



UNIVERSIDAD DE ESPECIALIDADES ESPÍRITU  
SANTO

FACULTAD DE ECONOMÍA Y CIENCIAS  
EMPRESARIALES

ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN  
ECUADOR CONSIDERING IMPORT RESTRICTION LAWS  
FROM 2009-2013

Graduation Paper presented as a prerequisite to qualify for the  
degree of:

BACHELOR OF SCIENCE IN BUSINESS MANAGEMENT

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Samborondón, April 2014

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This paper is dedicated to Mother Thrice Admirable of Schoenstatt and my fathers. Besides I will like to thank Lissette Vallejo for always supporting and being with me all this time. Ma. Laura Armijo for being my grandmother and making me realize the relevance of the characters. Ma. Isabel Armijo for being counselor and guidance. The Dean of ICP, Isidro Fierro for always being welcoming whenever I had an inquiry. And finally the JIMP's crew and rest of friends made in these years.

# **ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

## **Analysis of the automotive industry in Ecuador considering import restriction laws from 2009-2013**

**Jaime Suárez Almeida**

### **Abstract**

The purpose of this paper is to analyze the imports, as well as the production, exports and sales of the automotive industry in Ecuador from 2009 to 2013, taking into consideration the economic environment of the country, and the measures that the government has implemented along the period. These measures can result in taxes on imports of vehicles, as well as quantitative restrictions. For the analysis techniques such as PESTEL will be used in order to assess the macro-environmental factors affecting the industry. Even more analysis of the Five Forces of Porter would be made, to study and frame the current situation of the industry. After this an economic analysis would be made to evaluate how the restrictions and taxes affect the supply, consisting of the imported vehicles and the produced ones, and the demand, which includes all the sales of vehicles in the country. Finally, in the conclusions are detailed recommendations for the government and topics for future researchs.

**Keywords:** Import restrictions, automotive industry, assembler, imports, tariffs

### **Resumen**

El propósito de este trabajo es analizar las importaciones, así como la producción, las exportaciones y las ventas de la industria automotriz en Ecuador desde el año

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2009 hasta el 2013, tomando en cuenta el entorno económico del país así como también las medidas que el gobierno ha impuesto a lo largo del período. Estas medidas se pueden derivar en impuestos aplicados a las importaciones de los vehículos, así como en restricciones cuantitativas. Para el análisis, técnicas como el PESTEL serán usadas para identificar los diferentes factores que puedan afectar el macro-entorno de la industria. Además se realizará un análisis de las cinco fuerzas de Porter, para estudiar y enmarcar la situación actual de la industria. Después, un análisis económico será llevado a cabo para evaluar cómo las restricciones y los impuestos afectan a la oferta, que consiste de los vehículos importados y producidos, y la demanda, donde se incluye las ventas totales de vehículos en el país. Finalmente en las conclusiones se detallan recomendaciones para el gobierno y temas para futuras investigaciones.

*Palabras Claves:* Restricción de importaciones, industria automotriz, ensambladora, importaciones, aranceles

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## **Introduction**

Transportation is and has always been important in the way of living of humanity. Everyone needs to go from one place to another. As humans, we have been adapting to the necessity of covering long distances, first by foot, then by animals, such as horses, and since 1765-1770, by cars. From Nicholas Cugnot who built the first car (Volti, 2006), to Henry Ford who in 1908 revolutionized the automotive industry with his “Model T” (Gregersen, 2011), it has always been in constant evolution. Currently, all around the world there are 187 car manufacturers (Car Reviews by Manufacturer, n.d.); and in 2013, according to the CNBC (LeBeau, 2014) the global automobile sales were 82.8 million and it is expected to reach the 100 million sales in 2018.

### *Automotive Industry in Ecuador*

The first import of a vehicle in Ecuador, in record, was brought by Guzmán Aspiazú in 1900 who drove his French car at 30kmph surprising the citizens of Guayaquil. Later on, from 1910 until 1920 the imports of vehicles increased, and were available only for people with a high income. The local production didn't begin until 50 years later (El Transporte Urbano, 1977).

The automobile production began in Ecuador, in the early 1950s, when companies in the metalwork and textile sector started making coachwork, seats for buses and some metallic parts. Later in 1973, the assembler Aymesa, produced the first vehicle, the Andino. The total vehicle production exceeded 5,000 units during the 1970s. In 1988, with the People's Plan Vehicle, the production increased in 54.21 %, from 7,864 vehicles produced in 1987 to 12,127 vehicles in 1988 (Historia de la Industria Ecuatoriana, n.d.).

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In 1992, the Free Trade Agreement (FTA) between Colombia, Ecuador and Venezuela was settled allowing vehicle imports; letting Ecuador export. In 1993, the first Complementarity Agreement in the Automotive Industry was signed, and it was amended in 1999 to bring it into line with the World Trade Organization (WTO) commitments. The Automotive Agreement, which became national policy for the sector, was the engine for the development of that industry and production of auto parts assembly (Historia de la Industria Ecuatoriana, n.d.).

The automotive industry in Ecuador is a wide and complex industry with a variety of products and services to offer to their customers. According to the ISIC (International Standard Industrial Classification of All Economic Activities) the industry can be divided into two main activities: the companies who assemble the vehicles, and the ones whose core business is the sale, maintenance and repair of cars. But in total the automobile business is conformed of 25 branches of the economic activity of the ISIC, which goes from the manufacture of trucks to the maintenance of the electronic fuel injection engines (Clasificación Nacional de Actividades Económicas, 2012).

Nationwide, until 2010, there were 29,068 establishments engaged in economic activities of automotive trade. From this number, 70% are shops that perform maintenance and repair of motor vehicles and the remaining 30% is devoted to selling parts and accessories of motor vehicles; retailing fuels and vehicles (Análisis del Sector Automotriz, 2013). Nowadays the industry is based in the north center of the country, and is composed of three main assemblers (Aymesa, Omnibus BB, and Maresa) which will be discussed later on. There are 68 brands of cars in the country, with an undisputed leadership of Chevrolet with a 45% of the

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market share. Followed by Hyundai, Kia, Nissan, Toyota and Mazda, which together represent 35% of the whole market (Anuario 2012, 2012). Through time all these companies have adapt to regulations, such as resolutions and statutes, applied by the government; and they must continue adapting to them in the future.

### **Theoretical Framework**

Taxes play an important role in the economy of any country. They are not only necessary for the capitalization of the government budget, in order for them to invest in the public sector for the welfare of the population, but fundamental for strengthening of the democracy and economic growth of the country (Fjeldstad, 2009). Ecuador isn't the exception and has implemented several taxes, tariffs and restrictions to comply with these objectives, many of them having repercussion in the automotive industry.

#### *Taxes in Ecuador*

The most common taxes worldwide, which are also enforced in Ecuador, are the Value Added Tax (VAT) and Income Tax. VAT equals to 12% of the purchase. While the second one, affecting companies' utilities, had been decreasing in the recent years, from 25% in 2010, and each year it drop 1%, down to 22% in 2013. Furthermore, in 2007 the government introduced the Capital Outflow Tax, its main purpose is to tax the value of all monetary transactions conducted abroad. There has been several tax reforms. First, it increased in 2008 from 0.5% to 1%. Later in 2009 it went up to 2%, and finally in November 2011 from 3%, up to 5% (Impuesto a la Salida de Divisas, 2013).

#### *Taxes, Tariff, and Import Restrictions of the automotive industry*

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The tariff structure used in Ecuador is the NANDINA, it stands for tariff nomenclature for the Andean Community. This classification of products has been in force since 1991, and is based on the Harmonized Commodity Description and Coding System (Nomenclatura Arancelaria, n.d.). In the annex #1 is the chapter 87 of the Resolution 59 of the Foreign Trade Committee of Ecuador. This chapter mentions the tariff structure for motor vehicles, tractors, cycles and other land vehicles, as well for their parts and accessories. For the purposes of the paper, it has been considered the products under the classification 87.02 until 87.04, and cover automobiles, pickup trucks, SUV's, VAN's, trucks and buses.

### *Consumption Tax (ICE)*

The consumption tax (ICE – Impuesto de Consumo Especial) is an indirect tax, levied on the consumption of specific goods and services established in the law. They are taxed at a single phase, either at the manufacture or import (Impuestos que administra el SRI, n.d.). In a beginning there was a general consumption tax of 5% that applied to all the vehicles. But later in 2007, according to the article 82, Group II, its tariff may vary from 5% up to 35%, depending on its detailed characteristics (annex #2).

### *Tariffs*

In December 2010, under the Presidential Decree No. 615 it was established the tariff increase of some products. Among which, the tariff of vehicles with engines up to 1900 cc; increase 5%, from 35% to 40%. (Correa, 2010)

The decision was made to reduce the imports of consumer goods. These imports increased by USD 927 million between January and November of 2010



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compared to the same period in 2009. Out of this amount, USD 666 million correspond to automotive, and USD 169 million belong specifically to vehicles (El Comercio, Autos importados costarán más, 2010).

