



University of Azuay

Faculty of Law

School of International Studies

**“ANALYSIS OF MARKETS FOR THE EXPORT OF ECUADORIAN PALM
HEART”**

**Graduation work prior to obtaining Bachelor’s degree in International Studies
with bilingual mention in Foreign Trade**

Author: Diego Andrés Muñoz Ordóñez

Director: Ing. Ma. Inés Acosta U.

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DEDICATION

I dedicate this degree work to my father; my mother; my sisters; my brother-in-law, Andrés; and my nieces and nephew. Thank you for your unconditional support, patience and effort that lead to achieve one of my goals; for instilling me in the values of perseverance, persistency and constancy.

To my loyal dog, Lorenzo, thank you for staying awake with me until late hours at night, always accompanying me and listening to my complaints and joys.

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ABSTRACT

This degree work has two main objectives, the first one is to analyze the target markets for the export of the product known as "Ecuadorian palm heart", which is analyzed through political, economic, social and technological factors, and the second one is to identify the exportable supply of the product, the main producing and exporting countries and the main importing countries worldwide.

Among the results, five target markets have been identified, based on the quantity exported within 5 years (2015-2019), trade agreements signed with Ecuador, tariff taxes, economic situation of the country (Inflation, Gross Domestic Product, Minimum Wage) and price of the product. These results show the categorization of the main countries through the use of indicators.

RESUMEN

El presente trabajo de titulación tiene como objetivo el análisis de los mercados meta para la exportación del producto conocido como “palmito ecuatoriano”, los cuales son analizados a través de factores políticos, económicos, sociales y tecnológicos.

Para identificar la oferta exportable del producto, los principales países productores y exportadores y los principales países importadores a nivel mundial.

Entre los resultados se han identificado cinco mercados meta, basándose en la cantidad exportada dentro del lapso de 5 años (2015-2019), acuerdos comerciales suscritos con Ecuador, impuestos arancelarios, situación económica del país (Inflación, Producto Interno Bruto, Salario mínimo) y precio del producto.

Los resultados muestran la categorización de los principales países mediante el uso de indicadores.

INTRODUCTION

This research is based on an analysis of foreign markets, which are the main buyers of Ecuadorian palm heart or palmetto, a vegetable with multiple health benefits. It tastes good and it is considered new and exotic. In this project, data from exports of palm heart will be presented at the sector level, groups of products, and the product itself, besides worldwide and specific markets. This work looks for a detailed research on main markets which are established customers of palm heart; as well as countries that could be future clients of palm heart trade.

One of the main reasons for the making of this work was the strength and growth of the agroindustry at the national level. Ecuador is a country with a great variety of commodities, which have gotten to become known internationally and some have even been rewarded. There is the chance of increasing international non-traditional exports; however, we do not do it. The alternatives have not been exploited, but it is expected that in a not-too-distant future we harness the diversity of products and the advantages of living in such a diversified country, with different climatic floors and regions, which allow the growth of different fruits, vegetables, and so. Ecuador is more than just petroleum, and we must raise awareness about it to move the agricultural business forward, and increase the currency entry to Ecuadorian territory.

When it comes to the main buyers of Ecuadorian palm heart, these countries do not have the necessary climate floors nor the necessary weather to allow the growth and harvest of the product. Given this situation, Ecuador can draw upon the distribution and production of the product for it to get to other countries in wider quantities and better prices; in addition to improving the legal conditions proposed by previous rulers so that an opening of markets can be given at the international level without so many obstacles, reducing the gap between the countries that buy this product to create an easier access, and increase the quantity that is purchased, reducing tariffs and other established taxes in exports.

At the local level, the national administration needs to invest in agriculture, livestock farming, and fishing industries, inasmuch as giving subsidies, non-traditional commodities can develop at a bigger level and cut the dependency on petroleum, thus getting to recover as state in terms of money. The future of the country exists in

agriculture, so we need to boost this sector nationally and internationally; be known by our products, and be producers and distributors of different goods. Ecuador can get to grow in various aspects, and this is one of them.

This study project is based on giving an explanation of the product, its descriptions, benefits, characteristics, and regions in which it can be grown. Also, it will determine the production volume, the sale price in foreign markets, the process that must be carried out so that palm heart can be exported, the global consume and the consume in each buyer country (main markets). Namely, in the first part of this research the product will be specifically discussed to lay the foundation to furthermore points of the project.

In the second part of the research an analysis will be made about the worldwide sale of the product, looking at the main buyers of palm heart, and focusing on them and the elements of different necessary regulations to the export of the product. It will be sought if it is really beneficial for the country to make exports to determined regions and countries. It is needed to make a PEST analysis, considering the political, economic, social and technological factors, which will allow the discernment of the best clients, target markets and potential clients.

In the third part there will be made a more specific analysis at the level of countries, which were previously considered as target markets for the import of Ecuadorian palm heart. Within this individual analysis it is pretended to discuss the main competitors of Ecuador; better alternatives to the countries; legal dispositions and, demographic and cultural characteristics.

Finally, in the fourth part of the research it will be determined the target market for the direct export of palm heart, which clients we should focus on to gain a bigger cover on the exports. In addition, a SWOT analysis will be made to have into account the strengths, opportunities, weaknesses and threats to our exports, and improve them for their career as exporters of non-traditional goods.

CHAPTER 1 – PRODUCT ANALYSIS

Palm heart is a vegetable used in the culinary field that is extracted from a palm tree native to the tropical areas of South America. It is popular due to its high level of digestible fibres, iron, some essential amino acids, and its lack of cholesterol. (ProEcuador, 2016)

Cultivation of Ecuadorian palm heart started in 1987. In 1991 there was a development in the agro-industrial sector, which was dedicated to the canning and bottling process of this product. Ecuadorian palm heart is identified for its complete and pleasant texture in the market; that is to say, no fibrous parts; it has a unique ivory colour, and a stronger resistance than palm heart from Brazil, Costa Rica and Venezuela, in terms of oxidation. (ProEcuador, 2016)

In addition, palm heart has won participation in the food service sector as ingredient for salads, pizzas, seafood, among others.

Our country has an approximate of 15,358 hectares exclusive for the growth of palm heart, and produces 143,000 metric tons approximately. The most common size on sale is the one of 14 ounces, and the prices oscillate between \$3.50 and \$6 per unit. Glass packaging is the most expensive as it targets a wealthier segment (Ibidem, 2016). Palm heart has experienced a stable and constant growth in commerce, throughout the years, it has become a product with a growing representativeness among the non-traditional exports of Ecuador, as in the sector of fruits and vegetables (Tobar Benitez, 2010), belonging to sector '20'; that is to say, it belongs to the sector of preparation of vegetables, fruit, nuts or other parts of plants.

In our country, palm heart is not a seasonal crop, because it is produced all year; thus, being able to obtain up to two harvest per plant, annually. The conditions that are maintained in the agro-environmental sector of the cultivation areas are: brightness, humidity, and stable temperatures, with a regular annual rainfall level, and with optimal irrigation and soil conditions that results in a totally uniform product with important qualities of taste and consistency. (Gilces Guerrero, 2014).

Palm heart is grown in places like Lago Agrio, Coca, Tena, Macas, Zamora, Esmeraldas, San Lorenzo, Muisne, Santo Domingo de los Colorados, La Concordia, Nanegalito and Bucay, thanks to the humidity, precipitation, brightness and moderately high temperature of these places, the production of palm heart is allowed.

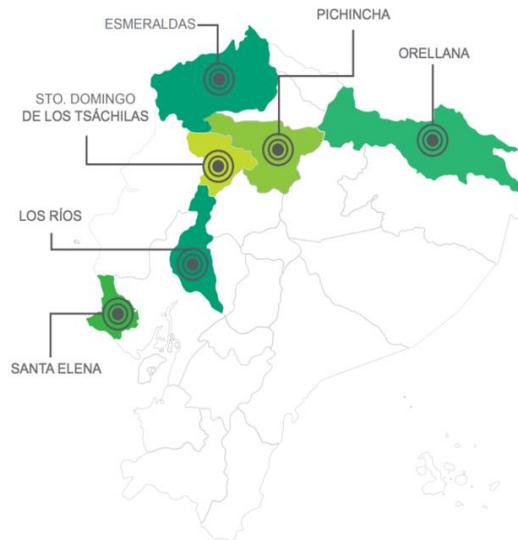


Image 1: Ecuadorian Palm heart cultivation map

Source: ProEcuador

Every year there are more areas intended in palm heart harvest, since the global demand for this vegetable has increased over time. Ecuador is considered the main exporter of palm heart, becoming more known with the pass of time, responding to different international standards in terms of production and the industrial process of the product. (Universidad Andina Simón Bolívar).

According to ProEcuador, Ecuadorian palm heart is exported in different presentations, these are: canned, whole, in pieces or slices, which keep the original texture, smell and taste without any alteration. Many restaurants and gourmet markets acquire this vegetable for its pleasant taste and texture, being used in exotic, and of not so common flavour dishes presentations for foreign public.

In a research made by the International Journal of Hydrogen Energy, titled “Residual biomass-based hydrogen production: Potential and possible uses in Ecuador”, is shown how palm heart and other agro products as sugar cane, cocoa, coffee, rice, among others; in addition to serving as food, they also serve as biomass waste.

The residues of these products can generate a bigger annual quantity of hydrogen, thus enabling utopic ideas as the use of hydrogen-based engines produced by those residues, or applicable ideas as the use of this energy for oil refining.

With this research it is possible to notice that the waste of these products can be used as another income for the country by getting to sale residues as biomass; or it can be used for intern production of new technology. (Posso, Siguencia, & Narvaez, 2019).

Table 1 – Waste biomass availability in Ecuador per location and activity.

Province	Agriculture residues (ton/year)	Cattle manure (ton/year)	Forestry residues (ton/year)	Total residues (ton/year)	Residues location density (ton/km ² /year)
Azuay	7010	104,101	0	111,112	13
Bolívar	80,682	40,633	0	121,315	37
Cañar	237,177	54,692	0	291,869	75
Carchi	3639	47,724	0	51,364	14
Chimborazo	65,962	74,045	0	80,642	15
Cotopaxi	175,573	81,561	36,404	293,539	45
El Oro	1,542,216	36,191	0	1,578,407	264
Esmeraldas	4,267,607	26,425	9638	4,303,671	289
Guayas	4,094,557	173,215	19,949	4,287,721	250
Imbabura	46,806	33,598	50,123	130,528	28
Loja	227,017	48,353	0	275,371	25
Los Ríos	4,340,758	20,786	45,146	4,406,691	705
Manabí	587,761	186,878	4875	779,515	42
Morona S.	27,742	21,184	0	48,926	2
Napo	25,749	8148	0	33,898	3
Orellana	402,699	7203	0	409,902	20
Pastaza	15,352	26,361	0	41,713	1
Fichincha	772,813	178,886	28,931	980,630	103
Sta. Elena	6118	8130	0	14,249	4
Sto. Domingo	659,749	102,608	21,088	783,446	187
Sucumbios	48,314	7004	0	55,318	3
Tungurahua	0	130,182	0	130,182	39
Zamora	27,429	21,502	0	48,932	5
TOTAL	17,603,374	1,439,420	216,157	19,258,952	77

Image 2. Residual biomass availability

Source: <https://doi.org/10.1016/j.ijhydene.2019.09.235>

1.1. Product data sheet



Image 3. Ecuadorian Palm Heart

Source. La Hora

<https://lahora.com.ec/noticia/1101874904/prepare-bien-la-semilla-para-la-siembra-de-palmito>

AGRICULTURAL DATA SHEET	
Specific Product:	Palm Heart
Tradename:	Palm Heart
Code CPC V.2:	01990.01.01
Code CIU 4.0:	A0129.02
Tariffs Code 2007:	1212.99.90.00
Tariffs Code 2012:	2008.91.00.00
GENERAL PROPERTIES	
Description:	Ecuador is the main exporter of palm heart in the world. External sales of this product represent 2.2% of the country's total non-traditional exports. Europe, mainly France, and Latin America are the main destination markets. Palm heart constitutes the core part or the heart of the palm. It is a product with high fibre content, without cholesterol and also contains high amounts of iron and calcium. The hearts of the palm are soft with ivory colour, firm texture and delicate flavour.
Uses:	It can be consumed naturally, in vegetable salads, as snacks with mixes of sauces and other pickles, as well as an accompaniment to a variety of dishes.
Magnitud:	Weight
Unit Measurement:	Kilograms or tons
Commercial Presentation:	Packed in jars and corrugated cardboard boxes
SPECIFIC PROPERTIES	
Scientific Name:	<i>Bactris gasipaes</i> H.B.K
Climate:	The organic farming are is humid and very humid tropical forest, with a hot-humid climate.
Type of Spread:	Seeds (sexual)

Image 4. Ecuadorian palm heart technical data sheet

Source: Sistema Integrado de Consulta de Clasificaciones y Nomenclaturas - INEC

https://aplicaciones2.ecuadorencifras.gob.ec/SIN/co_agricola.php?id=01990.01.01

a. Description

According to Food and Agriculture Organization (FAO), Ecuadorian palm heart is obtained from terminal shoots, without shell and in pieces; from several species of the palm tree (*Bactris gasipaes*), subjected to a pre-cooking and packaging in glass jars or cans, and filled with acidified brine. The product is known as “*conserva de palmito*”, which means canned palm hearts; or “natural palm heart”. (FAO).

