



# Ecuador *in Brief*

Embassy of Ecuador

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## A vibrant Ecuador-U.S. relation by Heinz Moeller\*

At least three issues –trade, energy, and the fight against drugs– top the agendas of both Ecuador and the United States.

In **trade**, the U.S. is Ecuador's main partner and we are currently seeking renewal and enhancement of the Andean Trade Preferences Act, a valuable tool in helping Ecuador diversify its exports and sustain legitimate trade and economic growth. Yet our common interests go beyond that, to hemispheric and multilateral negotiations. Ecuador is now the Chair of the Free Trade Area of the Americas, FTAA, until October 2002, and as such it maintains close contact with trade negotiators from the Americas.

Regarding **energy**, Ecuador, a non-OPEC country, is boosting oil output thanks largely to US investments, and is in the final stages of privatizing its electrical power grid.

In the **fight against drugs**, the US has acknowledged Ecuador's help over the years, despite a severe economic crisis that is being overcome with a severe and painful adjustment process endorsed by the international financial institutions. Ecuador's cooperation was evident with the authorization for an FOL in Manta's Air Force Base, even before Congress funded Plan Colombia.

However, the spillover effects of Plan Colombia on Ecuador, the true frontline State, pose a threat to its internal stability and an alarming security concern. To counter them, the Noboa Administration is implementing a plan aimed at turning our northern region into a buffer zone of peace and development with a law enforcement and security component.

This is the essence of the preventive five-year Alternative Development Program that Ecuador has been advocating for the past year. Its cost is now estimated at US\$ 500

million, of which Ecuador will cover 20% or \$ 20 million annually for 5 years. We expect that the US and the international community will contribute to the Plan.

Ecuador's Government has welcomed the Bush Administration responsiveness to working together in trade, energy and the fight against drugs, as well as on other matters. Our cooperative efforts in these issues reflect our dynamic, broad and mutually beneficial relationship.

\*Minister of Foreign Affairs of Ecuador



## Investor's profile: OCCIDENTAL Petroleum

Occidental Petroleum Corporation, OXY, is an active member of the Ecuador-Business Council and currently co-chairs the Council. OXY is a large, U.S.-based multinational company headquartered in Los Angeles, with worldwide interests in oil and gas exploration and production, and the manufacture and marketing of basic chemicals such as chlorine, caustic soda, vinyls and petrochemicals - as well as niche specialty chemicals. The company employs a multi-national, multi-ethnic workforce numbering approximately 8,800 worldwide. Occidental is the world's largest "independent" oil and gas company based on combined oil and

gas production (the term independent applies to companies that do not have refining and marketing operations). OXY's net worldwide production in 2000 averaged more than 461,000 equivalent barrels of oil per day. Occidental Petroleum has large, long-lived assets concentrated in the United States (California, Texas and New Mexico), the Middle East and Latin America.

In Latin America, Occidental has producing operations in Ecuador and Colombia and an exploration office in Peru.

OXY has a concession since 1992 in block/field 15 in Ecuador's north-east jungle region, with a production of 32,000 barrels-per-day.

OXY's positive experience in Ecuador led it to create, along other oil multinationals and a construction company, the OCP Consortium and bid for the construction of a heavy crude oil pipeline to complement the existing SOTE.

After clearing all the necessary permits (including environmental), OCP has initiated the construction of a 410,000 bpd pipeline with an investment over \$ 1.1 billion, which will allow Ecuador to double its oil exports. OXY and the other oil companies in Ecuador are poised to invest an additional \$ 1 billion to increase output (OXY's will rise to 70,000 bpd).

## Basic Data ECUADOR

Estimates for 2001

Population	12,879,000
Area	98,985 sq.mi
GDP (US\$ bn)	17.3
GDP growth	5%
Currency	US Dollar
Inflation	20-25%
Budget deficit (as % of GDP)	0.3%
Trade balance	0%
Main exports	Oil, banana, shrimp, tuna, flowers, cocoa
Trade partners	USA (35%), Colombia, Peru, Spain

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## Alternative Development Program in northern Ecuador

Due to its geographical location, the spillover effects of Plan Colombia threaten Ecuador's stability. The northern region is an area of particular concern.

Ecuador has seen incursions on its territory of drug traffickers, guerrilla and paramilitary groups, and an increase in the levels of violence and delinquency.

Historically, Ecuador has not been a producer of coca. However, recent satellite imagery shows that coca cultivation is appearing. This must be stopped now before it spreads beyond control.

Increasing numbers of Colombian refugees are entering Ecuador as they flee violence and civil strife, placing an additional burden on Ecuador.

