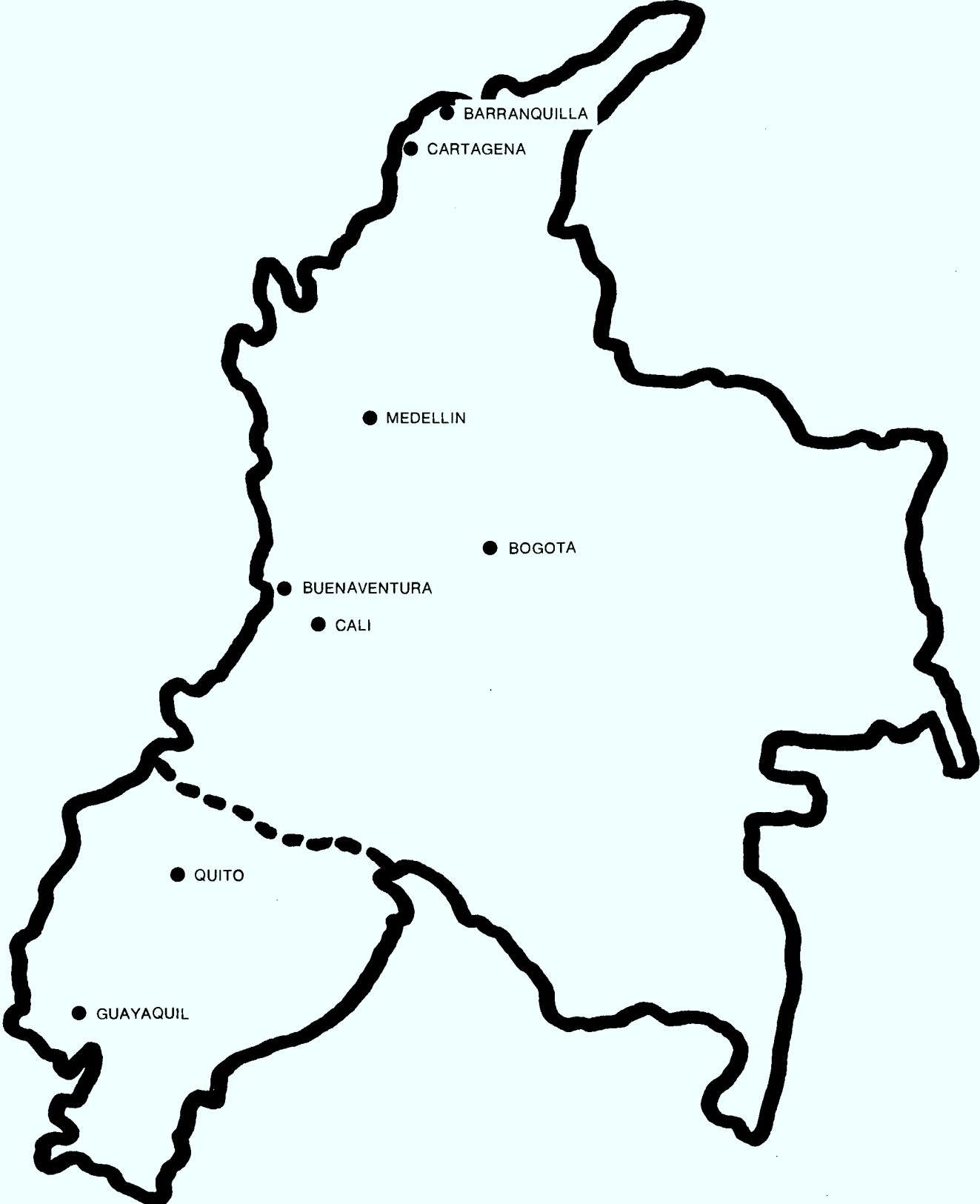


HF
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.G35
Colombia
Ecuador

markets
for canadian
exporters

COLOMBIA ECUADOR



● BARRANQUILLA

● CARTAGENA

● MEDELLIN

● BOGOTA

● BUENAVENTURA

● CALI

● QUITO

● GUAYAQUIL

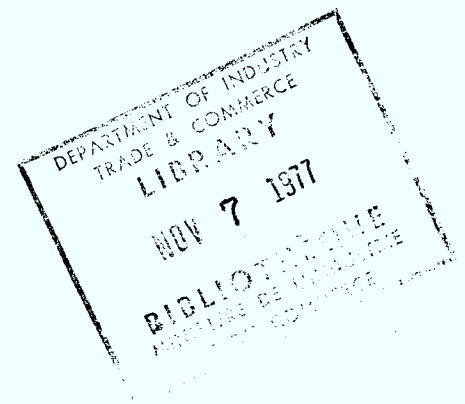
MARKETS FOR CANADIAN EXPORTERS

COLOMBIA AND ECUADOR

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COLOMBIA

I. GENERAL

Area and Geography

Colombia, with an area of 440,000 square miles, is located southeast of Panama, with coastlines on both the Pacific Ocean and the Caribbean and borders with Venezuela, Brazil, Ecuador and Peru. The population is concentrated mainly in the more temperate zones and the north coast. The country is divided into several zones by three chains of the Andes, the north coast, the plains (Llanos) and the Amazon region.

Climate

Conditions vary widely, from tropical on the coasts and in the jungle areas to temperate in the mountains. Although close to the equator, altitude has a marked effect on temperatures between Bogota (cool at 9,000 feet), Medellin (5,000 feet), Cali (3,000 feet) and Barranquilla (sea level).

Health

The standard of medical and dental attention in the main centres is fairly high. Services are often obtained in specialized private clinics.

Visitors should take precautions against the risk of stomach upsets due to changes in diet and water. There is also a risk of gastro-intestinal infections in the tropical zones.

Because of the altitude of some areas, particularly Bogota, which also has a growing air pollution problem, some discomfort — insomnia, shortness of breath, dizziness — may be experienced during the first few days of a visit. Persons with medical histories of lung or heart conditions should consult their doctors before planning a trip to the higher cities.

Population

Officially 22 million but current estimates run to about 25 million, with an annual increase of about 3.5 per cent. A high percentage of the population has mixed Spanish-Indian blood, but there are substantial black communities on the coasts. Roughly a third of the population is urban and the move to the cities is a growing trend.

Language

The official language is Spanish. Many businessmen speak or understand English and, to a lesser degree, French.

Religion

Predominantly Roman Catholic. There are synagogues and Protestant churches in the main cities.

Principal Cities and Industrial Centres

Bogota is the political capital of the country and one of the most important industrial and commercial centres. The city's population of 2.5 million (unofficially five million) is growing at a rate of about one-quarter million per year.

Colombia is split up industrially and commercially by its difficult topography. It is necessary to visit several of the larger cities to cover the market thoroughly.

The main centres, other than Bogota, include:

City	Population
Medellin	1.5 million
Barranquilla	800,000
Cali	1.3 million
Pereira	400,000
Manizales	350,000
Cartagena (plus industrial area of Mamonal)	400,000
Bucaramanga	400,000

Weights and Measures

Metric system for most commodities but other systems, such as that of land measurement and U.S. gallons for the petroleum sector, are employed.

Electricity

Electricity supplies vary from region to region, including Bogota, but the country is being increasingly standardized on 110-125 volts, 60 cycles.

Public Holidays

January 1	New Year's Day
January 6	Epiphany
March 19	Saint Joseph's Day
March 27	Good Thursday
March 28	Good Friday
May 1	Labour Day (National)
May 8	Ascension
May 29	Corpus Christi
June 6	Thanksgiving
June 29	Saint Peter and Saint Paul
July 20	Independence Day (National)
August 7	Battle of Boyaca (National)
August 15	Assumption of Our Lady
October 12	Columbus Day (National)
November 1	All Saints Day
November 11	Independence of Cartagena (National)
December 8	Conception
December 25	Christmas

Business Hours

Hours of business vary considerably from area to area, between 8:00 a.m. and 7:00 p.m. depending on local tradition. Long lunch periods are commonplace. Business lunches are very much in vogue in the main centres. Most offices are closed Saturdays.

Banking hours are 9:00 a.m. to 3:00 p.m., Monday through Friday. Shopping hours are generally 9:00 a.m. to 6:00 p.m., Monday through Saturday, although some stores close Saturday afternoons.

Government System

Colombia is a republic of 21 states (Departamentos) and eight administrative districts.

The President is elected for a four-year term, senators and representatives for two years. State governors are appointed by the President and they, in turn, appoint the mayors of all municipalities except Bogota (appointed directly by the President). The Executive Branch of government has broad administrative powers, both directly and through the appointed executive structure.

Historical Background

Colombia was named after Columbus who, during his early trips to the Caribbean at the end of the 15th century, landed at several points of the present Colombian territory.

Attracted by the legendary riches of Eldorado, Spanish explorers organized expeditions which culminated with the founding of the city of Bogota in 1538 by Gonzalo Jimenez de Quezada.

The conquered territory was named Nuevo Reino de Granada. On July 20, 1810, The Independence Movement was launched and, after nine years of war, Simon Bolivar defeated the Spanish troops in the Battle of Boyaca, and independence from Spain was declared. The new country was named Gran Colombia, and included what are now Colombia, Ecuador, Panama and Venezuela. In 1830 the union was dissolved. The name underwent several changes until 1886, when the present constitution was adopted and the country named Republic de Colombia. Panama was part of Colombia until 1903 when it achieved independence.

II. ECONOMY AND FOREIGN TRADE

General

Although Colombia is rich in natural resources, only petroleum has been developed to any extent but reserves are diminishing and Colombia is now a net importer. The country is thought to have 60 per cent of Latin America's known coal reserves, including high grade coking coal, which with its nickel, copper and uranium, could become important export sources of foreign exchange. A large reserve of gas has been discovered on the north coast and a major pipeline is under construction to supply Barranquilla, Cartagena, and other industrial centres. It will replace oil as an industrial fuel and will also be used as feedstock for an important new petrochemical complex in the north. There are deposits of iron ore which, to date, have been sufficient for the country's basic steel production. There are also steel mills using scrap only.

