

Voluntary Report – Voluntary - Public Distribution

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Report Name: Ecuadorian Government Lowers Tariffs for 43 Agricultural Products

Country: Ecuador

Post: Quito

Report Category: Trade Policy Monitoring, Market Development Reports

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Report Highlights:

On July 9th, 2021, Ecuador's Foreign Trade Committee issued Resolution No. 009 – 2021, lowering tariffs on 667 products, including 43 agricultural products. This resolution will come into effect on October 1st, 2021 and will be permanent.

General Information

On July 9th, 2021, Ecuador's Foreign Trade Committee issued Resolution No. 009 – 2021, lowering tariffs on 667 products, including 43 agricultural products. Of those, 17 products are reduced to zero percent ad valorem while the others see a reduction of two to 15 percentage points. This resolution will come into effect on October 1st, 2021 and will be permanent. The list of all ag-related products which received tariff reductions can be found in Annex 1.

Impact on trade with the United States

The two principal U.S. products benefitting from this tariff reduction are soybean meal (Harmonized System (HS) code 2304.00.00.00) and wheat (HS 1001.19.00.00). Until now, these products benefitted from COMEX Resolution 029-2019 and COMEX Resolution 030-2019 which granted a tariff zero percent ad valorem exemption and suspended the application of the Andean Price Band (variable levy) for soybean meal and wheat until December 31, 2024. With this new resolution, the zero percent tariff will be permanent, and the Andean Price Band will be abolished for these two products.

The United States exported \$236 million in soybean meal to Ecuador in 2020. Aquaculture production is a major export industry for Ecuador, and soybean meal is a key feed ingredient for shrimp and tilapia. In 2020, Ecuador's shrimp exports totaled \$4 billion. Animal production in Ecuador is stable, but there is the potential for expansion if the economy grows. Soybean meal accounts for 1.25 million metric tons of the ingredients that go into animal feed, according to FAS Quito research. Domestic production meets only five percent of the local animal feed industry's needs. Domestic soybean production in 2019 is forecast at 33,000 metric tons (MT).

U.S. wheat exports to Ecuador totaled \$94.8 million in 2020, the highest value on record. Wheat is the United States' second largest agricultural export to Ecuador. Ecuador's per capita consumption of wheat is 39 kilograms/annum. In 2020, wheat use for feed was estimated at 1.15 million metric tons, of which 42 percent is for shrimp production. FAS Quito assesses annual wheat production at around 5,000 MT. Ecuador relies on imports to satisfy consumption needs of its livestock, aquaculture, and food processing sectors.

Other U.S. products that would benefit from these tariff reductions are liver and offal of bovine animals (HS 0206.22.00.00, 0206.29.00.00), kidney beans (HS 0713.33.99.00), peanut oil (HS 1508.10.00.00), sugars with added flavoring or coloring (HS 1702.90.30.00), and tea or mate extracts, essences and concentrates, and preparations with a base of these products (HS 2101.20.00.00).

Opportunities for U.S. Products

The United States previously faced tariff disadvantages for several products which are now at zero percent ad valorem for all countries, creating opportunities for U.S. exporters. These products include hazelnuts (HS 0802.22.00.00), malts (HS 1107.10.00.00, 1107.20.00.00), starches (HS 1108.11.00.00, 1108.12.00.00, 1108.13.00.00), wheat gluten (HS 1109.00.00.00), vegetable saps and extracts (HS

1302.19.99.00), sunflower oil (HS 1512.11.10.00), alcoholic extracts and concentrates for the production of whiskey (HS 2208.30.00.10), and animal feed preparations (HS 2309.90.20.90).

Despite the benefits that several products are receiving under new resolution, many of them still face import requirements to follow such as zoosanitary or phytosanitary import permits from Ecuador's sanitary authority, AGROCALIDAD, and/or non-automatic import licenses from the Ministry of Agriculture.

Annex 1.

