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# DOING BUSINESS IN LATIN AMERICA AND THE CARIBBEAN





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PREPARED BY MERITAS LAWYERS  
IN LATIN AMERICA AND THE CARIBBEAN



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## DOING BUSINESS IN LATIN AMERICA AND THE CARIBBEAN

This publication has been prepared by the lawyers of Meritas firms to provide an overview to foreign investors and business people who have an interest in conducting business in Latin America and the Caribbean. The material in this publication is intended to provide general information only and not legal advice. This information should not be acted upon without prior consultation with legal advisors familiar with the specifics of your particular matter.

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The following currency notations are used in this book.

ARS	Argentinean Peso	DOP	Dominican Republic Peso
BSD	Bahamian Dollar	GTQ	Guatemalan Quetzal
BRR	Brazilian Cruzeiro Real	HNL	Honduran Lempira
KYD	Cayman Dollar	MXN	Mexican New Peso
COP	Colombian Peso	NIO	Nicaraguan Córdoba
CRC	Costa Rican Colón	PYG	Paraguayan Guarani
USD	United States Dollar	UYU	Uruguayan Peso

*Please be aware that the information on legal, tax and other matters contained in this booklet is merely descriptive and therefore not exhaustive. As a result of changes in legislation and regulations as well as new interpretations of those currently existing, the situations as described in this publication are subject to change. Meritas cannot, and does not, guarantee the accuracy or the completeness of information given, nor the application and execution of laws as stated.*



Situated on the northwest coast of South America, the Republic of Ecuador encompasses an area of approximately 256,549 square kilometers, or 99,438 square miles.

Ecuador is a constitutional, democratic, sovereign and independent state.

The 2008 Constitution mandates that the president stay in his functions up to a four-year term and can be reelected only one time.

The legislative branch of the state is the National Assembly, which is integrated by assemblymen elected for four-year terms. The judiciary is comprised of the National Court of Justice, Provincial Courts, Appeals Courts and the Constitutional Court.

The total population of Ecuador is 14,483,499 (2012 estimate). Spanish is the official language of Ecuador and many people are familiar with English in the main cities. The U.S. dollar was established as Ecuador's official currency in March 2000.

## FOREIGN INVESTMENT

The Ecuador State promotes national and foreign investments, giving priority to national investment.

Ecuador has gradually been liberalizing its investment climate by opening free trade zones and promoting assembly (*maquila*) plants. It has also increased incentives for investment in existing domestic industries.

## PRINCIPAL REGULATIONS ON FOREIGN INVESTMENT

### Decision 291 of the Andean Community (CAN)

In conformity with Decision 291 of the Cartagena Agreement—now the Andean Community—the owners of direct, subregional or neutral foreign investment are entitled to transfer abroad the net benefits of their registered investment; similarly, they have access to all promotional mechanisms under the same conditions as national business companies, and are entitled to transfer abroad, in freely convertible currencies, under the terms stated in Ecuadorian legislation, proven net profits originating from their investment.

## **Agreements and International Treaties**

Similar investment protection treaties have been signed with the United States, Argentina, Bolivia, Canada, Chile, China, Costa Rica, El Salvador, Spain, Honduras, Nicaragua, Netherlands, Peru, Dominican Republic, Romania, Russia, Italy, Switzerland, Uruguay and Venezuela.

Ecuador has signed the Reciprocal Promotion and Protection of Investment Multilateral Treaty with the following: MIGA (Multilateral Investment Guarantee Agency), OPIC (Overseas Private Investment Corporation), CII (Interamerican Investments Corporation) and CAN (Andean Community of Nations).

## **Juridical Stability Agreements**

In the Supplement to Official Gazette No. 351 of 29 December 2010, the Organic Code of Production, Trade and Investment was published, which has the purpose, among others, to ensure and encourage all forms of private investment in productive and environmentally acceptable and desirable services.

This Code's objective is also to regulate and promote foreign trade and direct investment while increasing competition in the local economy. In addition, this law promotes the efficient use of the country's productive resources, to promote sustained development and integrate Ecuador into the international economy, contributing to the welfare of the population.

With this Code, the government stimulates needed coherence between the government's various foreign trade, taxes, customs, monetary, credit and social-economic development policies, and required corresponding norms.

Exports are exonerated of all taxes (except for cocoa, coffee, bananas and hydrocarbons). Imports are subject to customs duties (if applicable), value added tax, special consumption tax, and compensation rights. Additionally, anti-dumping or temporary safeguard measures adopted to prevent disloyal trade practices (framed within the WTO norms) may be applicable as indicated and the rates for services effectively provided.

