

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Ecuador**

### **Grain and Feed Annual**

#### **Record Imports of Wheat Expected**

**Approved By:**

Agricultural Attaché Kirsten Luxbacher

**Prepared By:**

FAS Quito

**Report Highlights:**

As Ecuador's economy stabilizes and becomes more open to trade, wheat consumption is expected to trend upward. Ecuador is forecast to import a record level of wheat in 2019/20. Rice imports will remain constant as domestic production continues to recover from low yields in 2016/17. Yellow corn production in 2019/20 is forecast to decrease due to a reduction in area planted and uncertainties in domestic agricultural policy and prices.

## **Executive Summary:**

FAS Quito forecasts Ecuador's wheat production in marketing year (MY) 2019/20 (July-June) to reach almost 5,000 metric tons (MT), 1,000 MT higher than the level of production in MY 2018/19. Ecuador is an insignificant producer of wheat, dependent almost entirely on foreign imports. Ecuador's wheat imports in MY 2019/20 are forecast at a record 1.275 million metric tons (MMT), up 25,000 MT or two percent compared to the MY 2018/19 estimate of 1.250 MMT. This increase is attributed to sustained internal demand of wheat for human consumption and animal diets. This estimate assumes that demand by the country's animal feed industry will continue to increase.

FAS Quito forecasts Ecuador's corn production in MY 2019/20 (May-April) at 1.039 MMT, down from the MY 2018/19 estimate of 1.270 MMT. This downward trend in production is attributed to a drop in area planted amid increasing yields. Ecuador's corn imports in MY 2019/20 are forecast to increase to 300,000 MT, up some 200,000 MT compared to the MY 2018/19 estimate of 100,000 MT. Previous national policies including mandatory minimum corn prices paid to farmers and the provision of production inputs have proven unsustainable. In order to fulfill internal demand in the animal feed sector, Ecuador will need to return to importing corn or continue to use wheat as a corn substitute.

FAS Quito forecasts Ecuador's milled rice production in MY 2019/20 (April-March) at 870,000 MT, down 55,000 MT, or six percent compared to the MY 2018/19 revised estimate of 925,000 MT. We attribute this drop in production to a decline in area planted and marginally lower yields following MY 2018/19, a year with very high yields. In MY 2019/20, FAS Quito forecasts that total imports will remain constant at 100,000 MT (taking into account official and gray trade).

## **Commodities:**

## Wheat:

Wheat Market Begin Year	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
Ecuador	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	5	5	5	5	0	5
Beginning Stocks	265	265	176	176	0	160
Production	4	4	4	5	0	5
MY Imports	1060	1060	1150	1250	0	1275
TY Imports	1060	1060	1150	1250	0	1275
TY Imp. from U.S.	286	286	0	275	0	275
Total Supply	1329	1329	1330	1431	0	1440
MY Exports	3	3	0	1	0	1
TY Exports	3	3	0	1	0	1
Feed and Residual	425	425	450	525	0	530
FSI Consumption	725	725	740	745	0	755
Total Consumption	1150	1150	1190	1270	0	1285
Ending Stocks	176	176	140	160	0	154
Total Distribution	1329	1329	1330	1431	0	1440
Yield	0.8	0.8	0.8	1	0	1

(1000 HA), (1000 MT), (MT/HA)

## **Production:**

FAS Quito forecasts Ecuador's wheat production in marketing year (MY) 2019/20 (July-June) to reach almost 5,000 metric tons (MT), 1,000 MT higher than the level of production in MY 2018/19 due to yield increases. Ecuador is an insignificant producer of wheat, dependent almost entirely on foreign imports.

Ecuador's domestic wheat production has declined steeply since the 1970s due to a scarcity of arable land, soil quality problems, and reduced yields. Throughout the 1990s, the country still managed to produce 28,000 MT of wheat per year on about 30,000 hectares.