Fresh or processed palm heart is highly appreciated for its taste and softness, and it is consumed mainly in salads, but it can also be used in the preparation of creams and stews.

Countries that are main producers of palm heart are Ecuador, Costa Rica, Peru, Bolivia and Guyana; while the main consuming countries are France, United States of America, Chile and Argentina. (TradeMap).

The product is presented in various forms:

Hearts of palm	Terminal buds of the palms, transversally cut into pieces, with a minimum length of 40 mm, and a maximum that depends on the size of the container; with a variable shape, between conical and cylindrical.
Palm heart pieces	Pieces obtained from both the upper and lower portions of the apical part of the meristem, regularly or irregularly cut with a minimum length of 5 mm, and a maximum of 39 mm.
Palm heart slices	Product that comes from the upper portion of the apical part of the meristem, transversally cut in pieces with a minimum thickness of 15 mm, and a maximum of 40 mm.
Médailles	Slices that come from the lower portion of the apical part of the meristem, regularly cut with a minimum diameter of 20 mm, and a thickness of 3 to 10 mm.

Table 1. Various forms of product presentation

Source: CODEX ALIMENTARIUS

The taxonomic classification of palm heart is as follows:

Scientific name:	<i>Chamaerops humilis</i>
Kingdom:	Plantae
Division:	Magnoliophyta
Class:	Liliopsida
Order:	Arecales
Family:	Areaceae
Gender:	Chamarops

Table 2. Palm Heart taxonomic classification

Source: <http://bioeduca.malaga.eu/es/catalogo-de-especies/detalle-de-la-especie/Palmito/#!tab1>

FLOW CHART OF THE PROCESSING OF PALM HEART

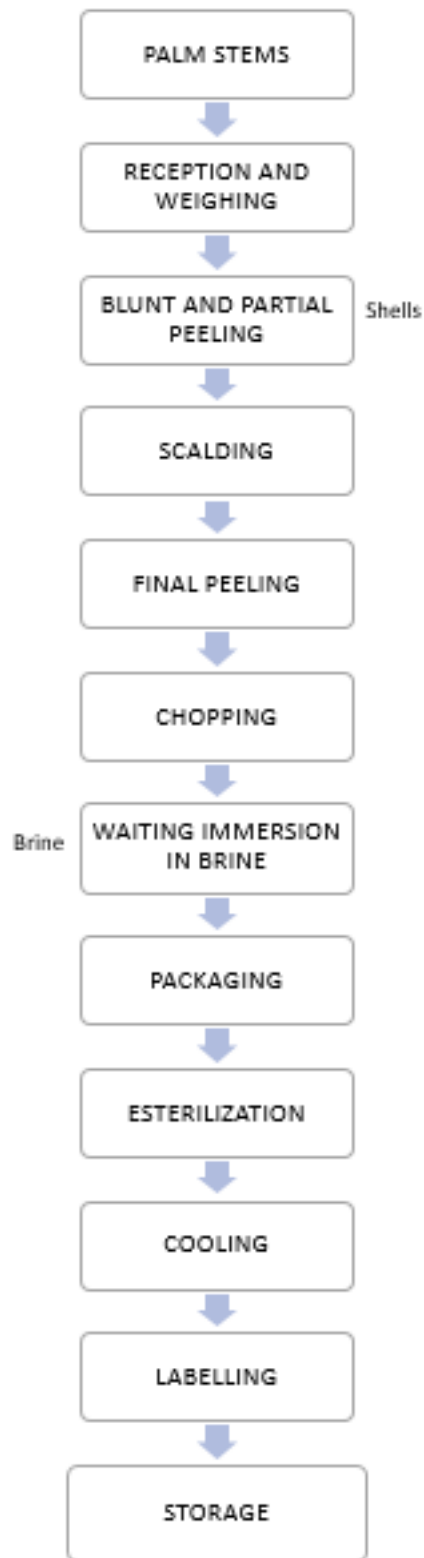


Image 5. Flow chart for palm heart processing

Source: FAO – Technical Sheets – Processed vegetables

The process for the palm heart to be processed until its packaging for the export is as it follows. After cutting the plant stems, they are weighed, peeled and sliced so that they have the desired shape. Then they are packed, sterilized and tagged. Everything is checked to be under the guidelines before getting to the last step, which is the storage for the export or for its nationwide distribution.

In case of being exported, palm heart is sent to these countries via containers (seaway) to get to their destiny and later be commercialized. The consume of Ecuadorian agricultural products is important since it helps to the recognition of the relevance of agro-industry and the inflow of foreign currency, turning it into an increasingly significant industry.

At the moment of following the process with each palm heart, standardization is achieved. This ensures that each palm heart that is on sale has the same taste, quality and components, which gives security to the consumer about how the bought product will not vary on each packing that is acquired.

b. Characteristics

Palm heart is a vegetable product that grows on the tropical regions of South America. It is popular for its high levels of zinc, vitamins and other minerals that are beneficial for the consumers health. Its flavour being just as important as its other characteristics. According to Comunidad Andina (2000), there are two kinds of palm hearts:

- Wild palm heart (*Euterpe edulis*), which naturally grows on the edge of the Amazonas.
- Cultivated palm heart, which develops in an increasing way (*Bactris gasipaes*).

Wild palm heart is considered to have a higher quality than cultivated palm heart. However, the last one has won popularity and has become a benchmark in French market.

Temperature can be equal or superior to 75° F, being able to vary between 72° and 73° F to produce it for commercial purposes, according to its characteristics (Mora Urpi, 1999).

Another needed characteristic for the adequate growing of palm heart is brightness. It has been shown that it can yield in areas with moderate shadow; nevertheless, the problem with this is that palm heart would grow thin and weak in comparison to the palm heart that grows in sunlight exposed areas. This is why sunlight exposition is needed for the correct growth of the product.

c. Benefits

Strengthens the immune system	Source of Vitamin C, which helps the body stay healthy and to prevent possible colds and infections.
Helps wound recovery	Palm heart contains big amounts of zinc, which helps to wound recovery, whether these are shallow or deep.
Protects the digestive system	It has dietetic fibre, which helps to the digestion of food consumed. With the eating of this vegetable, substances harmful to health are eliminated.
Contributes to the development of the fetus	It provides folic acid for fetus development. Each 100g serving supplies 400mg of this acid.
Prevents heart disease	It controls blood pressure, and the frequency of heartbeats. Palm heart keeps a healthy heart by the potassium amount it has.
Strengthens muscles	The nutrient known as zinc is essential for cells to form in muscles. For each 100g serving there is approximately 1.8g of vegetal protein.

Table 3. Palm heart benefits

Source: <https://www.inaexpo.com/publicaciones/beneficios-palmito/>

Nutritional information of Palm Hearts

Nutritional Facts			
Amount per serving		100 gr	
Calories		115	
Total fat		0.2 g	
Saturated fat		0 g	
Polyunsaturated fatty acids		0.1 g	
Monounsaturated fatty acids		0 g	
Cholesterol		0 mg	
Sodium		14 mg	
Potassium		1.806 mg	
Total Carbohydrates		26 mg	
Dietary Fibber		1.5 g	
Total Sugars		17 g	
Protein		2.7 g	
Vitamin A	68 IU	Vitamin C	8 mg
Calcium	18 mg	Iron	1.7 mg
Vitamin D	0 IU	Vitamin B6	0.8 mg
Vitamin B12	0 µg	Magnesium	10 mg

Table 4. Palm Heart Nutritional Facts

Source: <https://fdc.nal.usda.gov/fdc-app.html#/food-details/951903/nutrients>

d. Prices

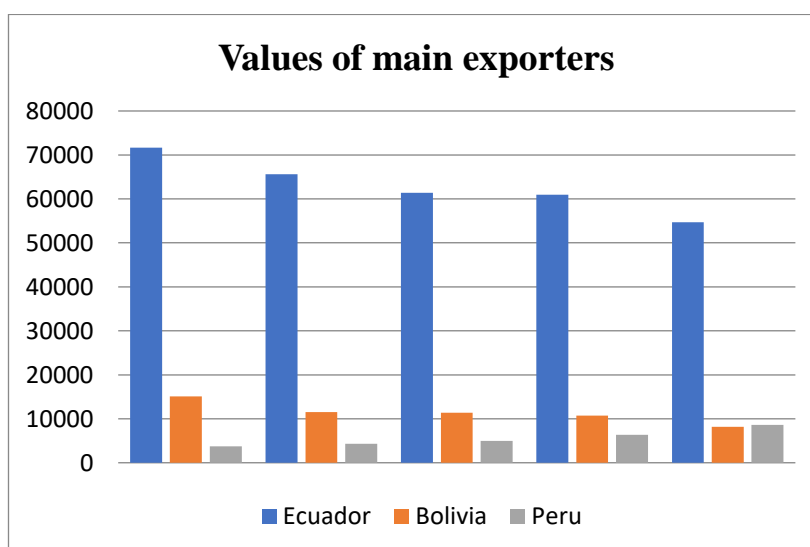
Main exporters prices of palm heart 2017 – 500 grams

Destiny	Ecuador Unit Price	Main Competitor	Competitor Unit Price
EU	\$ 2.59	Costa Rica	\$ 2.08
Chile	\$ 2.03	Bolivia	\$ 3.18
USA	\$ 2.86	Costa Rica	\$ 3.77
Argentina	\$ 1.90	Bolivia	\$ 2.37

Table 5. Main exporters prices of palm heart 2017 – 500 grams

Source: Pro Ecuador – 2017

Between 2004 and 2017, world average trade price oscillated between \$2.30 and \$3.25. This table shows that, in 2017, unit price of Ecuadorian palm heart of 500g exported to the United States was \$2.86; while Bolivian palm heart got into the same market at \$3.77. This price difference betwixt the price of the two producer countries provoked that farmers and producers cultivated other vegetables in 2015, as carrots or potatoes. For Ecuador, its consolidation as main exporter of palm heart starts in 2005. By 2017, total exports of the product increased to 104,834 million of dollars FOB, where Ecuador had a participation of 58.6% in the market, leaving Costa Rica with a participation of 12%.



Graph 1. Values of the main exporters

Source: TradeMap

Change in production and export of palm heart is noticeable since in 2005 its consolidation year after year has given it predominance and a leading role that has

maintained for more than 12 years. Since the beginning of the XXI century, it has consolidated as the world's largest exporter of the tariff heading 2008.91.00.00.

1.2.Exports Volume

World Demand

Nowadays, thanks to the information that is each time more and more accessible in less time and in better quality, it is much easier to know what the consume habits in different countries are, thus countries and producers being able to identify a world demand of different and numerous products or commodities. The advantages that exist with agro products as palm heart, which does not have transgenic or other chemicals, makes it more attractive for its purchase, since it is seen as a healthy, non-toxic, gourmet product. Campaign "Eat 5 a Day" was promoted by the World Health Organization (WHO), in which it is recommended to eat at least 400 grams of fruits and vegetables each day to reduce serious health problems such as heart diseases, strokes and types of cancer. (National Health Service, 2018).

Table 6. World Demand for Palm Heart

Source: TradeMap

Country	Imported Value in 2019	Volume in Tons in 2019	Value Growth Rate 2018 - 2019 %
France	29,418	11,835	-3
United States of America	20,424	7,081	1
Chile	16,373	19,901	-23
Argentina	6,951	4,137	-36
Spain	6,148	2,952	36

In countries as USA and Canada, the fruit and vegetables consumption is promoted as an attempt to reduce childhood obesity figures. It is important for them to acquire a healthy diet to diminish the risks of health problems due to a high rate in fast food consumption within the country. (Heart & Stroke Foundation, 2013).

These campaigns are considered a huge opportunity for fruits and vegetables exporting countries. Ecuador is not an exception, it has the potential and the means to export this sort of products; nonetheless, by the means of this degree work, we will focus only on

palm heart. This product can get to change the consumption habits of these countries, which would benefit our country and at the same time would improve the nutrition in those countries that fight miss-eating, thus reducing various diseases and different kinds of obesity.

Consumption habits and attitudes

Many years ago, palm heart could only be found in exotic food stores; however, nowadays this has changed. Currently it is possible to get it in a faster and more comfortable way in traditional supermarkets.

