Conciencia Digital

ISSN: 2600-5859
Vol. 7 No. 1.1, pp. 126 – 150, February 2024

www.concienciadigital.org

Importancia del rol del comercio exterior para impulsar el crecimiento económico en Ecuador

Importance of the role of foreign trade to promote economic growth in Ecuador

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Check for updates

Scientific and Technological Research Article
Sent: 11/17/2023
Revised: 12/18/2023
Accepted: 15/01/2024
Published: 21/02/2024
DOI:**https://doi.org/10.33262/concienciadigital.v7i1.1.2914**

Please quote: Benalcázar Palacios, C.S., Paredes Illescas, E.A., Becerra Molina, E., Lituma Yascaribay, M., & Ramírez Valarezo, F. (2024). Importance of the role of foreign trade in driving economic growth in Ecuador. ConcienciaDigital, 7(1.1), 126-150.https://doi.org/10.33262/concienciadigital.v7i1.1.2914

DIGITAL CONSCIOUSNESS,andIt is a multidisciplinary, quarterly journal, which will be published electronically. Its mission is to contribute to the training of competent professionals with a humanistic and critical vision who are capable of presenting their research and scientific results to the same extent that their intervention promotes positive changes in society.https://concienciadigital.org
The journal is published by Editorial Ciencia Digital (a prestigious publisher registered with the Ecuadorian Book Chamber with membership number 663).www.celibro.org.ec

Palabras claves: acuerdos comerciales, libre comercio, comercio exterior, competencia global, productos y servicios.

Resumen

Introducción. El comercio exterior implica el intercambio de bienes y servicios entre países, promoviendo la globalización económica y generando oportunidades de crecimiento, competencia y colaboración a nivel internacional. **Objetivo**. Analizar y fomentar la apertura de mercados, la colaboración económica entre naciones con el propósito de impulsar el crecimiento, incrementar la eficiencia y facilitar el acceso a bienes y servicios a escala mundial. **Metodología**. La metodología empleada en este estudio consistió en realizar una revisión documental descriptiva, bibliográfica y analítica, centrada en la recopilación y análisis de documentos e información. **Resultados**. En cuanto a las exportaciones ecuatorianas, Estados Unidos lidera como destino principal de petróleo, representando el 42%, seguido por Panamá y Chile. En lo que respecta a las exportaciones no petroleras, China emerge como el principal receptor, acaparando el 28,5% de estos productos. Los camarones encabezan la lista de principales artículos exportados, con un valor de 1.149,2 millones de dólares, seguidos por concentrados de plomo y cobre con 294,0 millones de dólares, y otros productos mineros con 52,5 millones de dólares. Estados Unidos se posiciona como el segundo destino de exportaciones no petroleras, representando el 19,1% del total. Entre los productos destacados hacia este país se encuentran camarones (326,3 millones de dólares), bananos (125,7 millones de dólares), oro (90,5 millones de dólares) y flores (86,9 millones de dólares). Este escenario refleja la diversidad y relevancia de las exportaciones ecuatorianas en el ámbito internacional. **Conclusión**. Los convenios comerciales internacionales y el libre comercio implican la creación de un entorno global que favorece la apertura de mercados, eliminación de barreras y facilita el intercambio de bienes y servicios para impulsar el desarrollo económico. **Área de estudio general:** Comercio Exterior, Gestión de las organizaciones con responsabilidad social, emprendimiento e innovación. **Área de estudio específica:** Calidad, Productividad, Responsabilidad social y Marketing.

Keywords: trade agreements, free trade, foreign

Abstract

Introduction. Foreign trade involves the exchange of goods and services between countries, promoting economic globalization trade, global competition, products, and services.

and generating opportunities for growth, competition, and collaboration at an international level.**Aim.**Analyze and promote the opening of markets, economic collaboration between nations with the purpose of promoting growth, increasing efficiency, and facilitating access to goods and services on a global scale.**Methodology**. The methodology used in this study consisted of conducting a descriptive, bibliographic, and analytical documentary review, focused on the collection and analysis of documents and information.**Results.**Regarding Ecuadorian exports, the United States leads as the main destination for oil, representing 42%, followed by Panama and Chile. Regarding non-oil exports, China emerges as the main recipient, accounting for 28.5% of these products. Shrimp tops the list of main exported items, with a value of 1,149.2 million dollars, followed by lead and copper concentrates with 294.0 million dollars, and other mining products with 52.5 million dollars. The United States is positioned as the second destination for non-oil exports, representing 19.1% of the total. Among the products highlighted to this country are shrimp (326.3 million dollars), bananas (125.7 million dollars), gold (90.5 million dollars) and flowers (86.9 million dollars). This scenario reflects the diversity and relevance of Ecuadorian exports in the international arena.**Conclusion.**International trade agreements and free trade involve the creation of a global environment that favors the opening of markets, elimination of barriers and facilitates the exchange of goods and services to promote economic development.**General study area**: Management of organizations with social responsibility, entrepreneurship, and innovation.**Specific study area**: Quality, Productivity, Social Responsibility and Marketing.

Introduction

Ecuador's international agreements with the rest of the world involve a series of commitments and collaborations in various areas, ranging from trade to cooperation in political, economic, social and environmental matters.