Unfortunately, Ecuador does not have enough resources of its own to cope with the situation, and it requires support from the international community. Accordingly, it is convening a Consultative Group (CG) meeting of international donors to be held in September in Europe.

United States government leadership is critical to encourage donors from Canada, Europe, Asia,

and international agencies to match its contributions.

The CG meeting will mobilize international funding for Ecuador's Alternative Development Program designed to counter the spillover effects of the implementation of Plan Colombia. Contributions will serve for increases in sustainable agricultural production, employment, social development and environmental conservation of the northern area.

The Alternative Development Program will be coordinated by the recently created Northern

Border Development Unit (UDENOR) a Government of Ecuador agency within the Office of the President. The program, to be presented at the CG, was prepared by UDENOR with technical advice from and endorsement of the Inter-American Development Bank (IDB).

This initiative requires \$500 million over the next five years, of which \$100 million will be provided by Ecuador. A United States pledge of \$200 million over five years -- \$40 million per year-- is expected at the CG, reflecting its commitment and support for alternative development in Ecuador.

## Andean Regional Initiative

President George W. Bush's Administration proposed to Congress an initiative to provide assistance to the Andean Region. The Administration's budget proposal for fiscal year 2002 requests \$ 882 millions in international affairs funding for development assistance, democratic institutions building, and counter-narcotics programs. Seven countries have been included in the Andean Initiative: Bolivia, Brazil, Colombia, Ecuador, Panama, Peru and Venezuela.

Approximately, half of the assistance will be for Colombia and half for the countries in the region. At the same time, law enforcement and security assistance and, on the other hand, development and social programs will share an equivalent amount of resources.

The Administration believes that the renewal of the Andean Trade Preferences Act is an integral part of the Andean Initiative and is also sympathetic to Andean requests to expand the benefits of the legislation.

Under the Andean Initiative, according to the proposal sent by the Administration to Congress and currently being discussed there, Ecuador would receive assistance US\$ 77.1 million in assistance for the 2002.

### U.S. AID TO ECUADOR

PROGRAM	FY 2002 (requested) (in US\$ millions)
INTERNATIONAL NARCOTICS CONTROL	39
• Of which, for interdiction	19
• Of which, for alternative development	20
ECONOMIC SUPPORT FUNDS (ESF)	30
DEVELOPMENT ASSISTANCE	6.48
FOREIGN MILITARY FINANCING (FMF)	1
INTERNATIONAL MILITARY EDUCATION & TRAINING (IMET)	0.625
CHILD SURVIVAL & DISEASES FUND	0
<b>TOTAL</b>	<b>77.1</b>

## Fighting corruption

The Commission for Civic Control of Corruption was established in 1997 to investigate rampant corruption during the Bucaram Administration (August 96 – February 97). The success achieved by its work led to its inclusion in the Constitution enacted in August 1998 as the institution in charge of fighting corruption in Ecuador, in cooperation with governmental supervisory agencies and the judiciary branch.

The CCCC is an autonomous agency with economic, political and administrative independence, and acts on behalf of the citizens of Ecuador.

It investigates allegations of corruption from politicians and public officials, and it also promotes values and the principles of transparency in the management of public affairs and resources.

In 1999, the Government launched an Anti-Corruption National Plan, which is a structural and comprehensive program aimed at fighting this scourge in Ecuador with the participation and support of civil society and international organizations.

The Plan embodies the political commitment of the Government to confront this problem, whose resolution constitutes a permanent national objective.

The Anti-Corruption National Plan has seven areas:

- development of institutional capabilities to fight corruption;
- strengthening of public control agencies;
- transparency and readiness in the administration of justice;
- judiciary restructure and legal reform;
- honesty in politics;
- prevention programs; and,
- implementation of a public awareness and information system.

Ecuador is signatory of the Inter American Convention Against Corruption of 1996, which Congress approved on May 1997, and participates in efforts of the international community to fight corruption.

## Economic stability fosters growth

Ecuador's bold stabilisation program comprises the dollarization of the economy, rigorous fiscal discipline, flexible labour market rules and a comprehensive privatization program that is set to enter a final stage in the end of 2001 for the energy sector, and in 2002 for telecommunications, roads.

The omnibus law approved by Congress in March 2000 set a new legal, economic and social framework for reforms.

The recently enacted increase in Value Added Tax from 12% to 14% (in compliance with agreements with the International Monetary Fund) helped balance the budget and allay fears of a fiscal

deficit or a default of Ecuador's international obligations. It also secured the support of the IMF and the completion of its second review, which in turn unlocked disbursements by the IMF, the World Bank and the Inter-American Development Bank, and allowed the Agreement with the Paris Club to enter into force.

