

Ecuador - Looking to a brighter future

Ecador is increasingly on the radar of companies looking to invest in Latin America, with the economy growing and a sense that the country is finally putting the past behind it, especially following the appointment of Guillermo Lasso, a former banker, as president in May 2021.

It's been a rapid turnabout for the country, which went from having one of the lowest vaccination rates in the region to having the third highest, and with the economy picking up steam. Higher oil prices also drove a significant fiscal improvement in Ecuador in 2021, according to Fitch Ratings. Meanwhile, many see promising signs of more business-friendly policies, including tax exemptions and incentives aimed at boosting formal employment.

"Stability is necessary to fight against malnutrition, achieve \$30 billion in investments, create two million jobs, move towards a true ecological transition, and make Ecuador a country of opportunities for all," President Lasso announced recently.

Those \$30 billion in earmarked projects include 14 mining ventures, with the country's deposits of copper and other valuable metals potentially highly valuable as the world continues its energy transition.

At the same time, Ecuador is expected to sign a new trade deal with China, its largest lender over the past decade, by the end of the year, while also starting formal debt re-negotiations. For the business community, this is all welcome news.

"2021 was a difficult year, but not impossible to keep on working. We have to keep the



Guillermo Lasso
President of Ecuador

faith in Ecuador and know that this country will continue moving forward," says Estuardo Sánchez García, president of Grupo Alessa, which operates in both retail and wholesale commerce as well as the real estate sector.

Others point to the opportunities in the country, and the fact that in many ways Ecuador is still a developing nation. "Ecuador is still virgin in many areas," says Sonia Cristina Herrera, president

of Almacenes Jaher, an Ecuadorian retail business that has been in operation for more than three decades. Even so, she highlights many advantages that the country has. "The proximity of one province to another, we have good connection routes, also the security of the government and the measures taken by them... The history of Ecuador has made us flexible in order to change and adapt in order to get ahead."

With the Ecuadorian economy predicted to have grown by 3% in 2021, and forecast to grow by 1.5% in 2022, according to global investment bank Citi, there is a growing sense of optimism both for the country and for its business leaders.

"We're one of the good examples of what happens in this country if you do the right things," says Marcelo Ramírez, general manager of global logistics company Marglobal. "At the moment we're probably one of the biggest logistic companies in the country, as a mixture of a global local group and a foreign group which belongs to a global network," he says.

Ramírez adds that one of the things that makes Ecuador a valuable market is its access to the rest of the region, as well as its diverse industries that are going from strength to strength. "In Ecuador we're big banana producers, we have a strong fishing sector, now we have the mining sector which is also important... Tourism is another important sector for Ecuador, it is important that when someone comes they fall in love with the country," he says.

Marglobal - Ecuador's trusted logistic partner

Two years of pent-up pandemic demand are being felt around the world, and Ecuador is no exception. Maritime traffic had already been rising recent years, with cargo volumes jumping by 34% between 2012 and 2019 to hit 2.13 million twenty-foot equivalent units. Shipments of key exports are forecast to rise in 2022, leaving leading maritime shipping agency & logistic company Marglobal in prime position for a banner year.

Founded in 1987, and originally active in general agent, stevedoring and port services, Marglobal benefits from a vast international network and more than 30 years of experience operating in the country. A member of the AGUNSA multimodal global network, Marglobal's competitive advantage stems from its willingness to embrace beneficial partnerships, according to Marcelo Ramírez, general manager at Marglobal:

"If you want to grow in logistics sector, you must find a reliable multinational partner. Partners are crucial, and we were able to find the right partner. This was one of the key decisions we made in the early days, which enabled our continuous growth."

The company has since expanded its maritime services to include port operations,



Marcelo Ramírez
General manager

tracking, depot services, and warehousing. It took over as operator at the Port of Manta's international terminal in 2017, bringing modern equipment, infrastructure, and systems with it to improve operations and encourage more foreign trade and development. On top of its maritime service portfolio, it offers land and air transportation services, as well as logistics and distribution.

Today the local group is a major player

in the shipping & logistics sector Ecuador, handling 739 vessels as a maritime agent in 2021. Despite the impacts of the pandemic, it also handled 50,000 TEUs of cargo as a commercial agent last year, more than million tons in Ports operations, truck nearly 7000 containers, and served more than 7000 air passengers, between other related businesses. And its global reach is set to grow.

With international shipping demand picking up, and Ecuador ideally-positioned as a gateway to North and South America, as well as the Atlantic and Pacific Oceans, Marglobal is seeking new partners and investors to bring its business to the next level. The outlook for shipping is extremely bright, and there are many opportunities on offer:

"In these global times when you have products to sell in any part of the world, you need a reliable provider to help you, and that's where we come in. We offer a comprehensive suite of solutions for their logistic needs," Ramírez concluded.



