



Faculty of Juridical Sciences

International Studies Program

**ANALYSIS OF PERCEPTION OF THE TRADE
AGREEMENT (2017) BETWEEN THE
EUROPEAN UNION AND ECUADOR**

**Degree work prior to obtaining the Bachelor's
degree in International Studies**

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DEDICATION

To my parents, who have been my greatest support and a constant source of love and encouragement. Their unwavering support and sacrifices have been the foundation of my academic success. To my friends and loved ones, for their unconditional support and words of encouragement during the most challenging moments. This achievement is dedicated to all of you, who have been my inspiration and backbone throughout.

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Table of contents

DEDICATION	i
ACKNOWLEDGEMENTS	ii
Table of contents	iii
TABLE OF FIGURES	iv
RESUMEN:.....	v
ABSTRACT:.....	v
Analysis of Perception of the Trade Agreement (2017) between the European Union and Ecuador	1
1. Introduction	1
1.1. Objectives.....	2
1.2 Theoretical Framework	2
2. Literature Review	4
3. Methods.....	6
4. Results	7
5. Discusion.....	11
6. Conclusion.....	12
7. References:.....	13

TABLE OF FIGURES

Figure 1 Word Cloud - Perception of the Agreement between the European Union and Ecuador.	7
Figure 2 Relationship Diagram - Perception of the Agreement between the European Union and Ecuador.	9

RESUMEN:

Este artículo empírico investiga las percepciones de expertos en comercio exterior sobre el Acuerdo entre la Unión Europea y Ecuador. El objetivo principal del estudio es analizar las perspectivas de estos expertos en relación con el acuerdo comercial. El artículo examina temas como la apertura de mercados, la competitividad empresarial, la atracción de inversión extranjera y el acceso a financiamiento. Se utiliza una metodología basada en entrevistas semiestructuradas para recopilar datos cualitativos de un grupo de expertos. Se seleccionaron expertos de diferentes sectores, como el empresarial y académico. En resumen, el artículo proporciona una visión enriquecedora de las percepciones y opiniones de los expertos en comercio exterior sobre el Acuerdo entre la Unión Europea y Ecuador. Los resultados de este estudio pueden contribuir a un mejor entendimiento de los efectos del acuerdo y servir como base para futuras investigaciones y políticas relacionadas con el comercio internacional.

Palabras clave: Acuerdo comercial, Ecuador, Unión Europea, comercio exterior., percepción

ABSTRACT:

This empirical article explores the perceptions of experts in international trade regarding the Agreement between the European Union and Ecuador. The study's main objective was to analyze these experts' perspectives concerning the trade agreement. The article examines topics such as market openness, business competitiveness, foreign investment attraction, and access to financing. A methodology based on semi-structured interviews was used to collect qualitative data from a group of experts. Professionals over the age of 18 from the city of Cuenca were included, representing various sectors including academia and the business industry. In short, the article provides an enriching perspective on the perceptions and opinions of experts in international trade regarding the Agreement between the European Union and Ecuador. The findings of this study can contribute to a better understanding of the agreement's effects and serve as a foundation for future research and policies related to international trade.

Keywords: Ecuador, European Union, Trade Agreement, international trade., perception



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Analysis of Perception of the Trade Agreement (2017) between the European Union and Ecuador

1. Introduction

In today's world, no single country can survive independently without the need for support from other countries. For this reason, international trade has become a key tool for fostering cooperation between nations and achieving progress. International trade refers to all activities related to buying and selling goods and services that occur internationally between different countries and industries. It provides a global perspective on worldwide trade (Bajo, 1991).

Trade has undergone significant evolution from its origins to the present day. In ancient times, the exchange began as a necessity stemming from specialization in particular activities by individuals and families, leading to the development of commercial relationships driven by the rise of agriculture. Initially, barter was used to exchange goods, but later the buying and selling of products using currency was developed. Thus, trade began to expand from the exchange between individuals and civilizations to international trade between nations (Artieda, Mera, Muñoz, & Ortiz, 2017). In summary, trade in its origins is a supportive system that allows people and communities to exchange products to meet their needs.

International trade is driven by the signing of trade agreements that strengthen relationships between countries. While some countries have advocated for free trade as a means to improve efficiency and economic growth, there are protectionist nations that seek to engage in trade through agreements that align with their own interests. Ecuador is an example of a country that has been protectionist in the past but has recently sought to open up to trade relations with other economies (Chang, 2013).

Among the trade alliances that exist in the world, we find Ecuador and the European Union. Given that Ecuador produces products that are scarce in European Union countries and Europeans have specialized in technology and manufacturing, both markets have become complementary, and efforts have been made to consolidate trade relations through a trade agreement. The signing of a trade treaty offers various advantages.

Firstly, countries can trade and source products that they do not have or are not experts in producing. Secondly, international trade allows countries to complement each other. For example, if the European Union is not competitive in shrimp production, Ecuador can export this product and meet the demand of European consumers. This, in turn, can improve the economies of both countries and generate employment. Furthermore, international trade promotes global economic development as it drives the construction of infrastructure such as ports and roads, improving connectivity between countries and reducing transportation costs for products (Rodrick, 2011).