The investments in the oil sector related to the new heavy crude oil pipeline, estimated at around \$2.6 billion, will dwarf Ecuador's FDI in recent years (it exceeds total FDI inflows in the entire 90's). Together with the increased oil export revenues, it will be a "positive shock" that will transform Ecuador's economy and public finances.

Macroeconomic indicators reveal a better-than-expected performance of the economy, with inflation well under control and in a downward trend (the Government's target of annual inflation of 25% for 2001 now looks well within reach, as does the 2002 target of under 10%), and GDP growth forecasts of 5% for 2001, and 6% for 2002.

However, the limitations imposed by dollarization and sustained growth demand further reform. Thus, the Government has announced plans to submit to Congress in 2001, on top of the important reforms already underway, several bills to: create a Stabilization Fund fi-

nanced by income from the new oil exports, a Fiscal Responsibility Law to enforce fiscal discipline at all levels of Government (central, provincial and local), a Reform to Telecommunications Law, and a Law of Financial Institutions.

Furthermore, Ecuador is ready to revamp its tariff structure and is planning to eliminate quantitative restrictions to trade.

All these marketfriendly and fiscally sound policies should help Ecuador attract foreign investment and navigate through a world downturn.

## Privatization pace accelerates

Ecuador is set to begin a round of privatizations that will transform it from a laggard into a leader in Latin America.

Major privatizations in the energy sector have attracted widespread interest from US and Spanish firms. Consumption of electricity is expected to grow around 7.3% annually, and investment needs are huge: for the period 1997-2005 they are estimated at \$16 billion, 87 per cent of which is allocated in the generation of hydroelectricity and the rest in thermoelectricity and power distribution.

The telecommunication sector will be opened for competition, the public telecoms will be placed under international administration, and services like mobile PCS, broadband LMDS and fixed wireless FWA, will be awarded by international bidding. Tele-density rate is among the lowest in the region: 7-8 lines per 1,000 of inhabitants compared to the average of 13 in Latin America.

The national road network consists of 43,249 kms. of roads, some one fifth of which are paved roads, constituting the

core of the network. The government budget earmarked only \$30 million in the year 2000 for road maintenance. A five year plan prepared in 1998, specifies investment needs in construction and rehabilitation of roads :

- Construction, improvement and maintenance of 6,905 kms. of roads - \$3,6 billion.
- Rehabilitation and integration of roads (with multilateral financing from the IDB and CAF \$379 million.
- Construction of 1,677 kms. of highways within the construction program of concessions promoted by the CONAM - \$523 million.
- Rehabilitation of the coastal network devastated by "El Niño" - \$500 million.

The National Council for the Modernization of the State, CONAM, is the leading agency in privatization issues in Ecuador  
[www.conam.gov.ec](http://www.conam.gov.ec)

## Foreign Direct Investment Potential

Ecuador's FDI potential extends from non-renewable resources such as oil and minerals and renewable resources such as bananas, flowers, fishing and biological resources of rain forest to infrastructural services industries such as telecommunications, power generation and distribution and air transportation. Other service industries with potential include tourism and banking.

The largest U.S. investors in Ecuador are petroleum companies, including Occidental, ARCO, ORYX Energy, Vintage Petroleum and Kerr-McGee, and Mobil, Texaco (retail gasoline distribution). Non-petroleum include Continental Grain, Standard Fruit/Dole, involved in banana marketing, Philip Morris and Nabisco (food), Morton Salt, Newmont Gold (mining), Borden (chemicals), Eveready

(batteries), General Tire (tires), and Colgate-Palmolive. Citibank has commercial banking operations in Ecuador, and Bell South operates one of Ecuador's two mobile phone services.

The primary sector Ecuador is endowed with rich natural resources and climate conditions: it is one of the few countries in the world with up to three tropical fruit harvests per year.

The services sector The greatest

potential for FDI is in infrastructure services. Investment needs in basic infrastructure during the five years beginning in 1999 were about \$35 billions, or more than double the GDP in 1999.

The manufacturing sector Ecuador has access to international markets in South America, the U. S. through the Andean Trade Preferences, and Europe (the Andean GSP).

## The matching grants program for export promotion

Since 1999, CORPEI manages a "Matching Grants Program", set up to support and promote export initiatives of medium and small-sized Ecuadorian enterprises.

Through the program, grants are allocated to qualifying companies of any production sector of the country. The program is divided into two sub-programs: co-finance for export promotion of small and medium sized enterprises (FOCEX), and co-financing for training and management in micro-enterprises.

This initiative was made possible through an agreement reached by the Government of Ecuador and the World Bank. From October 1999 to march 2001, the program has allocated a total of US\$ 7,882,382 in FOCEX, and 3,063,481 in the micro-enterprise program, making it extremely successful since its inception.