Colombia's main industrial centres are linked together and to the ports of Buenaventura on the Pacific and Santa Marta on the Caribbean by rail. The latter line will probably be extended to Barranquilla. A high volume of freight is carried by road and, to a lesser extent, by air.

With an average annual GNP growth rate of 6.5 per cent, the country has concentrated on developing successful export industries such as textiles, leather, and furniture to reduce dependence on coffee as a source of foreign exchange earnings. The tourist industry, particularly on the Caribbean coasts, is growing rapidly.

The agricultural sector will receive a boost under the current national plan which is concentrating on an integrated rural development program including basic infrastructure, roads, electricity, water and assistance to small farmers.

Foreign Investment

Foreign investment in the Andean Pact countries (Venezuela, Colombia, Ecuador, Peru, Bolivia) is to be carried out under the terms of "Decision 24" of the Cartagena Agreement. However, this has been the source of considerable differences among the member countries and changes will likely be made in the near future. In banking and insurance, laws have been passed by the Colombian Congress and upheld by the Supreme Court. They require foreign investment to drop to 49 per cent by 1978. Also, in petroleum and mining industries, control must be in the hands of Colombians.

As a start toward controlling industrial pollution, foreign companies are barred from establishing new plants in the immediate areas of Bogota, Medellin and Cali. This restriction may be extended to include expansion of current facilities and domestic industries.

There are several duty-free industrial areas in Colombia — at Palmaseca (near Cali), Barranquilla, Cartagena and Cucuta (on the border with Venezuela) — which offer special advantages to industrial investors, particularly where exports are concerned — and Leticia in Amazonas where borders of Colombia, Brazil and Peru meet.

Commercial Policy

Local industry is protected by a combination of tariffs and import controls.

Colombia has applied for membership in the GATT, and there is a Canada-Colombia bilateral trade agreement providing for an exchange of Most Favoured Nation tariff treatment. Colombia qualifies for special developing country treatment in the Canadian tariff.

Colombia is a member of the Latin American Free Trade Association and the Andean Pact (officially a subgroup of the LAFTA). Under the latter it is anticipated that there will eventually be free trade among the member countries and a common tariff toward nonmember trading partners.

Foreign Trade**COLOMBIAN IMPORTS
(U.S. \$'000)**

	1972	1973	1974
	911,292	1,289,492	1,788,483

Chief Imports During 1974

Crude petroleum			none
Consumer Goods			
Durables			55,701
Nondurables			140,572
Total			196,273

Intermediate Goods

Fuels			6,241
Agricultural inputs			129,229
Industrial inputs			852,390
Total			987,860

Capital Goods

Construction equipment			28,444
Agricultural equipment			46,981
Industrial equipment			307,042
Transport equipment			203,492
Total			585,959

Unclassified

18,391

Gross Total**1,788,483****Chief Suppliers in 1974****(U.S. \$'000)**

North America	807,138
Central America and Caribbean	32,288
Latin America	223,671
Andean Group	126,291
Europe (includes Eastern Europe)	572,310
Asia	149,151
Africa	3,925
Gross Total	1,914,774

COLOMBIAN EXPORTS
(U.S. \$'000)

	1972	1973	1974
	820,208	1,179,563	1,415,534

Chief Exports During 1974

Coffee	623,099
--------	---------

Agricultural Products

Cotton	71,864
Cattle and beef	18,127
Sugar	56,765
Bananas	17,417
Tobacco	19,550
Shrimp and shellfish	9,285
Flowers	14,310
Total	207,738

Manufactured Products

Clothing and textiles	132,249
Leather and hides	10,054
Chemicals and pharmaceuticals	46,838
Metallic products	28,096
Mechanical and electrical equipment	16,235
Timber and wood products	45,009
Paper, cartons and books	15,472
Cement	8,262
Glass	6,182
Total	308,497

Mineral Products

Emeralds	24,978
Platinum	2,565
Total	27,543

Other products

Gross Total	127,481
Gross Total	1,294,358

Chief Export Markets in 1974
(U.S. \$'000)

North America	511,002
Central America and Caribbean	140,702
Latin America	254,456
Andean Group	200,598
Europe (includes Eastern Europe)	552,407
Asia	28,298
Africa	12,417
Gross Total	1,699,880

CANADA — COLOMBIA TRADE

Canadian Exports to Colombia (U.S. \$ millions)

	1973	1974	1975
	33.7	41.9	38.0

Major Canadian Exports (U.S. \$'000)

Herring, canned	—	238	—
Fish and fish products, canned	144	56	—
Skim milk powder	1,298	176	—
Hard spring wheat flour	—	1,038	—
White winter wheat flour	—	417	—
Asbestos milled fibres, groups 4/5	2,737	5,529	2,244
Asbestos shorts, Group 6-9 grades	252	565	361
Woodpulp, various types	958	1,315	809
Newsprint	7,730	12,215	12,975
Wrap paper unbleached sulphite/sulphate	—	306	—
Papermakers' felts, textile	334	725	671
Chemical elements n.e.s.	319	200	237
Organic acids, anhydrides and derivatives	251	90	116
Organic - inorganic compounds	251	35	—
Potassium chloride muriate	—	620	433
Plastic and synthetic rubber not shaped	3,018	3,341	5,107
Industrial chemical specialties and explosives	738	1,268	251
Bars steel, hot-rolled	24	64	132
Sheet and strip, steel	767	1,245	304
Aluminum pigs, ingots, shot, slabs	1,087	3,084	2,381
Aluminum bar rod plate sheet circle	1	664	8
Copper bars, rods, shapes	713	250	—
Copper wire and cable	339	120	86
Nickel anodes, cathodes, ingots, rods	139	168	133
Zinc blocks pigs and slabs	553	524	603
Engines, turbines and parts	1,181	1	—
Generators	—	—	—
Hoisting machinery and parts	—	—	—
Parts and accessories for motor vehicles	135	302	1,883
Aircraft, complete with engines	490	—	—
Aircraft engines and parts	301	56	409
Aircraft assemblies, equipment parts	70	86	35
Telephone apparatus, equipment parts	1,074	4	11
Radio transmitting-receiving units	22	5	—
Transformers and parts	667	4	201
Switchgear and protect. equipment and parts	373	39	233
Electricity - measuring instruments and parts	261	86	13
Measuring and testing equipment	197	506	34
Biological products for humans	174	211	84
Prefab building structures, parts	1,345	356	56

Canadian Imports From Colombia
(U.S. \$ millions)

	1973	1974	1975
	32.6	39.1	32.1

Major Canadian Imports
(U.S. \$'000)

Raw sugar	1,972	—	—
Coffee, green	13,121	17,180	17,056
Cut flowers and decor plant material	100	1,203	464
Petroleum, crude	8,157	5,930	—
Lumber, exotic species	1,052	745	272
Cotton	1,088	1,103	—
Worsted fabric all wool 9 oz. and less	156	335	239
Drill twills	774	850	61
Print cloth and sheeting	—	488	—
Denims	92	195	177
Corduroys, cotton	3,001	4,325	1,159
Broad woven fabrics cotton	733	1,876	614
Dithionites and sulphoxylates	—	470	—
Shoe findings	100	1,203	971
Pants, men's and boys' cotton	—	421	65
Utility footwear	388	494	918
Fur skins undressed	—	—	—
Raw cotton	—	—	—
Window glass over 30 oz.	235	440	—
Athletic footwear	27	3	42

III. DOING BUSINESS IN COLOMBIA

Merchandising and Distribution

Most of the import business is handled through local agents. While many leading importers and agents have head offices in Bogota, many are also located in the important cities of Barranquilla and Medellin. Depending on the product, it is often necessary to visit one or more centres outside of Bogota to see potential agents and, in particular, to call on clients.

Agency Agreements

Agreements, and any modification or termination thereof, whereby a company maintains an agent for soliciting sales must be registered with the Chamber of Commerce. The agency agreement must be drafted in accordance with Colombian law and certified by a Colombian consulate in Canada.

Agents must be supplied with credentials in Spanish, issued by the Canadian firm, registered in a Canadian Chamber of Commerce and certified by a Colombian consulate.

Advertising and Promotion

There is a complete range of advertising facilities in Colombia. A myriad of newspapers reach a wide audience. Bogota has four main papers, and every town of importance usually has two — one for supporters of each of the two main parties. Commercial radio stations reach an even wider audience. The more affluent markets can be reached through television commercials or by short film clips in the movie theatres.

Company brochures and advertising material should be in Spanish. Excellent local translation facilities are available. Canadian firms' names, complete addresses, telephone and telex numbers should be clearly displayed on all material.

The choice of advertising methods and media vary according to products. There are national and regional newspapers as well as several television networks.

Price Quotations

Prices are usually quoted in U.S. dollars, one of the official foreign exchange currencies. Whether quotations are C.I.F., F.O.B., etc., will depend on the requirements of the customer.

Usual Terms and Methods of Payment

There is a highly developed national banking system. Terms vary from time to time and from product to product.

