TRADE AND TRANSPORT COSTS OF ECUADOR

PERMANENT MISSION OF ECUADOR - UNCTAD AND OTHERS INTERNATIONAL ECONOMIC ORGANIZATIONS

Geneva, 12 / Nov / 2018
## Logistic Costs of Exports

April – June 2018

<table>
<thead>
<tr>
<th>SELECTED PRODUCTS</th>
<th>% X</th>
<th>(A) GOODS VALUE CONTAINER 40 FT (THOUSAND USD)</th>
<th>(B) LOGISTIC COST (THOUSAND USD)</th>
<th>(B/A) LOGISTIC COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANANA</td>
<td>24%</td>
<td>9,4</td>
<td>1,5</td>
<td>16%</td>
</tr>
<tr>
<td>SHRIMP</td>
<td>25%</td>
<td>161,7</td>
<td>2,2</td>
<td>1%</td>
</tr>
<tr>
<td>PRESERVED TUNA</td>
<td>9%</td>
<td>66,8</td>
<td>1,8</td>
<td>3%</td>
</tr>
<tr>
<td>COCOA BEANS</td>
<td>5%</td>
<td>53,1</td>
<td>2,0</td>
<td>4%</td>
</tr>
<tr>
<td>FROZEN FISH</td>
<td>2%</td>
<td>44,5</td>
<td>1,6</td>
<td>4%</td>
</tr>
<tr>
<td>OTHERS</td>
<td>35%</td>
<td></td>
<td>9,1</td>
<td></td>
</tr>
<tr>
<td>TOTAL SELECTED NON OIL EXPORTS</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Logistic cost has decreased 3% in the last year to 5.4%

(B) Not include freight cost
Source: Logistic Coordination of Ministry of Foreign Trade and Investments - Ecuador
**LOGISTIC PERFORMANCE INDEX (LPI)**

**ECUADOR 2007**
- 2.60
- Rank: 70

**ECUADOR 2018**
- 2.88
- Rank: 62

**LATIN AMERICA & CARIBBEAN 2007**
- 2.57

**LATIN AMERICA & CARIBBEAN 2018**
- 2.66

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**Customs**

- Ecuador 2007: 2.3
- Ecuador 2018: 2.8
- Latin America & Caribbean 2007: 2.4
- Latin America & Caribbean 2018: 2.5

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**Infrastructure**

- Ecuador 2007: 2.4
- Ecuador 2018: 2.7
- Latin America & Caribbean 2007: 2.4
- Latin America & Caribbean 2018: 2.5

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**Tracking and tracing**

- Ecuador 2007: 2.5
- Ecuador 2018: 3.1
- Latin America & Caribbean 2007: 2.6
- Latin America & Caribbean 2018: 2.7

*Source: World Bank*
### International Shipments

<table>
<thead>
<tr>
<th>Region</th>
<th>2007</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecuador</td>
<td>2.6</td>
<td>2.8</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>2.6</td>
<td>2.7</td>
</tr>
</tbody>
</table>

### Logistics Competence

<table>
<thead>
<tr>
<th>Region</th>
<th>2007</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecuador</td>
<td>2.6</td>
<td>2.8</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>2.5</td>
<td>2.6</td>
</tr>
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### Timeliness

<table>
<thead>
<tr>
<th>Region</th>
<th>2007</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecuador</td>
<td>3.3</td>
<td>3.2</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>3.0</td>
<td>3.1</td>
</tr>
</tbody>
</table>
AVERAGE LOGISTIC COST OF NON OIL EXPORTS OF ECUADOR
(USD / Container 40 FT)

Source: PROECUADOR
INTERNAL TRANSPORT COST IN ECUADOR

GROUND COST:
USD 1,500

Example for transporting 3,000 Kg a distance of 1,000 Km

Source: Cámara de Transportes pesados de Pichincha y empresas transportistas colombo ecuatorianas.
South American Ports

- Limited potential of hubs in the region
  - Low transhipment traffic (0.5% world share)
  - There are not wide terrestrial connections nor high volumes of cargo.
  - Low volume of trade, high costs and location, the ports of the South American Atlantic are better owned.

- Ports should to integrate at regional level in order to take advantage of regional products.

- There is an increase in the export of port services between the countries of the Pacific coast

- Public investment has been made in port and land infrastructure.

- Regional coordination of transport and infrastructure investment policies is needed to enhance regional viability rather than attempting to have a logistics hub in each country.
SVE TRADE COST*

• The use of technology reduce the trade related cost, however the biggest challenge is the rise in the technology gap between developing and developed economies.

• The implementation of tools that reduce trade costs, as the single window for customs process, requires the use of digital tools in order to be effective.

• There are several factors that determine the trade cost related to transport, they are:

  1) Distances
  2) Economies of scale
  3) Imbalances
  4) Type and value of goods
  5) Competition
  6) Port characteristics

*CTD, Dedicated sessions (WTO), November 1st 2018
SVE TRADE COST 2*

• In the practice, private administration of ports gives better results.
• It is a good idea to foster competence between ports, in some cases the alternative is to specialize them.
• Currently there is a concentration in the global container shipping industry, few companies provide most of the service. There is also a rise in the efficiency through the increase of the ships size.
• It is important policy makers follow up the changes in the shipping market to formulate adequate responses.