### *Licenses*

In August 2011, the Foreign Trade Committee (COMEX) issued Resolution No. 17. It states that the Minister of Industries and Productivity (MIPRO) is the authority in charge of supplying and administrating licenses for importation (Resolución No. 17, 2011). After this, there were complaints from the importers saying that this will slow down the nationalization of the imports. The vice minister of Production, Mauricio Peña, explained that the licenses are not aimed to complicate the process of foreign trade, but to establish mechanisms to meet the goal of lowering imports by 20% in 2011 (El Universo, Licencias para importar generan preocupación, 2011).

### *Annual Quantitative restriction for vehicles*

On June 15, 2012, the COMEX issued Resolution No. 66 that established an annual quantitative restriction on imports of armored vehicles. The quota allocated to importers was determined as 70% of the total amounts (units and USD FOB) imported in the year 2010. And the restrictive measure was applied to all subheadings of cars, trucks, SUV's and ultralight trucks up to 4.5 tons of its gross vehicular weight (Resolución No. 66, 2012). This vehicular restriction is attached in annex #3.

Furthermore, there were some updates for the Resolution 66. The most significant changes were in the resolution No. 77 issued on July 30, 2012. According to Article 2, a quota restriction was established for importations of

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vehicles parts under the governmental plan RENOVA (Resolución No. 77, 2012). In October 24, 2012, three more resolutions were issued, No. 90, 91 and 92. The first one excludes the imports under the regimen of temporal admission with re-exportation in the same conditions (Resolución No. 90, 2012). The second one applies restriction to four-wheelers ATV and excludes the restriction in vehicles that are imported by the government through its respective contract (Resolución No. 91, 2012). And the last one mentions that all the imports already realized among the 2012, should be deducted from the imposed quota, and given the case of not reaching the quota, the balance will not be accumulated for the next year (Resolución No. 92, 2012). Additionally, in January 7, 2013, was issued, endorsing the import restriction for mentioned year (annex #4).

### **Methodology**

The research uses Triangulation (Olsen, 2004), as it combines quantitative as well as qualitative methodologies to collect and analyze information. PESTEL and Five Porter Analysis will contribute for quantitative methodologies, while the qualitative is composed of an economic analysis. Besides, this type of investigation is exploratory documental as it uses historical data collected from secondary sources.

### **Analysis of Results**

#### *PESTEL*

##### *Political Factors*

Currently, the president of Ecuador is Rafael Correa, whom in January turned 7 years in this position (El Universo, 2014). Under his ideology of the Socialism of the 21<sup>st</sup> Century, many laws and statutes have changed; including

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Ecuadorian Constitution in 2008 (The Economist, 2008). This populist philosophy has led the country to a protectionist approach where the industry is in the necessity of manufacturing its own supply; and where neighbor countries like Colombia have exploited this opportunity by creating manufacturing plants of parts of cars in Ecuador (La República, 2014).

On the other hand, in the recently election for majors, Alianza País, the political Party of Rafael Correa, only achieved to get one major out of the ten most populated cities in Ecuador (El Universo, 2014). This might indicate the beginning of a change in government, as Ecuadorians are changing their point of view about the current government and no longer supporting it.

### *Economic Factors*

- Minimum Wage

In December 2013, the president announced an increase in the minimum wage (Ayala, 2013). This rise is given, due to economic factors such 3.2% projected inflation (USD 10.18) and a 3.83% increase in productivity (USD 11.54). Given these factors, the government set an increase of the minimum wage in 6.33%, this means USD22, from USD 318 to USD340 (El Comercio, 2013).

- Plan Renova

The National Transit Agency (Agencia Nacional de Tránsito – ANT) has established a program called “Plan Renova”, which basically means the scraping of old junk cars, that operate as public transportation or with a commercial purpose, in exchange of a new car. This means that if a person has an old bus or truck, then he or she can apply for this plan in order to get rid of the old car, and get an economic incentive to get a new vehicle (Agencia Nacional de Tránsito, n.d.). This

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program can help a lot of people with old junk cars, to acquire a new one at an accessible price. This leads the owner to stop spending money in recurrent reparations, as well giving a better service for its customers and decreasing the pollution in the country.

### *Social Factors*

It is a common saying that roads connect people. For this reason, according to the Ministry of Transport and Public Works, the government during its first 6 years, by 2013, has invested more than USD 7.620 million in the construction of roads, highways and bridges (El Comercio, 2013). These investments mean that people are able to drive safely their vehicles along these new roads, and companies can transport and deliver their merchandise through better and faster roads. Either way, any car owner will be more comfortable driving in these new highways.

### *Technological Factors*

In February 2013, Ciauto was created, it stands for City of the Automobile, and is the fourth assembler of vehicles in Ecuador. This assembler was created by the company Ambacar, under a bigger project of creating the first Auto-parts Industrial Park in four years. The manager of the company established that the goal is to generate a productive chain of supply for Ciauto. Where companies manufacture local auto-parts, and provide the assembler with seats, exhaust systems, bumpers, tires, brake fluids, lubricants, among others. The purpose of Ciauto's project is to build a car with more local parts in an efficient way. With the objective to produce one car per hour (Velasaguí, 2013).

Despondently, the company began assembling 10 to 12 vehicles per day, but by March, 2014 it was only producing 6 to 7 cars daily (El Comercio, 2014).

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This is due to the fact that supply of raw material is limited by two factors: quotas assigned to the import of auto-parts and no local production.

### *Environmental Factors*

Uncontrolled vehicle emissions are the major source of air pollution in urban areas, and recent growth trends fleet suggest that these problems continue and possibly worsen. Between 2000 and 2010, Ecuador vehicle fleet grew by about 81%, and in an inertial scenario, could increase by 62% between 2010 and 2030 (PNBV).

Taking into account articles 395, 396 and 397 of the Ecuadorian Constitution (Constitución del Ecuador, 2008) and article XX from the GATT (The General Agreement on Tariffs and Trade, 1986) stated that if the environment is under hazard or danger, measures, such as the regulation of imports, must be taken in order to protect the life and health of all the organisms.

These laws contribute for the conception of the annual quantitative restriction of vehicles in 2012. As method to decrease the vehicular fleet in the country, and thereby the pollution. Other environmental measure was imposed earlier in the same year. With the purpose to tax the vehicles that pollute the most, the Environmental Tax on Vehicular Pollution was created. This levy, is included in the annual registration of the vehicle and is calculated taking into account the cylinder capacity and age of the car (Cálculo de Impuesto Ambiental, 2012). As an aftereffect, some people had decided to sell their old vehicles, instead of having to pay higher taxes (El Universo, 2012).

- Pico y Placa

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Quito was once considered the most polluted city in South America (Albarrán, 2002). For this reason and due to the large amount of traffic in the city, in May 2010, the National Traffic Direction imposed a vehicle restriction measure called *Pico y Placa* (Hoy, 2010). A literal translation of this program would be Peak and Plate. Basically means that in peak hours, and depending on the day of the week, some vehicles can't be used in accordance with the last number of their license plate. For most people with only one car, this implies having to use their car either earlier or later of the peak hours; or leaving the car at home and use alternative options such as public transportation or carpooling. For a small minority this was viewed from another perspective, and preferred to avoid this limitation by simply acquiring a second car; which means more cars in the city and consequently more traffic (Terán, 2013). Nonetheless, this restriction will continue in 2014, as the Mobility Secretary considers it has been a successful measure as it has reduced in a 20% the vehicles in circulations and consequently has reduced traffic and pollution (Agencia Pública de Noticias de Quito, 2014).

### *Legal Factors*

- Constitution and National Plan for Goodliving

In 2008 the Constituent Assembly of Ecuador approved the new constitution which strengthened the powers of the president, especially on economic matters (Primera, 2008). Throughout this new constitution the government established a national plan of development; and restructure of the country's economy is one of its main purposes. As it is mentioned in the seventh section, of the Chapter Four: Economic Sovereignty of the VI Title: Development Regimen, article 304 establishes some objectives such as: Develop, strengthen and streamline internal

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markets from strategic objective set out in the national development plan; and, strengthen the national productive system and the national production. As well as in the article 305 it mentions that the creation of tariffs and setting of its levels are exclusive responsibility of the Executive Branch (Constitución del Ecuador, 2008). In the case of Ecuador the Executive Branch is delegated to the President and consequently to the ministers and secretaries (Funciones del Estado Ecuatoriano, n.d.).

In 2009 a National Development Plan was created and denominated the National Plan for Goodliving (Plan Nacional del Buen Vivir) and its application period ended last year. Consistently a second one was created for the period of 2013-2017, this one is critical about the fact that the country has a primary production with little added value. Reason why it seeks to encourage the incorporation of added value for products to be exported; as well as promoting the production of the nation, as a main fundamental policy of “substitution of importations” (De la Paz, 2014). Furthermore, the National Plan for Goodliving states guidelines for investment of public resources and economic regulation and it mentions that the country is aiming towards the promotion of certain industries with economic potential, among them the automotive industry (Plan Nacional para el Buen Vivir, 2013).

### *Porter Five Forces*

#### *Threat of New Entrants*

It is complicated for an entrepreneur to either import or assemble cars due to challenging barriers to entry. The most significant one is that most world-wide known brands are already in the Ecuadorian market, which may be difficult for a

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new entrant to obtain the concession of a recognized brand, if there is already an existing one in the country.