Bank Facilities

In addition to the local operations of the Royal Bank of Canada, most Canadian banks maintain correspondent status with one of the following important Colombian banks: (main branches)

BANCO CAFETERO
Ave. Jimenez 7-65
Bogota, Colombia

BANCO DE OCCIDENTE
Carrera 10 No. 14-30
Bogota, Colombia

BANCO COMERCIAL ANTIOQUEÑO
Calle 12 No. 7-46
Bogota, Colombia

BANCO DEL COMERCIO
Calle 13 No. 8-52
Bogota, Colombia

BANCO DE AMERICA LATINA
Carrera 8 No. 15-73
Bogota, Colombia

BANCO DEL ESTADO
Carrera 10 No. 18-15
Bogota, Colombia

BANCO DE BOGOTA
Carrera 10 No. 14-33
Bogota, Colombia

BANCO GANADERO
Carrera 5 No. 15-80
Bogota, Colombia

BANCO DE CALDAS
Carrera 7 No. 13-34
Bogota, Colombia

BANCO INDUSTRIAL COLOMBIANO
Carrera 8 No. 13-55
Bogota, Colombia

BANCO DE COLOMBIA
Calle 30-A No. 6-38
Bogota, Colombia

BANCO NACIONAL
Calle 26 No. 13-19
Bogota, Colombia

BANCO DE LA REPUBLICA
Carrera 7 No. 14-78
Bogota, Colombia

BANCO POPULAR
Calle 17 No. 7-43
Bogota, Colombia

BANCO DE LOS TRABAJADORES
Calle 13 No. 7-60
Bogota, Colombia

BANCO SANTANDER
Carrera 10 No. 28-49
Bogota, Colombia

Foreign Banks

BANK OF AMERICA
Carrera 7 No. 16-36
Bogota, Colombia

BANQUE CREDIT INDUSTRIEL
ET COMMERCIAL
Carrera 7 No. 37-69
Bogota, Colombia

CHASE MANHATTAN BANK
Carrera 10 No. 15-39
Bogota, Colombia

CHEMICAL BANK
Carrera 7 No. 32-33, 25th floor
Bogota, Colombia

BANCO DE LA NACION ARGENTINA
Carrera 7 No. 33-49, Of. 15-02
Bogota, Colombia

BANK OF LONDON AND SOUTH AMERICA
Carrera 8 No. 15-60
Bogota, Colombia

BANCO EXTERIOR DE ESPAÑA
Carrera 8 No. 15-42, Of. 12-06
Bogota, Colombia

FIRST CHICAGO BANK
Calle 35 No. 7-25, 10th floor
Bogota, Colombia

FIRST NATIONAL CITY BANK
Ave. Jimenez 8-89
Bogota, Colombia

BANCO FRANCES E ITALIANO
Carrera 8 No. 15-42
Bogota, Colombia

DRESDNER BANK E. G.
Calle 13 No. 8-52, Of. 906
Bogota, Colombia

BANCO HOLANDES UNIDO
Calle 13 No. 6-82, 10th floor
Bogota, Colombia

BANCO PANAMERICANO
Ave. Jimenez 8-65
Bogota, Colombia

THE ROYAL BANK OF CANADA
Carrera 8 No. 14-45
Bogota, Colombia

SWISS BANK CORPORATION
Carrera 10 No. 24-55, 15th floor
Bogota, Colombia

Credit Information and Debt Collection

Credit reports can be obtained on your behalf by the Trade Commissioner, Canadian Embassy, Bogota.

Debt collection is a difficult legal procedure and can be avoided through caution in extending credit. A good local agent can help here, as can the Trade Commissioner. Lengthy and expensive legal measures should be undertaken only as a last resort.

Licensing, Joint Ventures, Patents, Trademarks and Designs

Licensing agreements may cover such diverse items as artistic, scientific and technical services or the use in Colombia of industrial property rights such as trademarks and patents. Since royalties or other types of fees will be paid from Colombia, the exchange control laws become relevant and all agreements must be registered with the exchange office of the Banco de la Republica.

Companies must register all patents, trademarks and similar agreements to qualify for remittance rights. Application for registration requires prior approval by the Office's Royalty Committee, which conducts detailed technical, legal and economic studies of each proposed contract. The Committee, presided over by the Minister of Development, authorizes or denies registration of new and existing contracts according to their importance to national development and the royalty rate envisioned.

In the area of licences the Andean Pact Foreign Investment Rules must be considered. Under these rules the agreement may not require the licensor to purchase equipment, raw materials or know-how from a specific source. The licensor cannot: set sale or resale prices; limit the licensee in the use of competitive technology or in its plans to export; insist on the payment of royalties for trademarks or patents not utilized; force the licensee to pay minimum annual royalties or fees.

Manufacturers who intend to export their products to Colombia are advised to patent their inventions and register their trademarks in that country. The application should be made through a patent or trademark agent in Canada or Colombia.

Original patents are granted for a period of eight years, renewable for four additional years, if it can be demonstrated that the patent is being or has been used during the last year of the preceding renewal period. Under the new Commercial Code confirmation patents are no longer available. Industrial designs and model protection can be obtained for the same terms as patents.

Trademark registrations are granted for a period of ten years from date of application and may be renewed indefinitely for periods of five years. Application for renewal must be made before the expiration of the registration.

Trade Fairs

The only international fair in Colombia is the Bogota International Fair, held by legal order every two years in years of even numbers. The fair is managed by the government enterprise "Corporation de Ferias y Exposiciones, C. A." whose Board of Directors is chaired by the Minister of Economic Development.

Internal Transportation

There are road and rail links with Buenaventura and Santa Marta. Most cargo to Barranquilla travels inland by road. Because of the difficult terrain and consequent longer travelling times, some high value cargo is shipped by air.

Addressing of Correspondence

Send all correspondence by air mail! Surface mail takes three months or more and is not recommended. Correspondence in Spanish is a courteous gesture and well appreciated. Catalogues should be sent singly and should be marked "CATALOGOS SIN VALOR COMERCIAL". It is recommended that catalogue wrappers contain no other markings: however if postal authorities insist, the small green customs form (Label 185) should be used.

IV. CUSTOMS REGULATIONS AND DOCUMENTATION

Documentation

The following documents are required for shipment of goods to Colombia which have an F.O.B. value of more than U.S.\$20:

Consular Invoice	4
Commercial Invoice	4
Bill of Lading	5
Import Registration Certificate	1
Special Certificates	

The Consular Invoice forms, available at Colombian consulates, must be completed in Spanish and be free from erasures and corrections.

The Commercial Invoice must be presented to the Colombian consulate. Both the description of contents and sworn statement must be in Spanish.

The Bill of Lading and two non-negotiable copies must be presented for consular legalization. Two additional copies are necessary for exchange purposes on all shipments requiring prior registration. Shipping by boat requires that import licence number and sailing date of the vessel be shown on the bill of lading.

The Import Registration Certificate (one copy) must be sent by the Colombian importer to the shipper for presentation to the Colombian Consul at the same time that other documents are presented for legalization.

Special certificates are required on imports such as agricultural products, drugs, alcoholic beverages and armaments.

Canadian exporters should confirm these requirements either with the Latin American Division of the Department of Industry, Trade and Commerce (613-996-5546), their freight forwarder, Colombian consulates in Canada or the Trade Commissioner in Bogota.

V. FOREIGN TRADE REGULATIONS AND EXCHANGE CONTROLS

Import Regulations

Imports are classified into one of three categories: (1) goods that are prohibited, such as luxury goods, and goods which are produced domestically in sufficient quantities; (2) goods which are subject to a prior licence to import; (3) goods which can be freely imported and do not require a prior import licence, but which must be registered with the import authorities.

All permitted imports must be registered with the Institute of Foreign Trade (INCOMEX) before a firm order is placed. In addition to import registration, most imports into Colombia are subject to a prior licence to import.

The import licence is normally valid for five months and can be extended only once, except for specially manufactured products whose delivery time requirement exceeds five months. Goods must be loaded aboard ship before the licence expires. If an extension is required it must be requested before the licence lapses.

Import licences are not usually granted for goods similar to those made in Colombia, or which are regarded as luxuries. This includes most consumer items, and is a much more effective form of protection for Colombian industry than the customs tariff.

Certain goods, mainly medicaments, books, samples and spare parts may be imported without prior registration licence or consular invoice, providing F.O.B. value of the consignment is less than U.S.\$20.

Tariff and Taxes

Colombia's Customs Tariff follows the Brussels Tariff Nomenclature. Virtually all duties are ad valorem based on the C.I.F. value, although specific duties are payable on some products. Those with duties at lower than average rates are generally characterized as contributing directly to the welfare of the people. Non-essential or luxury items and goods competing with domestic production are subject to higher rates.

In addition to the customs duties, virtually all imports are subject to two additional ad valorem taxes of 1.5 per cent each, to support the Export Promotion Fund and the coffee diversification program. Sales taxes ranging up to 35 per cent are also applicable on certain domestic and imported products.

As a member of LAFTA and the Andean Pact, Colombia maintains concessions in duties and other trade registrations on an extensive list of commodities for all member countries.

Exchange Regulations

The Statute on International Currency Exchange and Foreign Trade in effect in Colombia was adopted under laws 444 and 688 of 1967. In conformity with these provisions and with the regulations that implement them, only the Banco de la Republica and the credit institutions duly authorized by it deal in foreign exchange within two markets, those of "Certificate of Exchange" and "Capital".

Exchange certificates are papers representative of foreign currencies and negotiable through the credit institutions, in a fluctuating market.

All money drafts abroad require an exchange licence issued by the Institute of Foreign Trade (IN-COMEX), an organization which carries out this function within the general guidelines established in the budget of permitted exchange periodically prepared by the Monetary Junta.

VI. YOUR BUSINESS VISIT TO COLOMBIA

Advise and Consult the Canadian Embassy

When planning business visits to Colombia, advise the Commercial Division of the Embassy well in advance by *air mail* (minimum three weeks) or telex. Provide complete details of the purpose of the visit, the products involved and what arrangements are required. With this information, the commercial staff will be pleased to arrange a tentative itinerary, appointment schedules and other pertinent details of your visit to maximize the use of available time.

As noted, it is often necessary to travel outside Bogota and time should be allowed for this; an absolute minimum of three days in Bogota is required — longer if additional travel is necessary.