As time goes by, people are more aware of what they consume, and try to lead a healthier diet. (Ministerio de Agricultura, 2014). According to a study carried out by the Office of Agricultural Studies and Policies of Chile (Oficina de Estudios y Políticas Agrarias de Chile), it is detailed the change in the consumption habit of its inhabitants, which have introduced on their daily diet, food considered healthy. In 2018, Chile had an average growth on its PIB of 4%, which shows a bigger PIB per capita income for Chileans; these allow the purchase of higher quality food (Ministerio de Agricultura, 2014).

According to the World Health Organization, within a healthy diet to prevent malnutrition, non-transmissible diseases and eating disorders, it is needed to eat at least 400 grams of fruits and vegetables (WHO, 2018). This proves how important and necessary palm heart can become to be on people's diet around the world, thus being able to convert itself on an indispensable product of it. Notwithstanding, studies in various countries have shown that people keep eating food with high caloric values, sugars and salt. (Ibidem).

According to ProEcuador, French people are consumers interested in the sustainable and socially responsible, which is reducing sugar and non-processed food consume. It has been shown that they prefer packaged products with creative designs.

These people are known for their good feeding habits. They tend to consume healthy products before products with high caloric values, or products that can get to sick their bodies. Ecuador must focus on this market since it is one of the main countries that imports Ecuadorian palm heart, generating an income to the country of 15,710 million of American dollars.

FIVE MOST EXPORTED PRODUCTS ECUADOR - FRANCE			
DESCRIPTION	2018 JAN - NOV	2019 JAN - NOV	TARIFF 2019
Other frozen prawns (genus of the family penaeidae)	25,500	77,093	0%
Other shrimps, prawns and other frozen decapods	118,072	58,278	0%
Listings in water and salt	20,771	24,895	0%
Whole frozen prawns	7,214	20,765	0%
Canned palmed hearts	16,079	15,710	0%
OTHER PRODUCTS	55,955	58,557	0%

Image 6. Most exported products from Ecuador to France

Source: Technical Sheet France 2020 – Pro Ecuador

The most important markets of Ecuadorian palm heart consumption within Latin America are Chile and Argentina. People in these countries are used to consume this product on a daily basis; however, internal problems such as inflation and indebtedness have made the exchange rate of their currencies be affected and be more expensive, converting it in almost a luxury to buy the product. Nevertheless, within palm heart exports, these countries are still inside the top five buyers.

1.3.Export Process

1.3.1. Export Definition

Export is a commercial act that is carried out between two or more people, be they natural or legal, which are legally authorized by their countries to carry out foreign trade or international trade. The Royal Spanish Academy (Real Academia Española, RAE), defines export as: “the action and effect of exporting”.

1.3.2. Customs Regimes

1.3.2.1.Non-transformation regimes (Import)

Import for consumption (Regimen 10) It is the costumes regime for the definitive entry of merchandise into the country, which application procedures will be established by the General Director of the National Customs Service of Ecuador (Servicio Nacional de Aduana del Ecuador -SENAE). The merchandise entered under this regime will be able to circulate freely in the Ecuadorian territory once the customs tax obligation has been satisfied (Art. 120 of the COPCI Regulations). (Gobierno de Ecuador, 2011).

1.3.2.2.Non-transformation regimes (Export)

Definitive export (regimen 40) It is the customs regime that allows the definitive exit of goods in free circulation outside the Ecuadorian customs territory or to a Special Economic Development Zone, subject to the provision established in current legislation (Art. 158 of the COPCI Regulations).

1.3.2.3. Other custom regimes

International Fairs (regimen 24) It is the special customs regime by which the entry of merchandise that is allowed to be imported is authorized with suspension of the payment of taxes, for a specified time, intended for display in previously authorized premises, as well as merchandise imported for consumption for tasting, promotion purposes, and decoration, free of payment of taxes to foreign trade, after compliance with the requirements and custom formalities (Art. 190 of the COPCI Regulations).

Term: 15 days before the start of the event, and up to 15 days after the end of the event (Art. 193 of the COPCI Regulations).

Regulations in force:

A. Resolution of the Board of Directors of CAE 1-2003-R2 and its amendments

Customs transit (regimen 80 – DTAI) It is the special customs regime by which the merchandise is transported under customs control from a district office with destination abroad, with suspension of the payment of duties and taxes and surcharges eventually payable, which will be guaranteed, while they remain under this same regime, even if the transshipment regime is carried out (Art. 195 of the COPCI Regulations).

Regulations in force:

- a. Decision 617 “Community Customs Transit”, January 1st, 2006.**
- b. Decision 636 “Modification of Decision 617 about Community Customs Transit”, relative to articles 10, 33, 42, and 43; and its third transitory disposition.**

1.3.3. Definitive consumption export (regimen 40)

It is the customs regime that allows the definitive exit of merchandise in free circulation outside the Ecuadorian customs territory or to a Special Economic

Development Zone, subject to provisions established in the current legal regulations.
(Servicio Nacional de Aduana Ecuador).

The data to be recorded in the DAE *-Declaración Aduanera de Exportación-* is

- Of the exporter or declarant
- Merchandise description by invoice's item
- Of the consignor
- Cargo destination
- Quantities
- Weight; and other relevant data to the merchandise.

The digital documents that go with the DAE through ECUAPASS are:

- Original commercial invoice
- Previous authorizations (when the case warrants it).
- Electronic Certificate of origin (when the case warrants it)

When exporting, you will be notified the assigned capacity channel, those that can be:

- Automatic Capacity
- Documentary Capacity
- Intrusive Physical Capacity

CHAPTER 2 – EXPORTS EVOLUTION

2.1. Sector exports

The tariff heading of the palm heart belongs to the sector of preparations of vegetables, fruits, nuts or other parts of plants that within the international nomenclature are the digits “20”.

The next groups belong to this chapter:

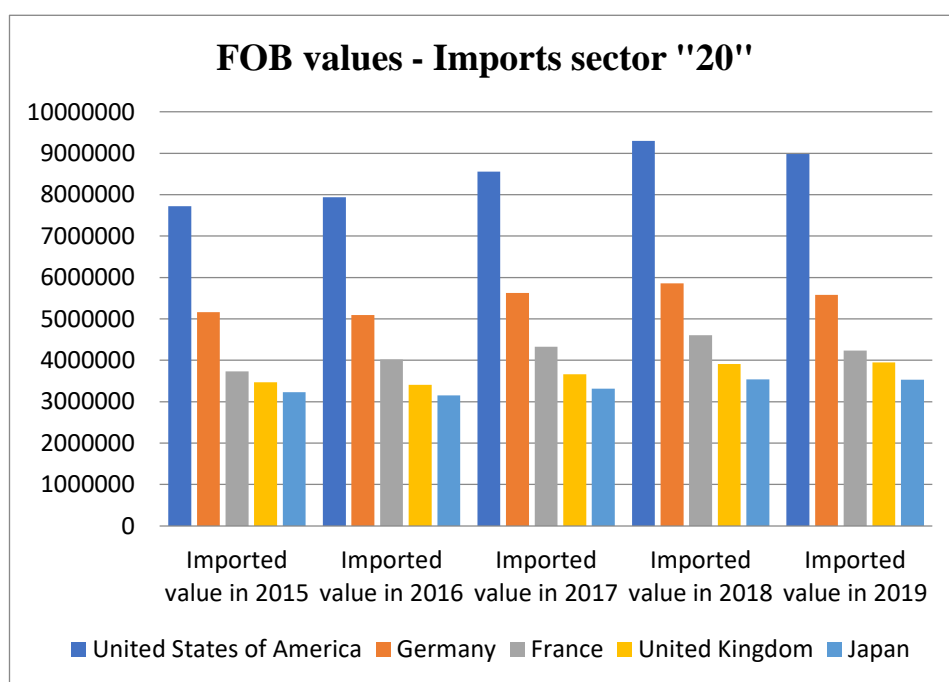
Code	Product description
<u>2008</u>	Fruits, nuts and other edible parts of plants, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit (excluding prepared or preserved with vinegar, preserved with sugar but not laid in syrup, and jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking)
<u>2009</u>	Fruit juices, incl. grape must, and vegetable juices, unfermented, not containing added spirit, whether or not containing added sugar or other sweetening matter
<u>2005</u>	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen (excluding preserved by sugar, and tomatoes, mushrooms and truffles)
<u>2004</u>	Vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen (excluding preserved by sugar, and tomatoes, mushrooms and truffles)
<u>2002</u>	Tomatoes, prepared or preserved otherwise than by vinegar or acetic acid
<u>2007</u>	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter
<u>2001</u>	Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid
<u>2003</u>	Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid
<u>2006</u>	Vegetables, fruit, nuts, fruit-peel and other edible parts of plants, preserved by sugar "drained, glacé or crystallised"

Table 7. Product description – Sector exports

Source: TradeMap

In 2015, Ecuador exported more than 256 million dollars to the world in preparations of vegetables, fruits and other food plants, within which palm heart appears. (TradeMap, s.f.).

The main importing countries in this sector are the United States of America, Germany, France, United Kingdom, and Japan. These imports have remained stable through time, increasing nearly 20 percentage points of growth in value, which shows an interest hike from countries that acquire these healthy products to improve its eating habits, which represents an opportunity to increase production in Ecuador, so that in turn, the country can be considered capable of exporting and face the quality and taste of products from other countries.



Graph 2. Import values – Worldwide Sector “20” Imports

TradeMap

Source: https://www.trademap.org/Country_SelProduct_TS.aspx?nvpm=3%7c%7c%7c%7c%7c20%7c%7c%7c2%7c1%7c1%7c2%7c1%7c2%7c1%7c1%7c1

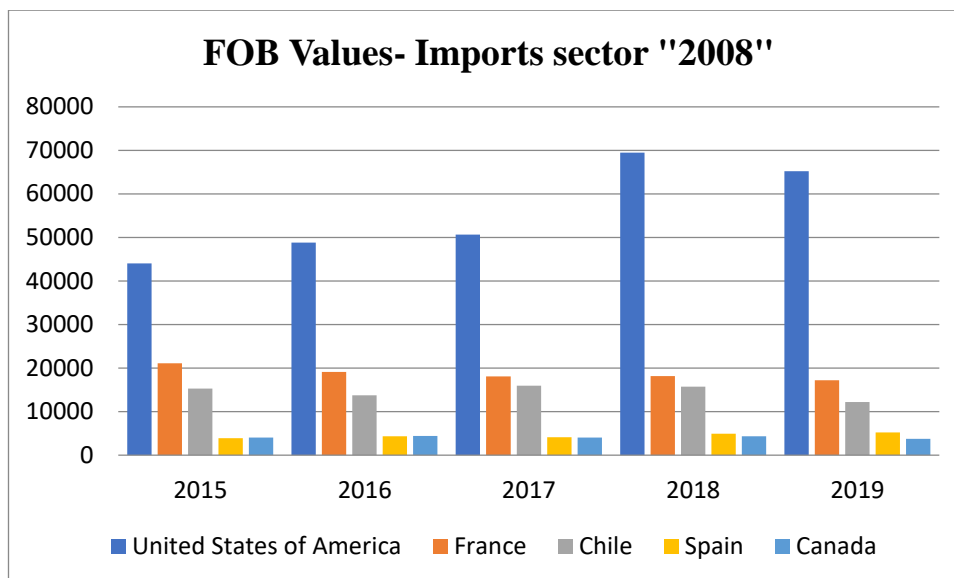
Purchase values made by these group of countries since 2015 to 2019 has been similarly maintained through time. The most noticeable change has been the increase in the purchase of palm heart from the United States of America. The other countries have remained stable in terms of purchase of the product.

2.2. Exports by product group

Code	Product Description
'200899	Fruit and other edible parts of plants, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit (excluding prepared or preserved with vinegar, preserved with sugar but not laid in syrup, jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking, and nuts, groundnuts and other seeds, pineapples, citrus fruits, pears, apricots, cherries, peaches, strawberries, palm hearts and cranberries)
'200819	Nuts and other seeds, incl. mixtures, prepared or preserved (excluding prepared or preserved with vinegar, preserved with sugar but not laid in syrup, jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking, and groundnuts)
'200811	Groundnuts, prepared or preserved (excluding preserved with sugar)
'200820	Pineapples, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit (excluding preserved with sugar but not laid in syrup, jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking)
'200897	Mixtures of fruits, nuts and other edible parts of plants, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit (excluding mixtures of nuts, groundnuts and other seeds and preparations of the Müsli type based on unroasted cereal flakes of subheading 1904.20.10, and prepared or preserved with vinegar, preserved with sugar but not laid in syrup, jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking)
'200830	Citrus fruit, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, n.e.s.
'200870	Peaches, incl. nectarines, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit (excluding preserved with sugar but not laid in syrup, jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking)
'200893	Cranberries "Vaccinium macrocarpon, Vaccinium oxycoccos, Vaccinium vitis-idaea", prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, n.e.s.
'200880	Strawberries, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, n.e.s.
'200860	Cherries, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit (excluding preserved with sugar but not laid in syrup, jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking)
'200840	Pears, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, n.e.s.
'200850	Apricots, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit (excluding preserved with sugar but not laid in syrup, jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking)
'200891	Palm hearts, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit (excluding prepared or preserved with vinegar)

Table 8. Product Description – Exports by product group

Source: TradeMap



Graph 3. Imported Values – Worldwide group “2008” Imports

TradeMap

Source: https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=3%7c218%7c%7c%7c2008%7c%7c%7c4%7c1%7c1%7c2%7c2%7c1%7c2%7c1%7c1%7c1

In the product group “2008” there are fruits, edible plants, and other prepared or preserved. These products have had an important growth from \$50,000 thousands of dollars since 2017, to almost \$70,000 in 2018. However, this amount decreased to nearly \$65,000 in 2019.