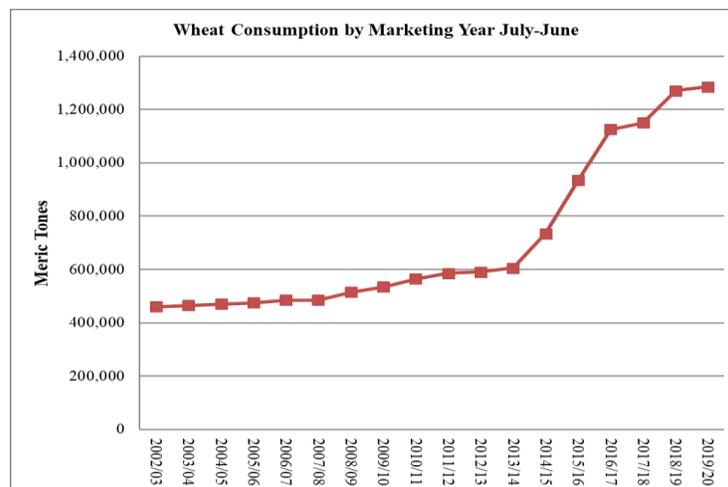
The government's subsidization of wheat imports during the inflationary oil boom years of the 1970s also resulted in a sharp drop in the consumption of domestic wheat in favor of more affordable imports. FAS Quito estimates that 5,000 hectares are currently in wheat production. Ecuador's wheat yields in MY 2019/20 are forecast at 1.0 MT/hectare.

Since 2008, government incentives aimed at increasing wheat cultivation have not produced the intended results. These incentives include the provision of subsidized fertilizers, government-backed loans, and improved seed varieties. Central and northern highland farmers have opted instead to switch to more profitable crops such as quinoa.

FAS Quito estimates that of the 5,000 MT of domestically produced wheat in MY 2018/19 about 3,800 MT makes its way to millers. The remaining local production is consumed in small towns near the area of production. Millers question the sustainability of government efforts to increase production given the market's size and bakers' preferences for higher-quality flour milled from imported higher-protein-content and lower-cost wheat.

## Consumption:

FAS Quito forecasts Ecuador's wheat consumption in MY 2019/20 at 1.285 MMT, increasing 15,000 MT, or one percent, compared to the MY 2018/19 revised estimate of 1.270 MMT. We attribute increased consumption since MY 2017/18 to population growth and increases in levels of wheat consumption for human and animal diets. There exists potential for a continued larger increase of three percent per year throughout 2020 as long as world prices remain low and global demand for Ecuadorian shrimp continues to rise. Demand for wheat has remained strong, as Ecuador's economic slowdown has stabilized, in part to a recovery of oil revenues (the country's main export). This development, combined with a solidification of the Ecuadorian shrimp industry (an important consumer of wheat) in foreign markets, and the increasing utilization of wheat in animal diets have continued to be the main drivers of wheat consumption. In addition, people have continued to increase their consumption of bread rolls (an Ecuadorian staple priced at \$0.12 since 2011) and of bakery and pasta products.