Until April 2001, 1,750 companies applied for grants within FOCEX and 620 qualified, in 21 out of 22 Ecuadorian provinces, exceeding expectations.

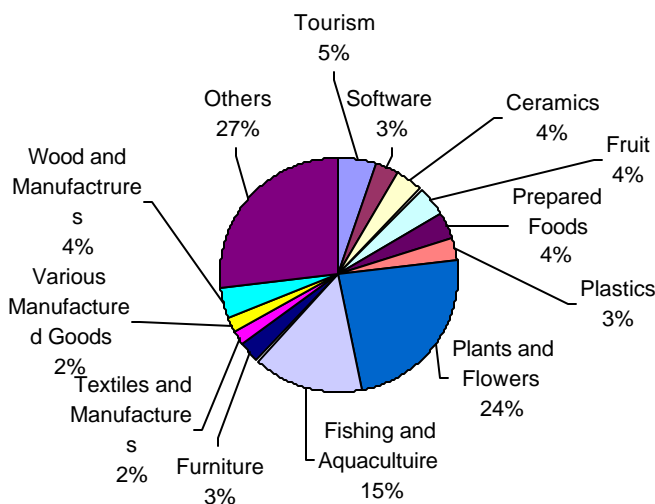
Of these, 30% had never exported their products. The main sectors that have benefited from the program are live plants and flowers, fish and aquiculture, wood and wood products, fruit, ceramics and tourism.

Through the micro-enterprise sub-program, training in areas such as organic food development, business management, eco-tourism, agro-industry, and others. A total of 11.300 businesspeople, in over 90 projects, have benefited from it.

One of the most important objectives of the program has been achieved, through the creation of new jobs. It is estimated that since the program became effective, it has supported 16% additional new jobs in the companies directly involved, and substantial new jobs indirectly related to their economic activity.

Also, the program has helped to develop strategic thinking and foreign trade planning in the managerial levels.

**FOCEX: PERCENTAGES COMMITTE BY SECTOR (Total: US\$ 7,882,382**



### BUSINESS OPPORTUNITIES

#### Textiles

- Brooklyn Cotton and Cellulose, c/o Carlos Alvarez Saa, Junín 709 y Montúfar, Quito—ECUADOR  
Tel. (+593 2) 958-321 / 283-908 Fax (+593 2) 288-787

#### Children's clothing

- Creaciones Jossbel, c/o Marcelo Cardona, Nazareth 1110 y Real Audiencia, Quito—ECUADOR  
Tel. (+593 2) 599-066 Fax (+593 2) 590-815  
E-mail: jossbel@uio.satnet.net

#### Software systems

- CENINFOR s.a., c/o Mario Sierra, Elizalde 119 y Pichincha, Guayaquil—ECUADOR  
Telefax: (+593 4) 516-784 E-mail: ccruz@gye.satnet.net

## Trade Fairs in Ecuador

Event	Venue	Description	Location
<b>Quito Construcción</b> July 9 - 25	Construction Chamber of Quito	Material, equipment, machinery and accessories for the construction sector.	CEMEXPO Quito
<b>Mueble 2001</b> July 20 - 29	EXPOPLAZA	Furniture companies, models in wood and iron. Sales, promotions.	EXPOPLAZA Guayaquil
<b>Seguridad 2001</b> September 12-16	Honturiol SA, Centro Exposiciones Mitad del Mundo	Suppliers of private and industrial security equipment and services.	CEMEXPO Quito
<b>Habitat 2001</b> September 18-23	Construction Chamber of Guayaquil	Urban development, products, equipment, machinery and accessories.	EXPOPLAZA Guayaquil
<b>Power Expo</b> September 26 - 30	Hassan Becdach, Centro Exposiciones Mitad del Mundo	Equipment, Accessories and Services for the Oil, Gas and Fuel industries.	CEMEXPO Quito
<b>Compu 2001</b> October 22 - 28	ECUASISTEM S.A.	Hardware, software, peripheral equipment, networking, e-business, e-commerce, other areas.	CEMEXPO Quito

## Andean Trade Preferences

The Andean Trade Preference Act was signed into law on December 1991, for a 10-year term. ATPA was promoted and enacted under trade and national security considerations and, according to the President's 3rd. Report to Congress on the Operation of ATPA, "By strengthening the legitimate economies in these Andean countries and creating viable alternatives to the profitable drug trade, the ATPA is proving an important component of efforts to contain the spread of these illicit activities".