Thirdly, it generates greater consumer choice by providing a wider variety of products and fostering competitiveness among companies, which leads to improvements in product quality and price. Lastly, the trade agreement with the European Union offers Ecuadorian businesses the opportunity to expand their operations and access new markets. This not only helps improve the local economy, but also stimulates other industries and contributes to global development (Rodrick, 2011).

International trade is an important tool for economic growth and global development, and the trade agreement between Ecuador and the European Union provides various advantages to both countries. By strengthening and consolidating their trade relations, both markets can complement each other and generate economic and social benefits for their citizens. It is for this reason that the signing of trade agreements is encouraged to enhance international trade as instruments that support the strengthening of international relations between countries.

In international trade, as in any other agreement, inequality is not always bad. The problem arises when the inequalities are so great that they become injustices (Stiglitz, 2006). This quote highlights the importance of balancing inequalities in trade agreements to avoid injustices and ensure that both parties obtain equitable benefits. Therefore, it is important to investigate the trade agreement between the European Union and Ecuador to understand the real perception that exists at the national level regarding this agreement and the impact it has had on different stakeholders. Although trade agreements aim to generate

equitable benefits for both parties, in many cases, these benefits may not be obtained fairly by the signing members.

1.1. Objectives

General Objective:

To conduct a perception analysis of the 2017 trade agreement between the European Union and Ecuador.

Specific Objectives:

1) To carry out a historical-conceptual review of the trade relations between Ecuador and the European Union.

2) To analyze and describe the motivations and objectives of the 2017 trade agreement between the European Union and Ecuador.

3) To identify the perception that different authors and experts have regarding the 2017 trade agreement between the European Union and Ecuador.

1.2 Theoretical Framework

The history of international trade has been influenced by different thoughts and theories that have shaped its evolution into the global economic activity we know today. From the 15th century, the most powerful countries in Europe began to expand towards other continents, initiating a commercial exchange with the territories of America, Africa, and Asia. Over time, this allowed the emergence of a global economy and consolidated trade as one of the most important economic activities. However, new economic practices also emerged that did not exist in the medieval era, which generated the appearance of different theories in this regard (Rojas, 2004). It is important to mention that the original citation only contains the author's last name, so no correction is needed in that aspect.

The theory of mercantilism was the first to emerge in Europe during the 16th and 17th centuries. This theory holds that the accumulation of precious metals, such as gold and silver, is the basis for economic growth and the prosperity of states. According to this theory, states must achieve a favorable trade balance, exporting more than they import, to achieve the accumulation of precious metals and, therefore, wealth and power.

On the other hand, mercantilism advocated for state intervention in the economy to protect the interests of the nation. The state promoted and protected export industries through commercial monopolies, incentivized investment in new industries with subsidies, imported foreign artisans to improve product quality, and improved transportation systems with the construction of bridges and canals. High taxes were also imposed on foreign products to promote the development of local industry. In summary, mercantilism was an economic theory that influenced the European economy during the 17th and 18th centuries and held that the accumulation of precious metals was the key to the growth and prosperity of states, as well as advocating for state intervention in the economy to protect national interests.

One of the greatest representatives of this theory was Thomas Mun, who defended the idea that the only way for a country to obtain everything necessary to satisfy its needs and accumulate wealth was through foreign trade. Finally, mercantilism began to lose relevance in the late 18th century, when economic liberalism rapidly spread throughout Europe. This was because the mercantilist theory based the economic growth of one nation at the expense of the zero growth of another (Rache de Camargo, 2021).

Later on, economic liberalism emerged, which expanded throughout Europe during the 18th and 19th centuries. This current of thought opposes mercantilism, which advocated for state intervention in economic affairs. According to economic liberalism, the state should not intervene in the economy, as this disrupts its natural development. Instead, the economy should be regulated by the law of supply and demand, and the government should not restrict individual economic freedom. The role of government is limited to three functions: defending the country, protecting citizens, and building public works. In summary, economic liberalism focuses on individual freedom and non-intervention of the state in the economy, while mercantilism advocates for state intervention in the economy to protect national interests. (Rache de Camargo, 2021).

Economic liberalism is characterized by three fundamental aspects. First, it seeks to maintain a balance between production and consumption through free interaction between supply and demand in the

market. Second, the role of the state in the economy must be limited, allowing companies and individuals to make agreements and contracts freely. Lastly, the accumulation of capital and savings are considered essential for the well-being of society and the success of the liberal theory. In summary, economic liberalism focuses on individual freedom and economic efficiency, believing that state intervention in the economy.

Regarding the main advantages of economic liberalism, it promotes creative innovation and new projects. Additionally, it fosters competition, which encourages companies to provide better services or products and allows people to have access to a wide range of products at more affordable prices. Furthermore, it stimulates large-scale investment, which drives economies. Lastly, it facilitates the emergence of new companies, creating new job opportunities in society. On the other hand, one of the disadvantages is that advocating for international trade, it opens borders to foreign products, which can negatively impact domestic production and competition.