## **ACQUISITION OF LAND BY FOREIGNERS**

Foreigners have no limitations on the acquisition of lands according to the Ecuadorian Law.

## **Residency Requirements**

Every foreigner who wishes to reside in Ecuador (either on a temporary or permanent basis) must obtain the corresponding visa. Immigrant visas are processed at the Immigration Services Bureau. The Foreign Relations Ministry processes nonimmigrant visas.

The Law of Migration and Foreign Affairs includes two general migratory categories:

- (Resident) Immigrant known as category 9
- (Renewable) Nonimmigrant known as category 12. The Ecuadorian residence card is not granted for this kind of visa.

**Migratory Category 9**

**Immigrant Visa**

**Granted to:**

- |       |   |
|-------|---|
| 9-I   | Retired persons who receive pensions from their native countries.   |
| 9-II  | Real estate and securities investors who bring certificates, estate bonds or bonds from national credit institutions.   |
| 9-III | Those who invest capital in any branch of the industry, agriculture, cattle farming or export commerce in a stable manner different from a shareholder company. |
| 9-IV  | People who take on administrative, technical or specialist duties in an indefinite manner in companies, institutions or entities established in the country.    |
| 9-V   | Professionals with university degrees recognized by a national university.  |
| 9-VI  | Dependents  |

**Migratory Category 12**

**Nonimmigrant Visa**

**Granted to:**

- |              |   |
|--------------|---|
| 12-I,II, III | Diplomats accredited by their embassy who possess diplomatic identity cards issued by the Ecuadorian Ministry of Foreign Affairs; or international organization officials or employees. These visas are granted for a fixed duration (usually one year) and can be renewed throughout the diplomat’s assignment in Ecuador. |
| 12-IV        | Persons politically persecuted in their country or war refugees. This visa is granted in accordance with valid international treaties. The Ecuadorian Ministry of Foreign Affairs retains complete discretion on whether to grant this visa, and for how long.  |

12-V	Adult students and close relatives. A student registration certificate must be accompanied by a 12-V visa application.
12-VI	Temporary foreign technicians, managers, special powers of attorney; this visa, granted by either a consulate or the Foreign Relations Ministry, must be renewed yearly.
12-VII	Missionaries and religious volunteers. A letter from the religious institution, duly acknowledged in Ecuador, is required.
12-VIII	Intercultural exchange participants; this visa, granted by either a consulate or the Foreign Relations Ministry, must be renewed yearly.
12-IX	Trade Acts (Business).
12-X	Temporary resident (only one entry).

In addition to a visa, nonresidents wishing to work in Ecuador (for an individual or company) must first obtain a corresponding work permit from the Ministry of Labor and Human Resources.

## **ENVIRONMENTAL REQUIREMENTS**

In order to undertake any activities involving environmental risks, the corresponding license granted by the Ministry of the Environment must be obtained, as well as the corresponding permits issued by municipalities, if applicable. This license must be issued after an environmental risk study has been undertaken.

## **COMPETITION AND ANTIMONOPOLY REGULATIONS**

In general, existing Ecuadorian legislation prohibits monopolies. Ecuador currently has a fairly recent antitrust law called Act Regulation and Control of Market Power, which was published in the Supplement to Official Gazette No. 555 of 13 October 2011, and whose main objective is to prevent, correct, eliminate and punish the abuse of economic operators with market power, prevention, prohibition and punishment of collusive agreements and other restrictive practices, the regulation and control of economic concentrations, and the prevention, prohibition and punishment of unfair practices, seeking efficiency in markets, fair trade and general welfare. Additionally, the Modernization Law (promulgated at the end of 1993) and its regulations (issued in 1994) establish the basis for eliminating monopolies. This law sets forth the

rules and regulations for delegating traditional state-run economic activities to private or mixed companies.

Ecuador currently applies a regulation for the protection of free competition. Decision 608 published in Official Register 558 dated 27 March 2009 of the Andean Community contains several dispositions aiming to protect and promote free competition in the Andean Community and in Ecuador, thereby seeking efficiency in markets and the well-being of consumers.

## BUSINESS ENTITIES

Laws governing commerce and companies (as well as the Civil Code) regulate business operations in Ecuador. Ecuadorian law allows for the following business organizations:

- Stock Companies
- Limited Liability Companies
- Branch of a Foreign Corporation
- General Partnership
- Limited Partnership
- Mixed-economy Companies
- Sole Proprietorship

The law also acknowledges temporary companies and joint accounts.