When to Go

Almost any season is suitable depending on the area to be visited. Remember that the climate changes considerably with the altitude. Mid-December to mid-January and Holy Week are popular holiday periods and travel should be avoided. Bogota does not celebrate Carnival but other cities do, particularly Barranquilla. Visitors should check the list of holidays since many businessmen will take a long week-end when holidays fall on Monday-Tuesday or Thursday-Friday.

How to Get There

There are good air connections from Eastern Canada via New York and Miami, and from Western Canada through Los Angeles. There are also good connections with the other major cities of Latin America through Mexico City, Panama, Caracas, Quito, Lima and Sao Paulo.

Internal Travel

Most business travel in Colombia is by air. For example Bogota to Medellin by road requires at least 12 hours but less than one hour by air. Rail travel is slow and not recommended.

Taxis are inexpensive and most are metered. Radio taxis are also available, as well as tourist taxis, although the latter usually charge double the normal rate. It is wise to retain a taxi by the hour when a tight schedule is being followed. The Commercial Division of the Embassy can assist in this regard.

Hotels

There are good hotels throughout Colombia, ranging from first class members of the international chains in principal cities, to the rather modest in smaller centres. Prices vary according to class and location and also, in some cities, during the Christmas and Holy Week holidays on the North Coast, for example.

Currency

The local currency is the peso, which has a gradual devaluation rate set by the central bank against a list of five foreign currencies, including the U.S. dollar. There are restrictions which vary from time to time, regarding foreign exchange, particularly the amount that can be purchased in the country and taken out. It is wise to retain exchange slips in the event of the need to convert pesos back into a foreign currency.

It is recommended that Canadian visitors carry U.S. dollar travellers' cheques and currency, as not all banks are familiar with conversion rates on the Canadian dollar.

Better known American credit cards are accepted at many hotels, restaurants and gift shops.

Income Tax Clearance

Income tax clearance is not required by visitors who remain in the country less than 60 days. Income earned and paid inside Colombia, such as consulting fees, would be subject to tax.

Travel Documents

Canadian tourists, in addition to a valid passport, require a tourist card which is available from Colombian consulates and offices of Avianca. This applies to businessmen who only intend to survey the market and make contacts. Those intending to actually write orders or to engage in other remunerative activity may require a business visa, application for which should be made to a Colombian consulate or embassy well in advance.

Business Calls and Entertainment

Depending on circumstances, two to four calls a day, plus a lunch, could be included in a schedule. However, it is better to allow for delays such as traffic problems and prolonged discussions. Many Colombian businessmen speak English and interpreter services are available when required in large hotels or, on advance request, through the Commercial Division of the Embassy.

Business entertainment usually includes lunch, cocktails or dinner at hotels or well-known restaurants and, to a lesser extent, private clubs if a Colombian is the host. If invited to a Colombian home it is customary to send flowers in advance.

Mail

The Embassy may be used as a mailing address for letters, cables and any non-dutiable materials. Large amounts of literature are usually held at customs and clearance time is lengthy.

Baggage

Personal effects in reasonable quantities are admitted duty free. Unaccompanied baggage is often difficult and slow being cleared.

Clothing

Canadian Spring-Fall weights are usually suitable, but it can be uncomfortably warm and humid at lower altitudes, particularly on the coasts. Higher altitudes can be quite cool at night. As Bogota experiences rain showers during much of the year, a lightweight raincoat or umbrella is advisable.

Dark suits are usual for business calls and socializing in Bogota and Medellin, while warmer altitudes often dictate less formal wear.

Formal men's wear is not usually required but can be rented if necessary. Long skirts may be suitable for evening entertaining.

VII. USEFUL ADDRESSES**In Canada**

Colombian Embassy
Suite 112
140 Wellington Street
Ottawa, Ontario
K1P 5A2
Tel: (613) 235-8803

Colombian Consulate
Suite 423
67 Yonge Street
Toronto, Ontario
M5E 1J8
Tel: (416) 366-5092

Colombian Consulate
1500 Stanley Street
Montréal, Québec
H3A 1R3
Tel: (514) 849-4852

In Colombia

Commercial Division
Canadian Embassy
Apartado Aereo 5353
Calle 58 No. 10-42
Bogota, Colombia
Tel: 355211, 355477
Telex No. 044568

BOGOTA, MAIN HOTELS

Hotel Bogota Hilton
Carrera 7 No. 32-16
Bogota, Colombia
Tel: 32 60 20

Hotel Continental
Avenida Jiménez No. 4-16
Bogota, Colombia
Tel: 82 11 00 and 41 10 88

Hotel Tequendama
Carrera 10 No. 26-21
Bogota, Colombia
Tels: 82 30 66 and 81 20 60

Hotel Dann
Avenida 19 No. 5-72
Bogota, Colombia
Tel: 34 00 80

THE ROYAL BANK BRANCHES IN COLOMBIA

The Royal Bank of Canada
Carrera 8, Avenida Jiménez
Bogota, Colombia
Tel: 82 00 77

The Royal Bank of Canada
Carrera 15 No. 88-13
Bogota, Colombia

The Royal Bank of Canada
Paseo Bolivar No. 44-21
Barranquilla, Colombia

The Royal Bank of Canada
Carrera Bolivar No. 48-45
Medellin, Colombia

The Royal Bank of Canada
Avenida 68, Calle 11
Bogota, Colombia

The Royal Bank of Canada
Carrera 10 No. 27-27
Bogota, Colombia

The Royal Bank of Canada
Plaza de los Coches
Cartagena, Colombia

ECUADOR

I. GENERAL

Area and Geography

Ecuador, as the name implies, lies on the equator and has an area of 104,000 square miles bounded by the Pacific Ocean, Colombia and Peru. It is divided into three regions: the Costa, which is the coastal tropical lowlands area between the Pacific and the Andes mountains; the Sierra, or mountain highlands; and the Oriente, which is the eastern jungle region. The great majority of Ecuador's 6.95 million population lives in the mountain highlands and coastal lowland areas.

Climate

Due to great differences in altitude, Ecuador's climate varies from tropical to temperate. The capital city of Quito, at an elevation of 10,000 feet, has an average temperature of 57°F., whereas Guayaquil, in the coastal lowlands region, has an average temperature of 82°F. The rainy season lasts from December to April.

Health

Health services, in the largest cities, are considered to be relatively good. Outlying areas and smaller population centres lack facilities. Visitors should prepare for stomach upsets. Only in the larger centres is tap water safe to drink, and all raw fruit and vegetables are better avoided. North American visitors are susceptible to hepatitis and gastro-intestinal infections during lengthy stays. Due to the thin atmosphere at Quito's 10,000 feet elevation, those with heart and lung conditions are well advised to consult their physicians before visiting this city.

Principal Cities and Industrial Centres

Quito, with a population of 600,000, aside from being the nation's capital, is also the highlands' commercial centre and, with the importance of the federal government, is assuming an increasingly leading role. Its industries produce pharmaceuticals, domestic electric appliances, beer, batteries, paints, etc.

Guayaquil, the country's largest city and major port with a population exceeding 800,000, is the commercial and industrial centre of the coast region.

Depending upon the product or services involved, it may be necessary to visit both Guayaquil and Quito in order to cover the market.

The other main centres are: Cuenca, population 104,000; Ambato, population 77,000; and Manta, a seaport with 63,000 inhabitants.

Population

The 1975 estimated population of Ecuador was 6.95 million with an annual growth rate of 3.4 per cent. People of European origin comprise 10 per cent of the population with the remainder being of Indian or mixed blood. It is estimated that approximately half the population depends on some form of agriculture for subsistence.

Language

Ecuador's official language is Spanish. It is advisable that all commercial activities be carried out in this language. However, many businessmen and government officials speak English.

Religion

Mainly Roman Catholic. Synagogues and Protestant churches can be found in Quito and Guayaquil.

Weights and Measures, Electrical Power

The legal system of weights and measures is the metric, which must be used on all official documents. The retail trade utilizes Spanish measures while gasoline is sold in U.S. gallons.

Electricity is standardized on 110 volts AC, 60 cycles and industrial 220 volts, 60 cycles power is available.

Public Holidays

January 1	New Year's Day
January 14	Carnival
January 15	Carnival
April 15	Holy Thursday
April 16	Good Friday
May 1	Labour Day
May 24	Battle Pichincha
July 24	Bolivar's Day
August 10	Independence Day
October 9	Independence of Guayaquil
October 12	Discovery of America
November 1	All Saints' Day
November 2	All Souls' Day
November 3	Cuenca's Day
December 6	Foundation of Quito (local only)
December 25	Christmas Day

October 9 to 12 is a holiday period in Guayaquil.

Business Hours

8:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 6:30 p.m. These hours vary with certain government bodies whose lunch period is reduced, their working day terminating at 4:00 p.m. Some offices are open Saturday mornings. Banking hours are 9:00 a.m. to noon and from 3:00 p.m. to 4:30 p.m. Monday to Friday. Banks and government offices are closed on Saturday.

Government System

Ecuador is a republic and has been under military government since 1972. The nation is divided into 20 provinces including the Archipelago of Galapagos. Governors of the provinces are appointed by the central government. The provinces are divided into cantons which in turn are divided into parishes. The former are administered by political figures or elected cantonal councillors and the latter by political lieutenants.

The central government is ruled by the Supreme Council of Government which is composed of three officers of the Armed Forces. Many high government positions, especially those of ministers, are held by military personnel.

Historical Background

Early in the 16th century the Spaniards, under the leadership of Francisco Pizarro, conquered what is now called Ecuador. This area had, for about 50 years, been part of the Inca Empire whose last emperor, Atahualpa, was born near Quito.