Subsequently, in the 18th century, the absolute theory emerged. This theory was proposed by the economist and philosopher Adam Smith in his work "The Wealth of Nations," in which he explained that a country can have an absolute advantage in the production of a good if it can produce more units of that good with the same amount of resources as another country. This means that the country has higher efficiency in the production of a particular good. According to Smith, countries should specialize in the production of goods in which they have an absolute advantage and trade with other countries to obtain goods in which they are less efficient. In this way, greater global efficiency in production and increased wealth of countries would be achieved. Smith's absolute theory is considered one of the foundations of international trade theory.

On the other hand, under the analysis of the absolute theory, the competitive theory emerges. This theory was developed by the economist David Ricardo and was based on Adam Smith's theory. According to David Ricardo, a country has a comparative advantage whenever the opportunity cost of producing a good is lower than the opportunity cost of other countries. (Buendía Rice, 2023).

In order to maximize the benefits of international trade, it became necessary to create instruments that contribute to its organization and control. One of the most important instruments is trade agreements. A trade agreement is a voluntary negotiation between two or more countries to meet their needs, generating rights and obligations governed by agreed-upon rules. These agreements aim to reduce both tariff and non-tariff barriers among the member countries of an agreement (Bergue Romero, 2014). For this purpose, the World Trade Organization (WTO) monitors these agreements among member countries, seeking fair competition, and economic growth for less-developed countries with equitable policies and rules for all, as well as providing mechanisms or mediation bodies for conflict resolution (Mata & Cordero, 2009).

Free trade agreements can be classified into the following categories:

- **Partial Scope Agreements:** This is the most fundamental type of bilateral agreement aimed at partially opening trade in a range of goods. It is typically conceived as the initial phase of a broader opening process. The Free Trade Agreement (FTA) belongs to this type of agreement (Ortiz Valenzuela, 2015).
- **Strategic Partnership Agreements:** These are bilateral agreements that fall between a partial scope agreement and a free trade agreement in terms of scope. In addition to tariff market opening, they also include direct non-trade agreements such as collaboration in social, scientific, technological, and investment fields.
- **Economic Complementation Agreements:** This is a term used by Latin American countries for bilateral agreements they enter into with each other to mutually open their commodity markets, as established in the Latin American Integration Association (ALADI).

On the other hand, through these agreements, different levels of integration can be achieved:

- **Free Trade Agreement (FTA):** It is a regional or bilateral trade agreement to expand or establish areas of free trade in goods and services between countries, where mutual tariff preferences and reduction of non-tariff barriers to trade are agreed upon. (Bergue Romero, 2014). There are several blocks that fall under this type of agreement, such as DR-CAFTA (Dominican Republic-Central America-United States Free Trade Agreement), EFTA (European Free Trade Association comprising Iceland, Norway, Switzerland, and Liechtenstein), and the Pacific Alliance, an agreement between Colombia, Mexico, Peru, and Chile.
- **Customs Union:** It is an agreement between two or more states that adopts a common stance towards other countries. This agreement reduces trade barriers and imposes a uniform tariff on

goods coming from outside the customs union. The MERCOSUR, composed of Brazil, Argentina, Paraguay, Uruguay, and Venezuela, falls under this type of bloc.

- Common Market: It is an agreement that goes beyond the customs union; in addition to eliminating trade barriers among its members and establishing a common tariff against external imports, the common market also establishes the free movement of people, goods, services, capital, and resources. The CARICOM (Caribbean Community), comprising 15 Caribbean countries, belongs to this level of integration.
- Economic Union: The only bloc that has been able to achieve an economic union is the European Union, formed by 28 countries that share a common currency, flag, and anthem.

2. Literature Review

At the IV Summit of Latin America, the Caribbean, and the European Union (ALC-UE) held in Vienna in 2006, a mandate was approved that marked the first step towards initiating negotiations between the Andean and Central American nations (Villagomez, 2011). Following this, in early April 2007, the Andean Community of Nations (CAN) - composed of Colombia, Peru, Bolivia, and Ecuador - began negotiations with the European Union for an association agreement between the blocks. However, the negotiations encountered a setback in 2008 when they failed to reach a consensus due to divergent perspectives on the development of their economies (Villagomez, 2011). While it is true that some objectives of the CAN countries are to combat drug trafficking and reduce poverty, and insecurity, these were not sufficient reasons to promote regional integration that would encourage bloc negotiation, as the development circumstances and interests differ among them (Andrade Rodríguez & Meza Lino, 2017).

As a result of the failed negotiation between the CAN and the EU blocs, a clear division can be observed within the CAN. On one hand, Colombia and Peru have a more open view towards international trade, aligned with the concept of comparative advantages and international norms and institutions. On the other hand, Ecuador and Bolivia continue to maintain a position driven by economic nationalism, aiming to strengthen their sovereignty and independence (Brown del Rivero & Torres Castillo, 2012). After this setback, the Association Agreement changed its name and continued as a "Multi-Party Trade Agreement," with Colombia and Peru continuing bilateral negotiations. Bolivia withdrew from the negotiations, and Ecuador remained until it decided to suspend its participation in 2009 while the banana dispute was resolved at the WTO, which was settled by late 2009 (Villagomez, 2011).

