and the change of the productive matrix. In this area, Pro Ecuador is responsible for presenting and disseminating to potential investors in the UK the new Ecuadorian Code of Production and the different

incentives it provides. It is because of the potential that the UK offers on trade and investment that it is considered a key country to establish an Office of Pro Ecuador.

2. Is there a “before and after” of the existence of Pro Ecuador in the UK?

At the creation of the Institute for Export Promotion and Foreign Investment, on December 29, 2010, an institutional framework was created to promote the exportable offer of Ecuador and attract investment. As already mentioned, exports have grown steadily since 2010, from \$84.4 million in 2010 to \$186.0 million in 2013. Investments have shown a similar increase, particularly between 2010 and 2012, when FDI increased from \$4.4 million to \$20.2 million.

3. Are there Ecuadorian products that are sold in the UK, what are they, and how often can they be found in supermarkets?

There are a variety of Ecuadorian products already established in the UK, and many more who are seeking to position in themselves in this market. To give some examples, bananas, tuna, and shrimp are the three main Ecuadorian products within the UK and are regularly found in supermarkets in cities (data from the United Kingdom Fact Sheet, July 2014)

4. What Ecuadorian products could enter the United Kingdom?

Due to the size and diversity of preferences presented by the UK market, there are a variety of Ecuadorian products with high potential that are beginning to position themselves in this market. Products with high export potential and reception in the United Kingdom are, for example, cocoa beans and powder, Panama hats, chocolates, prepared or preserved fish, palm, etc. As explained above, the growing tendency to prefer Fair Trade products, i.e. organic and healthy, also represents a great opportunity for Ecuadorian products, such as quinoa, chia, fruit puree, uvilla, among others, which are highly attractive for their nutritional content.

5. Are there programs, events or meetings that Pro Ecuador holds in the UK?

As priority activities of Pro Ecuador in the UK, the Trade Office always seeks to position Ecuadorian products at events in the UK and attract investment to the country. To this effect, the Commercial Office organizes special events, most recently “Ecuador Exquisite Tasting Food Week” exhibited different products and ingredients of exportable supply in the UK, such as chocolate, bananas, shrimp, uvillas, banana chips, roses, among others. In addition, market activations, events with buyers, meetings with investors, participation in seminars, and networking events are organized to generate trade and investment opportunities. At the same time, Pro Ecuador also participates in fairs of food and non-food investment seminars organized in London and in different parts of the UK.

6. Is there direct contact between Pro Ecuador and Ecuadorians living in the UK with commercial businesses or that import / export products?

The public servants of the Office of Pro Ecuador constantly meet with potential Ecuadorian importers who want to have more information about processes for import or export, market information, etc. On Saturday, September 27, 2014 there was a seminar on “Trade Tools,” aimed at Ecuadorians living in London, to introduce them to the services provided by Pro Ecuador in London, specifically processes to import products from Ecuador. An introduction of the Easy Export program was given to show success stories of Ecuadorian entrepreneurs in the UK.

7. Has there been any impact on the bilateral trade agreement between Ecuador and the United Kingdom over the issue of Julian Assange?

As mentioned before, trade relations between the UK and Ecuador have experienced sustained growth in recent years. This is due to the speedy recovery

of the UK after the crisis, the good economic situation enjoyed by Ecuador, and complementarity trade between the two nations. Since the Julian Assange affair happened in 2012, based on trade figures, it is difficult to tell if they were affected as Ecuador's exports to the UK in 2012 increased compared with 2011, and this growth continued for 2013.

8. What options do you believe exist to improve trade between the two nations?

Undoubtedly, an event that will boost trade relations between these two countries, as with other European countries, is the signing of the FTA that Ecuador is about to sign with the European Union.

9. What are the UK products that are marketed in Ecuador?

According to the SPC UK in July 2014, Ecuador's main imported product from the UK is solvent naphtha. This is followed by much lower imports of “impact crushers,” boards, panels, consoles, cabinets, and other media with a voltage exceeding 1,000; as well as drilling machinery. For more specific information on the main products imported from the UK, please review the publications that are on the website of Pro Ecuador, including SPC UK edition, July 2014

10. What are the products of United Kingdom that could enter Ecuador?

Thanks to the complementarity relationship of the two nations, there are many British products sold in Ecuador that have great potential for growth. Products such as machinery and spare parts, vehicles, drugs, whiskeys, among others, are already the most imported by Latin America from the UK, and can increase its presence in the Ecuadorian market (data obtained from the UK SPC, July 2014 http://www.proecuador.gob.ec/pubs/proec_ft2014_uk/).

11. What are your conclusions in terms of trade relations and what could they become?

Trade relations between the two nations enjoy sustained growth, but there is always room for improvement as we seek to diversify exports. Pro Ecuador has important work in the UK, as we are constantly seeking new business opportunities, new market niches, and potential investors in order to facilitate and enhance trade between the two countries.