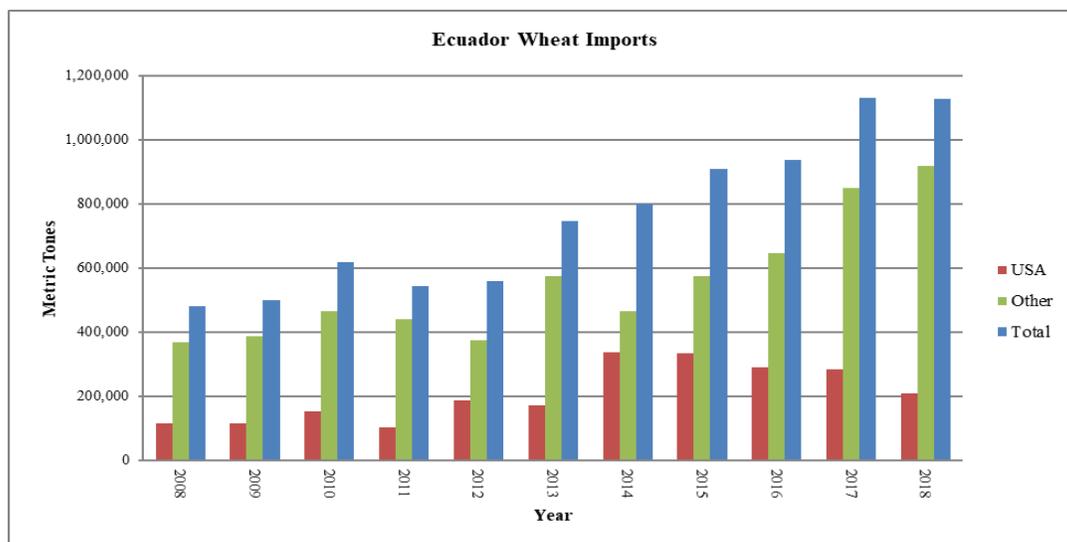


The quantity of per capita wheat consumption in MY 2018/19 is estimated at 45 kilograms/annum (Ecuador has a population of ~16.5 million – U.S. Census Bureau, July 2018 estimate). We estimate FSI consumption at 745,000 MT of wheat MY 2018/19. Feed and Residual consumption is estimated at 525,000 MT in MY 2018/19. Ecuador's MY 2019/20 feed wheat use is forecast at 530,000 MT, of which 275,000 MT will be absorbed by shrimp farmers seeking to boost production to meet growing global shrimp demand. Ecuador is the world's second largest shrimp exporter, with f.o.b. exports of over \$3.2 billion in calendar year (CY) 2018, ranking second in the world behind India. Over the years, Ecuador has strengthened its reputation as a supplier of high-quality, sustainably-farmed shrimp. It has not been affected by the outbreak of early mortality syndrome (EMS – *necrotizing hepatopancreatitis*) that occurred in other countries. In MY 2018/19, the Feed and Residual consumption is also allocated to Ecuador's poultry and pork producers. FAS Quito estimates usage by poultry and swine producers at about 200,000 MT.

## Trade:

In general, stable international prices for wheat have favored imports of this commodity into Ecuador. FAS Quito forecasts Ecuador's wheat imports in MY 2019/20 at a record 1.275 MMT, up 25,000 MT or

two percent compared to the MY 2018/19 revised estimate of 1.250 MMT. We attribute the increase to sustained growth of internal demand of wheat for human consumption and animal diets. Until 2015, Ecuador utilized imported wheat primarily in bread and pasta manufacturing. More recently, Ecuador incorporated more wheat into animal feeds led primarily by shrimp production. This estimate assumes that demand by the country's animal feed industry will continue to increase.



Imports of hard wheat are greater than soft wheat. In CY 2018, the ratio of hard to soft wheat imports was almost two to one. Import market share of U.S.-origin wheat in CY 2018 dropped to 19 percent, down from 25 percent in 2017. The market share of U.S. hard-wheat exports has been affected by Canada. The market share of U.S. soft-wheat exports has been affected by competition from Argentina, Russia, and Latvia. Canada remained Ecuador's main supplier of wheat in CY 2018 with total exports of 613,126 MT. The United States was second largest exporters, with 209,890 MT exported to Ecuador.

The uncertainty surrounding import tariffs for U.S.-origin wheat at the end of CY 2016 favored imports from Argentina, which as a MERCOSUR member benefits from lower import tariffs when entering the Ecuadorian market. Currently, the Government of Ecuador waives the application of Andean Price Band levies on wheat imports from all origins.

**Policy:**

Ecuador promotes a policy of self-sufficiency in wheat, but production levels have not yet risen to meet demand. On December 23, 2016, [Ecuador's Foreign Trade Committee passed the extension of the current tariff and duty exemption for wheat, wheat semolina, and wheat flour imports](#) from all origins. Wheat and wheat products benefiting from the resolution include harmonized tariff system (HS) codes 1001.19.00.00, 1001.99.10.00, 1101.00.00.00, and 1103.11.00.00. [COMEX Resolution 040-2016](#) states that Ecuador will extend the application of the current zero percent ad valorem exemption and suspend the application of the Andean Price Band (variable levy) until December 31, 2019. This was the first time that the Government granted a three-year tariff suspension, as previous extensions covered a maximum two-year period. The timely renewal (by June 2019) of this tariff exemption would greatly benefit U.S. wheat growers and Ecuadorian consumers.

Ecuador maintains bilateral trade agreements with Peru and Chile, as well as regional trade agreements with the Latin American Integration Association (ALADI) and the European Union. In 2004, Ecuador reached a tariff liberalization agreement with the Southern Common Market (MERCOSUR) and started implementing the agreement in April 2005. Wheat benefits from special treatment within MERCOSUR. Ecuador grants tariff preferences on the total duty, which is comprised of the *ad valorem* (basic) duty plus the Andean Price Band System's variable levy. In 2014, Ecuador concluded trade liberalization negotiations with the European Union (EU). The Agreement entered into effect on January 2, 2017. The country will gradually eliminate tariffs under the Andean Price Band System in six equal stages, beginning on the date the agreement entered into force. The European Union exported a record amount of wheat and wheat products to Ecuador in CY 2018, totaling over \$10 million.