In 2010, negotiations resumed under the framework of the so-called "Pact for Development on Trade, Non-Trade Issues, Political Dialogue, and Cooperation for Ecuador." The first round of negotiations concluded in early 2014, and the negotiations for the final agreement formally ended on July 17, 2014 (Andrade Rodríguez & Meza Lino, 2017). On June 26, 2012, in Brussels, Belgium, the European Union signed the Trade Agreement with Peru and Colombia (Andrade Rodríguez & Meza Lino, 2017).

On the other hand, the multipart trade negotiations with Ecuador took almost 10 years, and on November 11, 2016, the Accession Protocol of Ecuador to the trade agreement with the European Union was signed, entering into force on January 1, 2017 (Ministry of Foreign Trade of Ecuador, 2016). With this, Ecuador became a trading partner of the 28 countries that make up the European Union (Andrade Rodríguez & Meza Lino, 2017). Thus, Ecuador, with a population of 17,888,474 inhabitants (2022), joined the multilateral trade agreement with the EU, which already included Colombia and Peru. The Generalized System of Preferences (GSP) established the trade policy of the Andean Community of Nations (CAN) with the European Union before and during the negotiations. This system grants preferential treatment to developing countries. It consists of two specific regimes that address the needs of developing countries in comparable circumstances, as well as a general regime for all beneficiary countries and territories (Brown del Rivero & Torres Castillo, 2012).

As the author explains in his article about the Trade Agreement with the European Union:

"The absence of a trade agreement would directly affect national production, exports, direct and indirect employment, and currency generation. The impacts would extend to various social sectors, large and medium-sized companies, as well as Actors of the Popular and Solidarity Economy" (Andrade Rodríguez & Meza Lino, 2017).

The trade agreement between the European Union and Ecuador represents a legal framework that regulates preferential trade relations between the two blocs. The agreement has allowed 99.7% of Ecuador's exportable goods to be placed with a 0% tariff. On the other hand, the EU bloc has high purchasing power

and a market of approximately 515 million people, which is highly beneficial for Ecuador. This agreement is an opportunity for entrepreneurs, producers, popular and solidarity economies, SMEs, and all types of ventures. Thus, the agreement represents the main market for Ecuador's non-oil products and the third most important market for manufacturing exports.

Among Ecuador's main exports to the European Union, the top export is edible fruits, citrus peel, melons, or watermelons, with a total export value of \$190.30 billion, followed by fish, crustaceans, mollusks, and other aquatic invertebrates with \$182.60 billion. In third place are preparations of meat, fish, or crustaceans with \$100.50 billion, followed by minerals, slag, and ash with \$57.40 billion, live plants and floricultural products with \$42.70 billion, and cocoa and its preparations with \$40.70 billion in export value (Ecuador, Central Bank of Ecuador, 2022).

The trade agreement includes 11 objectives, which are listed as follows:

1. The progressive and gradual liberalization of trade in goods, in accordance with the provisions of Article XXIV of the GATT 1994.
2. The facilitation of trade in goods through, in particular, the application of the agreed provisions on customs and trade facilitation, technical regulations, conformity assessment procedures, and sanitary and phytosanitary measures.
3. The progressive liberalization of trade in services, in accordance with Article V of the GATS.
4. The development of an environment conducive to increased investment flows, including the improvement of establishment conditions between the parties under the principle of non-discrimination.
5. Facilitating trade and investment between the parties through the liberalization of current payments and capital movements related to direct investment.
6. The effective and reciprocal opening of the Parties' public procurement markets.
7. The adequate and effective protection of intellectual property rights, in accordance with the international standards in force between the Parties, ensuring a balance between the rights of intellectual property rights holders and the public interest.
8. The development of economic activities, particularly with regard to the relations between the Parties, in accordance with the principle of free competition.
9. The establishment of an expeditious, effective, and predictable dispute settlement mechanism.
10. Promoting international trade in a manner that contributes to the goal of sustainable development, and working to integrate and reflect this objective in the trade relations of the Parties.
11. Ensuring that cooperation for technical assistance and capacity building contributes to the implementation of this Agreement and the optimal utilization of the opportunities offered by it, in accordance with the existing legal and institutional framework (Official Journal of the European Union, 2016).

The trade, due to its extensive length, has been divided into several parts to facilitate understanding of its content. The first part contains chapters on access to goods. In one of the early chapters, it discusses access to agricultural products as well as industrial and fishery products. The first advantage of the trade agreement since January 1, 2017, was the elimination of 99.7% of tariffs on agricultural products and 100% of tariffs on industrial and fishery products. Within the remaining 0.3%, there is a specific negotiation for sensitive products such as bananas, which are subject to a separate tariff of 75 euros per ton and an annual quota allocated by the European Union. On its part, Ecuador negotiated a 100% tariff dismantling for some European products, but many other products have a progressive tariff dismantling schedule of up to 7 years.