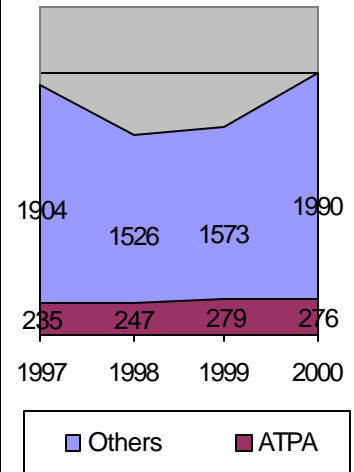
ATPA has had a positive impact on U.S. trade with the beneficiary countries—Bolivia, Colombia, Ecuador and Peru. Between 1991 and 1999, total two-way trade nearly doubled -U.S. exports grew 65 percent.

The United States is the leading source of imports and export market for each of the ATPA countries (38% of Ecuador's exports and origin of 30% of its total imports), and therefore a robust ATPA should not only help U.S. consumers but also U.S. firms exporting to the region.

Although only a fraction of Ecuador exports actually enter under ATPA, it has helped boost specific sectors. Exports under ATPA have maintained an upward trend, even as total exports fell in 1998 and 1999 (mainly due to oil prices).

Ecuador, along with the Andean Community, is seeking renewal and expansion of ATPA to include products with significant potential in the region, as textiles, tuna in airtight containers, leather goods and footwear.

Exports to the U.S.



Source: Central Bank of Ecuador

## Ecuador's textile sector and trade preferences

Trade preferences to Ecuador's textile sector illustrate the positive effects of ATPA: it is good for the U.S. consumer, it is good for U.S. national security as it promotes legal activities in a frontline State in the war against drugs, and it is good for the U.S. cotton industry. Ecuador's textile sector, although significantly smaller than Colombia's or Peru's, is a large employer locally as a labor-intensive industry. In 1997, the apparel sector contributed with 4.2% of GDP.

In 1998, there were 272 companies in the textile and apparel industry, employing 17,457 workers. In 1999, there were more than 320 companies, and over 20,000 workers directly employed in the industry. The cotton industry employed 3,642 people.

To meet its demand, Ecuador's apparel industry imports more than 75% of its cotton input from the United States, in 2000 about US\$ 12 million, down from US\$ 18.8 million in 1999. Therefore,

trade preferences would result in increased exports of US cotton to Ecuador, as local and Andean production could not meet increased demand.

Ecuador's textile and apparel exports to the US, mainly cotton-knit shirts, cotton trousers, man-made-fiber apparel and wool sweaters, reached US\$23 million in the year 2000, or under 0.05% of US imports of apparel.

The exports to the US represent 39% of Ecuador's apparel exports worldwide.

*"Ecuador's apparel industry imports more than 75% of its cotton input from the United States...trade preferences would result in increased US cotton exports"*

## The case for canned tuna preferences

Ecuador is one of the leading tuna processing countries in the Western Hemisphere, having processed in 2000 around 300,000 tons of tuna, of which 170,000 tons were supplied by Ecuador's own fleet.

Ecuador exported tuna (fresh, frozen and canned) for a value of US\$ 209 million in 2000. The world market for tuna in airtight containers exceeded \$ 2.2 billion, and Ecuador exports amounted to US\$ 104 million last year.

The main markets for Ecuador's canned tuna are Chile, Argentina (over US\$ 12 million each) and

England (over US\$ 9 million).

Ecuador exported around \$71 million of tuna in loins to the U.S. in 2000, but high tariffs have kept exports of canned tuna under \$ 8 million.

Ecuador, unlike other tuna producers in the Eastern Pacific, does not have an embargo because its industry complies with the regulations of the "Washington Agreement" and the Marine Mammal Protection Act, and is therefore deemed "dolphin safe". It processes tuna only from fleets certified as "dolphin safe".

Trade preferences to tuna in airtight containers would not displace U.S. domestic production, but rather maintain trade in the Western Hemisphere. It would certainly help achieve the objectives of ATPA, as Ecuador would be able to export its tuna with higher value-added.

Finally, U.S. firms have invested heavily in Ecuador's tuna industry, and the sector makes intensive use of capital goods imported mainly from the USA.

### TARIFFS IN THE US FOR TUNA IN AIRTIGHT CONTAINERS

In oil	35%
In water (quota)	6%
In water (out of quota)	12.5%

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### ECUADOR TUNA EXPORTS 2000 (US\$ million)

World	209
USA	104
USA (canned)	7

## Ecuador's rich and unique biodiversity

Ecuador is one of the few countries on earth labeled "megadiverse", thanks to its rich biological diversity.

According to the World Resources Institute, it has 302 mammal species, 18,250 plant species, 1,559 bird species, 374 reptile species, 402 amphibian species and 706 freshwater fish species. In some areas, relative to its size, Ecuador ranks first not only in Latin America but also in the world.

