

Ecuadorian Tango

In the last four to five years Minsk and Quito have noticeably intensified their bilateral contacts



Delicious bananas, picturesque volcanoes and the Galapagos Islands visited by the expedition of the great Charles Darwin – these are the associations that come to mind of many Belarusians in connection with Ecuador, a country conveniently located right on the equator. Not many of them know that today this Latin American country and Belarus are connected by more down-to-earth interests: Belarusian and Ecuadorian specialists have been implementing joint projects in exploration and production of hydrocarbons. In his interview to the Economy of Belarus Magazine Ambassador Extraordinary and Plenipotentiary of Belarus to Ecuador Igor POLUYAN speaks about Belorusneft's projects in Ecuador and reflects on whether nostalgic tourism can play an important role in the bilateral relations.



Mr Poluyan, Ecuador is our long-standing political partner. However our economic cooperation has been rather neglected for a long time. Only in the last four to five years Minsk and Quito have noticeably intensified their bilateral contacts in commerce, economy and manufacturing industry. What is the reason for such a delayed economic interest?

I would like to specify from the start: Belarus is a young country that in the first years of its independence was focused on cooperation with the neighbors in the Eurasian region, which was quite natural. At first we just did not have enough time to establish practical cooperation with many very promising countries that belong to the so-called "distant arc", although we realized the importance of cooperation with them. This pertains to Ecuador and to the whole host of other Latin American states. With the right approach, cooperation with these countries can become a real alternative to the traditional markets of Belarusian goods and services.

Indeed, on the one hand, Belarus and Ecuador have long been partners within the United Nations, Non Aligned Movement and other international organizations where we maintain constructive cooperation. On the other hand, unlike cooperation on the international arena, the bilateral interstate contacts between Belarus and Ecuador, including the top-level political dialogue, were established not long ago.

The first official Belarusian delegation headed by Viktor Sheiman, aide to the Belarus President for special missions, visited Ecuador in 2010. In October 2011, Ecuador Foreign Minister Ricardo Patino paid his first official visit to Belarus. These were important political and diplomatic steps towards each other.

Belarus President Alexander Lukashenko visited Ecuador in June 2012. It was the first visit in the history of the bilateral relations which gave a powerful impetus to the development of the Belarusian-Ecuadorian cooperation. In October 2013, Ecuador President Rafael

Correa paid his first return visit to Belarus. Agreements that were reached laid a solid foundation for bolstering ties between the two countries in all areas, including trade and economy, and helped establish contacts between Belarusian and Ecuadorian government bodies and businesses. In 2014, Belarus opened its embassy in Ecuador and Ecuador did the same in Belarus.

The indicators of the bilateral trade and economic cooperation are quite promising now, especially in the service sector, yet we believe there is still room for improvement. Together with our Ecuadorian counterparts we see a lot of possibilities and are ready to work together to make these possibilities

dependency in the last few years. The government of Ecuador aims to change, as they say, the production matrix of the country. With quite well developed agricultural and service sectors the country has been setting up various production facilities and strengthening its energy sector. As a result, in recent years, the Ecuadorian economy has been growing not only thanks to oil export proceeds. Ecuadorians know how to work. The GDP and the level of consumption have been growing rapidly in the country. Surely the Belarusians will be interested to know that more than a third of cars and a significant share of buses and trucks used in that country are assembled in Ecuador. Residential

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a reality. We are still at the beginning of our journey.

How similar are the economies and economic interests of Belarus and Ecuador?

Being midsized countries Belarus and Ecuador have economies that complement each other. By the way, Belarus is famous for its achievements in science, technology, manufacturing and agricultural sectors even in South America. In turn, Ecuador is rich in oil and other natural resources. Equally popular, including among Belarusian consumers, are Ecuadorian bananas, roses and seafood.

Being well-aware of the fact that an economy based on export of oil and a couple of other products with low added value is very unstable, our Ecuadorian partners have been working to put an end to this

construction is high-paced, the construction of modern roads and other facilities is in progress.

In this regard, our Ecuadorian friends have shown a considerable interest in the Belarusian industry, energy saving, agricultural, information and other modern technologies. They are interested in establishing production cooperation with Belarusian partners. The two countries are currently exploring the possibility of delivering Belarusian tractors to Ecuador, the possibility of establishing truck and bus assembly plants in that country. The Ecuadorian side got interested in the project to build a glass containers plant proposed by the Ministry of Architecture and Construction of Belarus. The two countries are looking into the possibilities of cooperation in the field of personnel training, pharmaceuticals and a range of other avenues.