After completing a special domicile application and procedure, foreign corporations may establish branches in Ecuador. Foreign corporations may be shareholders in Ecuadorian limited liability companies provided that their capital is represented only by shares or nominative social parts, meaning, issued in favor or on behalf of their partners or members and under no circumstances to the holder.

The Superintendence of Companies regulates all forms of business organization, receives the annual financial statements and reviews compliance with existing regulations. All financial institutions are regulated by the Superintendence of Banks.

In the Official Register (Supplement) dated 26 June 2009 it is established that in order to qualify as a supplier or possible seller of a juridical entity with the state, all juridical entities, their shareholders, members and associates must not have their domicile registered in a tax haven and if so, this shall lead to immediate disqualification.

## CORPORATIONS

Known in Ecuador as a *Sociedad Anónima*, a corporation is a legal entity whose capital is divided into shares, and may be closely held or traded publicly on the Ecuadorian Stock Exchanges (in Quito and Guayaquil). Initial share capital must be divided among at least two shareholders.

Once executed and notarized, a corporation's constitution, bylaws and deeds of incorporation must be submitted to the Superintendence of Companies (or Banks) for approval and recording in the Trade Register. Corporations must maintain a minimum capital (payable in cash or in kind) 100% fully subscribed and at least 25% of this payment must be made upon formation.

The general board is the corporate body that governs and is formed by all partners of the entity. Their resolutions must be approved by the majority of capital present at the meeting. Regulations may also include a board of directors (this is not compulsory) in order to establish powers.

## LIMITED LIABILITY COMPANIES

A limited liability company (LLC—*Compañía de Responsabilidad Limitada*) is formed upon the approval of its articles of incorporation by the Superintendence of Companies and the subsequent publication of a corresponding extract in a local newspaper of major circulation.

At start up, LLCs must have at least two and no more than 15 partners. LLCs require a minimum start-up capital. At least 50% of the initial capital must be paid upon formation with the remainder to be paid within one year.

The liability of LLC partners is limited to the amount of their capital contributions. LLC shares cannot be transferred without unanimous approval of all partners. Although foreign individuals may be partners in an LLC, foreign corporations are prohibited from participating in this type of enterprise.

The general assembly (*Junta General*) is the LLC's governing body and is comprised of all the entity's partners. Its resolutions must be approved by a majority of the capital present at a meeting. The general assembly must meet at least once every year and 10% of the members can call for an assembly at any time. The assembly must also appoint one or more administrators to act on its behalf. The administrators must submit financial statements to the partners within 90 days of the end of the fiscal year.

A limited liability company may be set up for any type of commercial or professional operation except for banking, insurance and finances.

## FOREIGN CORPORATION BRANCH

In order to establish a branch operation in Ecuador, a foreign company must first comply with the following requirements:

- Provide proof that the company is legally constituted in its country of origin
- Prove that its constitution allows it to conduct operations abroad
- Appoint a permanent legal representative with full power of attorney to represent the company in Ecuador
- Establish the branch with the minimum capital required by law (currently USD2,000).

The foreign company must maintain the minimum capital requirement in an Ecuadorian bank until the Superintendence of Companies has authorized the branch to do business in Ecuador. Branches are generally subject to the same legal regulations and obligations as any other Ecuadorian company. For legal purposes, the holder of the parent company's power of attorney generally manages the branch. Liquidation of a branch will be initiated if its accumulated losses total 50% of the branch's capital unless the parent company supplies additional capital.

## TAXATION

Companies doing business in Ecuador are taxed on their transactions and activities. Principal taxes include income, VAT, consumption, currency outflow tax, and other applicable duties.

### INCOME TAX

Income tax taxes earnings from an Ecuadorian source obtained as a gift or valuable consideration; and earnings obtained abroad by companies in general. Therefore, national and foreign companies either domiciled or not in the country receiving taxed earnings are obliged to declare and pay income tax.

### Annual Income Tax Declaration

The annual income tax declaration is presented in April each year for the previous tax year which runs from January 1 to December 31.

The taxable base for the calculation of income tax includes the sum of all ordinary and extraordinary earnings charged with this tax, minus returns, discounts, costs, expenses and deductions, which are attributable to such earnings.

## **Income Tax Rate**

Companies incorporated in Ecuador, as well as the branches of foreign companies domiciled in the country and the permanent establishments of foreign nondomiciled companies, who obtain taxable income, will be subject to the tax rate of 22% on their tax base.