The issue of regionalism has generated extensive debates among researchers over time. This is due to the existence of various approaches and theories that address different realities and driving forces for integration. Therefore, a universal theory of regionalism has not yet been formulated (Acharya, 2016). In general terms, it can be stated that regionalism consists of a process of association between States, based on political decisions with common objectives and a strong link between them. This process seeks integration in economic, political, cooperative aspects and the development of social agendas. The commercial sphere plays a fundamental role in achieving greater regional insertion in the world economy.

For its part, the negotiation of trade agreements seeks to facilitate the exchange of goods and services between Ecuador and other countries, eliminating tariff barriers and promoting the free circulation of goods.

Agreements may address the protection and promotion of foreign investment in Ecuador and vice versa. These agreements often include provisions to resolve disputes and ensure an enabling environment for investment.

Collaborations are established to promote economic development through technical assistance, technology transfer, and other forms of cooperation.

International agreements can also have a political component, establishing closer diplomatic relations and promoting cooperation on issues of mutual interest, such as peace and security.

Some agreements include provisions related to human rights and environmental sustainability, committing the parties to respect and promote these principles.

Ecuador can also participate in regional agreements that seek greater economic and political integration with other countries in the region.

Likewise, international agreements often require countries to adopt specific regulations to comply with the agreed provisions.

Agreements may include mechanisms for the resolution of disputes between the parties, whether through direct negotiations, mediation or international courts.

Ultimately, agreements are instruments that seek to promote global cooperation and integration, as well as protect the interests and rights of the countries involved. Participation in international agreements can also have significant impacts on a country's economy, development and politics.

The current research is part of the formative research project entitled "Analysis of the economy of Ecuador during the period 2010-2019". The justification of this project lies in its contribution from a theoretical-academic perspective to address trade agreements as instruments that seek to promote cooperation and global integration, as well as protect the interests and rights of the countries involved, such international agreements have significant impacts on the economy, development and politics of a country.

This study was carried out with the aim of conducting a comprehensive analysis and acquiring a detailed understanding of the agreements and strategies related to international trade. The main objective is to delve into the details of trade agreements and strategies implemented at the international level, addressing key aspects such as trade policies, tariff barriers, trade alliances and other factors that influence economic transactions between countries.

The intention is to unravel the complexities and dynamics involved in global trade, examining the effectiveness of the strategies adopted and assessing their impact on the national economy and international relations. This analysis will contribute to a more complete understanding of the country's participation in the international arena, allowing for more informed and strategic decision-making in the context of international trade.

Methodology

The methodology used in this research was through a documentary, descriptive, bibliographic and analytical review, which involves a focus on the collection and analysis of documents and information related to "Importance of International Trade in the economic growth ofEcuador",In relation to the descriptive level, it consists of the characterization of a fact, phenomenon, individual or group, in order to establish its structure or behavior, that is, to expose the event studied, making a detailed enumeration of its characteristics, in such a way that in the results levels of analysis can be obtained, depending on the phenomenon and the purpose of the researcher (Arias, 2016).

The main objective of this research was to identify and analyze the factors that strengthen or limit the economic growth of Ecuador, focusing on taking advantage of the opportunities offered by participation in the global market to boost the economic development of the country.

Theoretical Foundation

In order to carry out the current documentary research with the purpose of building a robust theoretical base, an exhaustive analysis of the scientific works available in various information and search sources was undertaken, such as Web of Science, Google Scholar, Scielo and Latindex, among others. This process allowed obtaining a comprehensive and well-founded view of the existing literature in the area of study.

Trade generation implies an increase in the volume of trade between member countries, while trade diversion refers to the increase in regional trade exchange at the expense of ceasing to import more efficient products from countries that do not participate in the integration bloc (Kokko & Tingvall, 2007).

From the perspective of orthodox theories, trade diversion is considered a negative effect, as it is perceived as a loss of welfare. In contrast, heterodox approaches, such as the structuralist current, see trade diversion as beneficial, as it promotes regional development and autonomy by stimulating domestic industry (Londoño et al., 2017). To measure these effects, Bela Balassa uses the calculation of the income elasticity of demand (Creamer, 2004).

Ecuador's economy is based primarily on agriculture, mining and fishing. Oil exploration and export have played a major role in the Ecuadorian economy since the 1970s (Fontaine, 2016).

However, over the last century, economic development depended on exports of first cocoa and then bananas, of which Ecuador was the world's largest exporter for several decades. Agricultural exports came mainly from coastal lowlands.

In Latin America, regionalism has experienced three distinct phases since World War II. The first phase, known as “old regionalism”, spanned the years 1950-1980. It was characterized by strong state intervention promoting the import substitution industrialization (ISI) model, with the aim of boosting industrialization in the region. The second phase is known as “open regionalism”, while the third is called “post-liberal” or “post-hegemonic” regionalism, emerging from 2000 onwards. The latter is distinguished by having its own political and strategic agenda (Quiliconi & Salgado, 2017).

In his arguments, Cardona (2018) argues that regionalism is based on political decisions aimed at strengthening economic and political collaboration between States. Free Trade Agreements (FTAs) play a crucial role in facilitating trade integration processes between countries from different continents. This perspective underlines the importance of understanding regionalism not only as a function of geographical proximity, but also as a category that is based on the integration of subjective elements such as the interest and political will of the leaders of various sovereign territories. Therefore, regionalism transcends mere geographical proximity, also incorporating shared purposes that are manifested in FTAs.