A Spanish colony was established in the Andean highlands and consisted mainly of large estates worked by Indian peasants. The coastal plains, due to lack of Indians to do the work, and the extremely unhealthy climate, were neglected during the colonial period. The only real activity was some shipbuilding and exports of cocoa from Guayaquil.

Quito is reputed to have been the location of the first uprising against Spanish rule in 1809. In 1822 the Ecuadorian rebels were helped by the armies of Simon Bolivar and Antonio Jose de Sucre. Ecuadorian independence was established when Sucre won the decisive Battle of Pichincha on May 24, 1822. From that date, until 1830 when it became an independent republic along with Colombia and Venezuela, Ecuador was part of the Confederation of Gran Colombia. Hostilities between the country's liberal element, centred in Guayaquil, and the aristocratic conservatives centred in Quito have led to a history of political instability and have probably hampered social and economic progress.

A recurrent issue in the nation's public life is the large territory lost to Peru by the Rio Protocol of 1942.

II. ECONOMY AND FOREIGN TRADE

General

Ecuador's GNP 1973 was U.S.\$2,570 million at constant prices, with a growth rate of 9.8 per cent. It is the world's largest exporter of bananas, and agricultural products represented 31 per cent of the country's exports in 1974. The same figure for 1971 was 80 per cent; the overwhelming importance of petroleum exports reduced the reliance on agriculture as the mainstay of the economy.

The really significant discoveries of petroleum took place in the late 1960s and have led to considerable economic expansion. Production capacity of Ecuadorian oil wells is placed at about 230,000 barrels per day. The highest average daily production was 208,000 barrels in 1973. At the end of 1974 proven reserves were 1.3 billion barrels, or 17 years' production at present levels.

Income from the increased petroleum activity has allowed the government to formulate and carry out substantial development plans. Petrochemical, gas, fertilizer and steel plants are planned. Projects concerning cement, silica and copper are being carried out and considerable activity is taking place in the fisheries, forestry and agricultural sectors.

The government has undertaken and is planning major expansion in the areas of hydroelectric power, communications, transportation, (including ports and airports) and petroleum, with new pipelines and a refinery in various stages of completion.

This expansion has led to some dislocation and inflation, and although the euphoria concerning petroleum may have worn thin, it continues to be the largest factor in Ecuador's economic life.

Progress in the manufacturing sector has been greatly aided by the industrial promotion laws of 1957, to the extent that such diverse items as domestic electric appliances, pharmaceutical products and watches are now produced in the country, although a major part of the activity still takes place in the primary food processing and handicrafts industries. Manufacturing in 1974 accounted for 17.4 per cent of GNP, nine per cent of exports and 54 per cent of imports.

Foreign Investment

Foreign investment in Ecuador is treated according to Andean Pact regulations, delineated specifically in Decision 24 of the Cartagena Agreement which requires effective control, reflected in ownership and management, of any new ventures to reside in the host country. Regulations govern the outflow of profits and discriminate between local and foreign capital.

These regulations are the subject of much heated discussion within the Andean Pact countries and due to pronounced differences in application, intent, and results, will probably be changed.

Most recent foreign investment has generally been in those industries producing goods assigned to Ecuador in the Andean Pact's industrial promotion program.

Several industrial parks are planned, the most important of which will be in Cuenca, although activity in this regard has diminished considerably.

Commercial Policy

Tariff and non-tariff trade barriers are used to protect local production and to reduce the balance of trade deficit. Ecuadorian government spending and its trade policy are dependent on petroleum production. In August 1975 substantial import surcharges were instituted due to increasing imports and decreased petroleum exports.

Ecuador receives Most Favoured Nation tariff treatment in Canada and is one of the developing countries within the General System of Preferences.

An important aspect of Ecuadorian commercial policy is its membership in the Andean Pact. The Andean Pact (which is a sub-regional group of the Latin American Free Trade Association) was created to maximize economic growth in the sub-region through programs establishing common external tariffs, internal trade liberalization, and increasing industrial output by efficiently allocating the production of certain products to specific countries. Regulations were introduced to control foreign ownership. Ecuador and Bolivia were given special status, due to being the least developed in the group. Both were given longer time spans in which to carry out their obligations, and received special industrial allocations.

Ecuador is a member of OPEC.

Foreign Trade

TOTAL ECUADORIAN IMPORTS (U.S.\$ millions)

1972	1973	1974	1975
442.6	515.5	1,046.4	1,195.0

Chief Imports During 1974/75 (U.S.\$ millions)

Primary and Intermediate Goods

Agriculture	61.0	—
Industry	316.2	—
Construction	65.9	—
Totals	443.1	446.0

Capital Goods

Agriculture	16.7	—
Industry	239.6	—
Transport	132.3	—
Totals	388.6	415.0

Consumer Goods

Food	19.8	—
Pharmaceutical Products	30.8	—
Clothing and Textiles	0.8	—
Others	56.8	—
Totals	108.2	130.0

Fuels and lubricants	16.3	19.0
Others	2.3	—
Total Imports C.I.F.	958.5	1,010.0

Chief Suppliers in 1974 (U.S. \$ millions)

United States	356.5
Japan	137.9
Federal Republic of Germany	98.5
United Kingdom	36.7
Andean Group	66.3
Colombia	37.2
Italy	32.8
France	17.9
Others	211.9
Total Imports C.I.F.	958.5

TOTAL ECUADORIAN EXPORTS
(U.S. \$ millions)

	1972	1973	1974	1975
	364.9	614.2	1,081.6	1,063.0

Chief Exports During 1974/75

Gross exports of crude petroleum by country of destination (thousands of barrels):

East of Panama Canal

Brazil	—	—
Canada	1,980	—
Mexico	—	—
Netherlands Antilles	2,477	251
Panama	10,753	2,214
Puerto Rico	6,963	—
Trinidad and Tobago	9,546	—
United States	2,235	—
Total	33,954	3,271

West of Panama Canal

Chile	5,454	2,690
Peru	5,593	3,419
United States	14,231	5,287
Totals	25,278	11,396
GROSS TOTALS	59,232	14,667

Source: Above statistics taken from: Ecuador Economic Memorandum Feb. 12, 1976, Table 3.7 (First Part)

Merchandise Exports by Main Products
(U.S.\$ millions)

	1974
Primary Goods	
Bananas	113.5
Cocoa beans	105.9
Coffee	67.1
Castor seed (higuerilla)	5.5
Manila hemp	5.0
Balsa wood	6.2
Fish	12.0
Shrimp	8.4
Petroleum	613.8
Others	9.4
Total	946.8

Manufactured Goods	
Sugar	35.5
Molasses	1.9
Cocoa products	22.5
Processed fish, fishmeal	3.7
Panama hats	5.2
Chemical and pharmaceutical products	4.5
Other manufactures	16.5
Other commodities	1.4
Total	89.8
GROSS TOTAL F.O.B.	1,036.6

Source: Above statistics taken from: Ecuador Economic Memorandum Feb. 12, 1976 - Table 3.3 - Banco Central del Ecuador; Ministerio de Finanzas - World Bank estimates.

Chief Export Markets in 1974-75
(U.S.\$ millions)

	1974
United States	430.4
Japan	12.2
Federal Republic of Germany	48.5
United Kingdom	2.2
Andean Group	170.7
Colombia	25.8
Italy	17.9
France	5.0
Others	363.4
Total Exports F.O.B.	1,076.1

Source: Above statistics taken from: Ecuador Economic Memorandum Feb. 12, 1976 - Table 3.5 - Banco Central del Ecuador; Ministerio de Finanzas.

CANADA—ECUADOR TRADE

	1973	1974	1975
Canadian Exports (Cdn. \$ millions)	6.4	11.5	21.7
Canadian Imports (Cdn. \$ millions)	15.5	39.1	20.8
Balance (Cdn. \$ millions)	-9.1	-27.6	+9

Canadian Exports to Ecuador
(Cdn. \$'000)

Asbestos milled fibres, groups 4 and 5	424	575	746
Newsprint	2,542	3,659	4,618
Liner board	684	299	—
Corrugated container board	306	—	948
Potassium chloride, muriate	—	497	179
Insecticides and rodenticides	312	355	180
Sheet and strip steel	257	752	290
Aluminum bar, rod, plate, sheet, circle	74	314	607
Construction maintenance machinery and parts	51	40	30
Parts and accessories for motor vehicles	—	228	229
Aircraft complete with engines	—	450	1,973
Aircraft engines and parts	87	114	116
Aircraft assemblies, equipment, parts	61	194	745
Switchgear and protection equipment	—	1,722	1,270

Major Canadian Imports from Ecuador

(Cdn. \$'000)

Shrimps and prawns, fresh or frozen	16	8	13
Bananas and plantains, fresh	6,322	11,583	13,121
Cocoa beans	715	421	221
Cocoa, unsweetened	500	137	393
Coffee, green	1,654	2,420	2,920
Crude petroleum	5,671	23,634	3,707
Lumber, exotic species	155	67	26

III. DOING BUSINESS IN ECUADOR**Merchandising and Distribution**

Most foreign manufacturers and merchants utilize the services of an agent (commission or buying on own account) to represent them. Depending upon the product, the agent should be concerned with both the Quito and Guayaquil areas since the two are quite diverse. Appointing a separate agent for each region has been done in the past, but only one is advisable to reduce confusion on the part of customers.

It is difficult to find an agent dealing solely in a specific commodity area, and Canadian businessmen should not be surprised by the casual system of handling of any product showing promise. This situation is due to the shortage of agents who can adequately represent foreign firms.

Agents should only be appointed after a representative of the Canadian firm has visited the country and made a personal assessment of prospective representatives, although the Commercial Section of the Embassy will certainly make recommendations.

Agency Agreements

Specific legislation governing agency agreements does not exist in Ecuador but is dealt with in the relevant sections of the Civil and Commercial Codes and Companies Law. Unless labour relations are involved, agency agreements can be freely made and terminated. Canadian firms need not be apprehensive that an agent may claim compensation upon the termination of an agreement, even if the contract has provisions to the contrary. There are no nationality requirements and disputes are settled under the law of either country.