A decline in the purchases made by France from 2015 to 2019 can be appreciated. A decline that can also be reflected with Chile. While Spain and Canada have maintained their purchases level of the group of products in a regular way.

Nevertheless, these have increased worldwide, taking onto account the year 2015 with \$117,290 and \$133,473 in 2018. Reducing the imported values by \$10,000 in 2019.

2.3. Exports by product

The subheading “2008910000” refers to: Palm hearts, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit (excluding prepared or preserved with vinegar).

Although it is a product with favourable conditions to continue exploiting it, it is a sensitive product to price change, this can happen mainly because of the cost of its raw material.

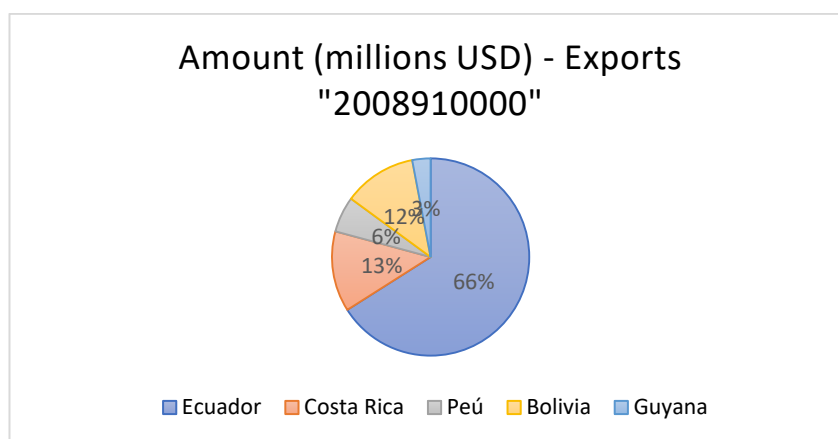
In the period 2016-2017, the demand of palm heart fell due to the price increase. In Ecuador, the price of a jar of canned palm heart of 250 grams increased from \$2.59 to

\$2.86. However, demand reduction was general, decreasing demand in FOB value of the three main producers in -6.5%, -9.75%, and -13.5% respectively. (TradeMap).

Country	Value (million USD)	Volume (Tons)	Growth rate (2015 – 2019)
Ecuador	62,861	30,488	-6.5
Costa Rica	12,560	6,483	-9.75
Perú	5,592	2,204	23.5
Bolivia	11,374	5,577	-13.5
Guyana	2,852	1,149	2.75

Table 9. Exports by product

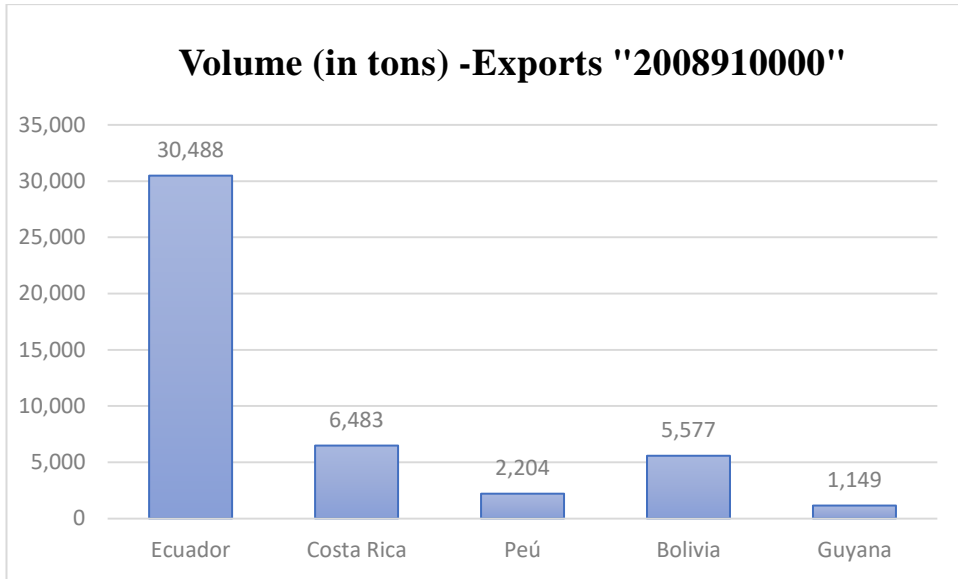
Source: TradeMap



Graph 4 Amount in millions USD – Exports

Source: TradeMap

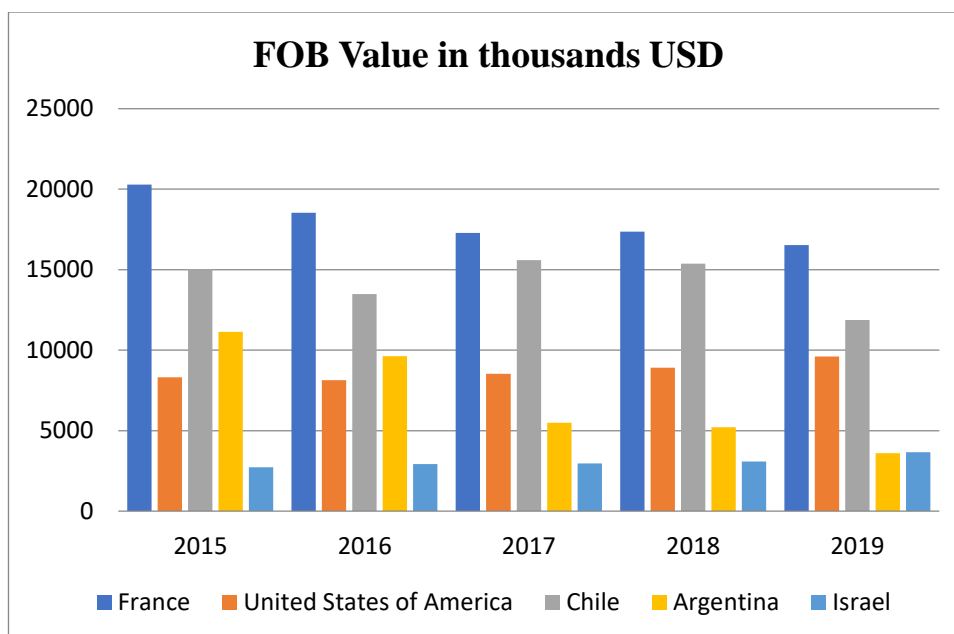
As we can see, both in the pie chart and in the table represented, Ecuador has the largest amount of volume (in tons) exported, and of income of amount in millions of dollars, considered as foreign currency. With this data, Ecuador has positioned as the largest producer and exporter of this product worldwide, surpassing countries like Costa Rica or Peru.



Graph 5. Volume in tons
Source: TradeMap

CHAPTER 3 – MAIN MARKETS

3.1. Destination of Ecuadorian exports



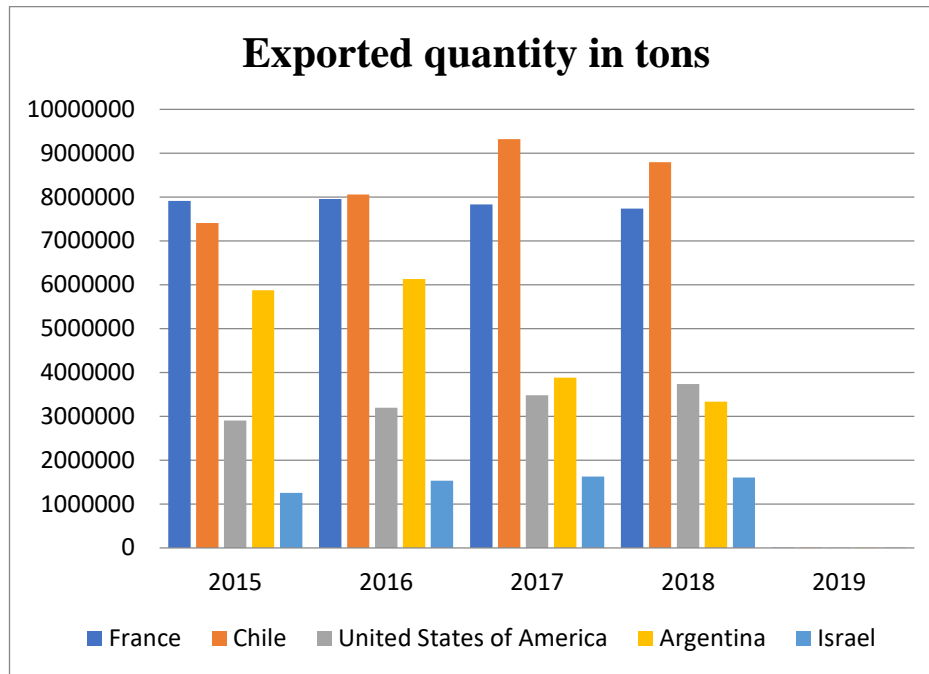
Graph 6 FOB amount thousands USD

Source: TradeMap

In this graph it is possible to see the thousands of dollars of purchases made by these countries, being able to observe that France has maintained itself as main buyer of palm heart throughout the years, being followed by Chile. Notwithstanding, it is obvious the loss that some countries have had in terms of exported values in thousands of American dollars. Nonetheless, the rise of these values by the United States of America since 2018 can be highlighted.

In Argentina, there is a significant drop in the amounts, one of the main factors that could have caused this loss is the decrease in salary in this country since 2016; year in which the minimum wage was \$532.34, while the minimum wage in 2019 was \$295; which is to say, in four years the salary dropped in \$237.34, representing a problem for the Argentinian population, making the access to the purchase of palm heart difficult, since the Basic Food Basket (BFB) is \$259.83, and a Full Food Basket is \$621. (Boyadjan, 2021).

Finally, Israel has maintained stable, with a rise in 2019, representing an increase in the values that Ecuador will receive. After analysing the graph, the ideal would be to search new trade policies that allow the increase in values so that more foreign currency could enter Ecuador through the selling and export of the product.



Graph 7. Exported quantity in tons
Source: TradeMap

Regarding the quantities exported by Ecuador to the five target markets, it can be seen that France has maintained stable in the purchase of palm heart throughout the years, almost without varying the exported quantity to the country; only with a small increase in 2019 in comparison with the year 2018. It is expected that exports keep increasing because it is a country with many facilities for the trade of this product and it counts with tariffs 0% for its entrance.

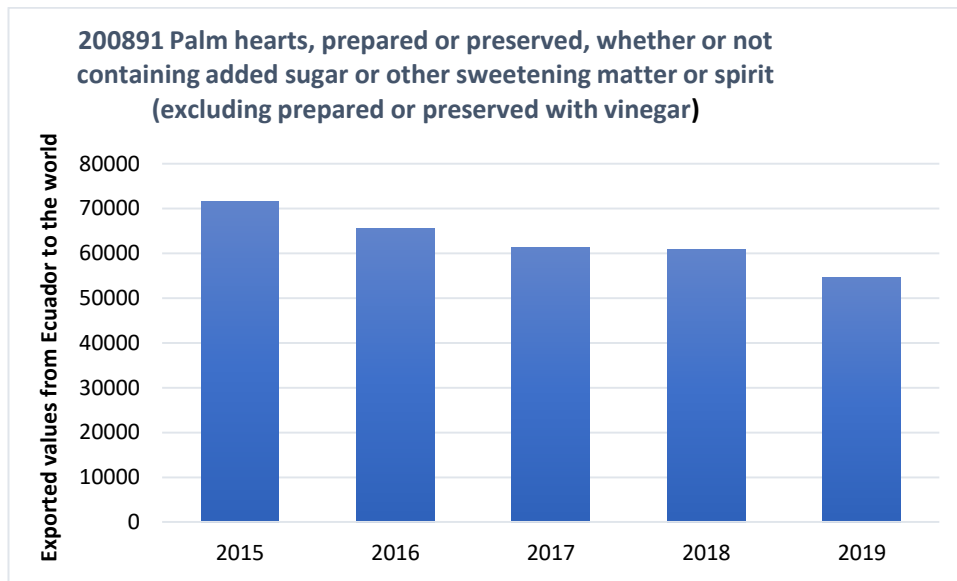
However, the most notorious change that is detailed in the graph is from Chile, having a peak in imports in 2017, becoming the country that imported the most worldwide between 2015 – 2019. In 2017, after this peak, Chile went back to “normality” and remained stable in relation to previous years. Chile can have an advantage for being relatively near Ecuador, and for having trade agreements already established that favour the export of products of the national agro-industry.