Integration is considered a form of regionalism that allows regions to become relevant members of the system and can contribute to international integration by expanding markets, reducing external vulnerability, promoting regional industrialization, increasing negotiating capacity and facilitating more complex processes that take place separately (Oyarzún, 2008).

With the aim of consolidating free trade at a global level, since the early 1990s, free trade agreements have emerged as tools intended to facilitate negotiations between nations. In the context of free trade, conceived as the voluntary, spontaneous and unpremeditated exchange between individuals, these treaties can take the form of bilateral or multilateral agreements (Figueroa, 2019).

Exports represent the sales of goods (tangible products) and intangible services from one country to another, while imports involve the acquisition of such goods and services. Analyzing exports and imports is crucial, as it contributes to understanding the structure, evolution, recording and valuation of international trade. In terms of structure, a country's trade patterns are determined by the composition of the products exchanged. To assess evolution, the growth rate of a product in a specific period is calculated, which helps to identify its share and growth in the trade basket. In terms of recording and valuation, coding and measuring trade are usually the responsibility of each country's customs (Durán & Álvarez, 2011).

The Trade Balance reflects the disparity between a country's export and import flows during a specific period. When this discrepancy is positive, it indicates a trade surplus, while if it is negative, it denotes a trade deficit, affecting the country's internal liquidity due to capital flight, that is, the outflow of resources to foreign markets. The Trade Balance emerges as a crucial source of information for the economic management of a State, simultaneously integrating both international trade and its repercussions on the internal economy (Ávila et al., 2017). Therefore, it becomes a highly relevant indicator when addressing trade issues.

To assess product concentration, a count of the most frequently traded products is made or their share is represented in terms of percentage or relative weight. In this context, as the number of products increases, concentration in the trade basket decreases, and vice versa. As for concentration by country of destination or origin, a similar criterion is applied, but focused on countries rather than products.

These indicators are useful for determining the degree of dependence on the most traded products, as well as on the destinations or origins of imports and exports (Durán & Álvarez, 2011). It is advisable to use a measurement threshold when calculating these indicators. In studies carried out by ECLAC, a threshold of 80% of the total traded products is generally used. However, the choice of the threshold is at the discretion of the researcher.

Economic integration, international free trade treaties and agreements

With the arrival of President Lenin Moreno, the government abandoned the trade policy of the bourgeois revolution, announced the withdrawal from the Bolivarian Alliance for the Peoples of Our America (ALBA) and the Union of South American Nations (UNASUR), and began negotiations with the financial institution Guillermo Laso to join the Pacific Alliance, linked to the United States. On the other hand, the United States and China provided funds to the country to finance vaccination programs against COVID-19 (López & González, 2023).

Thus, trade agreements primarily benefit companies, They increase production and reduce costs with economies of scale. In most cases, companies pool their capital and facilities for this purpose. All of this is possible thanks to agreements that strengthen the allied countries.

Multi-party trade agreement between Ecuador and the European Union

After extensive and complex negotiations, Ecuador joins the multiparty trade agreement with the European Union, which already involves Colombia and Peru. Before this event, the trade relationship between the Andean Community (CAN) and the European Union (EU) was governed by the general system of tariff preferences, being the main market for non-oil exports and the third in importance for manufacturing exports. This regime came to an end in December 2016, and the lack of a trade agreement had adverse consequences on national production, exports, employment and the generation of foreign currency, affecting various sectors and companies (Rodríguez & Lino, 2017).

During the course of the negotiations for the free trade agreement, Ecuador made it clear that it had no intention of signing a deal similar to the one with the United States, opting instead for one with the European Union. The aim was to increase exports to this economic bloc in search of reciprocal benefits.

Ecuadorian representatives highlighted the differences between this agreement and free trade agreements, pointing out the risk of foreign investment that could affect the country's sovereignty. They used the case of Mexico and the North American Free Trade Agreement (NAFTA) as an example, where transnational companies took control of the industrial process, relegating local companies to mere maquiladoras and losing their autonomy and sovereignty.

Both the Ecuadorian government and researchers have warned that competition and market logic in free trade agreements could result in the loss of state participation and the possible decrease of national production if priority productive sectors are not regulated and protected (Rodríguez & Lino, 2017).

As for the products negotiated with the European Union, the diversity is greater. The agreement guarantees the immediate release of 99.7% of agricultural products and 100% of industrial products from Ecuador. In addition, the agreement includes specific provisions to protect the most vulnerable sectors of the Ecuadorian economy and excludes certain agricultural products from export to safeguard national production. Resolutions have also been established in this regard (Rodríguez & Lino, 2017).

First phase trade agreement between Ecuador and the United States

Ecuador and the United States agreed on a First Phase Agreement, which is the first step towards a future expanded trade agreement. This was the main determination of the III Meeting of the International Trade Treaty, held last week in the United States, where the Minister of Production, Foreign Trade, Investments and Fisheries, Iván Ontaneda, traveled, leading the Ecuadorian delegation, also made up of representatives of the private productive sector (Ministry of Production, Foreign Trade, Investments and Fisheries, 2023).

It was determined that the First Phase Agreement is composed of four pillars of easy implementation; the first, of facilities for international trade, whose objective is to eliminate those aspects that hinder commercial exchange between both countries, simplify customs processes and reduce paperwork; it will also contribute to an effective implementation of the Trade Facilitation Agreement of the World Trade Organization, of which Ecuador has been a party since 2019.