**Imported Wheat Tariffs under the Andean Price Band Applied By Ecuador  
February 15-28, 2019**

HTS	MARKER PRODUCT	FLOOR PRICE	CEILING PRICE	REFERENCE PRICE 1/	AD- VALOREM TARIFF (%)	CURRENT VARIABLE LEVY	TOTAL TARIFF %	WTO BOUND TARIFF	EFFECTIVE APPLIED TARIFF
1001.10.90	WHEAT	263	324	264	0%	0%	0%	36%	0% *

1/ Average Reference Price for the specified period.

Ecuador has granted tariff exemptions to wheat imports through December 2019.

**Corn:**

Corn Market Begin Year	2017/2018		2018/2019		2019/2020	
	May 2017		May 2018		May 2019	
Ecuador	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	360	360	350	325	0	265
Beginning Stocks	128	128	117	117	0	127
Production	1400	1400	1350	1270	0	1039
MY Imports	69	69	200	100	0	300
TY Imports	71	71	250	65	0	320
TY Imp. from U.S.	4	4	0	4	0	120
Total Supply	1597	1597	1667	1487	0	1466
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1400	1400	1500	1275	0	1250
FSI Consumption	80	80	80	85	0	85
Total Consumption	1480	1480	1580	1360	0	1335
Ending Stocks	117	117	87	127	0	131
Total Distribution	1597	1597	1667	1487	0	1466
Yield	3.8889	3.8889	3.8571	3.9077	0	3.9208

(1000 HA), (1000 MT), (MT/HA)

**Production:**

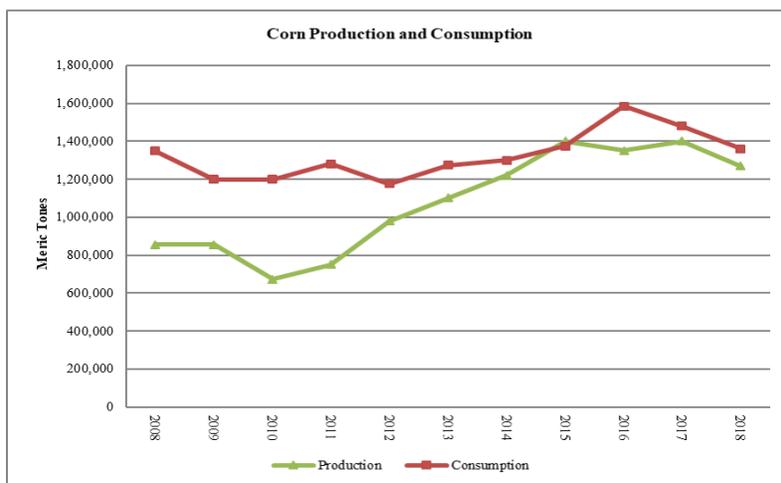
FAS Quito forecasts Ecuador's corn production in MY 2019/20 (May-April) at 1.039 MMT, down from the MY 2018/19 revised estimate of 1.270 MMT. This downward trend in production is attributed to a drop in area planted despite increasing yields. Some farmers are hesitant to plant due to uncertainty of government corn policies and price support mechanisms. Smaller, subsistence farmers, those with less than ten hectares, are also retiring as they age or switching to more profitable perennial crops such as

cacao. The current government took office in May 2017 and three Ministers of Agriculture and Livestock have been appointed since that time. Fiscal constraints have significantly reduced the Ministry’s ability to implement its policy of providing production kits, or any other type of publicly funded support, to help smaller stakeholders.

Ecuadorian corn consumers continue to pay significantly higher prices for domestically produced corn. This has forced many in the agro-industrial sector to turn to substitutes in order to remain competitive and keep animal protein affordable to consumers. The government’s official price band for corn (13 percent humidity with up to one percent of foreign material) is currently set at \$13.50 – \$17.20 per 45.36 kilograms, or \$298 – \$379 per MT. Animal feed producers prefer the use of this band instituted in 2018 to a single price. These prices are well above the estimated price of U.S. corn before tariffs. Ecuador levies a tariff of about \$203/metric ton on imported corn. FAS Quito sources have reported that Ecuador’s corn prices are either the highest or second highest in the world.

FAS Quito estimates yields of 3.9 MT/hectare in MY 2018/19 and MY 2019/20. Corn yields have improved following a downward trend that ended in MY 2016/17 triggered by the expansion of higher-yield seeds and favorable weather.