Credit Information

Credit reports are generally available through the local banks or, upon request, may be secured through the Commercial Division of the Canadian Embassy in Bogota.

Advertising and Promotion

Most of the regular channels of advertising exist in Ecuador.

Newspaper advertising is advisable for Quito and Guayaquil only, which are served by a highly respected press having a total circulation of about 230,000 and consisting of eight newspapers. Advertising rates in these publications are comparatively low.

The country's 200-odd radio stations and five television channels are also used, as are cinemas, although to a lesser degree.

Brochures and advertising material should be produced in Spanish if the firm is serious about doing business in Ecuador. This applies even more to technical literature which should give specifications in metric.

Price Quotations

Prices should be quoted in U.S. dollars, F.O.B. and C.I.F. Guayaquil.

Usual Terms and Methods of Payment

Because most goods are retailed on a credit basis and most importers have only limited capital, Canadian firms should be prepared to consider offering credit to importers. This may be necessary in order to be competitive but caution should be taken when making credit arrangements.

Banking Facilities

There are no Canadian banks having local operations in Ecuador although some maintain contact with the more important of the following banks:

Official Banks

BANCO CENTRAL DEL ECUADOR
Avenida 10 de Agosto y Briceno
Quito, Ecuador

Semi-Official

BANCO NACIONAL DE FOMENTO
(National Development Bank for Agriculture
and Small Industries)
Apartado 685
Quito, Ecuador

BANCO ECUATORIANO DE LA VIVIENDA
(Housing Bank)
Avenida Colon 1664
Quito, Ecuador

BANK OF LONDON AND SOUTH AMERICA LTD.
Calle Pichincha 108/110
Guayaquil, Ecuador

THE FIRST NATIONAL CITY BANK OF NEW YORK
Calle Venezuela y Mejia
Quito, Ecuador

BANCO HOLANDES UNIDO
Avenida 10 de Agosto 911
Quito, Ecuador

THE BANK OF AMERICA
Calles Guayaquil y Elizalde
Quito, Ecuador

BANCO DEL PICHINCHA
Venezuela 7 Espejo
Quito, Ecuador
and at Iro de Mayo y L. de Garaycoa
Guayaquil, Ecuador

BANCO DE GUAYAQUIL
Pichincha 105
Guayaquil, Ecuador

BANCO DEL PACIFICO
Pichincha 336
Guayaquil, Ecuador

BANCO LA FILANTROPICA
Luque 121
Guayaquil, Ecuador

BANCO POPULAR DEL ECUADOR
Espejo 951
Quito, Ecuador

BANCO DE LOS ANDES
Avenida 10 de Agosto 251
Quito, Ecuador

BANCO INTERNACIONAL
Santa Prisca y M. Larrea
Quito, Ecuador

Credit Information and Debt Collection

Credit reports may be obtained through the commercial banks or the Commercial Section of the Canadian Embassy in Bogota.

Legal proceedings for the collection of debts are a lengthy and costly matter and recommended only as a last resort, although a duly signed order sheet or letter is sufficient evidence for legal action. If disposal of the goods to a third party is not feasible it is best to re-ship goods during the time allowed so that duties are not applied.

Licensing, Joint Ventures, Patents, Trademarks and Designs

Treatment of licensing agreements and joint ventures is subject to Decision 24 of the Cartagena Agreement. These arrangements include artistic, scientific, and technical services or use of trademarks and patents. Remittances for royalties and other fees are made from Ecuador; consequently companies must register these agreements with the Banco Central del Ecuador which undertakes the foreign exchange transactions. Patents and trademarks must be registered with the Ministerio de Industria, Comercio e Integracion in order to qualify for royalties and other remittances. This ministry, or its dependent organizations, inspects applications in terms of benefit to the national economy and the proposed rate of remittance.

The Andean Pact foreign investment rules, mainly Decision 24, state that in regard to licensing, an agreement may not require the licensee to purchase equipment, materials and expertise from a given source: the foreign firm may not set sale or resale prices; constrict the licensee in the utilization of competitive technology nor his export plans. Furthermore, the licensor may not demand payment of royalties for trademarks or patents not used, nor insist that the licensee pay minimum annual royalties or fees.

Manufacturers intending to market their products in Ecuador are advised to patent their inventions and register their trademarks in that country. Application should be made through a patent or trademark agent in Ecuador or Canada.

Patents of invention are granted for periods of three to 12 years and must be filed before an invention has been publicly used in Ecuador.

Patents of importation are also granted for periods of three to 12 years and apply to importation of machinery, new methods of manufacturing or industry. Patents of importation may take in all of Ecuador, or one or more provinces, depending on the importance and capital invested and application must be made before the machinery, method or industry is known in Ecuador.

The registration and exclusive use of a trademark is given to the first user. However, the owners of other registered trademarks who feel injured by its use may apply for the cancellation of the trademark within five years of registration. Starting at the date of application, registration is valid for 20 years and may be renewed for terms of 15 years if the application of renewal is made before the previous term expires. Registered trademarks on pharmaceutical products must also include the words "Marca Registrada."

Trade Fairs

Ecuador has only one international fair, the Feria Internacional de Guayaquil. It is of a general nature, lasting one week during October in odd-numbered years, and takes place in Guayaquil.

Internal Transportation

Guayaquil is the main port and principal commercial centre. Cargo shipped inland to Quito or smaller centres would generally travel by the extensive but poorly maintained road system. Some rail transportation exists but is decreasing due to the deteriorating railroad system.

IV. CUSTOMS REGULATIONS AND DOCUMENTATION

Documentation

As of July 20, 1976, consularization of documents is no longer necessary for exports to Ecuador and the consular invoice has been abolished. Payment of consular fees and customs clearance will be carried out at the port of entry.

The following documents must be presented at the port of entry:

Certificate of Origin	4
Commercial Invoice	4
Bill of Lading	4
Import Licence	1

Commercial invoices must bear on the back of the invoice the C.I.F. and F.O.B. values, insurance, freight and other expenses.

The invoices must also bear the following signed declaration:

"We hereby certify that this invoice is authentic, that the prices declared herein are the actual selling prices for export based on local market quotations and that the goods are of (Canadian) origin."

The certificates of origin must be certified by a Chamber of Commerce in Canada and a copy retained by that organization.

The bill of lading and three non-negotiable copies must be presented at the port of entry. Bills of lading made out "to order" are not accepted.

The importer must obtain the import permit and shipping documents, and present them at the port of entry.

Special certificates are required for the following:

- Plants and seeds
- Livestock
- Various foodstuffs
- Alcoholic beverages
- Tobacco and matches
- Rayon textiles

Canadian exporters are advised to confirm these documentation requirements with one of the following: The Latin American Division of the Department of Industry, Trade and Commerce, Ottawa; the freight forwarder; or the Trade Commissioner in Bogota, Colombia.

V. FOREIGN TRADE REGULATIONS AND EXCHANGE CONTROLS

Import Regulations

Permissible imports are classified under two categories: List 1, which contains goods considered to be essential; and List 2, which is made up of nonessential, luxury goods. The importation of all other goods is prohibited. Lists 1 and 2 are conceptually differentiated as above, but many food items and capital goods have been placed in List 2.

Foreign exchange for import transactions is supplied by the Banco Central del Ecuador at the official rate of exchange of the Sucre to the U.S. dollar.

Import permits are issued by the Banco Central without limitation for goods on Lists 1 and 2, although the Monetary Board may prohibit the importation of certain products to protect the local economy. Spares and parts which are urgently required may be imported without an import permit for goods up to U.S.\$500 (F.O.B. by air freight, C.I.F. by other transportation). Prior to obtaining an import permit the importer must pay to the Banco Central all import and other duties.

The import permit application is to be accompanied by a copy of the order bearing the names of the importer and shipper, class of merchandise and quantity, measurements, weight and F.O.B. and C.I.F. values. Notification of acceptance of the application must be made within three working days of the application. The import permit will be issued as soon as the necessary requirements are met.

Import permits have a validity of 120 days for shipping from the Americas, and 180 days for shipment from other countries. Permits may be extended for a further 180 days in special circumstances.

Application for foreign exchange and/or clearance is made when the goods or shipping documents arrive within the period for which the import permit is valid. Terms for payment on credit must be registered with the Banco Central and, in the case of C and F shipments, the application must include all necessary shipping documents and proof that sufficient local currency is deposited with the Banco Central to cover payment.

The importer fulfills his obligation to the foreign exporter by depositing local currency with the Banco Central, which informs the collecting bank and customs that this has been carried out. Shortly thereafter the foreign exchange is forwarded to the collecting bank. The collecting bank is not authorized to hold documents on being informed by the Banco Central that the deposit has been made. Once the deposit has been made the importer cannot prevent the transfer of foreign exchange. The collecting bank should not surrender an acceptance before being notified of the deposit. Prior deposits of 20 per cent of the C.I.F. value for some of the items in List 1 and 30 per cent of the C.I.F. value of all items in List 2 must be made with the Banco Central before an import permit is granted. Such prior deposits have a duration of 180 days from the date the deposit is made. Imports designated for the government's development program and financed by international credits may be totally or partially exempt from prior deposits.

Tariffs, Taxes and Surcharges

Duties on all C.I.F. goods are paid on an ad valorem basis and the NABANDINA Nomenclature of the Andean Pact is used. NABANDINA corresponds closely to the Brussels Nomenclature.