In the case of the United States of America, it has maintained low levels of exports both in values and quantities, because despite campaign attempts to improve the feeding of the American citizens, the expected results have not been achieved.

Nonetheless, this product is expected to enter the US market with greater force in the coming years, since new agreements have been signed to favour our agricultural products. It should be noticed that the value has increased from 2015 to 2019.

Argentina has had an important reduction in the imported quantities, after an analysis shows that Ecuadorian palm heart in Argentina was considered as an exotic, gourmet product. This, together with the high level of inflation of the Argentinian peso shows the reason for the decrease of the Ecuadorian exports to that country.

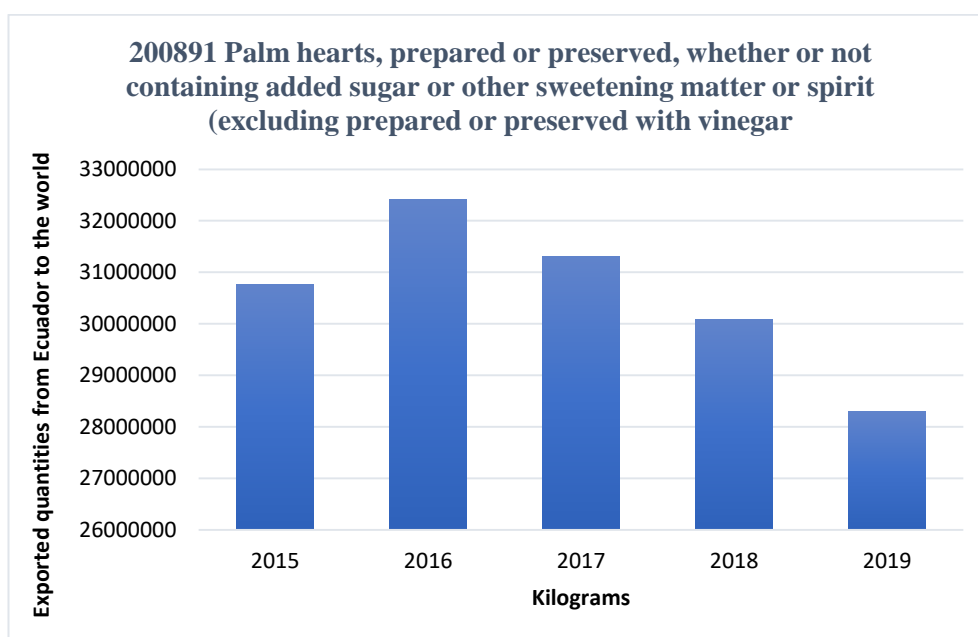
3.2.Global Imports



Graph 8 Palm heart global imports

Source: TradeMap

In 2019 there was a drop in export values from Ecuador to the world in comparison to 2015, year in which can be seen a rise with respect with later years. It is important to emphasize the Multi-Party Agreement signed by Ecuador and the European Union, which came into effect in 2017. Curious thing, there should exist larger exports both in values and in quantities because of the 0% tariff facilities for Ecuadorian products, within which the palm heart is included.



Graph 9. Exported quantities from Ecuador to the world – Kilograms

Source: TradeMap

In 2016 can be seen an increasement in exported quantities of palm heart in kilograms, being this the year with the highest peak for quantity exports from Ecuador. In 2019 it is shown an important reduction in terms of the exports in quantities of the product, but when comparing with the values graph, it can be said that the indicators remain stable at some level and it is possible that there had been a price hike with respect to the other years that allows it to remain that way despite not having exported the expected quantities.

3.3.Main importing countries

Countries that import palm hear	Year	Total Ad Valorem
France	2020	0%
Chile	2019	0%
United States of America	2020	0%
Israel	2017	4%
Argentina	2020	0%

Table 10. Customs barriers

Source: ITC (Market Access Map) <https://www.macmap.org/en/query/results?reporter=251&partner=218&product=2008910000&level=8>

This data has changed thanks to the agreement between Ecuador and the European Union. The multi-party agreement that Ecuador signed with the EU allows the entering of palm oil, cocoa, coffee, cereals, chocolate, margarines, marmalades, palm heart, vegetables, roses, juices, and tropical fruit sweetmeat, among other products with tariff 0% into the European market (Andrade Cárdenas & Ostaiza Vera, 2018).

According to Quistanchala, this agreement benefits the Ecuadorian agro sector, which is considered as one of the most sensitive of the Ecuadorian economy. In case of not having signed this agreement, various Ecuadorian products, including coffee, cocoa, palm heart, roses, etc., would have lost competitiveness in comparison with Peruvian and Colombian products, countries that have already signed this kind of agreement years ago and are already exporting these products at tariff 0%. (Quistanchala Suntaxi, 2014).

Besides the advantages already mentioned, this agreement has benefited to small producers of these agro products, allowing a much larger consume of these products and the creation of more sources of employment in different areas, either directly or indirectly.

This agreement with the European Union is very valuable for Ecuador, since those non-traditional products can get to position within the balance of trade, reducing the country's dependence on petroleum, generating new ways to enter money, showing that it is possible to change the approach of the country and centering each time more in the Ecuadorian agro force.

According to Quistanchala, without the trade agreement, Ecuador would have experienced a "loss of \$200 million annually and a GDP fall of 0.20%. While, once the agreement was signed with the EU, GDP would increase 0.10%; besides a growth of 0.11% in exports, annually". (Quistanchala Suntaxi, 2014).

According to ECLAC (Economic Commission for Latin America and the Caribbean), the opportunity cost of signing the agreement, period 2015 – 2020, would have been the previously mentioned; while the gain in GDP with the agreement would be 10%. Without the signing of the agreement there would have been a loss of -20%. Thus, showing the importance of signing the Multi-party Agreement (Duran Lima, 2017).

Just one year after this agreement enter into force, the Ministry of Foreign Trade and Investment stated that this market was consolidated as the main importer of Ecuadorian non-petroleum products, thus growing 12.07% in 2016. This market, along with the

American and the Vietnamese “were the destination of 59% of these exports”. (Grupo ALAIRE, 2018).

In a way, such assertions would go as far as to demonstrate that countries rich in natural resources focus and specialize in the production and exporting of scarce agro products, and sometimes with no added value. Products as chemicals and drugs have a 0.7% participation; and other textile manufactures barely reach 0.1% (Banco Central del Ecuador, 2019). The ECLAC claimed that:

When trade agreement scenarios only with the EU are simulated, exports to that market seem maximized, especially those of the products with the greatest comparative advantage in Ecuador, such as agricultural and agro-industrial products, which represent close to 90% of the Ecuadorian export basket to that region today. The sector that experiences the highest percentage change is bananas, with an average increase of 4% per year during the 2015-2020 period. They are followed by shrimp, tuna preparations and other food products also derived from fishing and agriculture. Overall, between 2015 and 2020, there would be an increase in volume (1.6%) in 60% of products exported to the EU. Another 39% of products (basically flowers, coffee extract, cocoa, palm oil and tuna, as well as petroleum and gas) would maintain the market, and only 1% of the export basket would suffer losses. In total, 99% of Ecuador's export basket to the EU would receive the benefits of the agreement, expressed in better market conditions (ECLAC, 2017).

3.4. PEST Analysis

3.4.1. France

Political Factor

France has a parliamentary democratic republic, which is combined with the presidential power. The president of the republic is the head of the State; this one is chosen through a mandate of five years.

France is the world's leading tourist destination; it has an influx of 82.6 million of foreign visitors. This sector is fundamental for their economy, representing 8.5% of the Gross Domestic Product and generating various jobs, either directly or indirectly. The tourist sector has been growing and it will keep like that, according to the World Tourism Organization, in 2030 the number will rise up to 1,800 million international tourists (Ministerio de Turismo de Francia).

It is a member of the World Trade Organization since January 1st, 1995; and member of the GATT (General Agreement of Tariffs and Trade) (Organización Mundial de Comercio).

Customs preferences

Thanks to the Multi-party Agreement that was signed between Ecuador and the EU, most of the Ecuadorian tariff items are exempt from tariffs; within these headings is the "200892", to which palm heart belongs. According to Market Access Map, the Ad Valorem value in 2020 was 0%.

Ecuador is a beneficiary country of the General System of Preferences; hence the tariff applied to most products that enter the European Union is 0%, being this the tariff with which Ecuadorian products enters to France (Ministerio de Relaciones Exteriores, Comercio e Integración).

Packaging and labeling requirements

France is a demanding country regarding labeling, since, according to the 1994 Toulon Law, all the information and all the presentations must be in French. Furthermore, it is needed to mention the name of the product, brand, composition, date of manufacture

and expiration, product origin, name and address of the exporter, price, normative, and the barcode.

As to the packaging, manufacturers must mention in the packing: the name of the product, the ingredients and the amount used, net weight, name of the packager, consumption deadline, product origin, degree of alcohol in case there is percentage of alcoholic grade.

The aspects to consider in the general labeling are:

- Name under which the product is sold
- Full list of ingredients, numbered in descending order according to the amount present in the product.
- The amount of certain ingredients or categories of ingredients.
- The net quantity of the content (weigh, volume).
- The expiration dates.
- The name of the manufacturer, packager or distributor.
- Instructions for use and storage.

Economic Factor

France is the greatest agro power of the European Union; however, this sector represents a minimal part of the Gross Domestic Product of the country, and employs less than 3% of the population. Their main products are: wheat, corn, meat and wine.

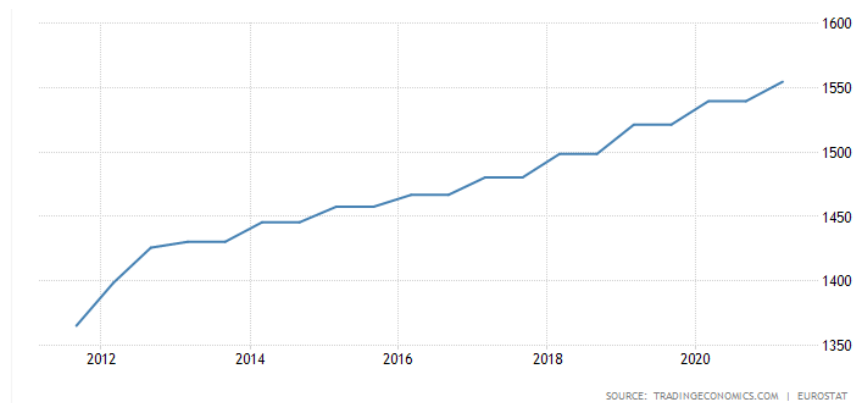
The main industrial sectors are telecommunications, electronics, automotive, arms industry, aerospace industry, health, education, tourism, among others. (Secretaría General de Acción Exterior).

Distribution of economic activity by sector	Agriculture	Industry	Services
Employment by sector (% of the total employment)	2.4	19.9	77.7
Added value (GDP %)	1.6	17.1	70.2
Added value (Annual growth %)	-0.7	0.8	1.7

Table 11. Distribution of economic activity by sector - France

Source: World Bank, 2017, Latest available data.

Minimum wage in France



Graph 10. Minimum wage in France

Source: <https://tradingeconomics.com/france/minimum-wages>

The minimum wage has been defined as the minimum amount of remuneration that an employer is obliged to pay to his employees for a work carried out during a period of time, an amount that cannot be reduced neither by a collective agreement nor by an individual agreement. (International Labour Organization).

The minimum wage for the French people in 2019 was €1,521.22 Euros per month, which would be \$1,804.83 American dollars. However, in the graph it is possible to see that the minimum wage in France is in constant growth (Trading Economics).

Inflation

To measure the inflation in France it will be used the economic indicator known as Consumer Price Index (CPI), which measures the price variation of a basic basket of goods and services of a home during a determined period of time. (Global Rates).

In order to determine inflation, it is necessary to analyse how much the CPI of a certain period has increased in percentage with respect to the CPI of a previous period.



Graph 11. Inflation - CPI Francia

Source: <https://tradingeconomics.com/france/consumer-price-index-cpi>

As we can see in the chart, there has been a CPI increase, which indicates that the price of the French basic food basket has inflated in the last years. The minimum wage seems reduced because of the increase in the basic French basket, as the monthly cost of living summaries in this country for a family of four members is approximately €3,824 (\$4,536.92), and the estimated cost of living for one person is €1,993 (\$2,364.56), thus representing a difference of \$559.73 (Basic food basket – Minimum wage). (Expastian).