The second chapter is related to strengthening inter-institutional coordination in the development and implementation of regulations related to trade and investment, based on international standards and practices, which will contribute to a framework of legal security essential to attract and maintain investment from both countries; institutionalize and reduce processes or regulations that make foreign trade operations more expensive because they are unnecessary or duplicated.

The third chapter is also linked to the negotiation facilities that SMEs will have, with the reduction and simplification of customs processes to boost trade, which will allow for more opportunities and their integration into value chains.

It is important to note that 82% of companies related to non-oil exports to the United States are SMEs and actors in the Popular and Solidarity Economy, which account for 22% of total shipments. This sector would benefit from a reduction in its costs by not paying tariffs to enter this market, enjoying more competitive prices.

Following the same line, the fourth chapter is linked to the elimination of corruption within international trade to guarantee a fair, safe, and true exchange; to strengthen and automate the control mechanisms in foreign trade processes; and to receive cooperation to modernize customs processes and systematize the requirements of customs operations and thus reduce the processes that make exports more expensive.

Achieving a Phase One Agreement definitively puts Ecuador on the path to signing a full trade agreement with the United States, projecting a promising 2021 trade agenda that would make it possible to increase non-oil exports and, therefore, maintain and increase related sources of employment. In addition, this process does not address more sensitive issues such as agricultural products. The United States is also one of the main investors in Ecuador, accounting for 20% of all Foreign Direct Investment (FDI).

Open Skies Treaty United States Ecuador

Air transport plays a fundamental role in Ecuador's economy, contributing significantly to the national Gross Domestic Product (GDP), which amounted to 21 billion dollars in the first quarter of 2019. The geographical diversity of Ecuador's regions, such as the mountains, the coast and the Amazon, together with the rich variety of flora and fauna, attract foreign tourists.

The Galapagos Islands are also a globally popular tourist destination, attracting visitors from around the world. Since the implementation of the Open Skies Treaty in 2017, an increase in the use of air transport services has been observed. In that year, 4,090,012 passengers were transported, with 4,064,517 users of regular services and 25,495 users of non-regular services (Orosco, 2021).

Ecuador, through Executive Decree No. 256, adopted the open skies policy during the government of Lenin Moreno Garcés. This policy involves the liberalization of air transport, considering it a matter of national public interest, with the exception of domestic traffic.

Furthermore, the decree establishes the renegotiation of existing air transport agreements under its terms, provided that all parties involved in the agreement agree. It is relevant to highlight that during the negotiations of agreements, the principle of free competition was respected, avoiding unfair practices or monopolies. It was determined that only international airports in continental Ecuador will be subject to open skies treaties, including the Mariscal Sucre International Airport in Quito, the José Joaquín de Olmedo International Airport in Guayaquil, and the Mariscal Lamar International Airport in Cuenca (Orosco, 2021).

Economic Complementation Agreement with Mexico (signed in 2018 and in force since 2019)

The Mexican Economic Complementary Agreement, signed in 2018 and launched in 2019 promoted by the Organization of American States (OAS, 2020), marks an important milestone in Mexico's trade relations with other Latin American countries.

ISSN: 2600-5859
Vol. 7 No. 1.1, pp. 126 – 150, February 2024

The agreement aims topromote ugreater regional economic integration and includes a series of strategic objectives aimed at increasing economic growth and mutual cooperation. First, the agreement focuses on the reduction and elimination of tariff and non-tariff barriers that may hinder the exchange of goods and services between the signatory countries.

The aim of this measure is to promote a smoother flow of goods and foster a more dynamic and competitive business environment. In addition, the aim of the agreement is to promote investment between the participating countries. It sets out measures and regulations to create a favourable environment for investors who want to significantly increase economic activity by promoting projects and creating beneficial business partnerships.

In the area of cooperation, the agreement addresses key issues such as intellectual property rights and competition, recognizing the importance of protecting intellectual property rights and ensuring a level playing field for trading partners. This approach promotes entrepreneurship and innovation and fair competition as key elements of sustainable economic development (National Assembly of Ecuador, 2019).

In addition, the agreement includes a comprehensive dispute resolution mechanism. The Mechanism provides a structured framework for addressing and resolving any disputes that may arise between the parties and provides an effective means of enforcing commitments and resolving conflicts peacefully.

Overall, the Economic Complementation Agreement with Mexico reflects not only joint efforts to eliminate trade barriers, but also a firm commitment to strengthen regional economic relations, promote cooperation, investment and the peaceful resolution of disputes. Established in 2018, this system continues to play a fundamental role in promoting economic prosperity and stability in Latin America.

Partial scope agreement with Brazil (signed in 2019 and in force since 2020)

The provided excerpt describes the main objectives of the agreement between Ecuador and Brazil, focusing on establishing a legal and institutional framework for economic and physical cooperation and integration.

For its part, the Latin American Integration Association (ALADI) analyzes in detail the legal and institutional framework established by the agreement; understanding the legal and institutional basis is essential to evaluate the effectiveness and applicability of the agreement.

Furthermore, the free movement of goods and services between Ecuador and Brazil is facilitated as established in the agreement. With these mechanisms and specific provisions designed, it is intended to eliminate barriers and facilitate trade exchange.

