



COMPETITIVENESS IS KEY

Focusing on increasing the capacity of our small and medium enterprises is essential, and the European Union plays a key role.

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Ecuador, like many Latin American countries, has focused strongly on the idea of development, forging its own path toward a more sustainable, inclusive society focused on a better quality of life for all citizens.

The advancements made from these efforts are indisputable; Ecuador's productive matrix changes have begun to steer its economy away from focusing entirely on primary products and raw materials, in turn producing a wider variety of goods and giving these goods true added value. Our country, once known for producing and exporting raw cacao beans to other regions of the world, is now creating its own fine chocolate, many times infused with natural flavors that have helped to brand Ecuador as a chocolate powerhouse. This is just one example of the results we have seen through the implementation of a new, more innovative national production plan.

Ecuador has made significant strides in its economic development in recent years, with an average 12% increase on the total value of exports, from 2007 to 2013¹. Also, from 2007 to 2012, our small Andean nation grew its economy by an average of 4.2% per year, which is an important achievement considering the fact that the Latin American region experienced a 3.4% average growth in GDP and the world average for annual GDP growth is 2.1% for the same time period². This is a testament to our economic stability, but it is also a result of our strong focus on another equally important factor, human talent, and an increasingly capable workforce supporting our small and medium enterprises.

It is no doubt that small and medium businesses have a vast amount of influence on economic activity throughout Latin America, transforming national economies and playing a strong, positive role in the development of rural areas traditionally lacking the proper tools to produce opportunities for local residents. These businesses have proved themselves to be a key component to development in Latin America; however, we find that enterprises looking to enter international markets can still benefit greatly from increased capabilities. It is in this aspect that cooperation from the European

¹ Central Bank of Ecuador, <http://www.bce.fin.ec/index.php/component/k2/item/299-evoluci%C3%B3n-de-la-balanza-comercial>

² World Bank, <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG/countries/ZJ-1W-EC?display=graph>



community is essential, through creating strategic partnership between the public and private sector.

What do we mean by increased capabilities? Small and medium enterprises typically possess a strong knowledge of their local, perhaps even regional, sectors, their necessities and what they need to do in order to meet the demands of their target community. With regard to international markets, however, many businesses lack the capabilities and personnel to become directly involved. The task of researching market demands and creating export plans designed for target areas can be daunting, and many questions must be asked and answered in order to be a successful exporter; how much do I need to produce to meet the demands of my target market? What legal and administrative procedures do I need to complete in order to become a certified exporter? What are the trade and non-trade barriers (sanitary regulations, etc.) I may face when exporting to a target market?

The European Union is Ecuador's number one importer of non-petroleum products, as well as the number one destination for fair trade goods. This is an essential fact to understand, especially with regard to the country's productive matrix changes and strong fair trade policies. Europe is a target market for the majority of our strategic sectors, and many small to medium enterprises seeking to export for the first time look toward the European market, along with the Latin American region, for opportunities.

How can we work with the European Union, then, in order to overcome the barriers that small to medium enterprises face when expanding into international markets? The answer lies in increasing the capabilities of our workforce. The knowledge and technical assistance that European experts can bring to certain strategic sectors is invaluable for our businesses, but this knowledge must be disseminated and shared with the local public. Providing technical assistance for the creation of an export plan may help provide a short-term solution for a small business seeking to reach international markets, but does not necessarily leave the entrepreneurs themselves with the skills they need to modify or create their own plans for long-term sustainability and success.

Another significant component to cooperation with the European community, focusing on small to medium enterprises, is through the creation of associations, or consortiums, for exportation. Ecuador currently maintains four export consortiums, of which include fair trade banana, quinoa, fine aroma chocolate and dried fruits. These consortiums are essential in creating a unified space for SMEs to work together on projects and programs focused on increasing access to international markets, and help promote an idea of solidarity among strategic sectors. We can work with technical expertise that the EU can offer in the context and realities of our country, in order to bring about greater cooperation among SMEs in specific sectors as well as promote an exchange of best practices between European and Latin American experts.



Export certifications to export are also highly important for small to medium enterprises, which many times do not understand how to apply and obtain these permits, or simply cannot afford the certification to export. This is another highly potential avenue for cooperation with the European Union.

What Ecuador seeks is to import knowledge in order to export more efficiently, ensuring that our small to medium enterprises, the foundation of our economy, are competitive on an international level.

It is evident that a business involved in the international community also produces greater opportunities on a local level. A company properly trained for the international market is a company poised to expand and mature. We want to help small and medium enterprises grow in positive and effective ways, focusing on fair trade practices, exercising sustainability in production and being continuously involved in their local community.

Working with the European Union can help provide us with the training, technical assistance and equipment necessary to boost the competitiveness of our small and medium enterprises, increasing the amount of exports that enter into international markets and facilitating a greater knowledge of the fine, quality products that Ecuador offers. It is important, however, that we collaborate in a way that benefits both parties, increasing the long-term capacities of our own workforce, which will in turn provide both direct and indirect socio-economic benefits and help Ecuador to continue developing in a strong, sustainable manner.