Furthermore, if the new entrant is going to import vehicles it will have to go through all the process of importations and restrictions. Even if the new company seeks to assemble car, it would have to import auto-parts; or buy them from a company that has done it and has stock. Besides if the goal is to assemble vehicles, it would have to invest around of 25 million dollars (Velasquí, 2013) to build a plant and buy the necessary machinery to operate.

### *Threat of Substitute Products or Services*

Quito has had to deal with heavy traffic, pollution and lack of public transportation at night for years. Due to these reasons in 1995 the municipality of the Metropolitan District of Quito decided to create a public transportation service called “trole”, which has transported citizens in Quito for almost 20 years (Historia de la Empresa, n.d.). But the city has grown, and the demand for public transportation has increased. Because of this the municipality of the capital is working in the construction of a subway (Hoy, 2014). It is estimated that the subway will benefit 92% out of 2.3 million people living in the urban area of Quito. And will reduce 60,000 units of the vehicular fleet and save 120 million hours a year in productivity terms, as it will allow travelers to cross the city in 34 minutes, in contrast to the two hours that it currently takes (El Universo, 2013).

Guayaquil on the other hand, is the largest and most populated city in Ecuador; where 83% of the population in the city depends in public transportation (Fundación Metrovía). Thus the municipality decided to create its own public transportation called “Metrovía”, which has been working since 2006 (El Universo,



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2006). Up to this date transportation method it's still being improved and growing by increasing the number of units and creating a new stop in order to comply with the demand of transportation (El Universo, 2013).

In both cases, the municipalities are trying to do their best in order facilitate the way of transportation of their citizens. These factors affect the car industry, as most people would prefer to save money by choosing the one-time payment transportation of the Trole, subway or Metrovía; and in the case of the future-subway in Quito it will not only be cheaper, but faster. Besides all these the government is implementing a project called Safe Transport (Transporte Seguro), which will allow 55,000 transportation units (17,000 buses and 38,000 taxis) all along the Ecuador, to have a security kit. This kit includes a panic button, a GPS, 2 security camcorders among other equipment; with the purpose to offer a better security service to the Ecuadorian population. Which in the car industry is another factor why people may prefer to use the public transportation rather buying a car.

Finally, in 2008, Rafael Correa declared the railway a national heritage and order its rehabilitation. This railway has been suffering of progressive deterioration, been affected mainly by torrential rains of El Niño back in 1982, and then later in 1997 and 1998 which caused several damages destroying most of the roads (Holston, 2009). By 2008 only 10% of the train network was still functioning. Since then the government has spent 280 million dollars in trains' restoration (Stratton, 2014). By having a renovated railway Ecuadorians may also opt to use this transportation instead of having to acquire a car.

### *Bargaining Power of Suppliers*

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In the country only 11% of vehicles' national production is exported to Colombia and Venezuela. The remaining 89% is sold locally, along with the imported cars. These imports are 49% of the total supply of cars. The remaining 51%, is local production that comes from four main assemblers. Three of them located in Quito, and a fourth one in Ambato.

The first one is OMNIBUS BB – General Motors which is the biggest assembler in Ecuador with a production of 44.494 vehicles in 2013. Currently, 80% of Chevrolet's vehicles sold in the country are from local production and assembled in OMNIBUS BB (General Motors, n.d.). It's followed by AYMESA with a production of 15.368 cars in 2013. This company is the oldest one, operating since 1970, and is the assembler of KIA and Hyundai cars (Aymesa, n.d.). The third company, and the last from Quito, is MARESA. In 2013 this assembler produced 7.474 cars from several brands; among them Mazda, Fiat, Mitsubishi, Ford, and Toyota (Maresa Ensambladora, n.d.). The fourth assembler is a company who was recently founded in February, 2013. Is the first assembler of Great Wall Motors in Latin America and had sales of 846 vehicles last year (Historia, n.d.).

These four assemblers in 2013, produced a total of 68.812 vehicles, which 7.213 are exported to Colombia and Venezuela. Additionally 62.595 cars are imported by concessionaires from South Korea, China, Japan, Mexico, Colombia, United States, among others. The balance of national cars plus the imported one, add up to a total supply of 123.564 vehicles.

Cars' sellers have sovereignty over the price. Increment of costs due to all restrictions and taxes, do not only affect car sellers, but also end up affecting the final customers, as this increase in cost is reflected in the price of sale. This can be

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observed in annex #5 that shows how the average sales price has increased from USD 21.532 in 2009 to USD 28.594 in 2013. This increase in price is usually deaden with more flexible and comfortable financing plans for customer; along with the fact that there is always going to be demand for vehicles.

### *Bargaining Power of Customers (Buyers)*

As mentioned above, buyers are always willing to buy despite the price's increase. From 2009 to 2013, the average selling price increased in 33%. Although sale of vehicles increased 23% during that same period, the reality is different. In 2010 and 2011 sales rise drastically, and in 2012 with the insertion of quantitative restrictions, sales began to decline. Nevertheless there is always going to be demand for vehicles.

Consumer Confidence Index (CCI) is a monthly survey that measures how optimistic or pessimistic consumers are with respect to the economy in the near future (Consumer Confidence Index - CCI, n.d.). In February 2014 the CCI register a 0.7 points decrease in relation to January of the same year (Indice de Confianza del Consumidor, 2014). But disregard this decrease, the annex #6 shows the CCI monthly from January 2009 until February 2014. Where a positive trend line is observed. From this point it can be said that in general terms the Ecuadorian industry is healthy. As it shows that customers would be able to purchase more goods as time progress.

### *Intensity of Competitive Rivalry*

In this globalized world everything is about business. For this reason some companies from Colombia have taken advantage of the current car industry's scenario in Ecuador, and have decided to come to the country to build a

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manufacturing plant of car parts. If more companies come and invest in the automotive industry it will increase the competition.

Moreover, as mentioned in the threats of new entrants, the majority of worldwide brands are already positioned in the market. And in the case of Chevrolet it occupies more than 40% of the market share. Meaning that there already exists brand loyalty in the country. And the switching cost for the customers is very high. Furthermore, the industry sales are dropping do to restrictions and the low supply for vehicles or auto-parts. Thus, the industry it is considered to have a high intensity of rivalry.

### *Economic Analysis*

During the past 5 years, the automotive industry went through a rollercoaster economy. It began low in 2009, then increased in 2010 and 2011, for a drop in 2012 and 2013. As shown in annex #7, sales in 2009 were 92.764 cars, this was the worst year due to the worldwide financial crisis. The main reasons of this drop according to the director of AEADE (Association of Automotive Enterprises of Ecuador) it was the lack of foreign credit and cutback of remittances from immigrants (Hoy, 2008). As well as a low level of importations (annex #8) of 40.649, which implied a drop of -42.20% in comparison to the prior year. Likewise the import of auto-parts also were low, and a consequence the national production wasn't good.

In 2010, sales drastically increased a 42.48% from 92.764 to 132.172. Even more, the imports escalated 96% up to 79.685 vehicles. These imports were so high that represented 8.82% from all the imports Ecuador made in that year. This caused the supply of imported vehicles to be the highest during the 5 years terms with a

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58.51% compared to 41.49% of national supply. This 58.51% means a 915 basis points increase, compared to the imports supply of 2009. As an outcome the sales had the highest rate of imported sold cars with 57.87% in comparison to 42.13% from local vehicles. Given these imports, and many from other industries it caused an awful 746% decrease in the balance of trade reaching a USD 1.978 million of deficit. As a consequence of this negative balance, the government began taking measures to decrease it. At the expectation of an increasing price, sales in December soar to 16.882, being the month with the highest sales in the 5 years period. As anticipated, at the end of that month it was enforced the 5% tariff increase, resulting a total 40% with the aspiration to decrease importations and sale of cars.

In 2011, sales continue increasing, being the bestselling year during this term, with a total of 139.893 cars sold. Once again the expectation was the non-price determinant for the increase of demand and sale of vehicles. From May to August the car sales maintained a high level of sales. Later in August the government resolved the use of licenses with the target to lower the imports in 20%. And three months later, in November, the 5% increase of capital outflow tax was announced. This caused to be the year with the highest drop in relation with its prior year with a 14% decrease in the imports, totalizing USD 1.462 million. Despite this monetary drop in the imports, the quantity of imported vehicles was just 6% less compared to 2010. Meaning that there were less imported vehicles, but at a much lower price. This had as a consequence that 2011 had the best price of sale from this 5 years, with an average selling price of USD 20.845. Ratifying the high sales of the year.