The primary objective of this agreement is to establish a solid legal and institutional framework that promotes economic and physical cooperation and integration between Ecuador and Brazil. Its main purpose is to actively contribute to the creation of an expanded economic space that favors the free circulation of goods and services, as well as the full use of productive factors. It also seeks to consolidate a free trade area between the Contracting Parties, through the expansion and diversification of trade, together with the elimination of tariff and non-tariff restrictions that may affect reciprocal trade.

The agreement focuses on optimizing the comprehensive use of productive factors, fostering a competitive environment among the parties involved. It includes specific provisions designed to boost investment, foster innovation and improve economic efficiency.

Within the framework of the promotion of a free trade zone between Ecuador and Brazil, the aim has been to expand and diversify trade between both nations. The challenges that have arisen during the implementation of the agreement are also addressed, the achievements made to date are highlighted, and a thorough evaluation of the effectiveness of the agreement in relation to its objectives is carried out, taking into account the valuable lessons learned throughout the process.

Andean Community of Nations (CAN)

The Andean Community (CAN), issued byGeneral Secretariat of the Andean Community (2004),is an international organization that promotes integration and cooperation among the four South American countries: Bolivia, Colombia, Ecuador and Peru. The roots of the community date back to the Latin American Free Trade Association (ALALC), founded in 1960. Later, in 1969, ALALC changed its name to the Association for Latin American Integration (ALADI), and in 1996 the CAN was created as its successor, seeking greater economic and social integration.

The main objectives of the CAN are the creation of a common market, the coordination of macroeconomic policies, the promotion of sustainable development and the promotion of the free movement of goods, services, people and capital among member states. In addition, the organization seeks to strengthen the positions of its members in the international arena with the help of solidarity and cooperation. The CAN faced challenges from its inception and its membership has fluctuated, with some countries withdrawing and others expressing interest in joining. The organization also seeks to adapt to the changing dynamics of the global economy and address issues such as social and cultural integration.

Regarding instruments, the CAN has implemented various integration tools. These include agreements and protocols covering areas such as trade, investment, intellectual property, agriculture, the environment and technical cooperation.

As is logical throughout its existence, the CAN has faced various challenges, including discrepancies between member countries, differences in economic policies, and issues related to the effective implementation of integration measures. In addition, changes in the political and economic dynamics of the region have influenced the evolution of the organization (General Secretariat of the Andean Community, 2004).

The CAN seeks to strengthen the position of its member countries in the international arena. This involves negotiating trade agreements and promoting cooperation with other regions of the world.

The CAN has also developed several projects and programs to address specific issues, such as the fight against drug trafficking, the promotion of education and health, and the promotion of sustainable tourism.

The Common Market of the South (Mercosur, 2023) is a regional economic integration organization in South America created to promote cooperation and coordination among member states. It was created in 1991 by the Treaty of Asunción and has gone through various stages and changes since then.

The Southern Common Market has been confirmed to include Argentina, Brazil, Paraguay and Uruguay as full members. Venezuela also became a full member in 2012, but suspended its membership in 2016. Bolivia is preparing to become a full member state.

The main objectives of Mercosur include the creation of a common market among member states, the coordination of macroeconomic policies, the promotion of economic and social development, as well as the promotion of trade and the free flow of goods, services and production factors between countries.

Likewise, Mercosur (2023) has implemented several instruments to achieve its objectives, such as trade agreements, protocols and cooperation programs in the areas of customs, customs, sectoral policies, intellectual property rights, environment and human rights.

It is worth emphasizing that one of the distinctive features of Mercosur is the existence of a single external tariff, meaning a single tariff for goods imported from countries outside the EU. The aim of the initiative is to consolidate the internal market and strengthen the EU's negotiating position in international trade agreements.

Throughout its history, Mercosur has faced challenges such as political and economic differences between its members, but it has also made significant progress in trade integration and cooperation in various areas. Effective implementation of policies and overcoming internal challenges are areas in which the organization continues to strive. In particular, Mercosur seeks to strengthen its presence in the international arena by negotiating trade agreements and cooperating with other regions, establishing strategic alliances and engaging in dialogue with international organizations.

Signing of the free trade agreement with China

If we analyze the signing of the free trade agreement between Ecuador and China from an academic point of view, according to the Chamber of Industries of Guayaquil (2023), we can highlight the importance of this bilateral agreement. The agreement is an important milestone in Ecuador's international trade relations, as it is a formal commitment to promote trade liberalization between both countries.

From an economic point of view, the aim of signing the agreement is to create a favorable environment for the exchange of goods and services and to eliminate or reduce tariff and non-tariff barriers. This step can be interpreted as a joint effort to stimulate economic growth and strengthen trade relations between Ecuador and China.

The long-term impact of the agreement on specific sectors of the Ecuadorian economy should also be analysed, taking into account how it affects local industry, employment and competitiveness. The terms and conditions of the agreement should also be reviewed to see how issues such as intellectual property rights, foreign investment and labour and environmental standards are addressed.

