Ecuador: Bouncing back with trade and investment

The eighth-largest economy in Latin America, Ecuador’s vast oil reserves and abundant natural resources have kept it on a steady growth path over the previous decade. GDP growth averaged 2.8% between 2010 and 2019, and GDP in current US dollars more than doubled between 2005 and 2020, jumping from $41.5 billion to $95.8 billion.

The economy was hit hard by the Covid-19 pandemic, with GDP contracting by 7.5% last year, although the country won praise from the World Bank for taking decisive actions to mitigate the worst of the crisis by expanding social safety net and launching loan moratoria to help businesses survive. Growth is forecast to surge by 9.5% in 2021 and will rise by another 9.8% between 2021 and 2022 to exceed 5%.

This leaves leading domestic mattress manufacturer Chaide y Chaide well-positioned to expand its business. Chaide y Chaide was established in 1975, growing steadily over the decades and reaching an annual production capacity of 3000 mattresses per day at facilities in Quito and Guayaquil. Its 60% market share makes it the leading firm in the industry, and the company’s longevity and successful track record are supported by strong investment in top-of-the-line equipment, processes, and products, as CEO Carmen Barriga de Stisin explained.

“With the new machinery acquired almost two years ago, we’re able to produce a variety of high-quality foams, for our own needs and for other industries, we are also exporting to Colombia, overcoming the currency exchange barriers.” Honesty and transparency are core values at Chaide y Chaide, and Stisin stressed that the company’s role in supporting Ecuador’s economic and social development remains a major focus. At the outset of the Covid-19 pandemic, for example, the company moved quickly to donate more than 7000 mattresses to people in need, at the request of the authorities.

It kept an eye on the business at the same time, moving to launch an online sales channel and implementing the strictest sanitary and social distancing procedures at its factories in Quito and Guayaquil, to keep things up and running safely. Sales revenues were badly dented as a result, and if 2021 is anything to go by, the company will be extremely busy in the coming months: sales are forecast to reach $76 million in 2021, up from $65.8 million last year.

“Ecuador’s robust recent population growth has already played an important role in supporting manufacturing activities and consumer demand, and it will continue to do so as the country exits the pandemic. According to the UNFPA, Ecuador’s population rose by more than 5% between 2016 and 2020 to hit 17.5m and will rise by another 9% between 2021 and 2022 to exceed 19m. This leaves a growing domestic market that will be the cornerstone of Chaide y Chaide’s strategy to expand its business,” said Guillermo Lasso, President of Ecuador.

Chaide y Chaide - Quality and care support international expansion

Chaide y Chaide is well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries:

“We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Guillermo Lasso
President of Ecuador

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspired by the idea of offering our customers the best product so they can enjoy a good rest and live a healthy life!” she concluded.

Chaide y Chaide well-positioned to expand its business in Colombia and Bolivia, the company is now examining new opportunities in other countries. We are inspire...
Produbanco

Ecuador’s GDP growth is forecast to rise around 11 percentage points y-o-y in 2021 after a sharp contraction last year, supported by steady credit growth to the private sector. The country’s banking sector had already clocked a strong performance over the previous two decades, with non-performing loans plunging from 8.4% of total gross loans in 2002, to just 2.7% in 2019, and decrease modestly in 2020 to 2.6% despite facing severe economic shocks. Domestic credit to the private sector rose considerably over the same period, from just 18.1% of GDP to an all-time high of 46.2% in 2020. With digital banking on the rise in the wake of Covid-19, innovative financial institutions like Produbanco are set to capitalize on new growth opportunities in the post-pandemic era.

Produbanco has been active in the Ecuadorian banking sector since 1978, when it began offering products and services to corporate clients. Its deep experience in the market made it an attractive choice for foreign investors, and in 2014 the bank was acquired by the Promerica Group, consolidating with Banco Promerica Ecuador to become a single financial institution. This gave it a major competitive advantage, as CEO Ricardo Cuesta Delgado highlighted: “Grupo Promerica has a presence in nine countries across Central and South America, and our added value is that we can operate in other economies by contact with our banking colleagues in different countries. We’re the leader in the corporate market, even though the market is larger than us. We have been the top corporate bank in the country for many years, and this is because of our experience and access to a worldwide network of corresponding banks. Our network is very efficient.”

With a fresh capital injection and new mandate to expand its lending portfolio beyond its traditional customers, including SMEs and consumers, the bank has expanded quickly in the years since 2014. Leveraging its international strengths has kept the bank at the forefront of the financial services industry, and it has maintained its long track record of stability and integrity when doing business with clients and partners. Its long track record of stability and integrity when doing business with clients and partners. Its long track record of stability and integrity when doing business with clients and partners.