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2012 was the turning point in the automobile industry. It represent the highest fall of imports and sales in comparison to the prior year. This is generated due to two more shackles imposed in that year. The first one was at the beginning of the year, in January, with the environmental tax on vehicular pollution. And later in June the government decided to implement annual quantitative restriction for vehicles. As mentioned this caused the imports to decrease in 11.25% to 66.652 cars, and the sales fell as well in 13.19% to 121.446. Furthermore the import restriction was created with the purpose of decreasing the imports in 30% in relation to the high imports of 2010. According to annex #9 the products that fall under the NANDINA code imposed in the article 66 the maximum of imports should have been USD 529 million however the total imports were USD 563 million. This difference can be explained analyzing the exceptions, one of them is the Plan Renova. Indeed the automobiles decreased a 14% along with the SUV's and even more the VAN's decreased a 48%; but the pickup trucks, and the buses increase a 3% and a 7% respectively (annex #7). Other facts to consider are that the restriction began in June, which would mean that some companies may have already anticipated and import more vehicles before August, explaining why the sales of May, June and July were the higher of the year. Nevertheless, the government still accomplished to decrease more than the 30% of the imports of 2010 to a 68%.

In 2013 the tendency of 2012 continued. Resolution 101 endorsed the quantitative restriction and established a new amount for that year. The allowed amount of restriction rise to USD 552 million, but the imports plummet to USD 470 million. Decreasing a 43% in comparison to the imports of 2010. Likewise the automotive industry decreased its share in the total imports of the country being the

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lower year with 5.26%, with the counterpart that the imports of all the country increased to USD 25.751 million as shown in the annex #10. All the mentioned restriction and taxes caused that not only the imports decreased but also the national production to 68182 vehicles made in the last year. But ironically, the 2013 is the year with the highest supply of national cars. This is because the exports slump in 70.93% to 7.213 vehicles sold abroad. The main reason of this was the sink of exports to Venezuela as shown in annex #11. This drop as explained by Carolina Enríquez (2013) is due to the restrictions that Venezuela has also applied. Given the national supply and imports of 62.595 vehicles, the total supply for the country was 123.564 units. From which only 113.812 were sold. This low sales, were caused by the highest average selling price of the five years period with USD 28.594, as an aftereffect of all imports and restrictions. Besides all these, some reforms in Banking industry has caused to be more difficult to obtain a financial credit, and indirectly affecting the purchase of vehicles (El Universo, 2013).

### **Conclusions**

Ecuador has a population of 15.662.618 habitants, and a vehicular fleet of 2'065.975 cars. Which makes a ratio of 7.58 person per car. Meanwhile Colombia has a ratio of 11.89 and México which is known for its high pollution has a ratio of 3.43 habitants per vehicle (Anuario 2013, 2013). Given this the Ecuadorian government is accurate in attempting to take measures to prevent the drastic increase of the vehicular fleet. Although instead of limiting the entrance of cars, the government should worry more in changing the old vehicles that are actually circulating and causing greater pollution than new cars. From the total vehicle fleet in the country, 15%, approximately 319.503 cars, are older than 30 years (annex

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#12). The Plan Renova is in the right track to decrease these numbers. But still measures could be taken for the personal automobiles as well.

Imports and sales of vehicles in the country have decreased harshly during this 5 years period. Nonetheless, the automotive industry has a lot of potential to expand. The government is currently in the quest of changing the productive matrix, through promoting local automotive producers and not relying on imports. But in order to assemble cars, it is necessary to import high quality pieces not available in the market. Which creates the opportunity for the Ecuadorian companies in the automotive industry, jointly with the government, to invest in projects that are able to produce the required products and consequently give more job offers. A further study could be done, contemplating how these resolutions in tariffs and restrictions may affect manufacturers in this industry.



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**Annex**

*Annex #1*

| <b>CAPÍTULO 87: VEHÍCULOS TRACTORES, VELOCÍPEDOS Y DEMÁS VEHÍCULOS TERRESTRES, SUS PARTES Y ACCESORIOS</b> |  |
|--|--|
| 87.01  | Tractores (excepto las carretillas tractor de las partida 87.09)   |
| 87.02  | Vehículos automoviles para transporte de diez o más personas, incluido el conductor  |
| 87.03  | Automoviles de de turismo y demás vehiculos automoviles concebidos principalmente para transporte de personas (excepto los de la partida 87.02), incluidos los del tipo familiar (break o station wagon) y los de carreras   |
| 87.04  | Vehiculos automoviles para transporte de mercancías  |
| 87.05  | Vehiculos automoviles para usos especiales, excepto los concebidos principalmente para transporte de personas o mercancías (por ejemplo: coches para reparaciones [auxilio mecanico], camiones grua, camiones de bomberos, camiones hormigonera, coches barredera, coches esparcidores, coches taller, coches radiologicos |
| 87.06  | Chasis de vehiculos automoviles de las partidas 87.01 a 87.05, equipados con su motor  |
| 87.07  | Carrocerias de vehiculos automoviles de las partidas 87.01 a 87.05, incluidas las cabinas.   |
| 87.08  | Partes y accesorios de vehiculos automoviles de las partidas 87.01 a 87.05   |
| 87.09  | Carretillas automovil sin dispositivo de elevacion del tipo de las utilizadas en fabricas, almacenes, puertos o aeropuertos, para transporte de mercancías a corta distancia, carretillas tractor de los tipos de las utilizadas en estaciones ferroviarias y sus partes   |
| 87.10  | Tanques y demás vehiculos blindados de combate, incluso con su armamento; sus partes   |
| 87.11  | Motocicletas (incluidos los ciclomotores) y velocipedos equipados con motor auxiliar, con sidecar o sin él; sidecares  |
| 87.12  | Bicicletas y demás velocipedos (incluidos los triciclos de reparto), sin motor.  |
| 87.13  | Sillones de ruedas y demás vehiculos para invalidos, incluso con motor u otro mecanismo de propulsión  |
| 87.14  | Partess y accesorios de vehiculos de las partidas 87.11 a 87.13  |
| 87.15  | Coches, sillas y vehiculos similares para transporte de niños, y sus partes  |
| 87.16  | Remolque y semiremolques para cualquier vehiculo; los demás vehiculos no automoviles; sus partes   |

Table #1: Chapter 87: Motor vehicles, tractors, cycles, and other land vehicles, their parts and accessories

Source: Arancel Nacional de Importación de Ecuador (2012, December 28)

Elaborated by: Jaime Suárez



**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

*Annex #2*

| <b>GRUPO II</b>   | <b>Tarifa Ad Valorem</b> |
|---|--------------------------|
| 1. Vehículos motorizados de transporte terrestre de hasta 3.5 toneladas de carga, conforme el siguiente detalle:  |                          |
| Vehículos motorizados cuyo precio de venta al público sea de hasta USD 20.000   | 5%                       |
| Camionetas, furgonetas, camiones, y vehículos de rescate cuyo precio de venta al público sea de hasta USD 30.000  | 5%                       |
| Vehículos motorizados, excepto camionetas, furgonetas, camiones y vehículos de rescate, cuyo precio de venta al público sea superior a USD 20.000 y de hasta USD 30.000 | 10%                      |
| Vehículos motorizados, cuyo precio de venta al público sea superior a USD 30.000 y de hasta USD 40.000  | 15%                      |
| Vehículos motorizados, cuyo precio de venta al público sea superior a USD 40.000 y de hasta USD 50.000  | 20%                      |
| Vehículos motorizados cuyo precio de venta al público sea superior a USD 50.000 y de hasta USD 60.000   | 25%                      |
| Vehículos motorizados cuyo precio de venta al público sea superior a USD 60.000 y de hasta USD 70.000   | 30%                      |
| Vehículos motorizados cuyo precio de venta al público sea superior a USD 70.000   | 35%                      |

Table #2: Consumption Tax

Source: Ley de Régimen Tributario Interno (2007)

Elaborated by: Jaime Suárez

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

*Annex #3*

| RUC           | Consignatario  | Partida Arancelaria | Cuota Anual en dólares (FOB) | Cuota Anual en Unidades |
|---------------|--|---------------------|------------------------------|-------------------------|
| 1791739205001 | AEKIA S.A.   | 8703229090          | 13.725.741,40                | 2,412                   |
|               |  | 8703239090          | 16.213.516,90                | 1,674                   |
|               |  | 8703241090          | 192.577,70                   | 9                       |
|               |  | 8703249090          | 883.137,50                   | 55                      |
|               |  | 8703319090          | 8.302,00                     | 1                       |
|               |  | 8703329090          | 2.130.240,00                 | 210                     |
|               |  | 8703331090          | 86.800,00                    | 4                       |
|               |  | 8703339090          | 41.048,00                    | 2                       |
|               |  | 8704211090          | 69.048,00                    | 7                       |
| 190007510001  | ALMACENES JUAN ELJURI CIA. LTDA.                         | 8703210090          | 266.433,30                   | 71                      |
|               |  | 8703241090          | 31.780,00                    | 1                       |
| 1790360741001 | ALVAREZ BARBA S.A.                                       | 8703231090          | 68.625,12                    | 2                       |
|               |  | 8703239090          | 640.899,67                   | 24                      |
|               |  | 8703241090          | 82.971,00                    | 2                       |
|               |  | 8703249090          | 61.935,30                    | 1                       |
|               |  | 8703900091          | 9.857.208,36                 | 134                     |
| 1890010705001 | AMBACAR CIA. LTDA.                                       | 8703210090          | 506.834,02                   | 107                     |
|               |  | 8703221090          | 524.835,85                   | 85                      |
|               |  | 8703229090          | 294.249,76                   | 50                      |
|               |  | 8703231090          | 241.011,69                   | 28                      |
|               |  | 8703239090          | 1.060.627,34                 | 106                     |
|               |  | 8703329090          | 59.009,72                    | 5                       |
|               |  | 8703339090          | 84.240,80                    | 7                       |
|               |  | 8703900091          | 1.305.594,33                 | 27                      |
|               |  | 8704211090          | 1.620.369,73                 | 171                     |
| 1790294757001 | AUTOMOTORES DE FRANCIA COMPAÑIA ANONIMA AUTOFRANCIA C.A. | 8703229090          | 342.612,90                   | 35                      |
|               |  | 8703239090          | 701.512,70                   | 51                      |
|               |  | 8703329090          | 104.647,90                   | 7                       |
| 1790014797001 | AUTOMOTORES Y ANEXOS S.A. AYASA                          | 8703229090          | 7.684.759,60                 | 979                     |
|               |  | 8703231090          | 7.855.094,73                 | 600                     |
|               |  | 8703239090          | 57.993.155,76                | 6,909                   |
|               |  | 8703241090          | 257.479,78                   | 9                       |