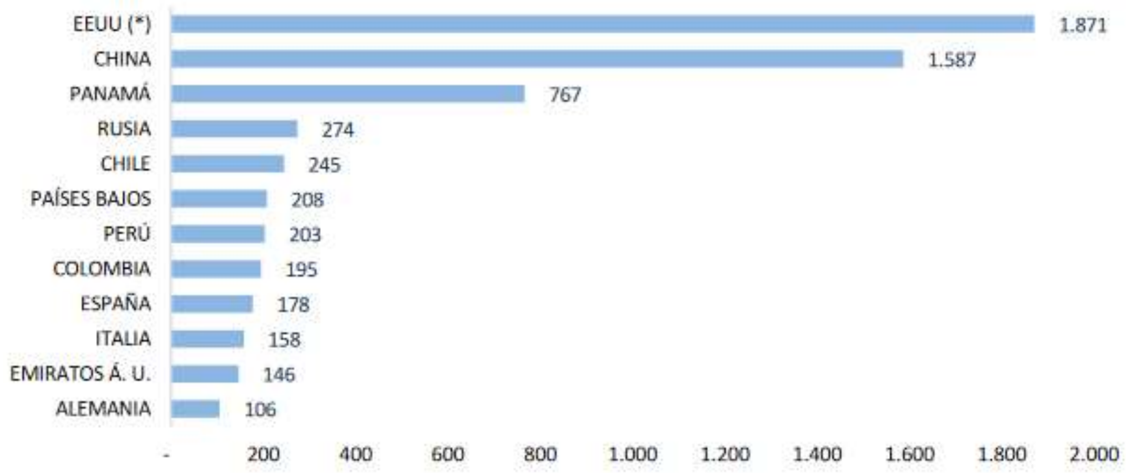
In short, the signing of the free trade agreement between Ecuador and China raises questions and challenges that deserve in-depth analysis from various disciplines, including economics, law and politics, to fully understand its impact and consequences in a global context.

Results

From the study carried out by the Central Bank of Ecuador (2023), some statistical results are summarized, linked to oil and non-oil exports and imports, among the most relevant we detail them below:

Figure 1

Ranking of the main export destination countries. In millions of USD FOB. 2023.I



Note: Taken from the information provided by the Central Bank of Ecuador, considering the Foreign Trade Results Report.
Fountain: Central Bank of Ecuador (2023). Based on the Foreign Trade Results Report for the First Quarter of 2023.

As for oil exports, the main destination countries at that time were the United States, which accounted for 42.0% of the oil export volume; among them, the country's main export product was crude oil worth 705.6 million dollars, representing 10.9 million barrels, followed by oil derivatives worth 91.8 million dollars. Panama is the second destination for Ecuadorian oil products, representing 39.3% of the group's exports. Crude oil exports reached 658.8 million dollars, with 10.8 million barrels, followed by oil products with 87.8 million dollars. On the other hand, Chile represents 8.1% of oil exports, with crude oil exports totaling 153.6 million dollars, which means 2.4 million barrels, followed by derivatives for 0.9 million dollars. Peru also. It is the fourth destination for Ecuadorian oil exports, with a share of 5.6%. Crude oil exports to Peru amount to 91.9 million dollars, equivalent to 1.4 million barrels. Finally, India reached 3.1% of the oil export volume and exported a total of 1 million barrels of oil.

As regards non-oil exports, China is the main destination, receiving 28.5% of these products. Among the main exported items are shrimp, which represents a value of USD 1,149.2 million, followed by lead and copper concentrates with USD 294.0 million, and other mining products with USD 52.5 million.

In second place is the United States, accounting for 19.1% of non-oil exports. Notable products shipped to this country include shrimp worth USD 326.3 million, bananas worth USD 125.7 million, gold worth USD 90.5 million and flowers worth USD 86.9 million.

ISSN: 2600-5859
Vol. 7 No. 1.1, pp. 126 – 150, February 2024
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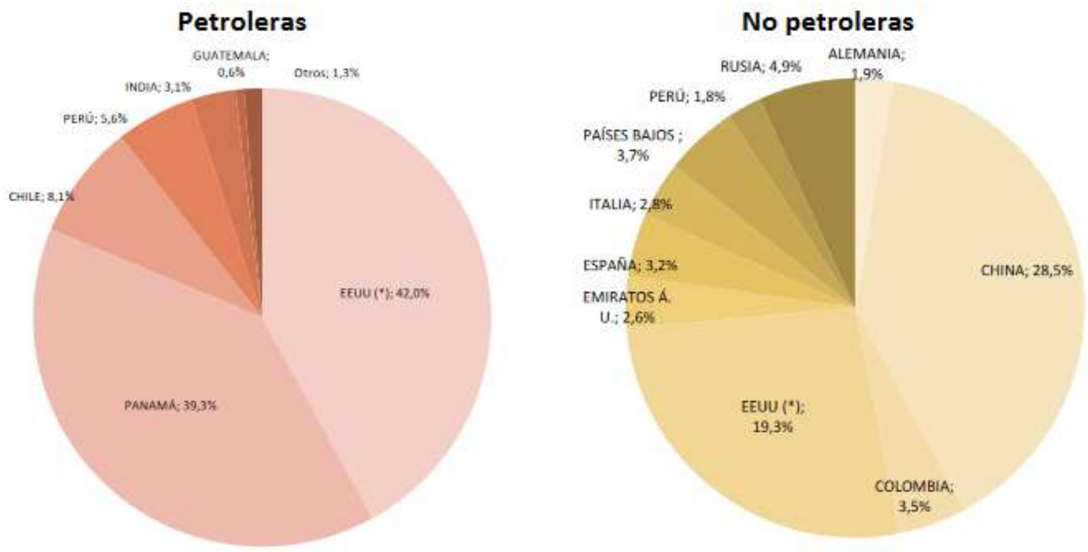
Figure 2

Oil and non-oil exports by destination, in percentage of participation. 2023.I.