On the other hand, it discusses measures of trade defense, including anti-dumping measures, countervailing measures, and multilateral safeguard measures. There is a chapter on trade facilitation, where both parties commit to working towards transparency in their customs procedures and legislation to ensure efficiency and avoid hindering trade procedures between the two parties. Another chapter deals with sanitary and phytosanitary measures, which include provisions that exports of animal or plant origin must comply with to be eligible for export. There is also a chapter on rules of origin, which determine whether a product is considered originating from Ecuador or the European Union. Only with the rules of origin can tariff benefits be granted, as they determine under what conditions a product is considered originating from one of the parties. Additionally, there is a chapter on public procurement that establishes the conditions under which companies from both parties can access the public markets of the other party and in which sectors (Official Journal of the European Union, 2016).

In the second part of the agreement, there are chapters on investment and services. Here, you can find an investment chapter that presents the fundamental concept of national treatment. This means that Ecuadorian companies will receive the same treatment when investing in Europe as European companies,

and vice versa. Likewise, there is a chapter that regulates the trade in services and covers the cross-border supply of all services, including IT services, postal services, courier services, telecommunications services, financial services, and international maritime transport services. On the other hand, there is a chapter that regulates capital movements, where according to this chapter, the parties authorize any payment or transfer in the current account of the balance of payments between the parties. Capital movement is authorized for direct investments by legal entities of each party (Official Journal of the European Union, 2016).

A third part encompasses cross-cutting topics, that is, topics that go beyond the trade of goods and services. Firstly, it contains a chapter that addresses trade defense, which regulates potential disputes between the partners. Additionally, there is a chapter on competition policy that promotes fair and equitable competition among companies. On the other hand, the agreement includes a chapter on intellectual property that includes protection, for example, of geographical indications and safeguards companies against the misuse of intellectual property rights. There is also a chapter on trade and sustainable development, in which the parties commit to respecting labor and environmental commitments and not to use trade as an excuse to degrade environmental rights and workers' rights. An example of this provision is the Green Deal, which promotes green and sustainable economic development and adopts a farm-to-fork strategy (Official Journal of the European Union, 2016).

As a fourth part, there is the institutional part of the agreement, where the parties agree to meet in a forum to discuss or evaluate the implementation of the agreement. Here, the parties discuss the issues that have arisen throughout the year and aim to resolve them at a ministerial level (Official Journal of the European Union, 2016).

On the other hand, as announced by the Ambassador of the European Union in Ecuador, Charles-Michel Gerts (2022), in a press conference, one of the results shown by the agreement is an increase in bilateral trade by 16% compared to 2020. Regarding exports, the EU benefits from the quality and regularity of products imported from Ecuador. 80% of EU imports into the country consist mainly of capital goods and agricultural technology, which directly contributes to the development of Ecuador's manufacturing sector. (Gerts, 2022) It is important to cite correctly.

Furthermore, another achievement mentioned by the EU representative is the reduction in the price of imported goods thanks to the gradual reduction of tariffs, which in 2022 included 1,326 goods entering the EU with zero tariffs. Finally, another significant contribution from the EU to Ecuador is the donation of 10 million euros, which will not only ensure the digital, inclusive, and green transition of Ecuador but also minimize the impact of COVID-19 while supporting socio-economic recovery. The trade sector, particularly micro, small, and medium-sized enterprises (MSMEs), producer associations, and cooperatives, have seized the opportunities offered by trade agreements and facilitated the participation of vulnerable groups in the process. (Gerts, 2022).

3. Methods

The research method applied in this study is exploratory research. Exploratory research is a type of research used to study problems that are not clearly defined or have not been previously studied. In other words, exploratory research is a technique used to gather data on any aspect that needs to be known, which is then interpreted and used for decision-making. Its objective is to understand the problem at hand without providing conclusive results (Salinas Meruane et al., 2008).

Exploratory research has several characteristics that make it advantageous compared to other methods. For instance, when defining its concepts, it prioritizes people's perspectives. Additionally, it does not have a strict structure, allowing the researcher to follow the process that seems simplest. Furthermore, it enables finding solutions to problems that were previously considered (Salinas & Cárdenas, 2008). Moreover, it is not necessary to formulate a hypothesis since exploratory research aims to obtain sufficient data on a topic that may be lacking (Ramos-Galarza, 2020).

On the other hand, the approach used in this study is qualitative, as the database of information will be obtained through semi-structured interviews. A semi-structured interview is the instrument through which data is collected from a person based on a dialogue between the interviewer and the interviewee. However, this type of interview allows for flexibility in the interviewee's responses in order to obtain a more extensive opinion on the topic, achieving a higher degree of naturalness, comfort, and transparency

Based on the frequencies of the most mentioned words in the interviews related to the trade agreement between the European Union and Ecuador, it can be inferred that the most important topics for the interviewees are: the agreement itself, traded products, product quality, the market, and production. Other relevant topics include exports, companies, tariff preferences, knowledge, government, negotiation, cooperation, and costs.