Tariff surcharges are 30 per cent of the C.I.F. value of all List 2 items and the following for List 1 capital goods:

Form of Payment As Specified on Import Licence	Tariff Surcharge (% of C.I.F. Value)
More than 360 days	0%
271 to 360 days	5%
181 to 270 days	10%
91 to 180 days	15%
Up to 90 days	20%
Sight draft	25%
Advance payment	Prohibited

The following taxes are also in effect:

1. Statistical tax — 0.01% ad valorem C.I.F.
2. Selective consumption tax — a percentage of the selling price
3. Commercial transactions tax — four per cent of the duty paid value
4. Port handling taxes — 20 to 105 Sucres per metric ton
5. Excise taxes on alcoholic beverages, tobacco and cigarettes
6. Control fee — two Sucres per 1,000 Sucres of C.I.F. value
7. Tax on all imported goods — one per cent.

For products originating from countries in the Andean Pact or LAFTA, of which Ecuador is a member, duties and similar restrictions are considerably reduced for many commodities.

Foreign Trade Regulations and Exchange Controls

There are two exchange markets in Ecuador.

The official market is maintained by the Banco Central and applies to export proceeds, import payments and capital investment transactions. Hence the payments to foreign bodies of contractual arrangements for interest and amortization of loans, dividends, profits and royalties are transacted through and registered with the Banco Central for its examination and approval. The official market also applies to foreign investments in the country. Imports are financed through the official market as explained in "Import Regulations" above.

Exchange transactions of the private petroleum companies operating in Ecuador, transactions of the government and semi-government bodies and proceeds of loans to the central government from international agencies must all be channeled through the official market.

Other than the above, all transactions take place in the free market.

Since the difference between the official and free rates of exchange generally means that the local currency is more devalued under the free market rate of exchange, the government may place a higher cost on imports by shifting the importation of certain goods to that market from the official market. Thus the importer must pay more local currency for his imports than otherwise.

The Banco Central has also initiated an "open window" operation wherein it will undertake transactions generally carried out in the free market.

VI. YOUR BUSINESS VISIT TO ECUADOR

Advise and Consult the Canadian Embassy in Bogota, Colombia

Canadian businessmen planning to visit Ecuador should advise the Commercial Division of the Canadian Embassy in Bogota, Colombia. This should be done well in advance either via airmail — in which case a period of three weeks is required — or by telex, providing information on the purpose of the visit, products or services involved and the arrangements required. These details will allow the Commercial Staff to arrange a tentative itinerary and appointment schedule so that the businessman may use his time effectively.

Canada does not have an embassy in Ecuador. Hence, arrangements must be made by long distance telephone and telex or during one of the Commercial Section's monthly visits to that country. The earlier the Commercial Secretary is advised, the easier it is to make effective market research and visit arrangements.

To adequately cover the market for some products, it may be necessary to visit both Quito and Guayaquil. Generally two or three days should be spent in Quito as a minimum, with two additional days required for a trip to Guayaquil.

When to Go

Any time of the year would be suitable to visit Ecuador. However, the period from June to October is probably best. The middle of December to middle January and Holy Week are holiday periods when many businessmen and public officials are on vacation. Furthermore, many businessmen take long weekends when public holidays fall on the beginning or the end of the working week. The list of holidays cited in this book should be examined in this context.

How to Get There

Good air connections exist from Eastern Canada through New York or Miami and from Western Canada through Los Angeles. Air travel from other Latin American centres is also possible, notably Mexico City, Panama, Caracas and Lima.

Internal Travel

Travel between the main centres of Ecuador, especially Quito, Guayaquil and Cuenca should generally be made by air and is not expensive. The road system is extensive but in poor condition. Travel time by road is much greater than for comparable distances in Canada. Rail travel between Guayaquil and Quito is possible. However, it is not recommended other than for sightseeing.

In the cities, travel by taxi is convenient and inexpensive. A flat rate of 20 Sucres (approximately Cdn. \$.80) is charged within the city centre and further travel is charged accordingly. It is advisable to hire a taxi by the hour or day when tight schedules must be followed. The hourly rate is 80 Sucres.

Hotels

There are several hotels of international standard in both Quito and Guayaquil, and more modest accommodation in the smaller centres. Prices are reasonable by North American standards and the food is good.

Currency

The currency of Ecuador is the Sucre. There are 100 centavos to the Sucre, which at the time of printing has a free market rate of exchange of about 27 to the U.S. dollar. The official exchange rate is 25 Sucres to the U.S. dollar.

There are no restrictions in Ecuador on amounts of foreign or local currency entering the country, nor the amount of local currency which can be taken out.

It is recommended that Canadian visitors carry U.S. funds, preferably in the form of travellers cheques, although the numerous establishments converting currencies will quote on the Canadian dollar.

Major American credit cards are accepted at larger hotels, boutiques and restaurants.

Income Tax Clearance

Only those visiting Ecuador who receive income in the country are liable to tax action. Occasionally, in order to obtain exit visas, visitors travelling on a business visa must secure a certificate from the Treasury, attesting to being free of tax claims. These certificates are issued promptly.

Travel Documents

Tourists need a valid passport, a ticket to leave the country and an immigration card issued by Ecuadorian consulates and travel agents. This card is stamped on arrival and is valid for 90 days. The card must be renewed or extended for longer stays. A vaccination certificate for smallpox is required.

If remunerative activity is going to be undertaken in Ecuador, application for a business visa should be made through an Ecuadorian embassy or consulate well before travelling to that country.

Business Calls and Entertainment

Three to four business calls and a business lunch can be comfortably achieved during the working day. Quito and Guayaquil are relatively small, hence travelling time between meetings is minimal. However, if conversations are prolonged, the number of meetings per day should be reduced. It is convenient to have a day of unscheduled time at the end of a stay since new business leads may have been found during discussions. Many businessmen and government officials speak English; however, interpreters are quickly available when necessary. Business entertainment generally means lunch, after hours cocktails or dinner. Adequate hotels, restaurants and lounges exist in Quito and Guayaquil. Private clubs are widely used for entertainment purposes.

Mail

Air mail from Canada requires at least a full week to arrive and may take substantially longer. Reasonable amounts of literature may be sent through the mails by air. Documents are sometimes sent by air freight or, preferably, air mail. In urgent cases, such as the presentation of costly proposals, airlines, through

their pilots, are sometimes used to transport documents and often, as a last resort, documents are personally carried by a company representative.

Baggage

Personal effects including reasonable amounts of tobacco, spirits and photographic equipment are admitted duty free.

Clothing

Light suits are suitable for Quito with its temperate climate. Dark suits are usually worn at social functions. Guayaquil weather is tropical and often quite humid, hence lightweight summer suits, or even shirt-sleeves are appropriate.

Formal wear is not generally required.

VII. USEFUL ADDRESSES

In Canada

Ecuador Consulate
2603 Côte Ste-Catherine
Montréal, Québec
H3T 1B5
Tel: (514) 733-9422

Ecuador Consulate
Suite 609
777 Cardero Street
Vancouver, British Columbia
V6G 2G4
Tel: (604) 685-6818

Ecuador Consulate
4th floor
56 Aberfoyle Crescent
Toronto, Ontario
Tel: (416) 239-6534

In Ecuador

QUITO MAIN HOTELS

Hotel Colon Internacional C.A.
Avenidas Patria y Amazonas
Tels: 52 13 00 and 52 93 00

Hotel Intercontinental, Quito
Calle Pata de Guapulo
Tels: 23 03 00 and 23 03 01

GUAYAQUIL MAIN HOTELS

Hotel Humboldt Internacional
Malecon 23 09
Tels: 51 12 00 and 51 12 01

Hotel Internacional Atahualpa
P. Ycaza y B. Moreno
Tel: 30 68 00

BRITISH EMBASSY

(EMBAJADA DE GRAN BRETANA)
Gonzalez Suarez 111
Quito, Ecuador

VIII SHIPPING SERVICES FROM CANADA TO COLOMBIA AND ECUADOR

From Canadian Pacific Coast Ports

Argentina Lines (E.L.M.A.) schedules monthly sailings from Vancouver and New Westminster to Buenaventura (Colombia) and Guayaquil (Ecuador). Space accommodation for general cargo, refrigerated cargo and container cargo is available. The line is represented in Canada by Transpacific Transportation Co. Ltd., Vancouver and McLean Kennedy Ltd., Montréal and Toronto.

Compania Chilena de Navegacion Interoceanica S.A. (C.C.N.I.) schedules monthly sailings from Vancouver to Guayaquil. Space accommodation for general cargo and bulk liquids is available. The line is represented in Canada by Kerr Steamship Co., Vancouver.

Flota Mercante Grancolombiana S.A. schedules monthly sailings from Vancouver to Guayaquil and Manta (Ecuador) and Buenaventura (Colombia). Space accommodation for general cargo is available. The line is represented in Canada by Balfour Guthrie (Canada) Ltd., Vancouver and March Shipping Ltd., Montréal and Toronto.

Prudential Lines Ltd. schedules monthly sailings from Vancouver to Buenaventura and Cartagena (Colombia) and Guayaquil (Ecuador). Space accommodation for general cargo, refrigerated cargo, bulk liquids and container cargo is available. The line is represented in Canada by C. Gardner Johnson Ltd., Vancouver.

Westfal-Larsen Line schedules monthly sailings from Vancouver to Buenaventura (Colombia) and Guayaquil (Ecuador). Space accommodation for general cargo, bulk liquids and container cargo is available. The line is represented in Canada by Empire Shipping Co. Ltd., Vancouver.

From Eastern Canadian Ports

Chilean Line schedules monthly sailings from Montréal in the summer and Saint John, N.B., in the winter to Guayaquil (Ecuador). Space accommodation for general cargo, refrigerated cargo, bulk liquids and container cargo is available. The line is represented in Canada by The Robert Reford Co. Ltd., Montréal and Toronto.