Note: Taken from the information provided by the Central Bank of Ecuador, considering the Foreign Trade Results Report.
Fountain: Central Bank of Ecuador (2023). Based on the Foreign Trade Results Report for the First Quarter of 2023.

Imports fell in the first quarter of 2023, especially those related to manufacturing activities. Total FOB imports were $7,019.3 million, a quarterly drop of 7.6% and a year-on-year drop of 1.9%. The largest drop compared to the previous quarter corresponded to oil imports, whose value decreased by 12.2%, in volume, imports decreased by 4.6%. On the other hand, the fall of the year was determined by a decrease in non-oil imports of 5.5%, as well as 8.8% in volume.

Conciencia Digital

ISSN: 2600-5859
Vol. 7 No. 1.1, pp. 126 – 150, February 2024

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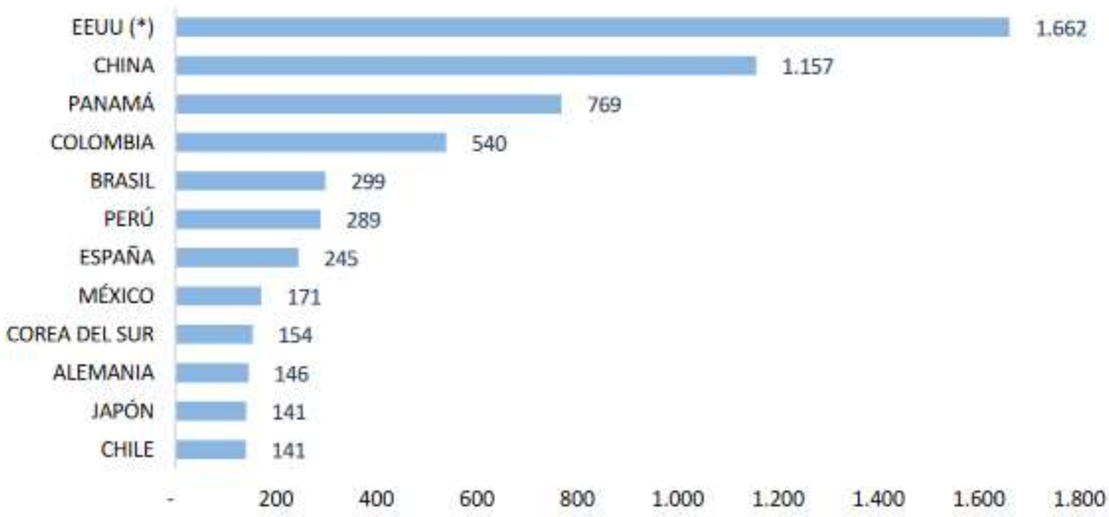
Figure 3

Main countries of origin of imports

In millions of USD FOB. 2023.I



Note: Taken from the information provided by the Central Bank of Ecuador, considering the Foreign Trade Results Report.
Fountain: Central Bank of Ecuador (2023). Based on the Foreign Trade Results Report for the First Quarter of 2023.

The analysis revealed that the United States maintains its position as the main supplier of Ecuadorian imports, with a share of $1,662. China follows closely with $1,157, while Panama occupies the third position with $7,691. Other significant players in this panorama are Colombia with $540, Brazil with $299 and Peru with $289. Together, these countries represent 67.2% of the country's supplier market.

Figure 4

Trade Balance in millions of USD FOB and USD per barrel. 2022.I – 2023.I

	2022.I	2022.II	2022.III	2022.IV	2023.I
Bal. comercial petrolera	1.305,3	1.175,6	854,5	619,8	176,0
Bal. comercial no petrolera	-372,6	-107,4	-725,0	-425,6	266,4
Bal. comercial total	932,6	1.068,2	129,5	194,2	442,4
Precio petróleo (eje der.)	88,1	99,9	82,4	74,2	63,0

Note: Taken from the information provided by the Central Bank of Ecuador, considering the Foreign Trade Results Report.
Fountain: Central Bank of Ecuador (2023). Based on the Foreign Trade Results Report for the First Quarter of 2023.

In relation to the aforementioned trade dynamics, the first quarter of 2023 showed positive balances in both the oil products and non-oil products trade balance, resulting in a total surplus of USD 442.4 million. This figure represents a decrease of USD 490.2 million compared to the same period in 2022 (USD 932.6 million), which implies a 52.6% reduction in the trade balance.

The trade balance of petroleum products recorded a surplus of USD 176.0 million, representing a decrease of 86.5% compared to the first quarter of 2022. This is due to a 33.5% decrease in the value of petroleum product exports and an 11.1% increase in imports of these goods. On the other hand, the trade balance of non-oil products showed a surplus of USD 266.4 million, a balance higher by USD 639.0 million compared to the same period in 2022. This increase is explained by a 6.4% increase in non-oil exports and a 5.5% contraction in imports.