During the interviews, it was observed that the most mentioned word was "Agreement." This is because the central theme of the interviews is the "Trade Agreement between the European Union and Ecuador." The frequent mention of "products" is due to the significance of trade in goods between both regions. Among the mentioned products in the interviews regarding exports are manufactured goods, crafts, raw materials, and canned foods such as jams, among others, which have greatly contributed to the competitiveness of Ecuadorian production due to their high quality. On the other hand, the imported products mentioned include high-end vehicles and agricultural machinery. The mention of "trade" reflects the relevance of the Trade Agreement as a means to strengthen the trade relations between the European Union and Ecuador. Additionally, this word is associated with terms such as "exports," "market," and "companies," suggesting that the interviewees view the trade agreement as an opportunity to improve commercial operations between both regions. The word "market" refers to the ease created by the agreement in accessing new markets with their products. The trade agreement provides Ecuadorian companies with increased access to the European market, which is beneficial for their growth and development.

In addition, within the framework of the trade agreement with the European Union, it is not only necessary to increase the production of goods but also to ensure and comply with quality standards in the exportation of traded products, guaranteeing adherence to specifications and quality certifications. This responsibility takes on particular relevance within the context of the trade agreement, as increased trade can generate greater competition in the domestic market, making quality a fundamental factor in achieving a competitive advantage.

According to the interviewees, the trade agreement between the European Union and Ecuador has significantly improved the quality of Ecuadorian products destined for export to the European Union. This is largely due to European requirements regarding quality standards and technical certifications, which have played a crucial role in strengthening production practices and ensuring the safety and reliability of products. Additionally, the term "companies" has been frequently mentioned because companies have had the opportunity to benefit from increased trade and investment. The interviewees have emphasized the challenge that companies face in continuously improving their production processes, meeting quality and technical standards, and ultimately achieving competitiveness in the global market.

Regarding "exports," participants in the interviews highlighted that the commercial agreement has driven significant economic growth in Ecuador. The main objective of the agreement is to facilitate trade, both in terms of exporting products to other countries and importing goods and services, which explains why this term is frequently mentioned in the interviews. Thanks to this agreement, commercial relationships have been strengthened with a market that has always been crucial for Ecuador, and support has been provided for the export of primary products such as fruits, cereals, and manufactured goods, among others. At the same time, Ecuador imports technology, machinery, medications, and other high-quality products from the European Union. The complementarity between both markets has played a fundamental role in the sustained growth of exports in both blocs over the years.

The topic of "changes" has been raised, referring to the consequences of implementing a trade agreement for Ecuador. Firstly, it pertains to the functioning of ECUAPASS, adapting new functions in the program to facilitate paperwork procedures. It also refers to the adjustments made to meet the quality requirements and certificates demanded by the European Union.

The notion of "development" is closely linked to the essential role played by the agreement between the European Union and Ecuador in the country's economic growth, stimulating various sectors and generating significant advantages. One of the most notable achievements has been the boost experienced in Ecuadorian exports to the European market. The elimination or reduction of tariffs and trade barriers has made a significant increase in product shipments possible, benefiting key productive sectors such as bananas, shrimp, cocoa, flowers, and tuna, among others.

This openness has stimulated production, generating sustained growth in these sectors. In addition to strengthening traditional export sectors, the agreement has promoted the diversification of Ecuador's offering. Preferential access to the European market has allowed for the exploration of new opportunities in sectors such as processed foods, organic products, textiles and garments, as well as handicrafts. This diversification has been crucial in expanding the country's export base and reducing its dependence on a single product, increasing the resilience of the Ecuadorian economy.

On the other hand, it is important to mention "tariff preferences," which represent the implications of the agreement in terms of agreed tariffs and trade benefits between both blocs. These preferences aim to achieve mutual benefits by facilitating exports and imports of products, thus promoting long-term economic growth and sustainable development for both economies.

Likewise, according to the responses of the interviewees, the term "knowledge" stands out in relation to the impact of the trade agreement, which promotes the transfer of knowledge and technologies between the European Union and Ecuador. Due to the high quality standards, as well as the sanitary and phytosanitary requirements established by the European Union, Ecuadorian industries have had to acquire greater knowledge and train their personnel to meet the agreement's requirements. This need to acquire knowledge and improve capabilities has contributed to the growth of the industrial sector and has allowed for the elevation of the quality of Ecuadorian products to meet the demanded standards. As for the term "government," the interviewees point out its fundamental role in decision-making related to the agreement, as their actions will determine whether the agreement becomes a tool to drive Ecuador's growth or remains mere intentions without achieving its objectives.

On the other hand, it was evident that the term "improve" indicates that the interviewed community recognizes the need to continue improving production and the quality of final products to meet EU requirements. Furthermore, the importance of the government driving improvements in political aspects, both in decision-making and in fostering improvements in production and business efficiency, was highlighted. This awareness of continuous improvement reflects the desire to reach higher standards and ensure sustainable development within the context of the trade agreement.

Finally, the words "negotiation" and "cooperation" are also relevant, as they suggest that the trade agreement is not only about a commercial transaction but also involves dialogue and collaboration between the countries involved. Cooperation can be key to ensuring that the agreement is beneficial for both parties and to mitigate any potential conflicts.

Figure 2 Relationship Diagram - Perception of the Agreement between the European Union and Ecuador.



Note: This image was created using Atlas.ti software version 23.3.

