



Investment Opportunities in Ecuador

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Located in South America, bordered by Colombia to the north, Peru to the east and south, the Pacific Ocean to the west, and by the Galapagos Islands with Costa Rica, Ecuador is a small yet diverse country located in South America. Its population is around 17 million people and it is known for its diverse geography, which includes: the Andes mountains, the Amazon rainforest, the Coast

region, and the Galapagos Islands. Despite its size, Ecuador offers a wide range of investment opportunities for foreign investors, including Japanese investors. In recent years, the Ecuadorian government has made significant efforts to attract foreign investment, creating a favorable environment for investors to start or expand their businesses.

4 Worlds in One Country



Several areas and industries in Ecuador have potential for growth and investment.

Energy

The energy sector is one of the most promising with significant potential for renewable energy development, with abundant resources in solar, wind, and hydroelectric power. The country has already made significant investments in hydroelectric power, which accounts for approximately 70% of its electricity generation. The update to the 2018-2027 Electricity Master Plan (EMP) provides for the startup of operations of a 500 MW Block of Non-Conventional Renewable Energies (NCRE) by 2024, with an average annual energy output of 2,119.3 GWh/year to meet the forecasted demand, taking into account the current electricity demand growth trend, energy efficiency projects, the incorporation of single loads from electricity distribution companies, and the interconnectedness of the National Interconnected System with the Petroleum Interconnected Electrical System. Japan is a global

leader in renewable energy technology, making this a promising area for Japanese investments in Ecuador.

Oil and Gas

The Government of Ecuador is actively seeking investment opportunities in the oil and gas sector to strengthen the value chain and promote social programs and infrastructure development that benefit all sectors of the country. By investing in this sector, foreign investors have the opportunity to make a significant contribution to the country's social and economic development, while also benefiting from the profitable opportunities available in Ecuador's oil and gas industry. Among others, six oil blocks have been identified for the future "Intracampos II Bidding Round". On the other hand, the design, construction and operation of a modern refinery in the coastal region of Ecuador is a country priority. With the new high-conversion refinery, it is expected to cover up part of the demand with fuels with the Euro 5 Standards.

Infrastructure

The country's infrastructure is still underdeveloped in many areas, with many opportunities for investments in roads, railways, bridges, airports, and ports. Ecuador has a 10,290 km long state road network, out of which 374 km are prioritized. Japan has long been known for its expertise in infrastructure development, making this a promising area for Japanese investments. There are several projects underway, including the service and

rehabilitation of the national railway system, the construction of a highway in Manabi province, and the construction of a deep-water port in Guayas province.

Mining

Ecuador is a country rich in mineral resources, including gold, silver, copper, and zinc. The government is currently promoting investments in the mining sector, and there are several large-scale mining projects underway. Ecuador's mining sector presents significant opportunities for investors, with the potential to generate economic growth and social development in the country. The government has implemented policies aimed at increasing investments in the sector while, at the same time, ensuring compliance with strict social and environmental standards, minimizing their impact on the local communities as well as in the environment and the protection of the natural resources.

Health

Ecuador updated the territorial planning of the "Health Establishments of the First, Second and Third Level of Care", corresponding to the Comprehensive Public Health Network that forms part of a sectoral planning, that seeks to ensure that the location of services guarantees access, coverage and equity among the population. In this regard, there are many projects focused to strengthen the infrastructure of first level health care facilities, in accordance with territorial planning at the national level.

Prioritized sectors and basic industries for investment



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Ambassador César Montaño was appointed Ambassador to Japan in June 7th, 2022. He is a former Vice Minister of Foreign Affairs and served as Under Secretary for Economic Affairs and International Cooperation at the Ministry of Foreign Affairs of Ecuador. Ambassador Montaño is a member of the Foreign Service of Ecuador since 1987. He has fulfilled diplomatic functions at the Embassy of Ecuador in Bonn, Germany, the Permanent Representation of Ecuador to the World Trade Organization in Geneva, Switzerland, and as Director General at the Andean Community General Secretariat in Lima, Peru.



Sports

High performance sports are the pinnacle of the pyramidal structure of highly competitive sports. In order to reap sporting glories that inspire future athletes and generate positive role models, it is essential to have a structured and solid plan that ensures that necessary resources are available over time. In this scenario, the recondition of the existing sports facilities, such as a high training center in Carpuela (reserved for elite athletes), and national training centers are part of the Ecuadorian investment portfolio. Ecuador had a historical participation in the Tokyo Olympics, obtaining more medals than ever.

Agriculture

Ecuador's fertile land and diverse climate make it an ideal location for agriculture and food products. The government has been promoting Ecuador's agricultural products, making this a promising area for Japanese investors. Opportunities for investments in agriculture include the development of new farms, processing facilities, and the export of value-added products development, with a particular focus on organic and fair-trade products.

The administration under President Guillermo Lasso has taken concrete steps towards enhancing the business climate in Ecuador. One such step is the provision of investment contracts, which entitle investors to several benefits, including a maximum 5% reduction in income tax rates, exemptions on import tariffs for capital goods and raw materials necessary for the project, exemption from currency outflow tax for the same imported items, access to national and international arbitration, tax

stability for investments over USD 100 million during the contract term, and stability on essential regulations for strategic sectors or public services provision. In addition, the government has set a target to finalize trade deals with major global economies. Notably, Ecuador has recently completed successful trade negotiations with both China and Korea, and the government is now keen on pursuing similar agreements with Japan through an EPA negotiation. The involvement of the private sector in this process is of paramount importance.

In conclusion, Ecuador offers a range of investment opportunities for foreign investors, mainly Japanese investors. The government has created a favorable environment for foreign investors, implementing incentives and streamlined procedures for starting new businesses. With its strategic location, favorable investment climate, and growing economy, with one of the lowest inflation rates in the world, Ecuador presents itself as an attractive destination for foreign investors looking to expand their businesses into South America and the region.

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