Discussion

According to Becerra et al. (2021a), micro, small and medium-sized enterprises (MSMEs) have an urgent need to adhere to current legal regulations, addressing aspects related to taxes, accounting, finance, foreign trade and other regulations. This must be carried out in coordination with the business environment, corporate and labor regulations, as well as government provisions. When examining the impact of productive activities in Ecuador and their effect on MSMEs, a significant influence is observed on job creation, tax revenue generation and economic dynamics. This phenomenon contributes to engaging and strengthening the position of merchants, entrepreneurs and small business owners, generating tangible improvements both in the field of national and international trade and in productivity.

Article 261 of the Constitution of the Republic, issued by the Constituent Assembly (2008), in its literal 5, tells us that the central State will have exclusive powers over economic, tax, customs, tariff, fiscal and monetary policies; foreign trade and indebtedness, hence foreign trade policies imply the regulations and agreements that a country establishes to regulate its commercial transactions with other nations, thus affecting the exchange of goods and services at an international level.

Economic integration is defined as a process in which various nations choose to form a regional group, and this process is divided into five stages: the first consists of the creation of a free trade zone or area, followed by the formation of a customs union, the establishment of a common market, the achievement of an economic union and, finally, the culmination with a community or total economic integration (Dingemans& Ross, 2012).

Free Trade Agreements serve to formalize and strengthen already established trade relations between countries. These agreements are concluded with nations that are traditional partners, which implies that they do not necessarily introduce new trade models or structures, but rather consolidate and preserve existing patterns. Despite this consolidation function, it is important to note that they are often presented as instruments that foster economic integration (Dingemans & Ross, 2012).

The different economic activities not only encourage the generation of ideas in the field of creativity and invention, but innovation involves the application of these ideas to obtain resources and transform them into profits. In this way, it contributes to the development of business solutions that favor the growth of foreign trade, according to (Becerra et al., 2021b).

The trade relations that Ecuador maintains with its main trading partners are the result of a constant exchange of goods and services and a rotation of presidents, each with a different commercial status. Ecuador has maintained its position with one of its main trading partners, such as the United States, and rejects a free trade agreement with the United States, preferring to negotiate an economic complementarity agreement that ensures that Ecuador receives tariff benefits. The Korean administration's renegotiations with China and the United States made Ecuador independent of American creditors, by opting for strategic policy cuts in American trade (López & González, 2023).

Micro, Small and Medium Enterprises (MSMEs) play a fundamental role in the coordination of foreign trade, economic integration and effective participation in Free Trade Agreements, thus strengthening relations with key trading partners.

Conclusions

The main conclusions are presented below, integrating the analysis and the observation technique, in this sense it is indicated below:

- The United States, Panama, Chile, Peru and India are the main destinations for Ecuador's oil exports, with the significant participation of the United States and Panama in the total volume of oil exports being noteworthy.

- In the area of non-oil exports, China emerges as the main destination, highlighting the importance of shrimp, lead and copper concentrates, as well as other mining products. The United States occupies second place, being receptive mainly to shrimp, bananas, gold and flowers. This diversification of products and destinations contributes to the robustness and variety of Ecuador's non-oil exports.

- In the first quarter of 2023, a decline in imports was observed, especially in manufacturing activities. Total FOB imports reached $7,019.3 million, reflecting a 7.6% drop compared to the previous quarter and a year-on-year reduction of 1.9%. The largest quarterly contraction was recorded in oil imports, with a 12.2% decrease in value and 4.6% in volume. The annual decline was attributed to a 5.5% decrease in non-oil imports and an 8.8% reduction in volume. These data indicate a downward trend in import demand, especially in the manufacturing sector.

- The analysis highlights that the United States continues to be the main supplier of Ecuadorian imports, maintaining a significant share of $1,662. China is in second place with $1,157, followed by Panama in third place with $769. Colombia, Brazil and Peru also play significant roles in this panorama, contributing significantly; together, these countries make up 67.2% of Ecuador's supplier market.

- The first quarter of 2023 revealed positive results in the trade balances of oil and non-oil products, generating a total surplus of USD 442.4 million. However, a significant decrease of 52.6% is observed compared to the same period in 2022, where the surplus was USD 932.6 million. This reduction indicates a downward trend in the trade balance, which could be subject to analysis to understand the underlying causes and consider possible implications for the economy in the coming quarters.

- The importance of foreign trade lies in its ability to boost economic growth, foster efficiency, innovation, productivity and promote global collaboration through the interdependence of nations.

- International trade allows countries to access resources and products that are not readily available within their borders, expanding the diversity and supply of goods and services. It also facilitates the transfer of technology between nations, helping to accelerate scientific and technological development.

- International trade fosters job creation by expanding business operations and increasing demand for labor. It also helps mitigate the adverse effects of domestic economic fluctuations by diversifying sources of income.

- International trade plays a crucial role in promoting political stability and reducing international tensions by creating economic interdependence. It also contributes to poverty reduction by generating additional income through the export of products and services.

- The Ecuadorian economy is directly impacted by factors that have the potential to consistently drive the country's economic growth. These key elements include the evolution of credit, variations in the price of oil, access to sources of financing, the ability to attract investments, and the implementation of policies aimed at overcoming the current difficult circumstances. These circumstances include threats such as terrorism, the vaccine situation, extortion, drug trafficking, contract killings, and the state of emergency that has been declared in the nation to maintain control against disturbances to public order.

Conflict of interest

The authors declare that they have no conflict of interest.

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ISSN: 2600-5859
Vol. 7 No. 1.1, pp. 126 – 150, February 2024

www.concienciadigital.org

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