Social factor

France is considered a safe country, with a stable economy. It is the first destination in the world according to rankings of the Ministry of Tourism, which shows that it is a country with various cultures, lifestyles and different thoughts.

In 2019, France registered 12.38% of immigrants, and these numbers have been increasing throughout the years, precisely because of the thought of security, employment, and economy. (DatosMacro).

Life expectancy registered in 2018 for women is 85.80 years, and for men is 79.70 years; these have augmented with the pass of the years thanks to the consumption habits of the French people, who have increased the organic and non-preservatives to their daily meals (DatosMacro).

Technological Factor

France has destined 2.22% of its GDP to research and development expenditure (R&D) in 2016, thus remaining in fifth place of the most important countries of the OECD (Organization for Economic Cooperation and Development) that make R&D expenses. (Campus France).

With the technology applied both production and distribution, smart electrical grids are implemented, being a really important element for ICTs, thus facilitating the integration of distribution and storage; providing consumers wider information; optimizing electrical networks, and affording better levels of reliability and provisioning security. (Guido, 2015).

3.4.2. Republic of Chile

Political Factor

At the end of 2012, the Chilean government announced that the tourism industry will be strengthened, apportioning \$1,029 million to it, which would be used in 2013 to tourism promotion abroad, showing the importance given to increasing inbound tourism.

As for the ambit of national tourism, the most recognized initiative is the campaign «Chile es tuyo», whose objective is to show and make more attractive to Chileans the national touristic offer, encouraging internal tourism. The campaign started in march 2012, and included discounted tour packages and associations with entities as LAN and Groupon. One of the most outstanding activities carried out within the framework of this campaign was the fair «Chile es tuyo», the first fair designed to encourage national tourism, besides receiving information of the existing touristic offer.

Chile is a democracy with a presidential character, with three independent powers. At this moment it has a right-wing government, headed by Sebastián Piñera. Despite the criticism, the president's approval increased due to the successful vaccination process, and rose to 24% approval, in which he was qualified as good or very good. (Agencia EFE, 2021).

Customs preferences

Thanks to the Economic Complementation Agreement signed between Ecuador and Chile, most of the Ecuadorian tariff headings are duty free; within these headings is the “200891”, to which palm heart belongs.

Economic Complementation Agreement N°65 Chile – Ecuador

This agreement, which regulates the commercial activities between Ecuador and Chile, remains in force today. This came into force in 2010 and is valid indefinitely.

The agreement establishes that the signing parts will grant national treatment to each other's goods. Furthermore, the signing parts agree to not apply new customs duties to reciprocal trade in goods. Neither party may adopt or maintain any tariff, tax or other type of charge on exports of any merchandise to the territory of the other party.

As for subsidies of agricultural exports, parties meet the goal of the multilateral elimination of subsidies on exports of agricultural products. At the same time, they

will work together to get an agreement with the World Trade Organization, WTO, to eliminate such subsidies and prevent their reintroduction.

Trade facilities are also established; for instance, agility in procedures, simplified customs procedures, use of technologies, and other tools for the agreement to be fulfilled. (ALADI – Asociación Latinoamericana de Integración, 2010).

Labelling requirements

According to the article 107 of the Food Sanitary Regulation, all food products that are stored, transported or sold in pre-packaged must bear a label containing the following information (Ministerio de Salud – República de Chile, 2018):

- Food name
- Net content expressed in units of the metric system or the international system
- Name or business name and address of the manufacturer, packager, distributor, or importer, according to the case.
- Country of origin, must be clearly stated, both in national products and imported products.
- Manufacturing date or packaging date of the product.
- Expiration date or term of duration of the product.
- Ingredients
- Additives
- Storage instructions
- Instructions for use
- In the case of the imported products, the number and date of the resolution of the Health Service that authorizes the admission of the product.
(Ministerio de Salud – República de Chile, 2018)

Since 2012 it is needed to include on the labelling the presence of allergens or ingredients that can cause food intolerance. As well as a label identification is required for packaged foods high in fat, sugar, salt and calories. (Gobierno de Chile, 2017).

Economic factor

According to the objectives established by Treasury on macroeconomic and commercial opening abroad terms, it can be seen that the terms of trade with

international economies is favourable. In addition, it has a technologization process that would get to improve the quality of life of Chileans.

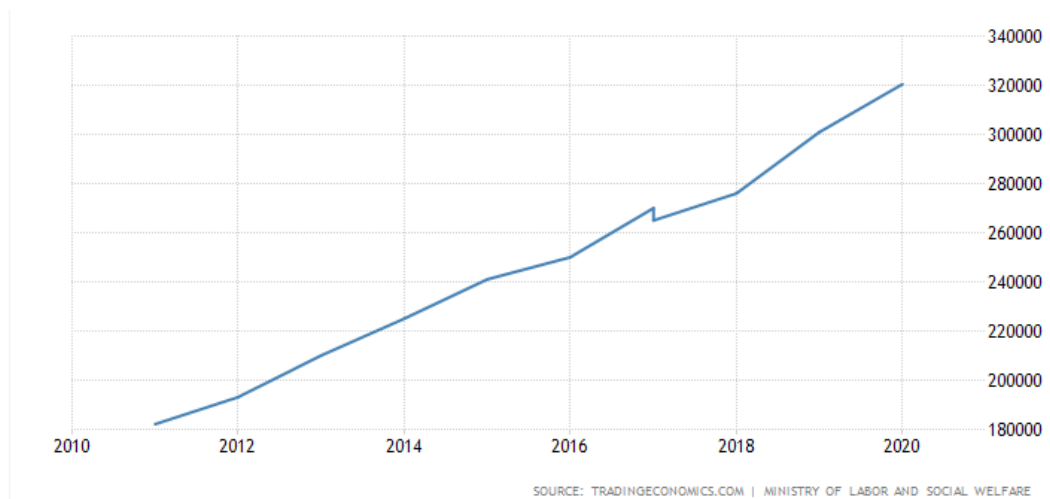
Within the specific objectives of this Ministry, there is one of increasing efficiently the public collection in a framework of tax equality, and the responsible administration of the fiscal policy, in addition to stimulating international economic integration. (Ministerio de Hacienda – Gobierno de Chile).

In 2018, Chile had a percentual increment of 4.0% of the annual GDP; nevertheless, in 2020 Chile reached a new record in unemployment, coming up to 12.2% in the trimester April-June in 2020. (Riveros, 2020).

The International Monetary Fund (IMF) rose for Chile its growth projection of the Gross Domestic Product (GDP) for this year, from 4.5% to 5.8% in 2021. While for 2022, the agency estimates an expansion of the economy of 3.5%. (El Economista América, 2021).

The bank Julius Baer highlighted that Chile is performing large stimuli with respect to its GDP, in addition to a high exposition to China, which could mean an economic recovery for the South American country in 2021. (América economía, 2020).

Minimum wage in Chilean pesos



Graph 12. Minimum wage in Chilean pesos

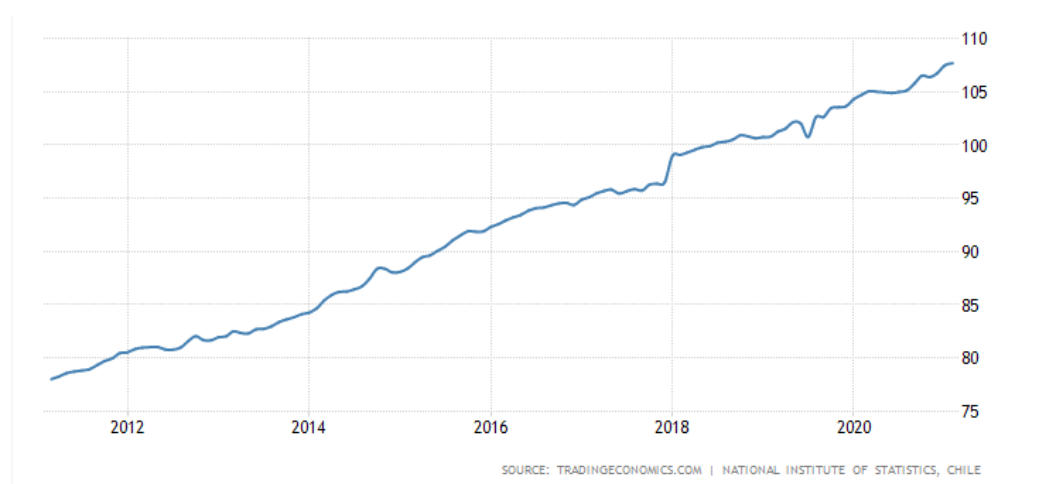
Source: <https://tradingeconomics.com/chile/minimum-wages>

The minimum wage for Chileans in 2019 was 301,000 Chilean pesos, which is approximately \$417.71 American dollars. However, it can be seen on the graph that the minimum wage in Chile is in constant growth. (WageIndicator, 2018).

Inflation

To measure inflation in Chile the economic indicator known as the Consumer Price Index (CPI) will be used, which measures the variation in the prices of a basic basket of goods and services of a household during a certain period of time. (Global Rates).

To determine the inflation, it is necessary to analyse how much the CPI of a certain period has increased in percentage with respect to the CPI of a previous period.



Graph 13. Inflation –CPI Chile

Source: <https://tradingeconomics.com/chile/consumer-price-index-cpi>

As can be seen in the graph, there has been an CPI increasing, which indicates that the price of the Chilean Food Basic Basket has augmented, so referring to the previous point of the minimum wage, this seems because of the cost of the basket.

Social factor

Worldwide, Chile is recognised as a safe, stable country, mainly thanks to two key factors: Its democratic functioning during the last two decades, and its great economic stability.

Notwithstanding, the protests that have risen in recent years in Chile have caused a bad image to the country, thus provoking the cancellation of the sum of the Asia-Pacific Economic Cooperation Forum (APEC) and the Conference of the United Nations about Climate Change (COP25) in Chile. (Barría C., 2019).

These mobilizations began at the end of 2019, thanks to the increase in the Santiago subway fare, Chilean capital. But currently, these riots are more driven by a great economic and social inequality in the country. (Ibid).

This situation affects the international trade, especially to products considered premium or gourmet as is the case of palm heart, which consumption has been decreasing as the protests continue, since it is not considered a product that fulfills basic needs.

Technological factor

In 2020, Chile has had an expense in science and technology of 0.36% of its GDP, and a military expense of 1.89%, which is equivalent to five more times the expense, corresponding to \$1,133 million of American dollars versus \$5,636 million of American dollars. Therefore, Chile is positioned far from 2.6% of the GDP that is averaged to other members of the OECD.

3.4.3. United States of America

Political factor

The United States of America is a constitutional, presidential and federal republic. It is formed by 50 states. The president is the head of the state, commander of the armed forces, and head of the government. The president is elected in an indirect form of an electoral college, and is the one that chooses the members of their cabinet; these have to be approved by the Senate, which is conformed by 100 senators.

At the present time, the president of the United States of America is Joe Biden, who was elected on November 3rd, 2020. Biden had a proposal with plans of economic stimuli, increase investments in the technological field, besides signing agreements to diminish the existing environmental pollution. (Bradner, 2020).

Trade agreement USA – Ecuador

On December 2020, the first phase of a trade agreement with the United States was signed. This agreement has four chapters, which are:

- Ease of international trade.
- Good regulation practices.
- Benefits for SMEs.
- Fight against corruption in commercial exchange.

This agreement happens since in 2019, Ecuador sold \$1,780 million dollars to the United States of America; while between January and August of 2020 there was a rise of 25%, i.e., \$2,200 million dollars in sales.

Labelling requirements

The packaging:

- Pack the product in strong containers that absorb moisture.
- Distribute uniformly the weight of the product.
- Use an adequate protection and an anchor inside the container.
- Use transatlantic containers or pallets for the packaging to ensure a safe handling.

Languages allowed in packaging and labelling

- English is mandatory. Other languages are optional.

Authorized units of measure

- Metric units of measure and weight.

Marking of origin “Made in”

- Mandatory

Economic Factor

The United States of America is the largest economy worldwide, above China. The economy grew 2.3% in 2019; in 2018 was 2.9%, and is estimated a decreasing in 2020 of 5.9% because of COVID-19. (Santander, 2020).

According to Doing Business (2020), the United States has a score of 91.6 over 100 regarding opening a business; a score of 95 over 100 in the aspect of getting a loan; a score of 86.8 over 100 regarding the payment of taxes.

Economic activities in the United States of America

Primary activities

The agricultural products of the United States are very diverse thanks to the great variety of soils and climates that allow crops typical of temperate and subtropical regions. Products as apple, onion, rice, cotton, corn, etc. are grown.

The United States is the first global producer of meat, milk, eggs and butter.

Secondary activities

The American industry is the largest of the world. This compounds almost a 15% of the worldwide industry. Inside this area is the steel industry, automobiles, telecommunications, chemicals, etc.