**Consumption:**



FAS Quito forecasts Ecuador’s total corn consumption at 1.335 MMT in MY 2019/20, down year-to-year from the MY 2018/19 revised estimate of 1.360 MMT. We forecast MY 2019/20 total corn consumption down two percent compared to the previous marketing year. Ecuador’s agro-industrial sector continues to change its consumption habits and increase its consumption of corn substitutes. As a result, the overall decline in corn consumption in MY 2019/20 could be attributed to the increased inclusion of wheat, and other grains such as rice and rice byproducts, in animal diets as substitutes for high-priced corn.

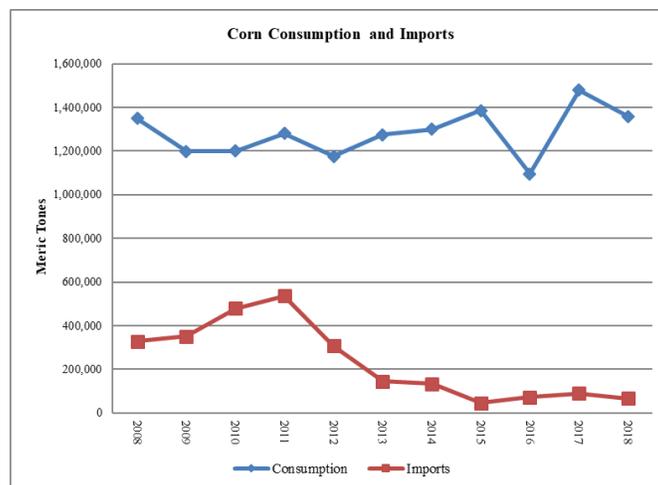
FAS Quito estimates that feed consumption of corn and wheat combined will remain stable in MY 2019/20. Total wheat and corn feed use combined is forecast to remain at about 1.780 MMT in MY 2019/20, very similar to MY 2018/19. In MY 2019/20, FAS Quito is suggesting that any additional supply needed for feed ingredients will be supplied by corn imports and the use of other commodities.

Trade sources have reported that in addition to wheat, animal feed producers are increasingly experimenting with and using other corn alternatives such as rice byproducts that are available domestically and imported distillers' dried grains with solubles (DDGS). FAS Quito sources have indicated that feed producers do not rely as much as in the past on corn as an irreplaceable feed ingredient. FAS Quito estimates that 80 percent of local feed production is utilized by the national poultry industry, and 20 percent taken up by other livestock production (primarily pork). FSI corn consumption is forecast to decrease slightly in MY 2019/20. Total corn consumption is expected to continue to decrease through MY 2019/20 in response to decreased production.

Ecuador's yellow corn consumption is dependent on the demand of the animal feed sector and the availability of lower-priced corn substitutes. The poultry sector is forecast to grow modestly in 2019. Per capita consumption of poultry meat is estimated at 35 kilograms/annum. FAS/Quito estimates that in 2018, the poultry flock reached 268 million birds, up three million from 2017 levels. The national flock is composed of 12 million layers and 256 million broilers.

**Trade:**

Ecuador's corn imports in MY 2019/20 are forecast to increase to 300,000 MT, up some 200,000 MT compared to the MY 2018/19's estimate of 100,000 MT. Persistent low corn prices in the world market continue to discourage users and producers from taking advantage of domestic import-substitution policies. In the past, imports filled about half of Ecuador's corn needs so a 300,000 MT level seems reasonable if the exodus of smaller corn farmers is taken into account.



According to Ecuador's national statistics, the country imported about 67,000 MT of corn in CY 2018, of which 4,436 MT came from the United States and 62,121 MT came from Argentina. Corn exports from Argentina come to Ecuador by sea through the Panama Canal. Ships are usually loaded at the ports of San Lorenzo or Rosario. The shipping time from Argentine to Ecuadorian ports is approximately 18-19 days. Attempts to ship via Puerto del Hambre and Cape Horn are sometimes feasible in the summer months of the Southern Hemisphere (December –February). This timeframe benefits exports from South America as it coincides with the time of the year when corn stocks are lowest in Ecuador. Shipping rates are usually more competitive for Argentina than out of the Gulf of Mexico.

Ecuador is a minor exporter of corn, primarily shipping small amounts of white and yellow corn for human consumption to neighboring Colombia. With farmers receiving higher than normal prices on the domestic market, there is little incentive for them to shift production to exports.

