



ECUADOR: An overview

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Ecuador: An overview

- Geographic summary
- Political landscape
- Economic landscape
- Demographic landscape

- History
- Current issues and concerns

Geographic Summary



- **Area:** 283,560 sq km
Water: 6,720 sq km
Land: 276,840 sq km
- **Terrain:**
Costa (Coastal plain), Sierra (Inter-Andean central highlands), Oriente (Flat Eastern jungle)
- **Natural Resources:**
petroleum, fish, timber, hydropower
- **Arable Land:** 5.69%
- **Natural Hazards:**
frequent earthquakes, landslides, volcanic activity; floods; periodic droughts
- **Current Environment Issues:**
deforestation; soil erosion; desertification; water pollution; pollution from oil production wastes in ecologically sensitive areas

Political Landscape: History

- Spanish rule (16th c. onwards)
- "Gran Colombia" (1822)
- "Republic of the Equator" (1830)
- Wars of 1904 and 1942
- 40 different regimes between 1830 and 1925
- 22 different regimes between 1925 and 1948
- 11 different regimes between 1948 and 1976
- New constitution for representative democracy approved (1978)

- **Instability of frequent government changes**
- **Active role of the Army in political matters**
- **Politicisation of the Army in 1990s**

Political Landscape: Current

Partido Social Cristiano (PSC)	25
Izquierda Democrática (ID)	16
Partido Roldosista Ecuatoriano (PRE)	15
Partido Renovador Institucional Acción Nacional (PRIAN)	10
Partido Sociedad Patriótica 21 de Enero (PSP)	9
Independents	7
Movimiento Unidad Plurinacional Pachakútik–Nuevo Pais (MUPP-NP)	6
Movimiento Popular Democrático (MPD)	5
Others	7
Total number of seats in Congreso Nacional (Oct. 2002)	100

President: Alfredo PALACIO (since 20 April 2005)

Vice President: Nicanor Alejandro SERRANO Aguilar

Next presidential elections scheduled for January 2007

Political Landscape: Recent Developments

April 10, 2005:

Lucio Gutiérrez (President since Jan. 15, 2003) of PSP

- Dissolves the Supreme Court (2nd time in 4 months)
- Imposes a state of emergency in Quito

Public protests

Army tacitly supports the President

Quito Police Chief resigns

April 20, 2005:

Congress passes resolution accusing Gutiérrez of "abandoning post"

Appoints Alfredo Palacio (Vice President) as President

Lucio Gutiérrez granted asylum in Brazil



Political Landscape: Deep-rooted problems

- Intricate interplay of money, race, ideology, and political opportunism
- Instability as populism has become means for political survival
- Low accountability and expectations
- Rampant corruption

A discredited democracy

A lack of job security
Ecuador's presidents

Date	President	Details	Legal history*
1996-97	Abdalá Bucaram	Elected; ousted by Congress	\$
1997-98	Fabián Alarcón	Appointed by Congress	\$†
1998-2000	Jamil Mahuad	Elected; ousted by coup	⚖️
2000-03	Gustavo Noboa	Mahuad's vice-president	⚖️
2003-05	Lucio Gutiérrez	Elected; ousted by Congress	⚖️
2005-?	Alfredo Palacio	Gutiérrez's vice-president	—

*Charged with:  Corruption  Abuse of authority
 † Declared innocent
 Source: *The Economist*

Economic Landscape: Key Facets

- Oil and export agriculture main pillars of the economy.
- Agriculture, forestry and fishing account for 12.5% of GDP, 45% of exports and over 33% of employment.
- Oil and mining sector accounts for another 12.1% of GDP and 28% of central govt. revenues.
- Oil sector attracts majority of long-term FDI.
- Export sector 35% of GDP in 1997-2001.
- Steady recovery from the economic crisis in late 1990s

Ecuador: Economic Cheat Sheet

	2004		2002-2004
Population	13.0 mln	Population Growth Rate	1.6 %
GDP (current US\$)	29.6 bln	Real GDP growth rate	4.2 %
GDP per capita (current US\$)	2274	Inflation rate	8.6 %
GDP (PPP US\$)	52.3 bln	Current Account Balance/GDP	- 1.0 %
GDP per capita (PPP US\$)	4016	FDI inflow/GDP	5.2 %

