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## Ecuador

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### **Ecuador Announces Unilateral Safeguards on Food and Agricultural Products**

**Report Categories:**

Agriculture in the News

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**Report Highlights:**

Ecuador's COMEX Resolution 011-2015 (March 6, 2015) will have a significant impact on U.S. consumer-oriented export products such as beef, pork, confectionary, and fresh fruits (including oranges and pears). Effective March 11, 2015, this measure impacts at least 461 food and agricultural product tariff lines. The resolution establishes a tariff surcharge of five percent to 45 percent for a period of 15 months on a wide range of goods. U.S. exports of consumer-oriented food products reached \$79 million in calendar year (CY) 2014, representing 18 percent of the overall U.S. agricultural export trade with Ecuador. This measure can potentially transform Ecuador into mere bulk commodity (e.g., wheat and cotton) and intermediate goods (e.g., soybean meal) export destination.

**General Information:**

Ecuador’s Foreign Trade Committee ([COMEX Resolution 011-2015](#)) (March 6, 2015) from an agricultural trade perspective will have a significant impact on U.S. consumer-oriented export products such as beef, pork, confectionary, and fresh fruits (including oranges and pears). Effective March 11, 2015, this measure impacts at least 461 food and agricultural product tariff lines. The resolution establishes a tariff surcharge of five percent to 45 percent for a period of 15 months on a wide range of goods. FAS Quito estimates that overall this resolution will affect around \$26.5 billion, or 32 percent of total imports including food and agricultural products, raw materials, capital goods, items for personal use, medicines, medical equipment, vehicle parts, fuels, and lubricants.

The tariff surcharge will be applied in addition to current duties and applicable taxes. The resolution exempts goods originating in member states of the Latin American Integration Association for Integration (ALADI) that have a lower level of relative development compared to that of Ecuador.

COMEX Resolution 011-2015 establishes four surcharge levels: five percent, 15 percent, 25 percent, and 45 percent. Food products affected by the resolution include fresh produce, frozen beef, pork and poultry, rice, dairy products, confectionary goods, chocolate products, dried and fresh fruits, as well as most other consumer-oriented food and agricultural products.

**Table1: Ecuador, COMEX Resolution 011-2015, Surcharge Levels**

| <b>5 PERCENT SURCHARGE</b>                               | <b>15 PERCENT SURCHARGE</b>  | <b>25 PERCENT SURCHARGE</b>               | <b>45 PERCENT SURCHARGE</b>   |
|--|--|---|---|
| Sugar<br>Molasses<br>Cacao fats and oils<br>Bakery mixes | Mushrooms<br>Corn flour<br>Cereal products<br>Alcoholic concentrates | Beer<br>Wine<br>Sparkling wine<br>Spirits | Beef<br>Pork<br>Goat and lamb meat<br>Fish<br>Race horses<br>Condensed milk<br>Yogurt<br>Milk and by products<br>Frozen French fries<br>Cheese<br>Flowers<br>Fresh Produce<br>Olives<br>Sweet corn<br>Beans<br>Garlic<br>Fresh fruits<br>Condiments and spices<br>Seafood<br>Confectionary<br>Fruit jelly and spreads<br>Ketchup<br>Pasta<br>Purees<br>Bottled water<br>Mayonnaise<br>Ice cream |

Source: COMEX Resolution 011-2015, FAS Quito Office Research.

Other trade partners facing an equally dire situation include Chile (\$206 million in trade), Colombia

(\$122 million in trade), and Peru (\$117 million in trade), all of which have significant consumer-oriented food product exports to Ecuador during calendar year 2014 (January-November).

Ecuador aims to limit the import of what it is reportedly classifying as “lavish goods,” in an effort to reduce the outflow of hard currency from its dollarized economy. The government justifies its measure due to: 1) the steep drop in the international barrel price of petroleum, government finances are dependent on oil revenues; 2) the appreciation of the dollar; 3) the devaluation of the national currencies of neighboring countries; and, 4) a general imbalance in Ecuador’s balance-of-payments.

Bulk commodities (e.g., wheat and cotton) and intermediate goods (e.g., soybean meal) are not affected by this resolution. The government is exempting raw materials in an effort not to disrupt domestic production. Bilateral U.S.-Ecuador food and agricultural product trade in CY 2014 (January-December) at \$2.75 billion is up \$337 million or 14 percent compared to 2013. The relationship is grossly skewed in Ecuador’s favor, with the United States running a \$1.9 billion food and agricultural product trade deficit with Ecuador.