From fiscal year 2013 onwards, the tax rate will be 22%.

However, the rate of 15% shall apply on the sum of profits reinvested into the country, provided that these are destined to the acquisition of new machinery or new equipment used for production activities, through the increase of capital of said reinvested profits, finalized by the registration in the Mercantile Register by December 31 of the tax year after that in which the reinvested profits were generated. Income tax at 25% incurred by companies shall be considered as attributable to their shareholders, partners or members, when these are foreign company branches, companies established abroad or individuals without residence in Ecuador.

Profits distributed in the country or sent abroad, those accredited in accounts after the payment of income taxes or charged to exempt income are not subject to additional taxation or withholdings at source for income tax purposes, except in the case of shareholders constituted in tax havens.

In this case, the company paying dividends to shareholders resident in a tax haven must make the corresponding income tax withholding at source. The percentage of this withholding shall be equal to the difference between the maximum rate of income tax for individuals and the general rate of income tax provided for companies. Consequently, considering that the maximum rate of income tax for individuals is 35% and the general rate for companies will be 22% for the year 2013 and beyond, so the rate for dividend payments to tax havens will be 13%.

## **Payments Abroad and Double Taxation Agreements**

Payments and funds sent abroad (except dividends) are subject to 25% tax. This transfer rate must be withheld by the issuer and paid to the fiscal authority in Ecuador.

Ecuador recognizes the application of agreements for avoiding double taxation with countries that it has signed such agreements with. In order to benefit from these deductions or exonerations established by each agreement, the Ecuadorian tax legislation requirements must be adhered to.

## **VALUE ADDED TAX (VAT)**

Value added tax is assessed on the total value of transferred goods, imports and services rendered. VAT is to be assessed at all points of exchange (distribution, retail and wholesale).

The VAT rate is 12%; however, some transactions are exempt from VAT and transfers and imports are taxed at 0%.

## **SPECIAL CONSUMPTION TAX**

The Special Consumption Tax (ICE) is on domestic consumption of specific luxury goods. These may be national or imported and are described by law.

Depending on the item the ICE (Special Consumption Tax) rate applies from 5% to 100%.

## **CURRENCY OUTFLOW TAX**

Currency Outflow Tax taxes the transfer, relocation or sending of currencies abroad or when currency withdrawals are made from abroad charged to national accounts, with or without the intervention of institutions forming part of the financial system, at a rate of 5%.

# **INTELLECTUAL PROPERTY**

## **APPLICABLE REGULATIONS**

In the intellectual property area, Ecuadorian legislation is based on several international agreements in order to concur with other developing countries in the region, in particular Decision 486 of the Andean Community of Nations. Since 2006 the country has seen ample and sustained progress in the field of intellectual and industrial property, which has attracted new foreign commercial investors.

Ecuadorian legislation in terms of intellectual property currently includes regulations from the World Trade Organization (WTO) regulations and the Paris Convention that protect registered brands, trademarks, denominations of origin, patents, authorial rights and organic acquisitions.

It also regulates technology transfer and prohibits disloyal competition.

With the implementation of the above-mentioned protections, investors now have safeguards that previously were not included in the country's legislation, such as norms for disloyal competition, preventive civil, penal and customs measures, and the solution of conflicts through national and international arbitration. This new legislation has reduced protection to local distributors,

thus allowing foreign investors to freely negotiate and establish the parameters of their investment in accordance with international legislation.

## **TRADEMARK APPLICATION REQUIREMENTS FOR PRODUCTS AND SERVICES**

Requirements to apply for registration of a trademark before the Ecuadorian Institute of Intellectual Property (IEPI) include:

- According to the client's needs, a prior search of the mark that would be registered.
- Filing of an application form containing this information:
  - ▶ Applicant's identification (proprietary company's name, address and nationality)
  - ▶ A clear and full description of the trademark and graphic symbols accompanying the denomination, if applicable; and a description of the products or services to be protected by the trademark, i.e., respective international class according to the Nice Agreement.
- Presentation of documents for registration at the Ecuadorian Institute of Intellectual Property (IEPI) after payment of the corresponding administrative rate.
- Publication of application abstract in the Industrial Property Gazette.
- For foreign applicants, a power of attorney for a legal representative in Ecuador.
- If the trademark in question has some logotype, five graphic elements must be enclosed; and if priority is being claimed, a certified copy of the registration application must be enclosed, with the date (priority must be claimed within six months of the application date).

After filing, an abstract of the application is published in the Industrial Property Gazette. Within 30 working days after publication, any third party with legitimate interest may oppose the registration.