In early June, Belarus hosted a delegation of the Ecuadorian Ministry of Production, Employment and Competitiveness. The Ecuadorian experts attended Belagro 2015 expo, got familiar with the industrial and technological potential of the country, discussed promising projects to build industrial enterprises in Ecuador, with the transfer of modern Belarusian technologies as an option.

Our Embassy is also actively exploring the possibilities of mutually beneficial cooperation with Ecuador. We are looking for promising niches for Belarusian goods and services, interregional cooperation opportunities. In May we went to Guayaquil, the economic capital of Ecuador, which produces more than a third of the country's GDP and handles two-thirds of marine cargo. During the meeting with the leadership of the 3-million Guayaquil, and also with senior officials of one of the country's largest industrial, commercial and construction chambers, we identified a number of promising areas of cooperation. Practical discussion of these issues will be continued during the forthcoming visit of a business delegation of Guayaquil to Belarus.

Large deliveries of Belarusian equipment and petrochemical products to Ecuador are the idea. But as they say in Argentina, "it takes two to tango." The same happens in the economy. If you want to build long-term economic interaction between the countries, it should be mutually beneficial. This is a two way street.

As you know, Belarus has a well-developed agriculture which allows us to be self-sufficient in food and to export a significant part of farm produce. But we must be realistic: with our climate we will never be able to provide ourselves with citrus fruits, bananas, cocoa, coffee and other products of the tropics. Belarus is a landlocked country. Hence we will always import sea fish and seafood. Therefore, we are objectively interested in not only supplying Belarusian products to Ecuador but also increasing supplies of Ecuadorian products to Belarusian and neighboring

markets. And, in this context, a promising venue of cooperation, in my opinion, may be the establishment of joint ventures in Belarus or Ecuador, for example, to process fish and seafood to meet the needs of the market and to export the products to third countries.

At the same time, I would like to point out that the high degree of complementarity of the Belarusian and Ecuadorian economies, the high level of political understanding between Minsk and Quito does not automatically guarantee an easy access to the Ecuadorian market for Belarusian exporters. There are specific factors that must be taken into account.

Different mindset or specific business climate?

Let me explain. The Ecuadorian economy is based on the private sector. The Ecuadorian ministries and departments are not in charge of procurement and cannot force the private sector to acquire, for

enterprises that need to carefully study the local market, its specific features and needs.

For example, if we talk about Belarusian truck and tractor supplies to Ecuador, apart from high quality, reliable after-sales service and competitive prices Belarusian producers should take into account Ecuador's natural and geographical conditions in which the vehicles are to be used. A considerable part of the country, including its capital Quito, is about 3,000 meters above sea level. Under these conditions a combustion engine loses nearly one third of its power. Such altitudes also negatively affect gear boxes and engine clutches. Long multi-kilometer descents require efficiency and reliability of braking systems. Under the circumstances it would be strange to offer Ecuador our vehicles with low-power engines.

The importance of advertising Belarusian products, yet so little-known in South America, is difficult to overestimate. Here, I would like

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example, our tractors or trucks. Therefore, Belarusian enterprises should actively seek direct contacts with potential Ecuadorian partners.

The 15-million strong Ecuadorian market is very competitive. Well-known world brands, with considerable investment potential and modern technology, have strong positions there. In these circumstances, the Ecuadorian side carefully looks into the economic feasibility of proposed joint projects, and this needs to be taken into account by Belarusian enterprises as they prepare business plans and business proposals. Great responsibility also rests with the marketing departments of

to mention MAZ team's successful performance in Dakar 2014. The Ecuadorian authorities would like to host this world's biggest race in the future as well.

In general, the governments of the two countries have been pursuing a pragmatic policy. The Belarusian-Ecuadorian commission on trade and economic cooperation is an efficient mechanism for developing bilateral economic cooperation. The Belarusian part of the commission is led by Deputy Prime Minister Vladimir Semashko. The Ecuadorian part is headed by Ecuador Vice President Jorge Glas. The commission has met twice so far (in December 2013 and February



2015). The meetings resulted in the agreements to consider joint projects in industry, agriculture, oil recovery, energy and other sectors. In fact, the decisions of the commission are a roadmap for the Belarusian-Ecuadorian trade and economic cooperation.

Mr Poluyan, can we talk more about the Belarusian-Ecuadorian cooperation in the oil sector?

Belarus and Ecuador have been making considerable progress in the oil sector. In 2012 Belorusneft branched out into Ecuador to implement seismic prospecting and oil field development projects.