Ricardo Cuesta Delgado
CEO - Produbanco

“2022 and 2023 are going to be important for the country. We should gain
momentum as far as the growth of the economy, and in the sense that what the segment and client
needs are, we need to be there as far as keeping the bank at the forefront of the financial
delivery. We’re doing business with clients and partners. Its long track record of stability and integrity when doing business with clients and partners. Its long track record of stability and integrity when doing business with clients and partners.

It weathered the pandemic well, recording a 12.2% y-o-y increase in current accounts and savings account deposits in 2020, while total deposits rose by $428 million to hit $4.45 billion, equivalent to a 12% share of total banking system deposits. The bank’s loan portfolio rose by $11 million over the same mandate to expand its lending portfolio beyond its traditional customers, including SMEs and consumers, the bank has expanded quickly in the years since 2014. Leveraging its international strengths has kept the bank at the forefront of the financial services industry, and it has maintained its long track record of stability and integrity when doing business with clients and partners. Its long track record of stability and integrity when doing business with clients and partners. Its long track record of stability and integrity when doing business with clients and partners.

As its vaccination campaign progresses steadily, Ecuador’s economic recovery is beginning to take off. This is particularly evident in key industrial sectors. Mining exports are forecast to surge by 74% this year to hit $1.6 billion, while the construction sector is expected to expand by nearly 4% in 2022 as the government channels new investment into infrastructure and housing. Contractors will be scrambling to meet rising demand, meaning the country’s leading equipment supplier, IASA, will play an important role in future economic growth.

IASS Integrity and teamwork to support Ecuador’s economic development

F

ounded in 1924 and based in Guayaquil with presence in other 17 locations across the country, IASA is a leading equipment supplier and repairs construction, mining, transportation, power generation, and industrial equipment and vehicles for a variety of important industries. For nearly 100 years the company has developed a reputation for integrity and teamwork, supporting economic growth and development by keeping Ecuador’s industry up and running. As Executive President, Luis Fernando Gomez, Hilligworth, says: “What we do as a company is to source and support key industries that are highly related to the progress of our country. Much of the equipment that we supply is used in extraction, mining, power generation, and other areas of significant social and economic impact. For example, food is transported on roads by trucks to supermarkets, most likely trucks that we distribute on roads built by machines that we supply and service. In essence, what we do is team up with our customers towards contributing to progress, the progress of our nation.”

IASA’s main product line is Caterpillar equipment, followed by Mack and Volvo trucks; with a broad portfolio, including machinery, trucks, buses, engines, generators, and forklifts. Among other brands that the company represents are SEM, Metso, MacLean, Schwing Stetter, Weiler, BYG, and AK Puffer. From forklifts and excavators to industrial engines and generators, IASA has the ability to cater to almost any industrial need. It is especially active in the mining sector, where it supplies the bulk of the country’s mining equipment, and repairs Caterpillar trucks, making it an integral player in the sector’s development. Given the country’s strong mining sector, it supplies the mining industry, and it remains open to new partnerships in high-potential areas.

“The growth opportunities that we see right now are in what we call product support, that is, parts and service. Every year, we sell equipment and machines, but the most critical part is servicing those products. This is our core competency and where we add the most value in the distribution chain. We place a high emphasis on providing a high level of service, always focusing on keeping our customers’ equipment fleet running. An area where we also see growth potential, for example, is providing service to our customers’ entire equipment fleet,” said Gomez. IASA’s offerings are so comprehensive because of the company’s culture, which has always focused on developing the best human capital. IASA employs close to 800 people in Ecuador, including 300 technicians. All of its technicians are trained under a full scholarship program at an in-house school before they start work. They exit the two-year program with a technical degree approved by Caterpillar and the Ministry of Education plus a full-time job.

The Covid-19 pandemic was challenging for the company, but it remained resilient by focusing on serving the needs of the country, its customers and its employees. IASA stepped up its outreach, servicing key activities such as, power generation in critical areas of need (for example, hospitals), waste management, agriculture, among others, and undertaking measures to protect its employees as they worked during the worst of the pandemic. Some of its key sectors were impacted by national and international lockdowns, but the losses were modest, and recovery has been swift.

“The first six months of 2021 were very good for us, despite the fact that logistics chains worldwide were very complicated right now. There are delays, and equipment availability and lead-times are an issue, but we have been working with our suppliers and partners to help fill the gaps. There are good reasons to have a positive outlook, vaccination is going well in Ecuador, activity is resuming, and I believe things are definitely moving in the right direction,” Gomez concluded.
**Consorcio Nobis - Leading the Way**

Uribe Schwarzkopf and Tommy Schwarzkopf

**Avitalsa - Growing through integration and consumer focus**

Isabel Nobea Pontier

**Ecuador’s diversified, export-oriented agricultural sector is a solid investment opportunity.**

**Corporación Palmar - Sustainable banana producer gears up for new growth**

Content from The International Investor
Ecuador's maritime shipping sector is on track to regrow major momentum in 2021. The industry has undergone rapid recent growth – between 2012 and 2019, cargo shipping volumes increased by 34% – and the post-Covid recovery is already being felt. As the pandemic subsides, global shipping companies are skymarking, and firms like Corporación Marzam are well set to capture the upturn.