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

|               |   |            |               |     |
|---------------|---|------------|---------------|-----|
|               |   | 8703331090 | 125.978,00    | 5   |
|               |   | 8704211090 | 10.650.515,55 | 766 |
|               |   | 8704311090 | 7.506.691,86  | 839 |
| 1792231116001 | AUTOSHARECORP S.A                                 | 8703231090 | 273.388,50    | 19  |
|               |   | 8703241090 | 381.299,10    | 14  |
|               |   | 8703249090 | 1.183.700,00  | 67  |
|               |   | 8703900091 | 4.474.337,00  | 151 |
|               |   | 8704211090 | 142.075,50    | 7   |
|               |   | 8704311090 | 8.314.425,70  | 509 |
| 190354407001  | CAMC TRUCK CIA. LTDA.                             | 8703239090 | 15.750,00     | 2   |
|               |   | 8704211090 | 150.780,00    | 17  |
| 1790009459001 | CASABACA S.A.                                     | 8703900091 | 9.826.507,39  | 283 |
| 990332169001  | CETIVEHICULOS S.A.                                | 8703229090 | 468.179,60    | 46  |
|               |   | 8703239090 | 607.581,80    | 42  |
|               |   | 8703329090 | 56.590,10     | 5   |
|               |   | 8704211090 | 55.118,00     | 7   |
| 990919550001  | CHRYSLER - JEEP<br>AUTOMOTRIZ DEL ECUADOR<br>S.A. | 8703231090 | 162.838,90    | 10  |
|               |   | 8703239090 | 68.094,60     | 4   |
|               |   | 8703241090 | 140.694,40    | 7   |
|               |   | 8704311090 | 124.278,00    | 8   |
| 1792028795001 | CINASCAR DE ECUADOR S.A.                          | 8703210090 | 984.754,72    | 259 |
|               |   | 8703221090 | 260.512,00    | 45  |
|               |   | 8703229090 | 337.820,00    | 95  |
|               |   | 8703239090 | 485.128,00    | 98  |
|               |   | 8704311090 | 807.258,49    | 186 |
| 1791895584001 | CORPORACION CARRERA S.A                           | 8703239090 | 29.540,00     | 1   |
|               |   | 8703241090 | 95.337,20     | 4   |
|               |   | 8703249090 | 19.250,00     | 1   |
|               |   | 8703329090 | 49.700,00     | 1   |
|               |   | 8703900091 | 5.808.048,40  | 109 |
| 1791938046001 | DAIHAUTO S.A.                                     | 8703900091 | 205.365,50    | 4   |
| 992240776001  | DISTRIBUIDORA DE<br>VEHICULOS S.A. DIVESA         | 8703229090 | 133.896,00    | 25  |
|               |   | 8704311090 | 104.195,00    | 24  |
| 991331433001  | EUROVEHICULOS S.A.                                | 8703221090 | 101.225,60    | 22  |
|               |   | 8703229090 | 227.546,90    | 48  |
|               |   | 8703231090 | 1.031.663,50  | 187 |
|               |   | 8703239090 | 740.626,60    | 127 |

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

|               |   |            |               |       |
|---------------|---|------------|---------------|-------|
|               |   | 8703319090 | 14.795,20     | 3     |
|               |   | 8703329090 | 388.392,20    | 48    |
| 190347370001  | FISUM S.A.  | 8703239090 | 7.639.237,20  | 896   |
|               |   | 8704211090 | 8.387.380,40  | 536   |
|               |   | 8704311090 | 679.240,80    | 80    |
| 1790598012001 | GENERAL MOTORS DEL<br>ECUADOR S.A.                                    | 8703210090 | 13.299.466,43 | 2,781 |
|               |   | 8703229090 | 5.400.432,40  | 853   |
|               |   | 8703231090 | 210.901,14    | 13    |
|               |   | 8703239090 | 17.115.714,07 | 1,572 |
|               |   | 8703241090 | 3.864.713,68  | 230   |
|               |   | 8703249090 | 546.182,25    | 27    |
|               |   | 8703900091 | 11.889.789,68 | 362   |
|               |   | 8704211090 | 11.169.524,10 | 674   |
| 1792121795001 | GERMANMOTORS S.A.   | 8703229090 | 32.810,40     | 2     |
|               |   | 8703231090 | 641.273,50    | 23    |
|               |   | 8703239090 | 670.900,44    | 34    |
|               |   | 8703241090 | 86.449,44     | 2     |
|               |   | 8703331090 | 28.450,80     | 1     |
| 992284668001  | GOTELLI S.A.  | 8703900091 | 794.054,80    | 17    |
| 190003701001  | IMPORTADORA<br>TOMBAMBA S.A.  | 8703241090 | 17.500,00     | 1     |
|               |   | 8703900091 | 11.215.442,52 | 321   |
| 1791276647001 | INTRANS ECUADOR S.A.  | 8703231090 | 739.786,60    | 38    |
|               |   | 8703239090 | 730.158,80    | 56    |
|               |   | 8703321090 | 271.625,90    | 12    |
|               |   | 8703331090 | 23.100,70     | 1     |
| 1790279901001 | MANUFACTURAS<br>ARMADURIAS Y REPUESTOS<br>ECUATORIANOS S.A.<br>MARESA | 8703229090 | 5.523.210,63  | 456   |
|               |   | 8703239090 | 9.021.020,48  | 596   |
|               |   | 8703249090 | 639.904,93    | 23    |
|               |   | 8704211090 | 2.320.462,87  | 165   |
| 990022011001  | MAQUINARIAS Y VEHICULOS<br>S.A. MAVESA                                | 8703229090 | 156.625,00    | 14    |
|               |   | 8703239090 | 485.811,90    | 32    |
|               |   | 8703329090 | 11.060,70     | 1     |
|               |   | 8703900091 | 418.964,00    | 7     |
|               |   | 8704211090 | 191.911,30    | 20    |
| 1791827430001 | MECANOSOLVERS S.A.  | 8703229090 | 505.575,00    | 123   |

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

|               |   |              |  |            |
|---------------|---|--------------|--|------------|
|               |   | 8703239090   | 1.925,00                                 | 1          |
|               |   | 8704311090   | 373.450,00                               | 116        |
| 1791998472001 | MOSUMI S.A.                                 | 8703231090   | 312.843,25                               | 15         |
|               |   | 8703239090   | 2.786.858,98                             | 172        |
|               |   | 8703241090   | 173.493,66                               | 7          |
|               |   | 8703321090   | 280.921,44                               | 12         |
|               |   | 8703329090   | 258.017,06                               | 11         |
|               |   | 8703331090   | 557.300,56                               | 21         |
|               |   | 8704211090   | 3.721.480,39                             | 208        |
|               |   | 8704311090   | 232.298,00                               | 12         |
|               |   | 190310647001 | NEGOCIOS AUTOMOTRICES<br>NEOHYUNDAI S.A. | 8703229090 |
| 8703231090    | 2.814.577,50                                |              |  | 202        |
| 8703239090    | 46.901.817,20                               |              |  | 5,053      |
| 8703241090    | 1.010.185,40                                |              |  | 58         |
| 8703249090    | 956.883,20                                  |              |  | 50         |
| 8703319090    | 192.080,00                                  |              |  | 28         |
| 8703321090    | 18.590,60                                   |              |  | 1          |
| 8703329090    | 377.048,00                                  |              |  | 36         |
| 8703331090    | 30.958,20                                   |              |  | 1          |
| 8703339090    | 191.165,80                                  |              |  | 9          |
| 8704211090    | 256.137,00                                  |              |  | 31         |
| 1790233979001 | OMNIBUS BB TRANSPORTES<br>S.A.              | 8704211090   | 13.444,20                                | 1          |
| 992578963001  | PIEDRAMUNDO S.A.                            | 8703900091   | 406.247,92                               | 6          |
| 1790015424001 | QUITO MOTORS S.A.<br>COMERCIAL E INDUSTRIAL | 8703231090   | 658.157,50                               | 46         |
|               |   | 8703241090   | 749.883,40                               | 29         |
|               |   | 8703249090   | 1.407.980,00                             | 79         |
|               |   | 8703900091   | 24.033.723,00                            | 809        |
|               |   | 8704211090   | 1.841.310,80                             | 89         |
|               |   | 8704311090   | 30.917.187,00                            | 1,944      |
| 1790517454001 | RECORDMOTOR S.A.                            | 8703231090   | 275.703,65                               | 13         |
|               |   | 8703239090   | 1.468.495,40                             | 85         |
|               |   | 8703241090   | 433.439,30                               | 15         |
|               |   | 8703249090   | 273.053,20                               | 11         |
| 1716118052001 | SANCHEZ ROSAS EYMI JE<br>Zael               | 8703900091   | 483.388,50                               | 8          |
| 1792008077001 | STARMOTORS S.A.                             | 8703231090   | 74.519,20                                | 2          |