Belorusneft is currently completing the contract signed with the Ecuadorian state-run oil company Petroamazonas in 2013. In line with the contract Belarus has conducted 3D seismic survey of the Secoya Garzacocha and Panacocha Noreste Blocks. In June 2014 a contract was signed to conduct 3D seismic prospecting at Blocks 11 and 18. In August 2014 the Belarusian company and the Ecuadorian Secretariat of Hydrocarbons coordinated tariffs on the contract in prospecting and production of hydrocarbons at Block



28 in the south-east of Ecuador. Under the contract Belorusneft, Ecuador's Petroamazonas and the Chilean Enap Sipep set up a consortium. In April 2015 the Belarusian-Ecuadorian-Chilean consortium and the Ecuadorian Secretariat of Hydrocarbons signed a contract on prospecting and production of hydrocarbons in Ecuador's Amazonia.

Belorusneft has been steadily expanding its presence in Ecuador. In February 2015 Petroamazonas and Ecuaservoil, with 51% of the shares owned by Belorusneft, signed a contract on oil development and extraction at Block 55 in Armadillo field. The parties are currently busy handing over oil assets to the contractor, developing infrastructure projects and holding tenders for geological and engineering operations in the oil field.

Belarus and Ecuador have also been developing cooperation in the energy sector, which is one of the priority areas for the Ecuadorian government.

Thanks to its unique nature and biological diversity, rich history and authentic culture, impressive architectural monuments and original cuisine Ecuador hosted over 1.5 million foreign tourists last year

A year ago Belzarubezhstroy opened its subsidiary in Ecuador. It provides technical supervision over the design, delivery and construction of 500kW power lines and 230kW associated facilities that cross virtually the entirety of Ecuador, despite its hard-to-reach mountains, bogs and tropic selva.

In February 2015 Quito played host to the ceremony of signing an interdepartmental agreement on cooperation between the Ecuadorian Ministry of Nonrenewable Natural Resources and the Belarusian State Institute of Retraining and Professional Development of Gas Service Staff GAZ INSTITUTE.

A group of Ecuadorian experts are expected to visit Belarus in the second half of the year to study Belarusian energy saving technologies.

There is also certain progress in the cooperation in the banking sector. The countries attach great attention to strengthening the legal framework of the economic cooperation. I hope that the two countries will soon sign a double tax avoidance agreement. The work on the document is nearing completion.

What other services and technologies can Belarus export to Ecuador? Are Ecuadorians interested in our educational services?

In my opinion, the export of construction and educational services is a rather promising business. Belzarubezhstroy and the Ecuadorian Ministry of Education are currently mulling over the participation of Belarusian specialists in the construction of secondary schools in Ecuador