Grupo Alessa - The vision of a 13-year-old boy who became a transformational leader

70 years ago, the Alessa Group was born under the dream and vision of Don Estuardo Sanchez, who started at the age of 13 as a street vendor in the city of Guayaquil, Ecuador, becoming, after a lifetime of work and sacrifice, an entrepreneur with more than 900 collaborators in charge.

The young Estuardo lived with his mother and brothers in a very poor house in the Ecuadorian highlands, during a carnival holiday he committed a great mischief, he used money that his mother had given him to make some purchases to acquire a drum and a playing cards to play and enjoy the carnival, towards the end of the day he realized his mistake, he thought about the punishment that awaited him and the needs that his family would have for his mistake, ashamed he entrusted himself to his beloved Virgin of Guayco, he went up to a bus and traveled for hours until he reached the city of Guayaquil, where he worked for a few months in a small restaurant, he quickly realized that it would be better to dedicate himself to commerce, so he bought some products to sell on the street in the mornings, continue studying in

the afternoons and continue at night selling candies and cigarettes, he always sought to get to the origin of the products he sold to get the best possible cost and never stopped preparing himself through courses of "modern mercantile methods" and various readings.

Today the Alessa Group is found in commerce, real estate development and in the beverage and television industry. In business as Alessa is one of the largest distributors exclusively for Ecuador of major brands from around the world, serving more than 3,000 customers nationwide; It also has a network of home stores that bear its name "Almacenes Estuardo Sánchez" offering more than 20,000 products with direct credit with presence in 5 cities in the country, precisely in the main store Estuardo Sánchez with 85 years of age continues to attend personally to his clients. In the real estate area, he has also stood out with his company INNOVUM, an expert in property management and real estate development of projects, especially at the foot of the sea; "Sunset City Apartments" is the name of its latest project, which is located next to the Ocean Club that is also part of the group and

will also be next to the Hotel Resort Courtyard by Marriott that it hopes to open in 2023.

Grupo Alessa is always looking for new businesses and business partners, diversifying and attentive to market opportunities and changes.

"This company was born without any initial capital, we built it step by step with a lot of work, at first we only bought and sold locally, but with the passage of time and the knowledge we acquired, we also imported, we also began to diversify and got into the real estate sector, retail, in the industry with a bottling company, with everything we have been able to achieve, with a lot of effort and always looking forward trusting Ecuador, a solidity in our work that leaves a good legacy for our society", he said.



Almacenes Jaher

Revving the engine on Ecuador's economy

Ecuador's economy is expected to expand by 3% in 2021, and by 1.5% in 2022, according to global investment bank Citi, with the country hoping that increased political stability and closer ties with some of its neighbours will boost growth further. Many also see promising signs of a more pro-business attitude from the government, which could be beneficial to local and foreign companies alike.

Almacenes Jaher, an Ecuadorian retail business, was founded 30 years ago by Sonia Cristina Herrera and her late husband, Luis Jarrin Antón, and over the years has focused on selling household appliances and products, as well as motorcycles. "There were four people working in the business at the beginning, now there are about 700," Herrera says.

The company is mainly present in rural areas and smaller cities, where people traditionally don't have access to larger stores or traditional lines of credit. "Our objective has always been to satisfy consumer's needs, and we started with giving customers who needed it credit to have easier access to the products," she says.

In April 2004 the founders travelled to the Canton Fair in China to look for new lines of products and partners, which remains a key focus. "We found motorcycles, and we saw it was an opportunity as people needed credit



Sonia Cristina Herrera
President

in order to get that product," says Herrera.

The line was so successful that in 2009 Jaher set up a motorcycle assembly plant in Guayaquil, importing materials and assembling them in Ecuador. Between 2018 and 2021 the Shineray brand, for which they have exclusive rights in Ecuador, was the best-selling motorcycle in the country. In 2021 they

sold 23,000, while also benefiting from after-sales aspects like warranties and spare parts.

In 2004 Sonia's husband passed away. "From then on I had to take over the business, which was a big challenge, even though I've been with the company since the beginning. When he died we had 19 stores nationwide, today we have 60," she says.

Herrera says that in many areas Ecuador is still virgin territory, but that's changing. "The proximity of one province to another; we have good connection routes. The geographical position is also important; Ecuador is in the middle of the world and close to everything," she says.

"Ecuadorian people are also very creative, they have the initiative to see opportunities," Herrera adds. "The history of the country has made us flexible in order to change and adapt in order to get ahead."

Meanwhile, the fact that the country now has a pro-business president is giving more confidence to the business community, she says. "I think that we as entrepreneurs must contribute, and this is good as in the future it will generate more business. We have to be open and available to help the government in the decisions they make."