| Tariff Code | Description | Old Tariffs | New Tariffs | 2020 Ecuador Imports from the World | 2020 Ecuador Imports from the U.S. | U.S. Market Share | Notes | Other Requirements |
|---------------|--|-------------|-------------|-------------------------------------|------------------------------------|-------------------|-------|---|
| Total | Total | | | \$986,025,403 | \$353,387,996 | 35.84% | | |
| 0102.39.00.00 | buffalo, live, other than purebred breeding | 10 | 5 | \$ - | \$ - | 0.00% | | AGROCALIDAD Zoosanitary Import Permit |
| 0206.21.00.00 | tongues of bovine animals, edible, frozen | 25 | 20 | \$ - | \$ - | 0.00% | | AGROCALIDAD Zoosanitary Import Permit |
| 0206.22.00.00 | livers of bovine animals, edible, frozen | 25 | 20 | \$ 241,943 | \$ 241,943 | 100.00% | | AGROCALIDAD Zoosanitary Import Permit |
| 0206.29.00.00 | offal of bovine animals, edible, nesoi, frozen | 25 | 10 | \$ 72,058 | \$ 60,014 | 83.29% | | AGROCALIDAD Zoosanitary Import Permit |
| 0710.40.00.00 | sweet corn, uncooked or cooked by steaming or boiling in water, frozen | 25 | 20 | \$ 562,876 | \$ 75,844 | 13.47% | | MAG Non automatic import license |
| 0712.20.00.00 | onions, dried (powder, etc.), but not further prepared | 25 | 20 | \$ 685,191 | \$ 44,488 | 6.49% | | AGROCALIDAD Phytosanitary Import Permit |
| 0712.90.10.00 | garlic, dried (whole, cut, sliced, etc.), but not further prepared | 25 | 20 | \$ 591,199 | \$ 34,762 | 5.88% | | AGROCALIDAD Phytosanitary Import Permit |

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|---------------|--|----|----|----------------|---------------|--------|------------------------------------|--|
| 0713.33.99.00 | kidney beans, including white pea beans (phaseolus vulgaris), dried shelled, including seed others | 25 | 20 | \$ 274,380 | \$ 236,542 | 86.21% | | AGROCALIDAD Phytosanitary Import Permit, MAG Non automatic import license |
| 0802.22.00.00 | hazelnuts or filberts (corylus spp.) fresh or dried, shelled | 25 | 0 | \$ 787,082 | \$ 5,617 | 0.71% | | AGROCALIDAD Phytosanitary Import Permit |
| 0808.10.00.00 | apples, fresh | 17 | 15 | \$ 58,180,155 | \$ 2,625,247 | 4.51% | | AGROCALIDAD Phytosanitary Import Permit |
| 0808.30.00.00 | pears, fresh | 17 | 15 | \$ 13,746,391 | \$ 546,472 | 3.98% | | AGROCALIDAD Phytosanitary Import Permit |
| 0910.11.00.00 | ginger, not crushed or grounded | 20 | 0 | \$ - | \$ - | | | AGROCALIDAD Phytosanitary Import Permit |
| 1001.19.00.00 | durum wheat, other than seed | 10 | 0 | \$ 281,580,204 | \$ 94,790,551 | 33.66% | Also removes the Andean Price Band | AGROCALIDAD Phytosanitary Import Permit, MAG Prior Import Control Document |
| 1102.20.00.00 | corn (maize) flour | 20 | 10 | \$ 9,367,261 | \$ 70,648 | 0.75% | | AGROCALIDAD Phytosanitary Import Permit |
| 1103.13.00.00 | groats and meal of corn (maize) | 30 | 20 | \$ 1,329,821 | \$ - | 0.00% | | AGROCALIDAD Phytosanitary Import Permit |
| 1107.10.00.00 | malt, not roasted | 36 | 0 | \$ 4,309,116 | \$ - | 0.00% | | AGROCALIDAD Phytosanitary Import Permit, MAG Prior Import Control Document for WTO TRQ |
| 1107.20.00.00 | malt, roasted | 36 | 0 | \$ 3,127,443 | \$ - | 0.00% | | |
| 1108.11.00.00 | starch, wheat | 20 | 0 | \$ 1,140,774 | \$ - | 0.00% | | AGROCALIDAD Phytosanitary Import Permit, MAG Prior Import Control Document for WTO TRQ |
| 1108.12.00.00 | starch, corn (maize) | 20 | 10 | \$ 4,175,285 | \$ 49 | 0.00% | | AGROCALIDAD Phytosanitary Import Permit, MAG Prior Import |

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|---------------|--|----|----|---------------|------------|---------|--|---|
| | | | | | | | | Control Document for WTO TRQ |
| 1108.13.00.00 | starch, potato | 20 | 0 | \$ 866,945 | \$ - | 0.00% | | AGROCALIDAD Phytosanitary Import Permit |
| 1108.20.00.00 | inulin | 20 | 0 | \$ 341,620 | \$ 102 | 0.03% | | |
| 1109.00.00.00 | wheat gluten, whether or not dried | 20 | 0 | \$ 539,595 | \$ - | 0.00% | | |
| 1302.19.99.00 | vegetable saps and extracts, nesoi others | 5 | 0 | \$ 2,314,213 | \$ 164,342 | 7.10% | | |
| 1302.32.00.90 | mucilages and thickeners, whether or not modified, derived from locust beans, locust bean seeds or guar seeds others | 15 | 0 | \$ 227,039 | \$ 97,298 | 42.86% | | |
| 1507.10.00.00 | soybean oil and its fractions, crude, whether or not degummed | 20 | 5 | \$ 84,748,015 | \$ - | 0.00% | | MAG Prior Import Control Document |
| 1508.10.00.00 | peanut (ground-nut) oil and its fractions, crude, not chemically modified | 20 | 10 | \$ 11,880 | \$ 11,880 | 100.00% | | |
| 1509.10.00.00 | olive oil and its fractions, virgin, not chemically modified | 20 | 10 | \$ 4,930,217 | \$ 175,196 | 3.55% | | ARCSA Prior Import Control Document |
| 1512.11.10.00 | sunflower-seed or safflower oil, and their fractions, crude, not chemically modified | 20 | 0 | \$ 24,625,961 | \$ - | 0.00% | | |
| 1513.21.10.00 | palm kernel or babassu oil and their fractions, crude, not | 20 | 5 | \$ 596,673 | \$ - | 0.00% | | |