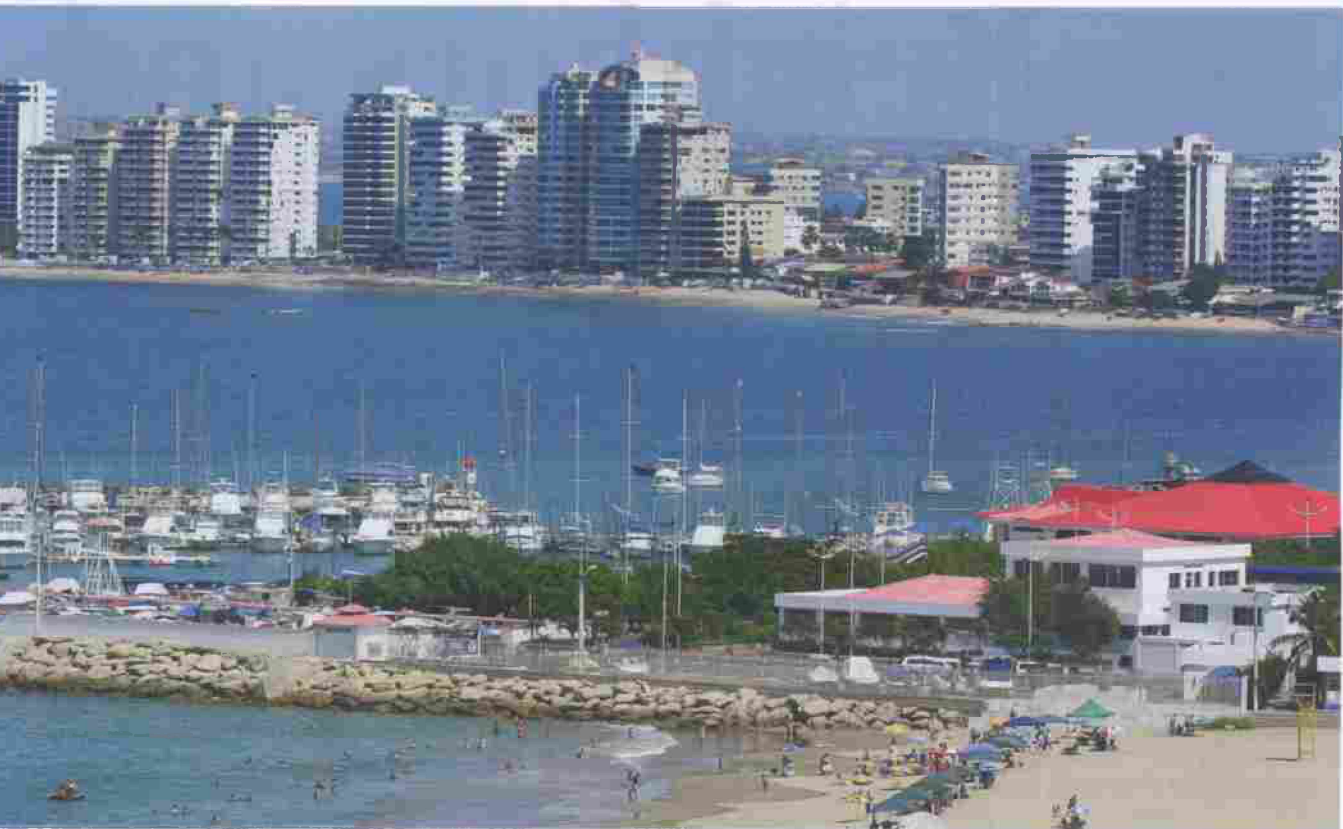


joint research projects. Probably, the agreement between the Minsk State Linguistic University and Ecuador's University of the Hemispheres will mark the beginning of this process.

In April 2015 General Manager of the Yachay City of Knowledge Hector Rodriguez took part in the international conference "Sustainable industrial development in middle income countries: innovations and technology (needs, potential and proven experience)" in Minsk. As part of the forum Mr Hector Rodriguez held talks with Director of the Belarusian Hi-Tech Park Valery Tsepka. They discussed prospects of cooperation between the Hi-Tech Park and the Yachay City of Knowledge.

The sides are interested in joint projects in the designing and production of medications, unmanned aircraft and in other areas.

Today many countries are ready to cooperate with the Eurasian Economic Union which Belarus is part of. Does Ecuador show interest in the EEU potential?



Integration processes in absolutely all regions of the world are gaining momentum. Both Belarus and Ecuador do not keep aloof from these global trends, they take an active part in these processes.

As part of the abovementioned second session of the Belarus-Ecuador commission for trade and economic cooperation in February 2015 Quito hosted consultations of the Belarusian and Ecuadorian ministries of foreign affairs where Belarus supported Ecuador's initiative concerning the elaboration of a trade agreement with the Eurasian Economic Union and expressed readiness to initiate the establishment of the EEU-Ecuador joint research group to study the prospects and economic efficiency of liberalizing trade and economic relations between them.

Ecuador is a country with breathtaking landscapes and wonderful climate. However, the mutual exchange of tourists is rather small. How can Belarus attract Ecuadorian guests?

Unfortunately, a huge distance between our countries, the need to make at least two layovers on the way to the destination country, associated costs and the absence of special cooperation agreements between Belarusian and Ecuadorian tour operators stifle tourism development.

It is also worth saying that Belarusians do not know much about Ecuador. Neither do Ecuadorians about Belarus.

In particular, people in Belarus often think that Ecuador is a tropical country. Nevertheless, this country has diverse climate and nature in spite of its rather small size. It has tropical rainforests, large beaches along the Atlantic coast and on islands, beautiful snow-covered mountains. Thanks to its unique nature and biological diversity, rich history and authentic culture, impressive architectural monuments and original cuisine Ecuador hosted over 1.5 million foreign tourists last year. The country earmarks huge investments for the development of tourism and transport industries. As a result, the inflow of tourists to Ecuador is rising every year.

Meanwhile, wonderful nature, Belarusian cuisine, culture, hospitality of our people, monuments, ancient castles and other sights are interesting for the Ecuadorians. So is our autumn with its red and yellow colors... Autumns in Ecuador are different. To cut a long story short, Belarus has something to show to our Ecuadorian friends.

Unfortunately, we still do not have enough information about each other, and this is true not only of tourism. Mass media of the two countries can make a difference here.

In any case, we have already made the first steps to promote bilateral tourism. For example, in June 2014 Belarus and Ecuador signed an agreement on visa-free trips for the citizens of the two countries.

In the past thousands of Ecuadorians went to the Soviet Union to attend universities, including in Belarus. Many of them have never been here since then. Therefore, we can also develop the so-called nostalgic tourism.

Marta ASTREIKO