In fact, several animals and plants exist only in Ecuador.

Recently, the World Wildlife Fund identified 200 of the most important ecological areas in the world, and ranked Ecuador on the 11<sup>th</sup> place. Conservation International has included Ecuador in the list of 25 "hotspots" defined as places harboring greatest concentration of species.

Although the Galápagos Islands do not have a comparable biodiversity to Ecuador's continental territory or even other tropical islands, they have retained nearly 95% of their initial biodiversity (compared to Hawaii that

has lost almost half of its native birds and more than 2/3 of its original forests). Furthermore, 97% of the reptiles and mammals and 3/4 of the land birds are found nowhere else on Earth.

The isolated Galápagos provide a globally outstanding example of the evolutionary process. Only a few ancestral species of different plant and animal groups arrived, and have diversified over the centuries into a range of different forms to survive on the variety of resources available to them in the wide range of habitats of the Archipelago.

### Resources World Lat.Am

Mammals	12	6
Birds	1	1
Higher plants	3	3
Reptiles	2	2
Amphibians	1	1
Freshwater fish	2	1

Source: World Resources Institute.

\* measured as the number of species per 10,000 km<sup>2</sup>; for fish, the total number of species for freshwater fish.

## Galápagos Conservancy -Ecuador

The "Galápagos Conservancy—Ecuador" Foundation was born out of concern for the pristine environment of the Galápagos Islands, a World Heritage site, after the Jessica oil spill.

Fortunately, disaster was averted then, due mostly to forces of nature, but action had to be taken to protect the ecological system of the Galápagos and react to future threats.

The Foundation was launched on April 30, 2001, with a Gala Dinner hosted at the Embassy of Ecuador in Washington by First Lady Mrs. María Isabel Baquerizo de Noboa, and Ambassador Ivonne A-Baki.

The Embassy, along with several friends of Ecuador who have an interest in the Galápagos, continued to work on establishing the Foundation as a non-profit organization.

The "Galápagos Conservancy—Ecuador" Foundation was incorporated in the District of Columbia, with the mission to inspire, engage and educate the citizens of Ecuador and foreign visitors alike, on the need to protect the environment.



### BOARD OF DIRECTORS

H.E. Ivonne A-Baki, Ambassador  
Chair of the Board

Mrs. Lucy Duncan  
President of the Foundation

Senator Robert Bennett  
Senator Lincoln Chaffee  
Senator Thad Cochran  
Senator Christopher Dodd  
Senator Dianne Feinstein  
Senator Robert Graham  
Senator Chuck Hagel  
Congressman Philip Crane  
Congressman Porter Goss  
Congressman Curt Weldon  
Ms. Karen Alcalde  
Ms. Bo Derek  
Mr. Jaime Febres-Cordero  
Mrs. Monica Heftler  
Mr. James Kimsey  
Mr. Michael Kostiw, TEXACO  
Mr. Robert McGee, OXY  
Mr & Mrs. John McLaughlin  
Mr. Fadi Nahas  
Ms. Isabel Noboa  
Mr. Roger Sant, AES Corporation  
Mr. & Mrs. John Schmitz  
Mr. Donald Trump

## Cultural events at the Embassy

The Embassy of Ecuador has hosted numerous cultural and educational events promoting understanding of our culture. Acclaimed Ecuadorian artists have exhibited in the USA, receiving raving reviews.

In addition to these exhibitions, many Ecuadorian musicians have come to Washington: Andrey Astaiza, well-known horn player and pianist Pedro Piquero, performed at the Corcoran Gallery of Art as part of the Iberoamerican Chamber Music Series. Pianist Boris Cepeda and his wife, Katja, performed at the Ambassador's residence for the launching of the Galapagos Conservancy Foundation. Rafael Saula, a recognized Ecuadorian pianist and composer, presented his music in a recital at the Embassy main hall.

Each event has given a better understanding of Ecuador.

Not only does the Embassy house cultural programs, but has student outreach programs and for many years has participated in the Embassy Adoption Program, this year adopting the William Lloyd Garrison Elementary School.

Organizations like the Close Up Foundation, the Washington Center, and Presidential Classroom have organized visits this year to learn more about Ecuador and work at an Embassy. The Embassy has also organized events with the Charles Darwin Foundation and the Returned Peace Corps Volunteers.

We have planned a very interesting and varied cultural calendar for the third quarter of 2001. We hope that you will join us in our celebration of the Ecuadorian culture.