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

|                      |                                       |            |               |       |
|----------------------|---------------------------------------|------------|---------------|-------|
|                      |                                       | 8703239090 | 334.093,20    | 13    |
|                      |                                       | 8703241090 | 123.749,35    | 3     |
|                      |                                       | 8703249090 | 146.588,40    | 4     |
|                      |                                       | 8703900091 | 4.627.871,50  | 54    |
| <b>1790010309001</b> | <b>TEOJAMA COMERCIAL SA</b>           | 8703229090 | 267.340,48    | 20    |
|                      |                                       | 8703900091 | 196.989,70    | 4     |
| <b>400951778001</b>  | <b>TERAN CAICEDO LUIS<br/>RAMIRO</b>  | 8703241090 | 76.650,00     | 2     |
|                      |                                       | 8703249090 | 73.850,00     | 3     |
|                      |                                       | 8703900091 | 176.379,00    | 4     |
| <b>992141913001</b>  | <b>TOYOCOSTA S.A.</b>                 | 8703900091 | 9.723.901,81  | 301   |
| <b>1792073634001</b> | <b>TOYOTA DEL ECUADOR S.A.</b>        | 8703229090 | 1.637.243,86  | 191   |
|                      |                                       | 8703231090 | 10.133.283,46 | 691   |
|                      |                                       | 8703239090 | 2.528.371,31  | 239   |
|                      |                                       | 8703241090 | 3.819.650,43  | 174   |
|                      |                                       | 8703900091 | 168.903,06    | 6     |
|                      |                                       | 8704211090 | 14.162.675,10 | 1,152 |
|                      |                                       | 8704311090 | 28.273.986,20 | 2,802 |
| <b>401328034001</b>  | <b>VIZCAINO TERAN PAUL<br/>ANDRES</b> | 8703231090 | 14.805,00     | 1     |
|                      |                                       | 8703900091 | 973.243,60    | 21    |

Table #3: Restriction Imports 2012

Source: COMEX Resolution 66 (2012)

Elaborated by: Jaime Suárez

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

*Annex #4*

| RUC           | CONSIGNATARIO  | CUOTA ANUAL 2013 |          |
|---------------|--|------------------|----------|
|               |  | FOB              | UNIDADES |
| 1790014797001 | AUTOMOTORES Y ANEXOS S A AYASA                               | 92.785.765       | 10.193   |
| 0190310647001 | NEGOCIOS AUTOMOTRICES NEOHYUNOAI S A.                        | 82.731.459       | 10.766   |
| 1790015424001 | QUITO MOTORS S.A. COMERCIAL E INDUSTRIAL                     | 59.608.242       | 2.995    |
| 1792073634001 | TOYOTA DEL ECUADOR S.A.                                      | 60.724.113       | 5.254    |
| 1790598012001 | GENERAL MOTORS DEL ECUADOR S.A.                              | 63.496.724       | 6.511    |
| 1791739205001 | AEKIA S.A.   | 33.350.412       | 4.373    |
| 1792231116001 | AUTOSHARECORP S.A  | 17.224.031       | 913      |
| 1890010705001 | AMBACAR CIA. LTDA.   | 6.833.997        | 753      |
| 0190347370001 | FISUMS.A.  | 18.126.681       | 1.626    |
| 1790009459001 | CAS ABACA S A  | 16.845.924       | 513      |
| 0190003701001 | IMPORTADORA TOMBAMBA S.A.                                    | 11.232.943       | 322      |
| 0992141913001 | TOYOCOSTASA  | 9.723.902        | 301      |
| 0990919550001 | CHRYSLER • JEEP AUTOMOTRIZ DEL ECUADOR S.A.                  | 495.906          | 29       |
| 1790279901001 | MANUFACTURAS ARMADURIAS Y REPUESTOS ECUATORIANOS S.A. MARESA | 17.504.599       | 1.240    |
| 1790360741001 | ALVAREZ BARBA S.A.   | 10.724.962       | 163      |
| 1791998472001 | MOSUMI S.A.  | 8.323.213        | 458      |
| 1792121795001 | GERMANMOTORS S.A.  | 1.473.350        | 63       |
| 1790517454001 | RECOROMOTOR S.A.   | 2.470.258        | 125      |
| 1791827430001 | MECANOSOLVERS S A  | 880.950          | 239      |
| 1791895584001 | CORPORACION CARRERA S.A                                      | 6.001.876        | 116      |
| 1790294757001 | AUTOMOTORES DE FRANCIA COMPA?IA ANONIMA AUTOFRANCIA C.A.     | 1.171.190        | 95       |
| 0990022011001 | MAQUINARIAS Y VEHICULOS S.A. MAVESA                          | 1.264.373        | 74       |
| 0401328034001 | VIZCAINO TERAN PAUL ANDRES                                   | 988.049          | 22       |
| 0991331433001 | EUROVEHICULOS SA   | 2.518.683        | 438      |
| 1792008077001 | STARMOTORS S.A.  | 5.527.175        | 79       |
| 0992284668001 | GOTELLI S.A,   | 794.055          | 17       |

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

|                |  |           |     |
|----------------|--|-----------|-----|
| 1790010309001  | TEOJAMA COMERCIAL SA                   | 464.330   | 24  |
| 0992240776001  | DISTRIBUIDORA DE VEHICULOS S.A. DIVESA | 241.808   | 50  |
| 1792028795001  | CIÑAS CAR DE ECUADOR S.A.              | 3.043.995 | 715 |
| 1716118052001  | SANCHEZ ROSAS EYMI JE ZAEL             | 483.389   | 8   |
| 0400951778001  | TERAN CAICEDO LUIS RAMIRO              | 353.479   | 10  |
| 1791276647001  | INTRANS ECUADOR S.A.                   | 1.764.672 | 106 |
| 0190007510001  | ALMACENES JUAN EUURI CIA. LTDA.        | 359.051   | 80  |
| 0990332169001  | CETIVEHICULOS SA                       | 1.187.470 | 100 |
| 1791938046001  | OAIMAUTO S.A.                          | 205.365   | 4   |
| 0190354407001  | CAMC TRUCK CIA. LTDA.                  | 198.030   | 22  |
| 1790233979001  | OMNIBUS 8B TRANSPORTES S.A.            | 13.444    | 1   |
| 0992578963001  | PIEDRAMUNDO S.A.                       | 406.248   | 6   |
| 0990730105001  | OICRESA DISTRIBUIDORES Y CREDITO S.A.  | 419.654   | 8   |
| 1791705424001  | AUTEC S.A.                             | 609.290   | 18  |
| 1790557189001  | REPRESENTACIONES AUTOCONFIANZA S.A.    | 1.986.880 | 47  |
| 1791977971001  | AUTOBRIT S.A.                          | 392.653   | 9   |
| 09923566-12001 | ECONOCORP S.A.                         | 966.682   | 22  |
| 0992594136001  | INDIAN MOTORS S A. (INDIAMOT)          | 2.004.239 | 34  |
| 1891722326001  | AUTOS CHINAACCPASS CIA. LTDA.          | 718.452   | 142 |
| 0992576030001  | CELIMPOR S.A.                          | 384.750   | 12  |
| 1790173984001  | ITAL-LLANTA CIA. LTDA.                 | 740.953   | 17  |
| 1792030064001  | JCAWA MOTORS S.A.                      | 54.074    | 9   |
| 0790083369001  | IMPORTADORA NORIMPORT                  | 2.484.610 | 56  |
| 1790171892001  | AUTO DELTA CIA. LTDA                   | 188.012   | 25  |

Table #4: Restriction Imports 2013

Source: COMEX Resolution 101 (2013)