Tertiary activities

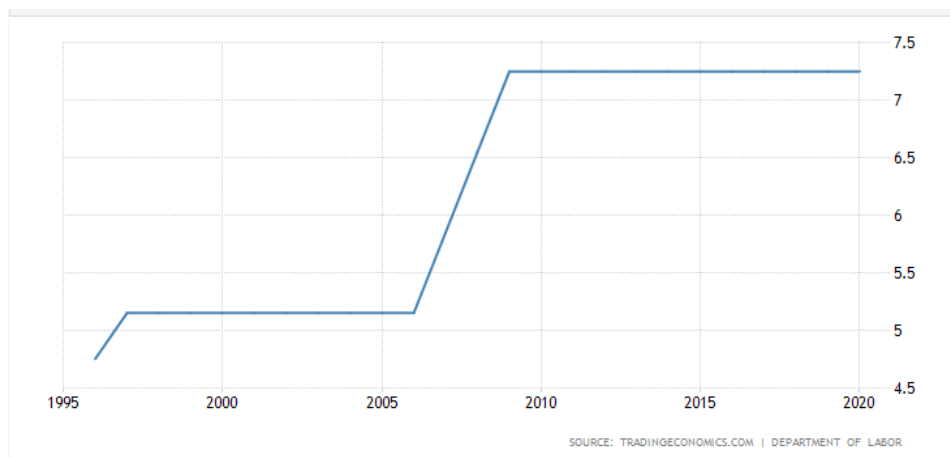
The tertiary activities are the most important for the economy of the United States, employing approximately 68% of its workforce. Within these activities are sectors as banking, education, entertainment, tourism, commerce, etc.

The United States counts with 57 of the 100 largest companies of the world. Between those companies are Apple, Microsoft, Amazon, Tesla, Facebook, etc. Which are recognized as important companies of software and technology.

These activities are distributed in:

- Primary activities: 1.2% of the GDP
- Secondary activities: 19.2% of the GDP
- Tertiary activities: 79.6% of the GDP

Minimum wage

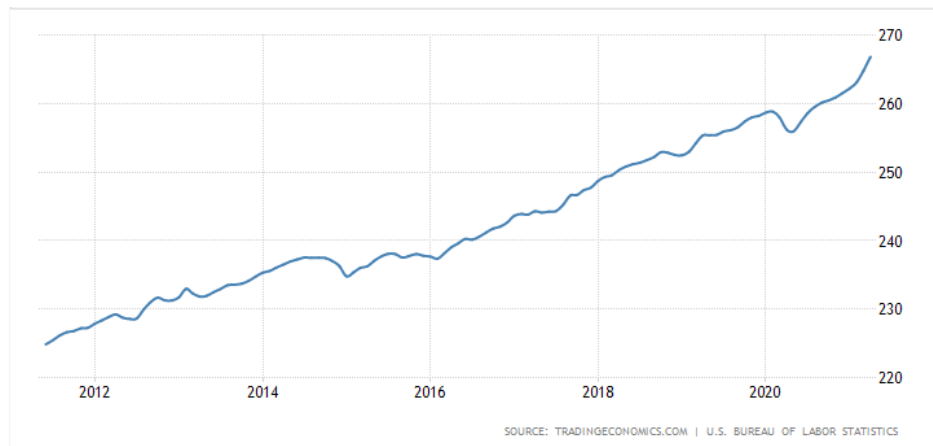


Graph 14. Minimum wage in the United States of America

Source: <https://tradingeconomics.com/united-states/consumer-price-index-cpi>

The minimum wage for the Americans in 2020 was \$7.25 per hour. However, it is possible to see on the graph that the minimum wage of USA has remained constant since 2010. Nevertheless, it will have to be seen if the salary increases as was one of the proposals in the speech of the current North American president Joe Biden of increasing the salary to \$15 dollars per hour, which would impact in a positive way at short term, affecting the economy at long term due to the increase in the costs of life in this country. (TradingEconomics).

Inflation



Graph 15. Inflation –CPI United States of America

Source: <https://tradingeconomics.com/united-states/consumer-price-index-cpi>

As can be seen in the graph, there has been an increase in the CPI, which indicates that the price of the food basic basket of American goods has increased in the last years. Thus, making reference to the previous point of the minimum wage, it seems to be reduced because of the high price of the basket; taking as an example the New York State, where the price of the basket is \$602. (Revista Capital/Chile, 2016).

Social factor

In the United States the life expectancy is 78.54 years according to the World Bank. This is the average number of years a person is expected to live, and it is calculated from the mortality of a population in a given year. USA has ranked the 43rd place of 192 countries in 2018.

In 2018, the homicide rate was 4.96 per 100 000 inhabitants. This number dropped with respect to 2017, where the number was 5.32. (Datosmacro).

The life expectancy in the United States of America in 2018 is 79 years, ranking 40 in a list of 192 countries, getting to be catalogued with a medium-high life expectancy with respect to other countries. (Datosmacro).

Technological factor

The United States is in the third place of countries investing in Research and Development. It is considered as the first economy in the world according to the indicators related to the quality of innovation, with its excellent colleges and scientific

publications of high quality. In 2018, research and development represented a 2.8% of the total GDP. (Knoema).

In terms of smartphones, the United States ranks third, behind China and India, with 260 million of user of smartphones in 2019. (Statista, 2019).

As for the number of American inhabitants with access to Wi-fi in 2020, there were 284 million of inhabitants. An important number taking into account the population of 328.2 million until 2019. (Statista).

3.4.4. Israel

Political factor

Israel is a parliamentary democracy and it is governed by the legislative power, the judicial power, and the executive power. Their institutions are the presidency, the Knéset (parliament), the government (cabinet of ministers), and the judicial system. (Embajada de Israel en Uruguay).

Israeli democracy is based on the principle of division of powers, in which the executive power (the government) depends on the confidence vote of the legislative power (the Knéset), and the independency of the judicial power is guaranteed by law. (Ibídem).

Foreign trade in Israel is pushed by the existence of free trade agreements with the European Union and the United States of America. Moreover, it maintains bilateral agreements with some countries of Western Europe, Mexico, and Canada. (Cámara de Comercio de Guayaquil).

Trade agreement Israel – Ecuador

Currently, Israel does not have trade agreements with Ecuador. However, in recent years, Israel's cooperation has been evident in strategic sectors such as agriculture, with irrigation systems, and necessary inputs, in the telecommunications sector for instance, providing advice and state-of-the-art equipment, and others. Israel, despite not having an agreement, had contributed to the growth of Ecuador in different matters. (Cámara de Comercio de Guayaquil).

Furthermore, Israel formally stated, through its embassy in Ecuador, the support to the Yasuní ITT initiative. (Ibidem).

Ecuador maintains a good relation with this country; and it plans to keep it that way since it is an important market for Ecuadorian products, and an important support for Ecuadorian development.

Packaging requirements and standards

In Israel, the nutritional labelling is mandatory, especially in the case of packaged food. The information must be written always in Hebrew, English can be also used but the

size of the letters cannot be bigger than the size of the Hebrew letters. Both texts, in Hebrew and in English, must be identical.

It must be applied the metric system, since those are the authorized measurement units. It is mandatory to particularize the country where the product was made with the label “Made in”.

As for the relative normative of the labelling, it should be noted: the country of origin; name and address of the producer; name and address of the Israeli importer; description of the content; and weight or volume in metric units. (Santander Trade Markerts).

Economic factor

The economy in Israel registered one the best results in the list of countries of the Organization for Economic Cooperation and Development, as since the mid-2000s, the growth of the Gross Domestic Product of Israel has averaged 3.7%; since then, there was an increase in the working-age population and the participation rate.

Israel has one the highest levels in the region in terms of economy, since the average salary is similar to that of Europe, allowing a better quality of life. Nonetheless, 25% Israelis live in poverty, and inequality is high, households suffer for real estate prices, and the high costs of life.

Main economic sectors of Israel

The agricultural sector employs 0.9% of the workforce, while it represents a little more than 1% of the GDP (World Bank, 2020). The main crops of the country are fruits and vegetables, cereals, wine, and animal breeding. It has become a leader country in agro-technology, getting to grow and harvest in the desert. Israel is almost completely depending on imports to meet its dietary needs.

The Israeli industry stands out in the production of chemical products, plastics, and high technology. The industry as a whole represents 19.4% of the GDP and employs 16.8% of the labour force. (World Bank, 2020).

Most of the workforce (82.3%) is employed in the tertiary sector, which represents 69.8% of the GDP. Tourism remains being important, despite the Israeli-Palestinian

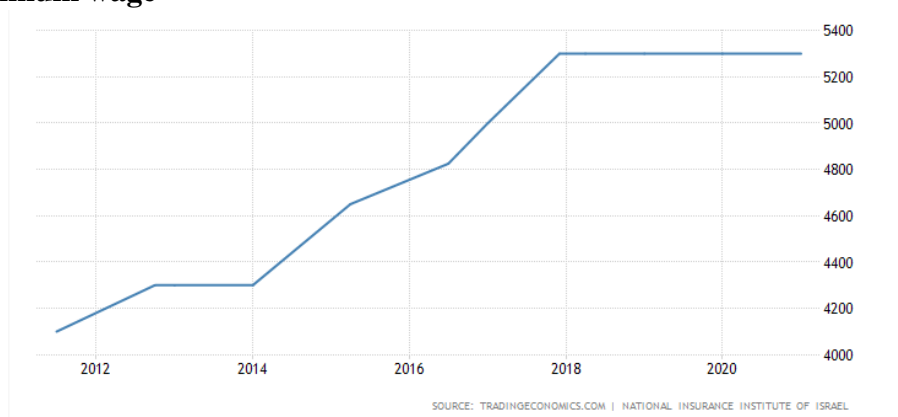
conflict. In 2019, Israel registered a record arrival of 4.55 million of tourists, generating an approximate amount of \$6,300 million USD in incomes.

Distribution of economic activity by sector	Agriculture	Industry	Services
Employment by sector (% of total employment)	0.9	16.8	82.3
Added value (% of the GDP)	1.1	19.4	69.8
Added value (annual growth in %)	-2.6	3.0	3.6

Table 12. Distribution of economic activity by sector - Israel

Source: World Bank, 2017, Latest available data.

Minimum wage

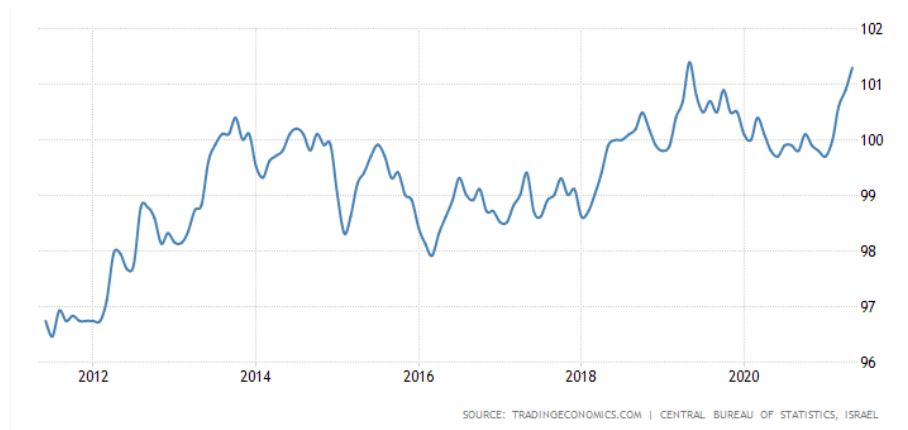


Graph 16. Minimum wage Israel

Source: <https://tradingeconomics.com/israel/minimum-wages>

The minimum wage since 2018 is 5300 ILS, which equals 1,616.50 USD, reason why it had been mentioned it was a similar value to that in Europe, and it was one of the highest of the region. This value has not changed in recent years, and it is intended to remain in this way for a few more years, since it has been shown the increase in the percentage of the good living of the Israelis. (Trading Economics).

Inflation



Graph 17. Inflation- CPI Israel

Source: <https://tradingeconomics.com/israel/consumer-price-index-cpi>

As can be seen in the graph, there has been an increase of the CPI, which indicates that the price of the basic basket of Israeli goods has augmented in the last years, thus being a reference to the previous point of the minimum wage that seems reduced for the high cost of the basket. In the case of a single person, the approximate monthly cost is 9,227 ILS (2,814.23 USD) to be able to sustain the basic basket (Expastian), thus representing a difference of 1,197.73 USD (Basic basket – minimum wage). Looking at this, it is possible to see a big gap of inequality and a 25% of poverty in the Israeli population. (Trading Economics).

Social factor

The Israeli society is highly heterogeneous. 80% are Jews, 15% are Muslims, 3% are Christian, and 2% are Russians and others. Additionally, in the majority group there is a great diversity, since Jews have gotten to Israel from different parts of the world. In any case, diversity, and social and religious liberty, are guaranteed by law. (Embajada de Israel en Chile).