The analysis of the relationship diagram reveals various dimensions and key aspects related to the trade agreement between the European Union and Ecuador. Through the different categories of identified codes, the economic and political consequences of the agreement, the causes that led to its establishment, the challenges in its implementation, and the perspectives and future of the agreement are examined in detail.

Firstly, regarding the causes of trade agreements, several factors that have driven the establishment of the agreement between the European Union and Ecuador are identified. These include the economic policy of the Ecuadorian government, which has sought to diversify the economy and promote trade openness as a strategy to boost economic growth. Additionally, business interests have played a fundamental role in promoting the agreement, as Ecuadorian companies seek to expand their access to the European market and capitalize on commercial opportunities. Lastly, international pressure and the need to strengthen trade relations with the European Union have also influenced the decision to sign the agreement.

On the other hand, for the implementation of the agreement, a series of necessary measures have been identified for its effective application. This involves adjustments in economic and trade policies, as well as in business operations, to comply with the established requirements and quality standards highlighted in the word cloud. The actors involved face obstacles related to institutional capacity, interinstitutional coordination, harmonization of norms and regulations, and the adoption of necessary measures to overcome trade barriers and facilitate the exchange of goods and services.

Regarding the economic outcomes, according to the interviewees, the agreement has had a significant impact on the bilateral trade between the European Union and Ecuador. There has been a notable increase in both exports and imports, promoting greater exchange of goods and services between the two regions. This growth in trade has generated significant economic benefits for both parties, driving economic growth, job creation, and expanding trade opportunities.

Furthermore, the agreement has had implications on product prices, with noticeable changes in the competitiveness of the sectors involved. Ecuadorian industries have had to adapt to the quality standards and specific requirements established by the European Union, which has required improvements in production and the acquisition of technologies and knowledge to meet those requirements.

The agreement has also had a positive impact on attracting foreign direct investment (FDI). This transfer of technology and knowledge has benefited the Ecuadorian economy, strengthening its productive capacity and improving its positioning in the global market. Sectors such as manufacturing, agribusiness, renewable energy, and services have benefited from this investment. The presence of European companies has stimulated the transfer of technology, knowledge, and best practices, contributing to the modernization and development of the receiving sectors.

The competitiveness of Ecuadorian companies has also been strengthened thanks to the trade agreement. The competition generated by access to the European market has motivated companies to improve their efficiency and competitiveness. This has translated into increased investment in technology, innovation, quality, and compliance with international standards. Ecuadorian companies have made efforts to meet the quality and safety requirements demanded by the European market, which has driven improvements in the productive capacity of various economic sectors.

Furthermore, the agreement has facilitated access to financing for Ecuadorian companies. Specific programs and credit lines from European financial institutions have been available to companies interested in developing investment, modernization, and development projects. This has contributed to the execution of infrastructure projects, the adoption of technology, and the implementation of innovative business practices in different economic sectors of the country.

In terms of political outcomes, the agreement has contributed to the strengthening of diplomatic relations between the European Union and Ecuador, providing a platform for closer dialogue and increased political exchange between the parties. Additionally, the agreement has highlighted the importance of addressing environmental concerns and promoting sustainable practices in commercial activities to ensure economically and environmentally responsible development.

Regarding the prospects and future of the agreement, it is important to assess the impact of political and economic changes in both regions. This involves closely monitoring internal and external political and economic developments that may affect the implementation and continuity of the agreement. Additionally, regular evaluations should be conducted to identify possible improvements and necessary adjustments to the agreement in order to maximize its benefits and address any concerns that may arise during its implementation. The future landscape of trade agreements, both in the bilateral context between the European Union and Ecuador and in the regional and global arenas, should also be considered.

In summary, the detailed analysis of the relationship diagram reveals the multiple dimensions and aspects encompassed by the trade agreement between the European Union and Ecuador. From the causes and implementation of an agreement to the economic, political consequences, and future prospects. This research provides a comprehensive understanding of the complex and multifaceted nature of the agreement. The results of the analysis help to better understand the effects and potential of the agreement in the economic and political context of both regions, as well as to identify areas for improvement and challenges that need to be addressed to ensure its continued success.

5. Discussion

The obtained results clearly demonstrate the highlighted benefits of the trade agreement between the European Union and Ecuador. Both parties have experienced substantial improvements. Ecuador has successfully enhanced the quality of its products to meet European standards by implementing green norms and adopting more sustainable practices. Additionally, it is important to highlight that a significant increase in exports and imports has been observed, strengthening bilateral trade and enabling Ecuador to access high-quality products and advanced technology. Consequently, the signing of this agreement has provided significant advantages for both parties involved.

According to Andrade and Meza (2017), one key advantage of trade agreements is the reduction of trade barriers, which can take various forms. While traditionally focused on tariff barriers, trade agreements are increasingly considering non-tariff barriers as well. Participating countries work together to establish an environment with fewer trade restrictions.

According to this research, the signing of trade agreements has shown to significantly increase the volume of trade between countries, with a high percentage growth observed over time. Another important advantage is access to larger markets, where Ecuadorian small and medium-sized enterprises (SMEs) could enhance their export capacity by meeting the required international quality standards. Additionally, based on the results of the interviews conducted in this study, there is a clear improvement in the quality of Ecuadorian products destined for export to the European Union. The agreement has incentivized Ecuadorian companies to raise their quality standards and meet European demands and regulations. This has led to increased investment in technology, more efficient production processes, and stricter attention to quality and food safety aspects, aligning with the author's statement.