**Imported Yellow Corn Tariffs under the Andean Price Band Applied By Ecuador  
February 15-28, 2019**

HTS	MARKER PRODUCT	FLOOR PRICE	CEILING PRICE	REFERENCE PRICE 1/	AD- VALOREM TARIFF (%)	CURRENT VARIABLE LEVY	TOTAL TARIFF %	WTO BOUND TARIFF	EFFECTIVE APPLIED TARIFF
1005.90.11	CORN	223	278	194	15%	17%	32%	45%	32% *

1/ Average Reference Price for the specified period.

\* Import permits are not issued automatically and require government approval

**Policy:**

White and yellow corn imports are assessed a 15 percent *ad valorem duty* (based on the CIF value), plus the Andean Price Band System variable levy. The Andean Community set floor and ceiling prices for yellow corn are currently at \$223/MT and \$278/MT, respectively. The variable levy for corn remains at 17 percent. Foreign corn faces import duties of up to 45 percent. Upon accession to the World Trade Organization (WTO), Ecuador bound its tariffs (including the additional Andean Price Band System levy) for corn at 45 percent. Ecuador also maintains a worldwide corn tariff-rate quota (TRQ) of 19,600 MT at a 25 percent tariff rate. This TRQ, which normally fills whenever international corn prices drop, has not been announced in many years. The Andean Price Band System currently increases duties beyond 25 percent (i.e., 15 percent *ad valorem* plus a variable levy of 30 percent).

**Rice, Milled:**

FAS Quito forecasts Ecuador’s milled rice production in MY 2019/20 at 870,000 MT, down 55,000 MT or six percent compared to the MY 2018/19 revised estimate of 925,000 MT. We attribute this drop in production to a decline in area planted and marginally lower yields following MY 2018/19, a year with very high yields. We consider this drop in yield to be normal. The assumption made to justify the decrease in area harvested by 4.5 percent in MY 2019/20 compared to MY 2018/19 is related to smaller and older farmers retiring, as they cannot compete with larger more productive farmers using better agronomic practices. Overall, MY 2018/19 saw a very significant recovery in production due to favorable weather conditions. Ecuador’s milled rice production in MY 2018/19 is estimated at 925,000 MT, up 43,000 MT or five percent compared to production levels in MY 2017/18.

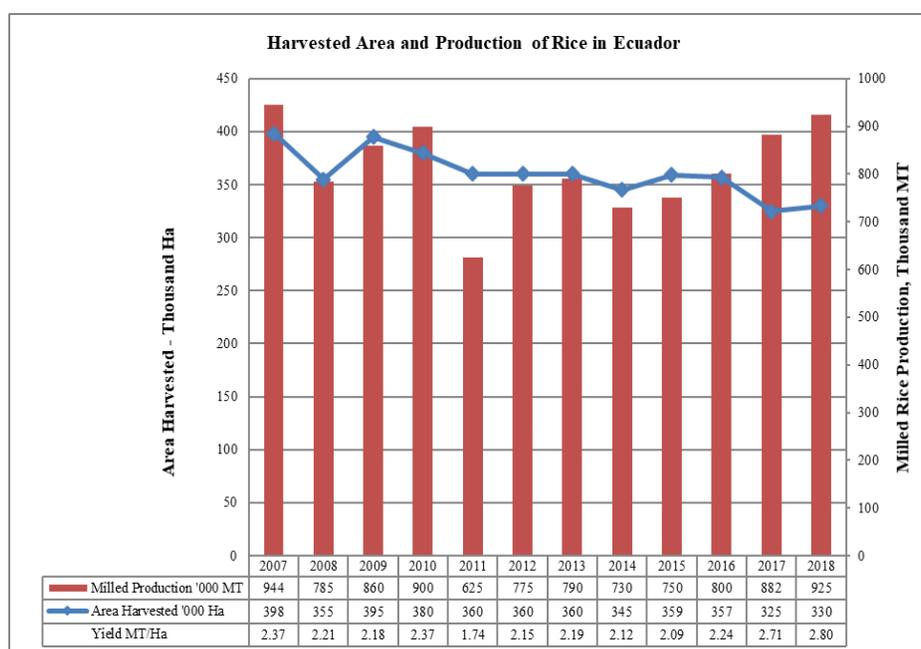
Rice, Milled Market Begin Year	2017/2018		2018/2019		2019/2020	
	Apr 2017		Apr 2018		Apr 2019	
Ecuador	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	325	325	310	330	0	315
Beginning Stocks	135	135	178	178	0	198
Milled Production	882	882	840	925	0	870
Rough Production	1400	1400	1333	1468	0	1381
Milling Rate (.9999)	6300	6300	6300	6300	0	6300
MY Imports	100	100	50	100	0	100
TY Imports	100	100	50	100	0	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1117	1117	1068	1203	0	1168
MY Exports	4	4	19	35	0	0