Flota Mercante Grancolombiana S.A. schedules monthly sailings from Saint John to Santa Marta, Barranquilla, Cartagena and Buenaventura (Colombia) and Guayaquil (Ecuador). Space accommodation for general cargo, refrigerated cargo, bulk liquids and container cargo is available. The line is represented in Canada by March Shipping Ltd., Montréal, Toronto and Saint John.

Great Lakes Transcaribbean Line schedules monthly sailings from Thunder Bay, Hamilton and Valleyfield, between April and December, to Barranquilla and Buenaventura (Colombia) and Guayaquil (Ecuador). Space accommodation for general cargo and container cargo is available.

IX GOVERNMENT ASSISTANCE TO EXPORTERS

The Canadian Government provides various services directly intended to assist the exporter in his endeavours. The Department of Industry, Trade and Commerce maintains three Trade Commissioners in Bogota; they are at the disposal of Canadian businessmen for preliminary assessment of market possibilities for a given product, contacts and general information on trade for Colombia and Ecuador.

Market intelligence and opportunities are compiled monthly and published in the department magazine, Canada Commerce. Firms interested in exporting can subscribe free of charge by writing to the Editor, Canada Commerce, Department of Industry, Trade and Commerce, Ottawa, Canada K1A 0H5.

Other support is offered by institutions such as the Export Development Corporation and specific programs are administered by the Department of Industry, Trade and Commerce including the Export Oriented Training Program.

Export Development Corporation

The Export Development Corporation (EDC) is a Crown Corporation empowered by federal statute to insure Canadian firms against nonpayment when Canadian goods and services are sold abroad; to make loans to foreign purchasers of Canadian capital equipment and technical services; to guarantee financial institutions against loss when they are involved in an export transaction either by financing the Canadian supplier or the foreign buyer; and to insure Canadians against loss of their investments abroad through noncommercial risks.

Export Credit Insurance

EDC may insure contracts involving consumer goods and miscellaneous general commodities sold on short-term credit up to a maximum of 180 days; and capital goods, such as heavy machinery, on medium-term credit up to a maximum of five years. EDC may also insure earnings from the rendering of services to foreign customers.

In the case of goods and services sold on short-term credit, a comprehensive policy is issued which covers an exporter's entire export sales for one year. For goods and services sold on medium-term credit, specific policies are issued for each transaction.

The main risks covered under a policy are the insolvency of a foreign buyer or his failure to pay, within six months after the due date, for goods he has duly accepted; blockage of funds or transfer difficulties; war or revolution in the buyer's country; cancellation or nonrenewal of an export or import permit.

EDC does not cover trade disputes or risks that can be and normally are insured with commercial insurers.

To obtain spread of risk, an exporter generally insures his exports to all countries, excluding sales made against irrevocable letters of credit and those paid for in advance. He may also exclude sales to buyers in the United States. EDC normally covers a maximum of 90 per cent of the amount of the loss.

Export Financing

EDC makes loans to foreign purchasers, or guarantees private loans to foreign purchasers, in support of Canadian exports of capital equipment and related services when extended credit terms are required to meet international competition, and when commercial financing is not available.

In addition, where international competition so requires, EDC may guarantee local cost financing provided by the private sector, or may finance directly, using EDC or government resources, up to a maximum of 20 per cent of the value of the goods and services exported from Canada in respect of a financed project.

Eligible transactions cover the power, transportation, communications and other capital goods industries as well as services related to appraisal and development (but not feasibility studies) of natural resources and projects for public utilities and primary and secondary industry.

It is usually the Canadian exporter and not the foreign borrower who submits the loan application to EDC. The Canadian exporter, or the one acting as prime contractor for the project if more than one exporter is involved, should approach EDC for an opinion as to the eligibility of an export sale for financing before a commercial agreement is signed.

The borrower need not be the importer in the transaction, as for example, when a government might borrow on behalf of one of its agencies, or a bank on behalf of one of its clients.

Foreign Investment Insurance

To open new markets to Canadian businessmen by bringing the manufacture or assembly of goods nearer potential markets and to contribute to the advancement of less developed nations, EDC offers insurance against certain political risks of loss of Canadian investment abroad.

The program offers facilities covering three broad political risks:

- (1) expropriation
- (2) inconvertibility, or inability to repatriate earnings or capital
- (3) insurrection, revolution or war.

The investor can elect to take out a policy covering any, or all, or any combination of the three political risks.

The program calls for the investor to carry a percentage of the liability; the remainder is borne by EDC. This co-insurance requirement is extended to all contracts regardless of investor or country. The normal co-insurance to be carried by the investor is 15 per cent.

The above outlines the activities of the EDC. Not all aspects will necessarily apply to every country. For more detailed information, businessmen should consult the EDC directly.

Export-Oriented Training Program

The Department of Industry, Trade and Commerce will pay the economy return air fare for a foreign trainee to follow in Canada, with a Canadian company training of a scientific or technical nature. Each application from a Canadian firm (or trade association) is accepted and judged according to the following criteria:

- it should demonstrate how the training might result in enhanced export business
- the trainee must be an employee of a potential customer or a person in a position to influence sales (he cannot be on the payroll of the Canadian applicant)
- he should be of a calibre or in a position to influence buying decisions
- the training should be a minimum of two weeks

Applications should be submitted to the Office of Export Programs and Services, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5.

Program for Export Market Development

In April 1971, the Department of Industry, Trade and Commerce introduced a new program of incentives for export market development

Four main principles fall under the new program. First, the intention of the program is to help companies help themselves. Second, the program aims to bring out company initiatives that would not have been taken without the program. Third, the program is intended to assist a company through a barrier, not to offer a prop (that is, the company involved must be proposing a project that makes good business sense). Finally, the potential effectiveness is measured in terms of the dollars of new exports obtained for each dollar spent.

The above-mentioned principles have led to a program of the following general form:

- a) The expenses eligible for sharing with the government will be those necessarily and actually incurred in the precontractual phases: costs of exploratory visits and studies, and of preparing proposals and bids. The government contribution will normally be 50 per cent of the costs actually incurred on defined work. A contribution of greater than 50 per cent may be made in exceptional circumstances if demonstrated essential and justified.
- b) The government's contribution is repayable if the company is successful in obtaining the additional business sought.
- c) The program is composed of a number of sections, each tailored to product sectors, export regions or kinds of marketing action.

The objective of section A, "Incentives for Participation in Capital Projects Abroad", is to increase Canadian participation in foreign capital projects by sharing with companies expenses incurred when competing during the precontractual phases of approved projects. The objective of Section B, "Market Identification" and "Marketing Adjustment", is to bring about a sustained increment in the export of Canadian products, especially manufactured goods.

Section C of the program, "Incentive for Participation in Trade Fairs Abroad", is intended to bring about a sustained increment in the export of Canadian goods and services by increasing the level of participation by Canadian companies in trade fairs outside Canada. The purpose of Section D, "Incoming Buyers", is to bring about a sustained increment in the export of Canadian products, especially manufactured goods, by aiding companies financially in projects that bring potential foreign buyers to the plant(s) of the Canadian firm(s) involved.

- d) A company applies in advance, against published criteria. Each proposal gets the best advice available from specialists in the department, and, in some cases, outside agencies. In approved cases, a legal agreement is made.

Applications should be sent to, and further information may be obtained from:

Program Office
 Export Market Development
 Department of Industry, Trade and Commerce
 Ottawa, Ontario
 K1A 0H5
 Tel: (613) 995-7481

REGIONAL OFFICES

IF YOU HAVE NOT PREVIOUSLY MARKETED ABROAD, CONTACT THE NEAREST REGIONAL OFFICE OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE IN YOUR AREA.

NEWFOUNDLAND LABRADOR	Director 210 Water Street St. John's, Newfoundland A1C 1A9	Tel: (709) 737-5511 Telex: 016-4749
NOVA SCOTIA	Director Suite 1124, Duke Tower 5251 Duke Street, Scotia Square Halifax, Nova Scotia B3J 1N9	Tel: (902) 426-7540 Telex: 019-21829
NEW BRUNSWICK	Director Suite 642, 440 King Street Fredericton, New Brunswick E3B 5H8	Tel: (506) 454-9707 Telex: 014-46140
PRINCE EDWARD ISLAND	Director P.O. Box 2289 Dominion Building 97 Queen Street Charlottetown, Prince Edward Island C1A 8C1	Tel: (902) 892-1211 Telex: 014-44129
QUEBEC	Le directeur Bureau 2124, Place Victoria C.P. 257, Tour de la Bourse Montréal (Québec) H4Z 1J5	Tél: (514) 283-6254 Télex: 055-60768
	Le directeur Suite 620, 2, Place Québec Québec (Québec) G1R 2B5	Tél: (418) 694-4726 Télex: 051-3312
ONTARIO	Director Commerce Court West, 51st Floor P.O. Box 325 Toronto, Ontario M5L 1G1	Tel: (416) 369-3711 Telex: 065-24378
	Regional Officer Room 1538, Tower B 112 Kent Street Ottawa, Ontario K1A 0H5	Tel: (613) 996-1216 Telex: 053-4124
MANITOBA	Director Suite 1104, Royal Bank Building 220 Portage Avenue Winnipeg, Manitoba R3C 0A5	Tel: (204) 985-2381 Telex: 075-7624

SASKATCHEWAN

Director
Room 980, 2002 Victoria Avenue
Regina, Saskatchewan
S4P 0R7

Tel: (306) 569-5020
Telex: 071-2745

ALBERTA
NORTHWEST TERRITORIES

Director
500 Macdonald Place
9939 Jasper Avenue
Edmonton, Alberta
T5J 2W8

Tel: (403) 425-6330
Telex: 037-2762

BRITISH COLUMBIA
YUKON

Director
P.O. Box 49178, Suite 2743
Bentall Centre, Tower III
595 Burrard Street
Vancouver, British Columbia
V7X 1K8

Tel: (604) 666-1434
Telex: 04-51191