Furthermore, the transfer of technology is highlighted as another positive aspect. The partnership with the European Union would provide Ecuador with the opportunity to access European technology and knowledge more affordably through the importation of necessary capital goods for industrialization (Andrade & Meza, 2017). It is argued that exports to the European Union generate employment and represent a significant portion of job opportunities related to the export of goods and services. Additionally, the agreement includes provisions for trade and sustainable development, aiming to strengthen economic and social development by complying with labor and environmental legislation and adopting high standards of protection established in international agreements (Andrade & Meza, 2017).

On the other hand, according to Alvarado (2018), Ecuador's trade policy aims to increase non-oil exports with added value, attract foreign direct investment through incentives, identify priority sectors, decentralize the economy, promote high-quality domestic production as a substitute for imports, develop special economic development zones (ZEDES), and facilitate foreign trade, among other aspects. Furthermore, regarding the trade agreement between Costa Rica and the United States, the gradual elimination of tariffs in Costa Rica plays a crucial role in understanding the effects of DR-CAFTA. This process leads to an average annual production increase of 1.8 percentage points compared to a simulated scenario without the treaty. However, due to relatively low tariffs on certain products and a decrease in imports from the United States compared to other trading partners, the simulated impact of tariff elimination

in Costa Rica is moderate in terms of production and, therefore, has a limited effect on Costa Rica's GDP growth (Sánchez, 2007).

In this regard, according to the different interviewees, the implementation of ecological regulations has become a highly relevant element within the trade agreement. These regulations establish environmental and sustainability requirements that must be met by Ecuadorian products exported to the European Union. This has motivated companies to adopt more sustainable practices and consider aspects such as waste management, emission reduction, and responsible use of natural resources. Additionally, a significant increase in exports and imports between Ecuador and the European Union has been observed since the agreement came into effect. Ecuadorian exports to the European Union have experienced steady growth, encompassing various sectors such as agriculture, manufacturing, and services. Similarly, there has been an increase in imports from the European Union, allowing Ecuador to access high-quality products and technologies to strengthen its competitiveness in the domestic market.

Furthermore, the European Union not only has trade agreements with Latin American nations but has also established trade agreements with African countries. However, it is widely recognized that most African countries, as well as some Caribbean countries, are among the least developed nations in the world. Consequently, these countries have faced difficulties in meeting the obligations imposed by international organizations. Additionally, the economic imbalance in the trade balance is further exacerbated by the fact that the European Union continues to grant generous subsidies to the agricultural sector and demands high standards of health and industrial safety for products entering its market (Rodríguez, 2010).

In this case, the results from interviews with Ecuadorian experts have mentioned that while Ecuadorian companies have faced considerable challenges in adapting, it has not been impossible, and in fact, they aim to surpass the current quality levels and strive for further improvement. It is important to highlight that the agreement has prompted the implementation of stricter quality, sanitary, and phytosanitary requirements. These requirements aim to ensure product safety and protect consumer health both in the European Union and in Ecuador. As a result, training and development programs have been carried out in companies to improve production practices, thus promoting quality and safety in exported products.

On the other hand, other authors have expressed concerns about possible disadvantages, such as unfair competition and dependence on certain economic sectors. According to Mungaray and Burgos (2009), overall, after the year 1984 when Mexico proceeded with economic openness, an increase in wage disparities among workers based on their educational level was observed. The presence of a clear pattern indicating a growth in income inequality is noteworthy compared to the period before Mexico became an open country (Mungaray & Burgos, 2009).

6. Conclusion

Concluding, a review has been conducted on trade in its early stages and the development and impact it has had on the current international community. Trade agreements have been created to enhance relations between countries and facilitate import and export activities. These agreements are treaties that are signed by two or more countries with the aim of achieving mutual benefits for all parties involved and reducing injustices in trade.

While it is true that trade agreements pose numerous challenges and obstacles, opening up to free trade with fewer tariff and non-tariff barriers can generate significant benefits for a country's growth and development. A clear example of this is the Trade Agreement between the European Union and Ecuador, which has been a fundamental instrument in improving the country's economy. The discussion revealed a series of interesting perceptions and divergent viewpoints among the experts interviewed. The benefits of the agreement were highlighted, such as expanded export opportunities, boosting the Ecuadorian economy, and improving trade relations with the European Union. On the other hand, concerns were expressed about potential disadvantages, such as unfair competition and dependence on certain economic sectors.

In conclusion, the trade agreement between the EU and Ecuador has played a key role in Ecuador's economic development by opening up market opportunities, promoting the competitiveness of companies, attracting foreign investment, and facilitating access to financing. These factors have contributed to the growth and diversification of Ecuador's different economic sectors, strengthening its economy and laying

the foundation for long-term sustainable development. The trade agreement between the EU and Ecuador has been an indispensable tool for driving the country's economic progress.

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