Established in 1981, Corporación Marzam is a pioneer in the Ecuadorian maritime sector, and its companies offer comprehensive services to shippers, operators and logistics companies in the industrial, automotive, oil, shipping and fishing sectors. Corporación Marzam has always viewed its primary reason as contributing to the economic growth and development of Ecuador, especially during crises such as the Covid-19 pandemic, as its president and founder Mariano Zambrano Segovia explained: “When the pandemic hit, one of our main goals was not to be part of the problem, but the solution. We knew that we had to bring opportunities to small entrepreneurs, mostly transporters and drivers, so they could contribute to the country with unemployed and underemployed people. Everyone needed to pull together to make Ecuador the best country that it could be.”

“If we help our businesses, we have an obligation to not just let our country go, but serve a fundamental part of Ecuadorian society,” said Mr Zambrano. “At Corporación Marzam, we focus on transportation and commercialization of fuels and foods. It’s our mission to help people. Artes 11, Artes 3, Artes 6, Rio Amazonas and Farínol. It is also active in transporting containers by land through tanker vehicles, ships and platforms, with each of its departments Increase by a team of highly-trained personnel dedicated to top quality service. High-skilled staff played a pivotal role in helping the company adapt to the challenges of 2020, and by expanding its business into exports last year Corporación Marzam was able to find opportunity in a crisis. As he looks to the future, Zambrano said he is open to partnerships that will support further expansion into new high-potential business lines such as sugar and agriculture. Ecuador is a major producer of mangos, bananas, rice, fish, and palm, and is the world’s largest producer of cocoa. Demand for these exports has soared to new highs. "We have always had the objective of working hard to improve, for example by investing our profits into more and better infrastructure. Our clients have been working with us for years, they know us and how we work. Economies go up and down, but companies that remain over the years are there because we do things right," Zambrano concluded.

Leading the pack in LATAM consumer goods

Real growth in Latin America has been robust in recent years, supported by a burgeoning base of value-added manufacturers and exporters, and the region is poised to keep up the momentum, according to the World Bank, GDP per capita in Latin America and the Caribbean rose by nearly 20% in current prices between 2010 and 2020 at $15,000 in current US dollars, while the retail trade turnover increased at a compound annual rate of 7% in $300bn in value for the first time next year, up from $263bn in 2017. As the world reopens after a punishing pandemic, the future looks especially bright for Indurama, the region’s leading appliance manufacturer, and Marcimex, Ecuador’s top appliance retailer.

Overseen by their parent company Grupo Consenso, Indurama and Marcimex have set the standards for excellence in their respective industries. Indurama has a rich history back to 1972, and boasts decades of success across 20 countries in Latin America, South America and the Caribbean. Marcimex, meanwhile, has risen to the top of the domestic retail industry with an expansive product offering comprising everything from tablets and smartphones to furniture and home appliances. As Marco Arrieta, CEO of Grupo Consenso explained, both companies have stability and a logical approach to business. "We have always had the objective of working hard to improve, for example by investing our profits into more and better infrastructure. Our clients have been working with us for years, they know us and how we work. Economies go up and down, but companies that remain over the years are there because we do things right," Zambrano concluded.

"When the pandemic hit, one of our main goals was not to be part of the problem, but the solution. We knew that we had to bring opportunities to small entrepreneurs, mostly transporters and drivers, so they could contribute to the country with unemployed and underemployed people. Everyone needed to pull together to make Ecuador the best country that it could be.”

"We have always had the objective of working hard to improve, for example by investing our profits into more and better infrastructure. Our clients have been working with us for years, they know us and how we work. Economies go up and down, but companies that remain over the years are there because we do things right," Zambrano concluded.

"When the pandemic hit, one of our main goals was not to be part of the problem, but the solution. We knew that we had to bring opportunities to small entrepreneurs, mostly transporters and drivers, so they could contribute to the country with unemployed and underemployed people. Everyone needed to pull together to make Ecuador the best country that it could be.”

"We have always had the objective of working hard to improve, for example by investing our profits into more and better infrastructure. Our clients have been working with us for years, they know us and how we work. Economies go up and down, but companies that remain over the years are there because we do things right," Zambrano concluded.