<b>TY Exports</b>	23	23	0	35	0	0
<b>Consumption and Residual</b>	935	935	940	970	0	985
<b>Ending Stocks</b>	178	178	109	198	0	183
<b>Total Distribution</b>	1117	1117	1068	1203	0	1168
<b>Yield (Rough)</b>	4.3077	4.3077	4.3	4.4485	0	4.3841

(1000 HA), (1000 MT), (MT/HA)

## Production:

To some extent, phytosanitary problems, such as infestations of apple snails first introduced in 2010, continue to make rice production challenging and a high-cost agricultural activity. Rice production will remain profitable in Ecuador only for as long as the government continues its policy of minimum prices for rice and blocks imports from third countries. The availability of improved rice varieties, however, has increased productivity and more than offset losses due to phytosanitary problems. Ecuador's farmers are able to crop more than two harvests per year in irrigated fields. Farmers are reluctant to leave fields fallow. It is common to see rice fields at different stages of development all year round in Ecuador's lowlands, without crop rotation.



The peak of this year's (MY 2019/20) first harvest will likely occur toward the end of April. Rough rice yields are expected to decrease marginally to 4.38 MT/hectare in MY 2019/20. Yields in milled production terms are included in the chart below. The right amount of rain is expected to enhance production and quality. Approximately 45 percent of Ecuador's rice production is harvested between April and June.

Rice production is concentrated in Ecuador's coastal lowlands. This area floods during the November-April rainy season, but remains humid throughout the rest of the year. Production varies with rainfall, with the larger harvest occurring towards the end of the rainy season (i.e., May-June). Only a third of the

acreage is planted during the summer months, and limited only by access to irrigation. While large-scale farmers can afford expensive irrigation and equipment, 75 percent of Ecuador's rice growers are subsistence farmers (they own five hectares or less) who cannot afford these costs.

### **Consumption:**

Rice is a staple in Ecuador. Almost all local production is consumed domestically. Total consumption in MY 2019/20 is forecast at 985,000 MT, up 15,000 MT or 1.5 percent from the MY 2018/19 revised estimate of 970,000 MT. We attribute the increase in consumption to population growth and increased per capita consumption triggered by lower prices. Per capita consumption is trending upwards at about 58~59 kilograms/annum. This estimate takes into consideration losses due to spoilage of old stocks and an increase in the consumption of rice and rice byproducts in the production of animal feed.

Ecuador's Ministry of Agriculture and Livestock (MAG) sets farm gate rice prices using a price band system. Currently the band is set between \$32.30 and \$35.50 per 200-pound (90.76-kilogram) sack of paddy rice (~\$356 to \$392/MT). These prices are very difficult to enforce. Trade sources and news articles report that farmers effectively received prices as low as \$18.00 per 200-pound (90.76-kilogram) sack of paddy rice in MY 2017/18. It is speculated that domestic prices continue to trend downwards in part due to competition from gray trade; i.e., lower-priced, and better quality, rice coming from Peru.

Domestic rice is marketed through wholesalers in 100-pound (45.36-kilogram) sacks, with small vendors selling to consumers by the kilogram. In CY 2018, it is estimated that the average wholesale price of a 100-pound (45.36-kilogram) sack of milled rice grade one (maximum five percent broken) was \$39.61 (~\$873.24/MT) and \$28.81 (~\$635.14/MT) for grade two (maximum ten percent broken). At the retail level consumers paid on average \$0.97/kilogram (\$970.24/MT). With the expansion of the modern supermarket sector, sales of two-to-five kilogram branded rice sacks are increasingly popular, and account now for 15-20 percent of rice sales. Overall, rice prices declined from July-August through December.