Economic Landscape: Recent Trends

	2000	2001	2002	2003
GDP per head (\$ at PPP)	3,400	3,585	3,680	3,770
GDP (% real change pa)	2.80	5.12	3.41	2.90
Government consumption (% GDP)	9.81	10.15	10.83	11.40
Budget balance (% of GDP)	1.49	0.38	0.63	2.20
Consumer prices (% change pa; av)	-7.5	37.61	12.48	7.90
Public debt (% of GDP)	88.92	67.42	57.99	53.70
Labour costs per hour (USD)	1.71	1.88	2.07	2.24
Recorded unemployment (%)	14.1	10.42	8.64	9.80
Current-account balance/GDP	5.81	-3.07	-4.98	-1.50
Foreign-exchange reserves, mUS\$	946	839	714	813

- Moderate economic growth
- Major foreign exchange sources vulnerable to exchange rate and oil price fluctuations

Economic Landscape: Regional Comparison

	ECA	COL	PER	ARG	CHL
GDP (US\$ b)	18.0	83.4	54.1	266.7	64.2
GDP pc (US\$)	1,486	1,939	2,072	7,116	4,165
Inflation % av	37.7	8.0	2.0	-0.9	3.6
Curr Acc Bal (% GDP)	-4.2	-2.0	-2.0	-1.7	-1.4
Curr Acc Bal (US\$ b)	-0.8	-1.7	-1.1	-4.5	-0.9
External Debt (US\$ b)	13.6	36.6	28.5	144.8	37.3
Debt service Ratio	18.0	31.0	41.2	62.8	27.7

- An export driven economy that lags behind other Latin American economies.
- High inflation further distorts existing income inequalities.
- Dollarisation has reduced inflation, but it comes at a cost.

Demographic Landscape

- Population: ~ 13 million (2004 est.)
- Population growth rate ~ 1.6 % p.a.
- Productive population (15 – 64 yrs): 61.2%
- Rural population: 36% of total
- Infant Mortality Rate: 25/1000 live births
- Life expectancy: 71.9 years (females) and 69 (males)
- Population below poverty line: 65% (2003)
- Gini coefficient: 43.7 (1995)
- Labour force with primary education: 30% (2003)
- Unemployment: 9.8%; Underemployment: 47% (2003)
- Social indicators and income distribution parameters poor, although not the worst in the region.
- High export earnings have not translated into uniform economic well-being.

Ecuador: GDP growth rate comparison

	1980	1985	1990	1995	2000	2001	2002	2003	GR
Argentina	4.15	-7.59	-2.40	-2.85	-0.79	-4.41	-10.89	8.84	0.95
Bolivia	-1.37	-1.68	4.64	4.68	2.28	1.51	2.75	2.45	1.96
Brazil	9.11	7.95	-4.30	4.20	4.40	1.30	1.90	-0.20	1.97
Chile	8.15	7.12	3.70	10.63	4.40	2.80	2.20	3.30	4.81
Colombia	4.10	3.09	6.04	5.20	2.92	1.39	1.85	3.95	2.96
Ecuador	4.45	2.92	2.68	1.75	2.80	5.12	3.41	2.66	2.16
Uruguay	5.84	1.47	0.30	-1.45	-1.44	-3.39	-11.03	2.50	0.73
India	6.69	5.63	5.81	7.65	3.94	5.15	4.10	8.60	5.68
Sri Lanka	5.85	5.00	6.40	5.50	6.00	-1.55	3.96	5.90	4.44
China	7.80	13.50	3.80	10.50	8.00	7.50	8.30	9.29	9.52
Thailand	5.17	4.65	11.17	9.24	4.75	2.17	5.33	6.87	5.96
Viet Nam	-	3.81	5.10	9.54	6.79	6.89	7.04	7.24	6.71

Political history of the indigenous tribes

- [Interactive Map](#)
- ~ 1,000 indigenous Indians march to Quito demanding official recognition of land rights (May 1990)
- CONAIE (National Confederation of Indigenous Population of Ecuador) organise uprisings in 7 Andean provinces (June 1990)
- Discussions between CONAIE and President Borja collapse (Aug 1990)
- CONAIE joined by FUT (Frente Unitario de Trabajadores) in anti-government protests
- Several thousand Amazon Indians (4 indigenous communities) march from Oriente to Quito demanding historical rights to homelands (April 1992)

Political history of the indigenous tribes

- Legal title of > 1 million hectare in Pastaza province granted by Pres. Borja (May 1992)
- Legal proceedings initiated against Texaco. US\$ 1.5 bln compensation sought for environmental damage and rain forest pollution (Nov. 1993)
- Protests intensify during govt. initiated bidding for oil exploration in 10 hydrocarbon regions (Jan. 1994)
- Indians forcibly occupy the Ministry of Energy and Mines; CONAIE renews demand for 15 year moratorium on further bidding
- US court rejects claim for compensation from Texaco (mid 1997)
- Continued struggle by the indigenous populations - within the political system country and in through international legal institutions

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Questions and Discussion