Elaborated by: Jaime Suárez



**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

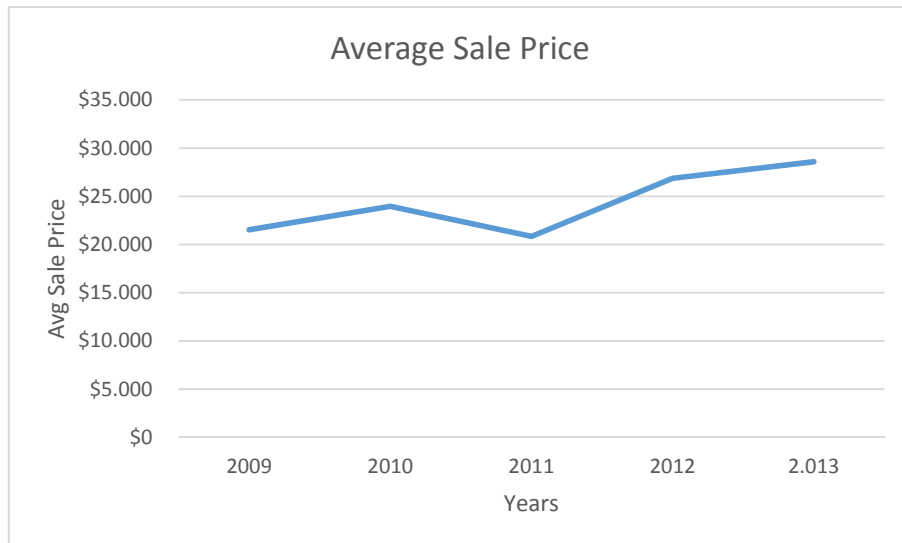
Annex #5

|               | 2009     | 2010     | 2011     | 2012     | 2.013     |
|---------------|----------|----------|----------|----------|-----------|
| Automobiles   | \$13.478 | \$15.656 | \$16.029 | \$17.298 | \$ 17.902 |
| Pickup Trucks | \$22.272 | \$25.924 | \$27.034 | \$31.020 | \$ 31.118 |
| SUV'S         | \$22.939 | \$28.203 | \$28.485 | \$31.437 | \$ 33.572 |
| VAN'S         | \$20.409 | \$27.285 | \$23.704 | \$24.894 | \$ 24.738 |
| Trucks        | \$53.966 | \$53.266 | \$52.827 | \$54.675 | \$ 56.989 |
| Buses         | \$56.926 | \$56.926 | \$61.056 | \$70.296 | \$ 76.541 |
| Total         | \$21.532 | \$23.964 | \$20.845 | \$26.866 | \$ 28.594 |

Table #5: Average Selling Price

Source: AEADE (2014)

Elaborated by: Jaime Suárez



Graphic #1: Average Selling Price

Source: AEADE (2014)

Elaborated by: Jaime Suárez

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

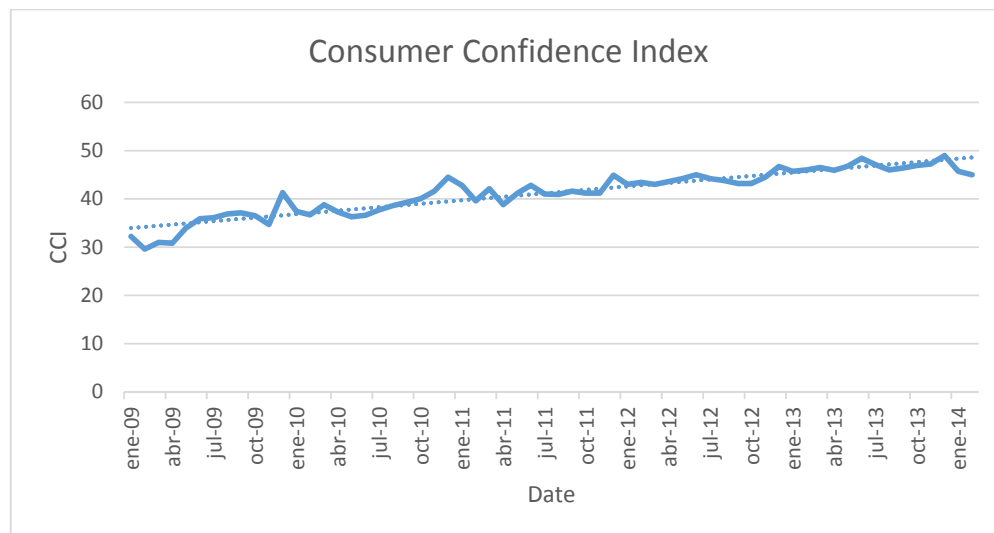
Annex #6

|                  | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------|------|------|------|------|------|------|
| <b>January</b>   | 32,2 | 37,4 | 42,8 | 43   | 45,7 | 45,7 |
| <b>February</b>  | 29,6 | 36,7 | 39,6 | 43,4 | 46   | 45   |
| <b>March</b>     | 31   | 38,8 | 42,1 | 43   | 46,5 |      |
| <b>April</b>     | 30,8 | 37,3 | 38,8 | 43,6 | 45,9 |      |
| <b>May</b>       | 34   | 36,3 | 41,1 | 44,2 | 46,8 |      |
| <b>June</b>      | 35,9 | 36,6 | 42,8 | 45   | 48,4 |      |
| <b>July</b>      | 36,1 | 37,7 | 41   | 44,2 | 47,1 |      |
| <b>August</b>    | 36,9 | 38,6 | 40,9 | 43,8 | 46   |      |
| <b>September</b> | 37,1 | 39,3 | 41,6 | 43,2 | 46,4 |      |
| <b>October</b>   | 36,5 | 40   | 41,2 | 43,2 | 46,9 |      |
| <b>November</b>  | 34,7 | 41,6 | 41,2 | 44,5 | 47,2 |      |
| <b>December</b>  | 41,3 | 44,5 | 44,9 | 46,7 | 49   |      |

Table #6: Consumer Confidence Index

Source: BCE (2014)

Elaborated by: Jaime Suárez



Graphic #2: Consumer Confidence Index

Source: BCE (2014)

Elaborated by: Jaime Suárez

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

*Annex #7*

| Month        | 2009          | 2010           | 2011           | 2012           | 2013           |
|--------------|---------------|----------------|----------------|----------------|----------------|
| January      | 9.121         | 8.059          | 11.076         | 10.291         | 9.172          |
| February     | 7.865         | 8.054          | 10.917         | 10.130         | 8.312          |
| March        | 7.324         | 10.149         | 11.711         | 10.291         | 9.171          |
| April        | 6.729         | 10.026         | 11.652         | 10.369         | 9.785          |
| May          | 7.013         | 10.505         | 12.057         | 11.220         | 10.220         |
| June         | 7.463         | 11.352         | 12.996         | 11.706         | 9.575          |
| July         | 8.669         | 11.659         | 11.968         | 10.764         | 10.100         |
| August       | 6.636         | 11.336         | 12.419         | 9.981          | 9.290          |
| September    | 7.415         | 10.956         | 11.300         | 8.619          | 9.404          |
| October      | 7.427         | 11.553         | 11.221         | 9.124          | 9.393          |
| November     | 7.435         | 11.641         | 10.325         | 9.436          | 9.369          |
| December     | 9.667         | 16.882         | 12.251         | 9.515          | 10.021         |
| <b>Total</b> | <b>92.764</b> | <b>132.172</b> | <b>139.893</b> | <b>121.446</b> | <b>113.812</b> |

Table #7: Monthly Sales

Source: AEADE (2014)

Elaborated by: Jaime Suárez

| Year | Automobiles | Pickup Trucks | SUV'S  | VAN'S | Trucks | Buses | Total   |
|------|-------------|---------------|--------|-------|--------|-------|---------|
| 2009 | 35.869      | 21.336        | 24.727 | 1.895 | 7.919  | 1.018 | 92.764  |
| 2010 | 57.278      | 27.808        | 32.972 | 3.702 | 9.180  | 1.232 | 132.172 |
| 2011 | 62.585      | 27.469        | 31.712 | 5.678 | 10.788 | 1.661 | 139.893 |
| 2012 | 53.526      | 23.922        | 27.118 | 4.463 | 10.954 | 1.463 | 121.446 |
| 2013 | 47.102      | 22.047        | 27.067 | 5.159 | 11.085 | 1.352 | 113.812 |

Table #8: Sales per Vehicle type

Source: AEADE (2014)

Elaborated by: Jaime Suárez

| Year | Local  |            | Import |            | Total   |
|------|--------|------------|--------|------------|---------|
|      | Value  | Percentage | Value  | Percentage |         |
| 2009 | 43.077 | 46,44%     | 49.687 | 53,56%     | 92.764  |
| 2010 | 55.683 | 42,13%     | 76.489 | 57,87%     | 132.172 |
| 2011 | 62.053 | 44,36%     | 77.840 | 55,64%     | 139.893 |
| 2012 | 56.395 | 46,44%     | 65.051 | 53,56%     | 121.446 |
| 2013 | 55.509 | 48,77%     | 58.303 | 51,23%     | 113.812 |

Table #9: Local Vehicles vs Imported Vehicles

Source: AEADE (2014)