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| | chemically modified | | | | | | | |
| 1514.11.00.00 | rapeseed or colza oil and their fractions, low erucic acid, crude, not chemically modified | 20 | 5 | \$ 1,051,993 | \$ 48,040 | 4.57% | | |
| 1515.90.00.10 | jojoba fats and oils and their fractions, whether or not refined but not chemically modified, nesoi | 5 | 0 | \$ 3,337 | \$ - | 0.00% | | ARCSA Prior Import Control Document |
| 1702.90.20.00 | sugar, nesoi, including invert sugar and invert syrup (caramelized sugar and molasses) | 20 | 5 | \$ 500,879 | \$ - | 0.00% | | ARCSA Prior Import Control Document |
| 1702.90.30.00 | sugar, nesoi, including invert sugar and invert syrup (sugars with added flavoring or coloring) | 20 | 5 | \$ 6,028 | \$ 6,028 | 100.00% | | ARCSA Prior Import Control Document |
| 1702.90.40.00 | sugar, nesoi, including invert sugar and invert syrup (the other syrups) | 20 | 5 | \$ 280,204 | \$ 878 | 0.31% | | ARCSA Prior Import Control Document |
| 1702.90.90.00 | sugar, nesoi, including invert sugar and invert syrup (the others) | 10 | 0 | \$ 173,672 | \$ 7,666 | 4.41% | | ARCSA Prior Import Control Document |
| 1901.90.10.00 | malt extract | 25 | 0 | \$ 446,875 | \$ - | 0.00% | | |

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|---------------|---|----|----|--------------|-------------|--------|--|---|
| 2101.20.00.00 | tea or mate extracts, essences and concentrates, and preparations with a basis of these products or with a basis of tea or mate | 30 | 0 | \$ 2,639,445 | \$ 1,986,02 | 75.24% | | MAG Non automatic import license, ARCSA Prior Import Control Document |
| 2208.30.00.10 | alcoholic extracts and concentrates for the production of whiskey, packed in bulk, with an alcoholic strength equal to or greater than 50 degrees Gay-Lussac (50 g.l.), not suitable for direct sales to the consumer | 20 | 0 | \$ 2,664,959 | \$ 123,577 | 4.64% | | |
| 2208.40.00.10 | alcoholic extracts and concentrates for the production of rum, packed in bulk, with an alcoholic strength equal to or greater than 50 degrees Gay-Lussac (50 g.l.), not suitable for direct sales to the consumer | 20 | 10 | \$ 784,252 | \$ - | 0.00% | | ARCSA Prior Import Control Document |

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|---------------|--|----|----|----------------|----------------|--------|------------------------------------|--|
| 2208.90.20.10 | alcoholic extracts and concentrates for the production of agave spirits (tequila and similar), packed in bulk, with an alcoholic strength equal to or greater than 50 degrees Gay-Lussac (50 g.l), not suitable for direct sales to the consumer | 30 | 15 | \$ 1,113,225 | \$ - | 0.00% | | ARCSA Prior Import Control Document |
| 2209.00.00.00 | vinegar and substitutes for vinegar obtained from acetic acid | 30 | 20 | \$ 478,612 | \$ 79,925 | 16.70% | | ARCSA Prior Import Control Document |
| 2304.00.00.00 | soybean oilcake and other solid residues resulting from the extraction of soybean oil, whether or not ground or in the form of pellets | 15 | 0 | \$ 476,508,585 | \$ 251,954,866 | 52.88% | Also removes the Andean Price Band | AGROCALIDAD Phytosanitary Import Permit, MAG Prior Import Control Document |
| 2309.90.20.90 | animal feed preparations (mixed feeds, etc.), others | 5 | 0 | \$ 57,116,511 | \$ 7,888,483 | 13.81% | | AGROCALIDAD Sanitary authorization of veterinary products, |

Attachments:

No Attachments.