Date	Event	Venue
09/11	Exhibition painter M. Torres Concert by Cuenca Chamber Orchestra	Embassy of Ecuador Washington, DC
09/13	Presentation of 4 short films at the Latin American Film Festival	Kennedy Center, Washington, DC
09/25	Musical presentation by Afro-Ecuadorian folk group "La Catanga"	Embassy of Ecuador Washington, DC

## Ecuador, a leader in intellectual property protection

Ecuador's Law of Intellectual Property has been hailed as a milestone to attract foreign investment, and has placed Ecuador at the forefront of Latin America in the protection of intellectual property rights.

The new legislation provides protection beyond the World Trade Organization's TRIPS. The Ecuadorian Institute of Intellectual Property, IEPI, thereby created

has made significant progress in implementing and enforcing the law's provisions.

The passage of the Intellectual Property Law and the successes of IEPI are the main reasons for the United States Trade Representative's decision to withdraw Ecuador from the Special 301 lists, mandated by U.S. law to identify every year the countries

that do not provide adequate intellectual property protection.

It is worth mentioning that Ecuador is the only country in South America that has not been placed under one of the Special 301 lists.

Ecuador is also working with its partners to resolve the pending issues within the Andean Community regarding intellectual property.

"Ecuador is the only country in South America that has not been placed under one of the Special 301 lists"

## News from Capitol Hill

Ecuador has been a popular destination for congressional delegations this year, concerned about the spillover effects of Plan Colombia and the operation of the FOL in Manta's Air Force base.

On February 20 2001, a delegation headed by Senator **John McCain** (R-AZ) and including Senators **Fred Thompson** (R-TN), **Chuck Hagel** (R-NV), **Christopher Dodd** (D-CT) and **Lincoln Chafee** (R-RI) arrived in Ecuador.

On March 13, 2001, another Senatorial delegation was briefly in Quito. This time it included Senators **Bob Graham** (D-FL), **Jon L. Kyl** (R-AZ) and **John D. Rockefeller** (D-WV).

On March 26, 2001, yet another congressional delegation was in Ecuador, this time headed by Rep. **James Kolbe** (R-AZ) and including Representatives **John Olver** (D-MA), **Dan Miller** (R-FL) and **Samuel Farr** (D-CA).

All the delegations from the US Congress were received by President **Gustavo Noboa** in Carondelet, the presidential palace in Quito, where they were briefed on the security implications of Plan Colombia for Ecuador. They also visited the FOL in Manta and one delegation visited the border town of San Lorenzo in the northern frontier with Colombia.

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Congressman **Joseph Crowley** (D-NY) promoted last March the creation of the **Congressional Andean Region Caucus**, chaired by Congressman **Lincoln Diaz-Balart**, which also includes Representatives **Cass Ballenger** (R-NC), **Michael R. McNulty** (D-NY), **Philip S. English** (R-PA), **Ileana Ross-Lehtinen** (R-FL), **William J. Pascrell, Jr.** (D-NJ), **Bob Menendez** (D-NJ), **Tom Lantos** (D-CA), **Mark S. Kirk** (R-IL) and **William J. Jefferson** (D-LA).

Congressman **Crowley** is also responsible for an amendment to the State Department Authorization FY 2002 and 2003 Bill, acknowledging Ecuador's commitment in the fight against drugs and requiring the State Department to issue a report, within 60 days of enactment of that legislation, outlining a comprehensive strategy to address the spillover effect of Plan Colombia on Ecuador. On June 26, 2001, Senator Charles E. Grassley, referring to the Andean Regional Initiative, stated that he wants the United States actions to help –and not hurt- Ecuador and Peru.

On a June 28 press release supporting the **Andean Initiative**, Representative **Benjamin Gilman** (R-NY), also alluded to the cooperation provided by Ecuador with the FOL in Manta and noted that Ecuador deserves the strong support of the US.

## Diplomatic Traffic

Several members of the Noboa Administration have visited Washington in the 2nd. quarter of 2001, reflecting Ecuador's diplomatic engagement with the United States.

- The Minister of Foreign Affairs, Heinz Moeller, during his 5th trip to Washington in June 14-16, 2001, reviewed the bilateral relationship and discussed with Vice-President Cheney and other Administration Officials and members of Congress the spillover effects of the implementation of Plan Colombia.

- The Minister of External Trade, Richard Moss, upon his appointment, traveled to Washington on May 8-10, 2001, to join the Ministers of Trade of Bolivia, Colombia, Peru and Venezuela in lobbying Congress and the Administration for the prompt renewal and extension of the Andean Trade Preferences Act to products currently excluded, such as textiles and apparel, canned tuna, leather goods and footwear.

The Andean Trade Ministers met with USTR Robert Zoellick, several Congressmen, businessmen and trade press.

Minister Richard Moss returned to Washington on May 24, 2001, to discuss the extension of a World Bank loan to promote exports.