Ecuadorian legislation on intellectual property adheres to the principle of priority; therefore the first party to present the denomination or design is the party with the most rights over such.

Once the trademark has been registered, this is protected for a period of 10 years, during which the proprietor may present administrative, civil or penal action against any third party using or fraudulently imitating the trademark.

After this 10-year period is up, trademarks must be renewed in order to continue to be valid for a further 10 years; these renewals are indefinite. The law grants a six-month grace period from the date of expiry of such trademarks in order for these to be renewed.

The renewal process is undertaken via the presentation of a request that must include all information on the registered trademark in question. The renewal procedure may be started from six months before the date that the registration of the registered trademark expires, up to a grace period of six months after its expiry date.

### **Terms of Effectiveness**

Protection is for 10 years after the date trademark registration is issued.

### **Trademark Registration Application Costs**

Administrative rate      USD 116\*

In addition and according to the customer's needs, a prior search can be carried out on the trademark to be registered, the cost of which is:

Administrative rate      USD 16\*

\* Rates subject to change by the Industrial Property Office

### **Industrial Property Office**

The competent authority is the Ecuadorian Institute of Intellectual Property (IEPI).

## **PATENTS**

Inventions of products or procedures in all fields may be patented if these are new, inventive, not state-of-the-art and are subject to industrial application.

In 2009 the government declared pharmaceuticals of public interest, thereby permitting administrative authorities to grant obligatory licenses on pharmaceutical patents in order for local laboratories to produce medicines, in spite of being patented, or to import generic versions.

In light of this the resolution issued by the Ecuadorian Institute of Intellectual Property referring to the Guidelines for the Concession of Obligatory Licenses on Pharmaceutical Patents was published in Official Register No. 141 on 2 March 2010.

An application for patent registration in Ecuador requires this information:

- Applicant's and inventor's identification
- Invention's title or designation
- Invention's clear and complete description for an expert to execute it

- One or more claims stating the matter the patent would protect
- A summary of the invention, including its objective and purpose
- A voucher proving payment of governmental fee

If the applicant is not the invention's owner, a concession contract clearly stating the invention author's first and last names is required.

If the patent is registered abroad, registration priority may be claimed within one year of the date of that filing.

Specialists analyze all submitted documents. If they approve, the patent is published in the official gazette to allow oppositions from third parties. If no opposition is filed, the patent undergoes an internal administrative examination related to its eligibility for registration in Ecuador. The protection period is 20 years.

## **LABOR LAW**

The majority of employer/employee relations are regulated by Ecuador's strict Labor Code. Specific work conditions and employment terms are established in individual and collective labor agreements.

Individual labor agreements between employees and employers define the services to be provided and the corresponding remuneration.

The labor law now provides more flexible labor agreements, and permanent partial working day contracts.

Ecuadorian labor laws set the maximum number of hours that an employee can work. In most cases the maximum is 40 hours per week, 8 hours per day. Additionally, the law allows for four overtime hours a day (not to exceed 12 overtime hours in any work week), in which case the authorization of the work inspector must be requested.

## **BENEFITS AND LABOR RIGHTS**

Existing legislation provides numerous protections to individual and collective contracts. In the event of a labor contract breach, several legal recourses are available to all parties involved.

In general the Constitution and labor laws aim to protect the legal and contractual rights of workers, such as the employment term (contractual), the minimum salary (the government fixes the salary annually), the rights of women and children and the maximum and minimum number of working hours, etc.

Current Ecuadorian legislation requires companies to distribute 15% of their profits before income tax to their employees.

After one year of employment, employees have the right to 15 uninterrupted calendar days of paid vacation.

Ecuadorian Social Security (IESS) is a complex system funded by mandatory contributions of employees, employers and self-affiliated persons. All employers and employees are obligated to contribute to IESS. Employees assign 9.35% of their monthly salary and employers contribute 12.15% of each employee's monthly salary.

The employer must pay the worker, when the worker has completed a year under its dependence, 8.33% of the worker's salary on a monthly basis for Reserve Funds.

Pregnant women and mothers of newborns are entitled to extensive benefits under Ecuadorian law and IESS medical insurance regulations.

When a male worker is the new parent, the law grants 10 consecutive paid days of paternity leave in the case of a normal birth and 15 days in the case of a C-section.

## **MINIMUM WAGE**

The minimum salary was raised on 1 January 2012 to USD292,00. Only salaries are subject to taxation and social security deductions. Supplemental benefits are not taxable or subject to social security deductions.