Elaborated by: Jaime Suárez

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

*Annex #8*

| <b>Year</b> | <b>Automobiles</b> | <b>Pickup Trucks</b> | <b>SUV'S</b> | <b>VAN'S</b> | <b>Trucks</b> | <b>Buses</b> | <b>Total</b> | <b>Variation</b> |
|-------------|--------------------|----------------------|--------------|--------------|---------------|--------------|--------------|------------------|
| <b>2009</b> | 15.709             | 5.343                | 12.779       | 919          | 572           | 5.327        | 40.649       | -42,20%          |
| <b>2010</b> | 38.418             | 13.964               | 15.807       | 2.938        | 1.168         | 7.390        | 79.685       | 96,03%           |
| <b>2011</b> | 32.090             | 9.782                | 15.088       | 5.264        | 1.729         | 11.148       | 75.101       | -5,75%           |
| <b>2012</b> | 27.545             | 10.064               | 12.908       | 2.692        | 1.513         | 11.930       | 66.652       | -11,25%          |
| <b>2013</b> | 20.099             | 6.292                | 14.945       | 5.082        | 1.896         | 14.281       | 62.595       | -6,09%           |

Table #10: Sales per Vehicle type

Source: AEADE (2014)

Elaborated by: Jaime Suárez

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

*Annex #9*

|                   | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| <b>8703210090</b> | 9.715.822   | 22.519.469  | 14.476.771  | 21.493.180  | 5.043.925   |
| <b>8703221090</b> | 823.265     | 2.403.861   | 962.391     | 514.525     | 61.219      |
| <b>8703229090</b> | 32.666.590  | 95.391.350  | 97.563.501  | 54.841.674  | 54.745.370  |
| <b>8703231090</b> | 17.642.040  | 37.913.603  | 37.803.598  | 35.408.792  | 47.147.113  |
| <b>8703239090</b> | 156.729.530 | 249.967.609 | 277.342.056 | 243.841.604 | 240.368.889 |
| <b>8703241090</b> | 14.979.630  | 18.258.796  | 21.399.623  | 27.931.001  | 32.129.424  |
| <b>8703249090</b> | 11.005.116  | 10.095.991  | 11.686.188  | 20.180.443  | 21.276.694  |
| <b>8703319090</b> | 27.832      | 307.396     | 143.256     | 37.760      | -           |
| <b>8703321090</b> | 2.134.074   | 1.003.169   | 482.299     | 48.975      | 73.277      |
| <b>8703329090</b> | 10.512.118  | 4.929.848   | 1.820.243   | 2.473.962   | 22.285.261  |
| <b>8703331090</b> | 3.577.766   | 2.171.995   | 590.515     | 1.344.270   | 2.456.793   |
| <b>8703339090</b> | 434.823     | 631.567     | 418.509     | 1.141.473   | 37.500      |
| <b>8703900091</b> | 65.478.292  | 189.234.311 | 33.341.167  | 28.166.793  | 12.562.689  |
| <b>8704211090</b> | 30.200.713  | 79.388.957  | 59.076.533  | 35.727.005  | 6.537.521   |
| <b>8704311090</b> | 48.143.703  | 118.287.685 | 70.574.324  | 90.298.949  | 25.894.686  |
| <b>Total</b>      | 404.071.314 | 832.505.607 | 627.680.974 | 563.450.406 | 470.620.361 |

Table #11: Imports from Trade Restrictions Codes in Resolution 66

Source: BCE (2014)

Elaborated by: Jaime Suárez

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

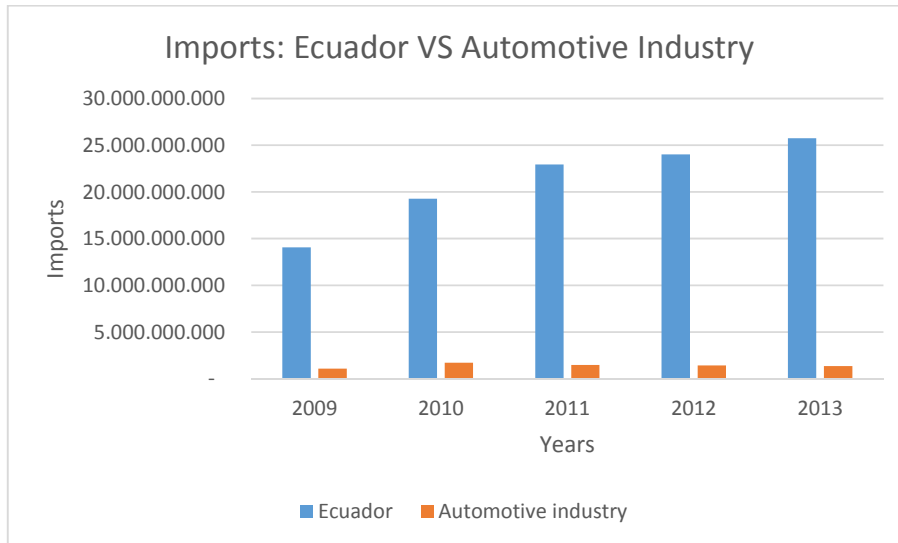
*Annex #10*

| Year        | Ecuador        | Automotive industry | Share |
|-------------|----------------|---------------------|-------|
| <b>2009</b> | 14.071.450.895 | 1.071.067.516       | 7,61% |
| <b>2010</b> | 19.278.705.381 | 1.701.300.354       | 8,82% |
| <b>2011</b> | 22.945.797.273 | 1.462.242.809       | 6,37% |
| <b>2012</b> | 24.018.295.921 | 1.417.841.521       | 5,90% |
| <b>2013</b> | 25.751.214.095 | 1.354.807.607       | 5,26% |

Table #12: Ecuador Imports VS Automotive Industry Imports

Source: BCE (2014)

Elaborated by: Jaime Suárez



Graphic #3: Ecuador Imports VS Automotive Industry Imports

Source: BCE (2014)

Elaborated by: Jaime Suárez

**ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR  
CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013**

*Annex #11*

| <b>Year</b> | <b>Automobiles</b> | <b>Pickup Trucks</b> | <b>SUV'S</b> | <b>VAN'S</b> | <b>Buses</b> | <b>Total</b> | <b>Variation</b> |
|-------------|--------------------|----------------------|--------------|--------------|--------------|--------------|------------------|
| 2009        | 2.430              | 4.809                | 5.865        | 740          | -            | 13.844       | -39%             |
| 2010        | 4.976              | 7.125                | 6.913        | 722          | -            | 19.736       | 43%              |
| 2011        | 3.686              | 8.726                | 6.302        | 1.736        | -            | 20.450       | 4%               |
| 2012        | 6.979              | 9.256                | 5.655        | 1.496        | 1.429        | 24.815       | 21%              |
| 2013        | 3.881              | 2.139                | 327          | 169          | 697          | 7.213        | -71%             |

Table #13: Exports per Vehicle type

Source: AEADE (2014)

Elaborated by: Jaime Suárez

## ANALYSIS OF THE AUTOMOTIVE INDUSTRY IN ECUADOR CONSIDERING IMPORT RESTRICTION LAWS FROM 2009-2013

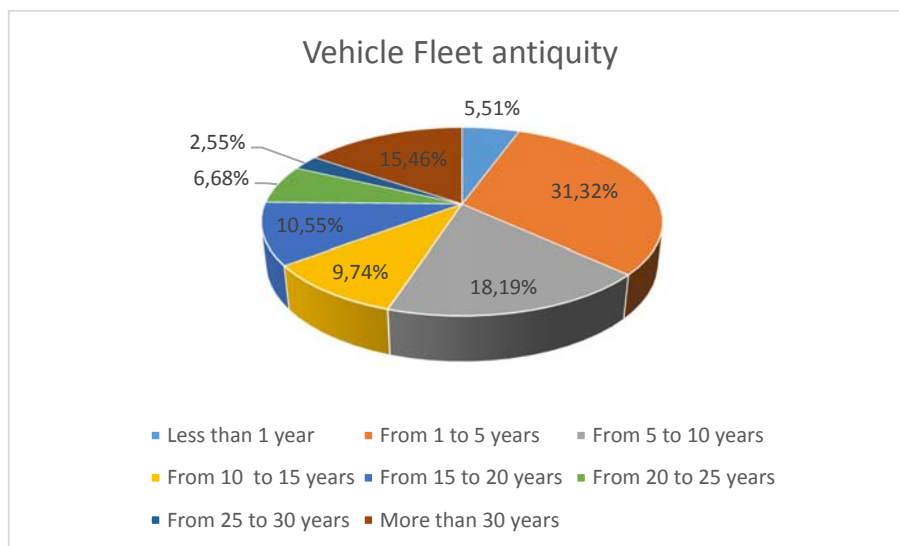
Annex #12

| Vehicles's Year     | Amount           | %           |
|---------------------|------------------|-------------|
| Less than 1 year    | 113.812          | 5,51%       |
| From 1 to 5 years   | 647.094          | 31,32%      |
| From 5 to 10 years  | 375.729          | 18,19%      |
| From 10 to 15 years | 201.262          | 9,74%       |
| From 15 to 20 years | 218.035          | 10,55%      |
| From 20 to 25 years | 137.948          | 6,68%       |
| From 25 to 30 years | 52.592           | 2,55%       |
| More than 30 years  | 319.503          | 15,46%      |
| <b>Total</b>        | <b>2.065.975</b> | <b>100%</b> |

Table #14: Vehicle Fleet Antiquity

Source: AEADE (2014)

Elaborated by: Jaime Suárez



Graphic #4: Vehicle Fleet Antiquity

Source: AEADE (2014)

Elaborated by: Jaime Suárez