- The Minister of Economy and Finance, Jorge Gallardo, held meetings with the International Monetary Fund, the World Bank and the Inter-American Development Bank on May 21-23, 2001, related to the conclusion of the IMF's second review, the extension of the stand-by agreement, and the pending disbursements by the international financial institutions.

- The First Lady of Ecuador, María Isabel Baquerizo de Noboa, the President of the National Council of Modernization, CONAM, Ricardo Noboa, the President of the Central Bank Board, José Luis Ycaza, the Executive Director of the Corporation for the Promotion of Exports and Investments, CORPEI, Ricardo Estrada, the President of the Unit for the Development of the Northern Region, UDENOR, Vinicio Jaramillo, and several Congressmen and officials from EMETEL, CONATEL and other agencies also visited Washington DC between April and June 2001.

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## Ecuador on the Internet (I)

GOVERNMENT OF ECUADOR (Main Portal)	<a href="http://www.ec-gov.net">www. ec-gov.net</a>
MINISTRY OF FOREIGN AFFAIRS	<a href="http://www.mmrree.gov.ec">www. mmrree.gov.ec</a>
MINISTRY OF NATIONAL DEFENSE	<a href="http://www.fuerzasarmadasecuador.ec-gov.net">www. fuerzasarmadasecuador.ec-gov.net</a>
MINISTRY OF TOURISM	<a href="http://www.pub.ecua.net/ec/mintur/">http:// wwwpub.ecua.net/ec/mintur/</a>
MINISTRY OF AGRICULTURE	<a href="http://www.mag.gov.ec">www. mag.gov.ec</a>
MINISTRY OF ENERGY AND MINING	<a href="http://www.mineriaecuador.com">www. mineriaecuador.com</a>
MINISTRY OF THE ENVIRONMENT	<a href="http://www3.satnet.net/caam">http:// www3.satnet.net/caam</a>
MINISTRY OF EXTERNAL TRADE, INDUSTRIALIZATION AND FISHERIES	<a href="http://www.micip.gov.ec">www. micip.gov.ec</a>
MINISTRY OF ECONOMY AND FINANCE	<a href="http://www.minfinanzas.ec-gov.net">http:// minfinanzas.ec-gov.net</a>
CENTRAL BANK OF ECUADOR	<a href="http://www.bce.fin.ec">www. bce.fin.ec</a>
BANK OF THE STATE	<a href="http://www.bancoestado.com">www. bancoestado.com</a>
QUITO STOCK EXCHANGE	<a href="http://www.ccbvq.com">www. ccbvq.com</a>
GUAYAQUIL STOCK EXCHANGE	<a href="http://www4.bvg.fin.ec">http:// www4.bvg.fin.ec</a>
CHAMBER OF COMMERCE OF GUAYAQUIL	<a href="http://www.lacamara.org">www. lacamara.org</a>
CHAMBER OF COMMERCE OF QUITO	<a href="http://www.ccq.org.ec">www. ccq.org.ec</a>
CHAMBER OF INDUSTRIES OF GUAYAQUIL	<a href="http://www.cig.org.ec">www. cig.org.ec</a>
NATIONAL COUNCIL FOR THE MODERNIZATION OF THE STATE, CONAM	<a href="http://www.conam.gov.ec">www. conam.gov.ec</a>
INTERNATIONAL CHAMBER OF COMMERCE	<a href="http://www.iccwbo.org">www. iccwbo.org</a>
ANTI-CORRUPTION COMMISSION	<a href="http://www.ecuanex.apc.org/anticorrupcion/">www. ecuanex.apc.org/anticorrupcion/</a>
NATIONAL COUNCIL OF DRUG CONTROL (CONSEP)	<a href="http://www.consep.gov.ec">www. consep.gov.ec</a>
NATIONAL ELECTRICITY COUNCIL (CONELEC)	<a href="http://www.conelec.gov.ec">www. conelec.gov.ec</a>
COMPTROLLER GENERAL OF ECUADOR (CONTRALORIA)	<a href="http://www.ec-gov.net/contraloria/">www. ec-gov.net/contraloria/</a>
ECUADOR CUSTOMS CORPORATION	<a href="http://www.corpae.com">www. corpae.com</a>
EXPORT PROMOTION CORPORATION (CORPEI)	<a href="http://www.corpei.org">www. corpei.org</a>
PETROECUADOR	<a href="http://www.petroecuador.com">www. petroecuador.com</a>
ATTORNEY GENERAL'S OFFICE	<a href="http://www.pge.gov.ec">www. pge.gov.ec</a>
INTERNAL REVENUE SERVICE	<a href="http://www.sri.gov.ec">www. sri.gov.ec</a>