Life expectancy in Israel is almost 83 years, three years more than the average of the OECD of 80 years. The highest life expectancy is usually related to a bigger expense in health by person, although various factors intervene as lifestyle, education, and environment. (OECD Better Life Index).

In security aspects, in Israel 70% of people say they feel safe walking at night. Furthermore, it is placed above the average in employment and remuneration, personal

security, health condition, civic engagement and satisfaction. It is placed below the average in income and patrimony, education and skills, dwelling, environmental quality, life-work balance, and sense of community. (Ibidem).

Technological factor

The percentage of Israelis that dedicate themselves to scientific and technological research, thus as the percentage of the Gross Domestic Product (GDP) invested in Research and Development (R&D) are one of the highest in the world (Embajada de Israel en España). It is to say that in Israel, 4.25% of the GDP is destined for Research and Development funds. (El Universo, 2019).

It is the country with the second highest number of start-ups of the world, being the United States of America in the first place. It has a world-class technological industry, where entrepreneurship is encouraged; and it ranks among the first in concentration of scientific researchers and patent registration. (IBERDROLA).

3.4.5. Argentina

Political factor

With Alberto Fernández as president, Argentina pretends to keep moving forward on issues related to foreign trade, with the objective of reinforcing the image of the country worldwide.

This new government, in international matters, considers following the path of commercial opening of the country, but applying some more protectionist measures that favour the national production. One of the measures taken was to preserve international relations, seeing in them a great opportunity for national companies with their products to compete in foreign markets and offer quality goods and services, and be prestigious in their activity. (Barría L. G.).

Some trade agreements that Argentina has are MERCOSUR, ALADI, among others. These treaties benefit the member countries, having among them zero tariffs for the commercial exchange.

Trade agreement Argentina – Ecuador

Within the framework of Latin American Integration Association (LAIA), the commercial relationship between Ecuador and Argentina is governed fundamentally by the Economic Complementation Agreement N° 59. This agreement allows Ecuadorian products to enter to the Argentinian market in preferential conditions. (Asociación Latinoamericana de Integración).

The Reciprocal Payments and Credits Agreements of the LAIA is a mechanism that facilitates and ensures the collection of exports to Argentina that are channelled through it, using a network of commercial banks authorized by central banks of Ecuador and Argentina (Ibidem).

Packaging and labelling requirements

Packaging must contain the following information: name, name of the country of origin or the manufacturer of the product, quality, pureness or mixture, and the net weight of the content.

As for the language allowed on packaging and labelling, there are no restrictions, the consumer should be able to understand all the details on the label.

Which is mandatory and checked by customs is the country of origin, i.e., the country where the production started, with a label “Made in”. (Santander Trade Markets).

Economic factor

In 2019, Argentina presented a devaluation of 52% against the American dollar, which provoked economic instability within the country. One of the factors that has been affected by this devaluation was inflation, closing 2019 with a percentage of 53.8, which was considered the highest rate since 1991. (DW Made for minds).

There are more rates for economic and social issues that show the reality of Argentina; for instance, poverty, Gross Domestic Product, country risk, corruption. The sector that got to benefit from this devaluation was the commercial area, allowing a higher level of competitiveness for Argentinian products. (Barría L.G.).

Main economic sectors of Argentina

Despite all the economic issues that Argentina has, it plays an important role in the global economy thanks to its agricultural production, which is based on animal breeding, wheat harvesting, transgenic corn and soja, tobacco, tea. The agricultural sector represents 6.08% of the GDP.

The industrial sector represented 23.41% of the GDP and employed 21% of the population, being part of this sector the industrial food preparation, like meat packaging, preserves, and flour milling. Besides this, industrial and agricultural machinery.

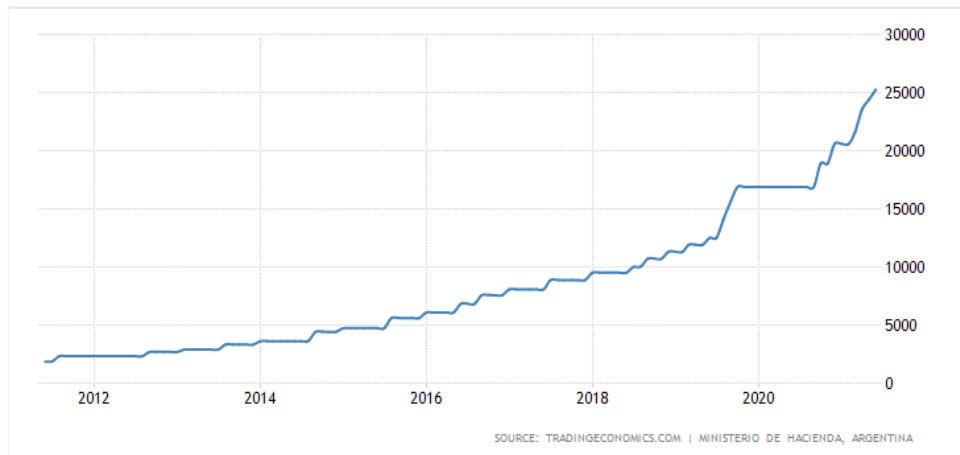
The tertiary sector represents 54.33% of the GDP, employing 78.86% of the population, as in the software development, nuclear energy, tourism, commercial services, social activities, developing ICTs in the same way.

Distribution of economic activity per sector	Agriculture	Industry	Services
Employment per sector (% of total employment)	0.1	21.0	78.9
Added value (% of the GDP)	7.2	23.1	53.6
Added value (% in annual growth)	19.7	-5.0	-2.9

Table 13. Distribution of economic activity per sector - Argentina

Source: World Bank, 2017, Latest data available.

Minimum wage



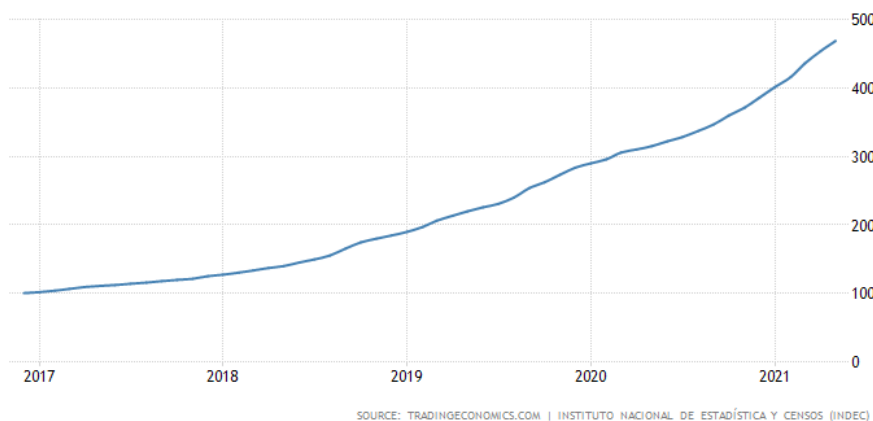
Graph 18. Minimum wage Argentina

Source: <https://tradingeconomics.com/argentina/minimum-wages>

The minimum wage in Argentina is 25,272 Argentinian pesos, which equals \$265.24 American dollars. It ranks the seventh place of countries with high wages of Latin America. (Statista, 2021).

It is possible to appreciate in the graph that the minimum wage has kept increasing throughout the years and it is expected to continue increasing when the economic issues of the country are solved.

Inflation



Graph 19. Inflation – CPI Argentina

Source: <https://tradingeconomics.com/argentina/consumer-price-index-cpi>

There has been an increase in the price of the Consumer Price Index, which indicates that the price of the basic basket of Argentinian goods has been increasing over the

years. Being so, the approximate monthly costs of a family of four people are AR\$164,683 Argentinian pesos (\$1,728 USD), and the estimated monthly cost for a single person is AR\$65,390 Argentinian pesos (\$686.13 USD). (Expatistan). This gets to represent a difference of \$420.89 USD (Basic basket – minimum wage).

Social factor

The feeding habits of a population are heavily influenced by the availability, costs and variety of foods; but also, by custom, beliefs, the information that circulates around foods and the feeding habits, lifestyles and membership groups, among other factors. (Fundación Interamericana del Corazón Argentina).

According to the National Survey of Risk Factors 2018 (NSRF, 2019), 66.1% of the population is over weighted. At the same time, the survey indicated that 34.6% has high blood pressure and only 6% of the population meets the daily recommendation of eating five servings of fruits and vegetables.

Life expectancy in Argentina is 77 years, being this the averaged quantity of life expectancy, as for women 80 years, and men 73 years. This average is five years older than the one included in reports of the World Health Organization (WHO). (rp.salud).

Technological factor

Within the Argentinian government there is Ministry of Science, Technology and Innovation which finances research, provides infrastructure, promotes the harmonic link between the academic and productive system, and publishes the knowledge produced by scientific-technological tasks and its applications in society. (Gobierno de Argentina).

For the Research and Development (R&D) area, it has only been invested 0.53% of the total GDP. This factor is below the average in Iberoamerica, which is 0.79%. (La Nación).

3.5. SWOT Analysis

<p>STRENGTHS</p> <ul style="list-style-type: none"> - High nutritional value. - Competitive price in the market. - Positioning in the international market. - Product desired by gourmet costumers. - Possibility for the country to export a greater quantity of product. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> - Little diffused information at the regional and national level. - Price considered high in comparison with other canned products.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> - World demand for the product. - Availability of raw material inside the country. - Production capacity. - Trade agreements and Ad Valorem tariffs reduction have produced a palm heart exports increase. - Product considered profitable. 	<p>THREATS</p> <ul style="list-style-type: none"> - Various competitors at the international level. - Replacement of the product with others with lower cost and similar taste. - Product becomes limited by the purchasing power of buyers; it is not bought as a product of basic necessity. - Agreements with producers and fickle government policies in agricultural matter.

Table 14. SWOT Analysis – Ecuadorian palm heart

3.6. Main target market selection matrix

FACTORS

Table 15. Main target market selection matrix.

COUNTRIES	AD VALOREM TARIFFS	TRADE AGREEMENTS	GDP	INFLATION	CONTAMINATION – COUNTRIES RANKING	MINIMUM INCOME	TOURISM	TOURISM WORLD RANKING	BARRERAS COMERCIALES
FRANCE	0%	2	2.72 trillion USD	0.9%	20	1804.83 USD	8.5% GDP	1	General rules of food hygiene. Special provisions on genetically modified foods and novel foods. General conditions regarding contaminants in food. Food that is marketed or may be marketed in the EU must be properly labelled or identified to facilitate its place of origin.
CHILE	0%	2	282.3 billion USD	2.8%	43	417.71 USD	3.4% GDP	48	Phytosanitary risk categories. Sanitary conditions for food marketing. Labelling requirements. Requirements to pass through a customs port.
UNITED STATES OF AMERICA	0%	2	21.43 trillion USD	2.3%	2	1256.67 USD	8.6% GDP	3	Sanitary and phytosanitary requirements. Labelling requirements. Sanitary conditions for food marketing. Correct storage and distribution conditions. Inspection requirements. Place of origin of the product. Packing requirements.
ISRAEL	4%	1	394.7 billion USD	0.84%	47	1616.66 USD	6% GDP	22	Sanitary and phytosanitary requirements. Kosher products requirements. Place of origin of the product. Packaging requirements. Import permit issued by the Ministry of Economy and Industry. Certificate from the Israel Standards Institutions stating the product meets Israeli standards.
ARGENTINA	0%	2	445.4 billion USD	53.8%	27	260 USD	10% GDP	45	Importers and exporters registration requirements. Prior authorization for imports. Registration of the product and the importing company before the competent national or provincial health authority. Product registration requirements. Certificate of country of origin that accredits it as such, prior approval by the Argentine Institute of Plant Health and Quality. Labelling requirements. Mercosur Technical Regulation.

CHAPTER 4 – CONCLUSION

After having applied the main target market selection matrix, France is established as the best destination thanks to all the factors and facilities that it gives to the Ecuadorian commerce for the entry of palm heart.

France has remained stable both in imported quantity and product acquisition quantity. Moreover, thanks to the Multi-Party Agreement between Ecuador and the European Union, the value of customs taxes for the entering of products to this country is 0%, reducing obstacles in trade and a wider opening to the benefits that both countries can have from each other.

Furthermore, it has consumption habits and a global demand of healthy and organic products in comparison with other countries; that is to say, they have a balanced diet and eat palm heart regularly. In the same way, it has a purchasing power to buy this product out of its basic basket.

This country is the main destination in terms of global tourism according to the rankings of the Ministry of Tourism, which gets to represent another advantage at the time of establishing this country as target market, due to the amount of foreign population that can get to know the product, consequently opening new doors to potential clients. In addition, it has logistics distribution, applied together with information technologies, which allow providing consumers with more information, offering higher levels of security and compliance with the offered service in terms of the product.

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