The following income items were not incorporated into the salary unification process and are paid independently:

- The "thirteenth" salary (paid in December). This remittance is equal to one month's salary, averaged between December 1 and the following November 30, payable by December 24 of each year.
- The "fourteenth" salary, equal to a unified basic salary, payable each year until August 15 in the highlands and until March 15 in the coast.

## **MANDATE NO. 8**

Mandate No. 8 was issued in order to clarify labor relations in Ecuador. It aims to prohibit labor intermediation and service outsourcing, thereby enabling companies to directly hire services with employees and not via related companies. However, contracts may be signed with individuals or legal entities as complementary service lenders authorized by the Ministry of Labor and Employment, whose objective it is to undertake complementary activities including vigilance, security, food and drink, courier services, and cleaning aside from the user's own and regular duties as part of its productive process.

## **DISABLED PERSONNEL**

When an employer has 25 or more employees it must hire persons holding a disability card granted by the National Disability Council (CONADIS). The percentage of workers with disabilities should total 4% of the company's total number of workers.

## **TAXES AFFECTING SALARIES**

Ecuador levies an individual income tax on all income generated in the country and abroad. The Ecuadorian Internal Tax Regime Law establishes an income tax on all personal income obtained from remuneration, professional services, capital gains, inheritance, gifts and investment profits/dividends. Taxable income may take the form of monies, goods or services.

An employee's income tax is calculated by adding the taxable base salary to any extraordinary income while subtracting contributions he/she made to the Ecuadorian Institute of Social Security (IESS). However, if the employer made the employee's IESS contributions, the employee may not make further deductions from his/her taxable income.

## **TERMINATION OF EMPLOYEES; SEVERANCE BENEFITS**

Except when a contract is terminated by expiration of its term period or completion of its service requirements, employees are entitled to severance pay in the event their employer wishes to terminate the labor relationship. Severance pay is determined according to the employee's salary and length of employment.

In the event an employer wishes to dismiss an employee for just cause (i.e., excessive absences, tardiness, insubordination, theft or poor performance), the employer shall initiate an administrative process before the Ministry of Labor Relations. In that case, the employee may be suspended from work while a labor inspector evaluates the employer's claims, a process that usually takes approximately 30 days. During this period the employee's salary is held in escrow by the labor inspector. If the labor inspector finds the employer's claims to be unsubstantiated (and the employee returns to work), monies held in escrow will be distributed to the employee. However, if the labor inspector finds just cause for the dismissal, the escrow funds will be returned to the employer.

## TRADE

### ANDEAN MARKET

As a part of the Andean Pact's economic integration process, Ecuador currently maintains import rates ranging from 5% to 20%, with the exception of automobile imports from non-Andean Pact countries which are subject to a 25% to 40% rate.

Andean Pact countries that have reduced trade rates with Ecuador are Colombia and Bolivia during the years 1992 and 1993. In February 1993, Ecuador was admitted to the G-3 Group (Mexico, Venezuela and Colombia) as an observer. The Cartagena Agreement established a common external rate (in March 1993). These rates fluctuate from 5% for raw materials to 20% for products finished in Ecuador, Colombia and Venezuela, and from 5% to 10% for Bolivia. Peru is currently excluded and will continue to impose 15% to 25% import rates. These common rates were charged starting on January 1994.

### EXPORT WINDOW

In order to encourage and diversify the country's exports, the Ecuadorian government has established regulations which eliminate export permits and combine all export requirements into a "single export documentation window." This system is controlled by the Central Bank (which is also responsible for all export documentation).

Companies wishing to export goods from Ecuador must register with the Central Bank. Registration documentation includes all relevant corporate data, Ecuadorian tax identification number, as well as a completed Unified Exportation Form. Once all required documentation has been submitted and evaluated, the Central Bank grants immediate permission to export.

## MEDIATION AND ARBITRATION

The Arbitration and Mediation Law has been in force since 1997.

Mediation is a conflict resolution procedure for which the parties, assisted by a neutral third party called a mediator, try to reach a voluntary agreement on agreeable terms, of an extrajudicial and definitive nature, which puts an end to the conflict.

The arbitration system is an alternative conflict resolution system through which, upon mutual agreement, parties can agree to submit current or future transaction-related disputes, in order for these to be resolved by administered arbitration courts or independent juries set up to resolve such disputes.

This system has become increasingly popular over recent years and is currently the best option for conflict resolution, allowing transparency and professionalism throughout the entire process.

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