### **Trade:**

Although Ecuador's Ministry of Agriculture has publicly announced potentially massive exports of rice to other Latin American countries, only limited amounts were exported in CY 2018. The numbers in the PSD Table for this report have been adjusted to account for border trade (i.e., paddy rice of foreign origin that is milled in Ecuador). FAS Quito sources have stated that unless Ecuadorian mills are currently processing foreign rice, observed consumption levels of milled rice would not correspond to domestic production of paddy rice. In the context of increased domestic production for MY 2019/20, total imports (taking into account official and unofficial sources) are forecast to remain at 100,000 MT. Imports of rice into Ecuador from neighboring countries are estimated at 100,000 MT in MY 2018/19.

Rice imports from countries outside the Andean Community (Colombia, Ecuador, Peru and Bolivia) require a cumbersome inter-agency approval process. Concerns with Ecuador's balance-of-payments have been used to justify import-restricting measures. Currently, rice imports from outside the Andean Community are subject to a combined 67.5 percent import tariff.

Ecuador has exported at times rice to Colombia, Peru, Venezuela, and Cuba, dependent mostly on geopolitical considerations. Ecuadorian agriculture and grain storage authorities, however, have been unable to export rice in recent years due to differences between paid prices and export prices. According to Ecuadorian law, government agencies are banned from selling a good, or exporting it (e.g., rice) at a price lower than what the agency paid.

## Stocks

The PSD table is updated to reflect observed stock levels. FAS/Quito assumes that private millers, government silos and consumers maintain two to three months of consumption in stock at any given time. The Ministry of Agriculture issues export and import permits, and acts as the authorized exporter of reserves. The government has established, but not always enforced, an emergency stock of 80,000 MT of rice to ensure national food security. Currently, due to high production in FY 2018/19 and accumulated stocks owned by the government, it is estimated that stocks remain at 198,000 MT, which is 20,000 MT higher when compared to MY 2017/18 levels (178,000 MT).

## Policy:

Rice imports are politically sensitive. The government has promoted rice self-sufficiency by setting farm gate prices at levels significantly higher than prices in the world market and in neighboring countries, maintaining the Andean Price Band System, and further trying to limit imports using Presidential decrees. The Andean Price Band System currently sets a floor price of \$443/MT and a ceiling of \$509/metric ton. The Andean Price Band System is recalculated twice a month: at the beginning and middle of the month. Andean Community members (Colombia, Ecuador, Peru, and Bolivia) are assessed a zero-tariff and are not subject to the Andean Price Band System. A ministerial decree is nonetheless necessary before an import permit is issued. Other Latin American countries have been granted *ad valorem* tariff preferences under the Latin America Integration Association - ALADI, but they are still assessed the Andean Price Band System variable levy. Ecuador establishes domestic minimum support-prices that rice mills must pay to farmers. Currently the band is set between \$32.30 and \$35.50 per 200-pound (90.76-kilogram) sack of paddy rice (~\$356 to \$392/MT).

**Ecuador's Negotiated Tariffs for Rice with Trade Partners**

HTS	Description	United States and World	CAN	Peru	Chile	ALADI				
						Paraguay	Uruguay	Argentina	Brazil	Mexico
1006.1090	Rice, Paddy	20%	Zero	Zero	15%	15%	7.5%	15%	15%	15%
1006.2000	Rice, Brown	68%	Zero	Zero	20%	20%	10%	20%	20%	20%
1006.3000	Rice, Milled	68%	Zero	Zero	20%	12%	10%	20%	20%	20%
1006.4000	Rice, Broken	25%	Zero	Zero	20%	20%	10%	20%	20%	20%

Note: Although Peru is part of the Andean Community (Colombia, Ecuador, Peru and Bolivia), it has signed a bilateral agreement with Ecuador that includes preferences on rice. Similarly, Chile has also negotiated a bilateral trade agreement with Ecuador. Source: FAS OAA Quito office research.

## Imported Rice Tariffs under the Andean Price Band Applied By Ecuador February 15-28, 2019

HTS	MARKER PRODUCT	FLOOR PRICE	CEILING PRICE	REFERENCE PRICE 1/	AD- VALOREM TARIFF (%)	CURRENT VARIABLE LEVY	TOTAL TARIFF %	WTO BOUND TARIFF	EFFECTIVE APPLIED TARIFF
1006.30.00	RICE 10% SPLIT GRADE	443	509	436	67.5%	0.0%	67.5%	68%	67.5% *

\* Authorized by a 2008 Executive Order. Presidential decree 1458, 2008, authorized levying a higher tariff than that established by the Andean Community.

