

U.S. - Ecuador 2020 Protocol on Trade Rules and Transparency

Key Facts

The Protocol is part of the U.S. – Ecuador Trade and Investment Council Agreement (TIC), signed in 1990, that establishes high-level trade rules with Ecuador, based on the USMCA and recent negotiations with Brazil. It includes four annexes that can deliver practical benefits to traders in all sectors. As Ecuador and the United States engage under the TIC to implement this Protocol, we will reduce red tape and improve opportunities for bilateral trade and investment.

Annex I: Customs Administration and Trade Facilitation

This Annex expands on the multilateral WTO Trade Facilitation Agreement, and includes:

- Online publication of customs and other border information, including practical steps for import, export and transit; current duties, taxes and fees imposed at the border; requirements related to customs brokers, and procedures to correct errors
- Single window for import, export and transit
- Electronic systems for traders, including submission of customs declaration and related documentation
- Acceptance of electronic documents under specific international standards, including e-Phyto electronic phytosanitary certificate
- New article to promote appropriate border treatment for agricultural and other goods vulnerable to deterioration
- Broad scope for advance rulings, including classification, valuation, origin, and application of quotas
- Mechanisms to help ensure consistent customs treatment from port to port, including through advance rulings and administrative guidance
- Prohibition on consular transactions in connection with importation
- Disciplines on penalties, including no penalties on minor errors (unless part of a consistent pattern) and procedures to allow correction of errors without penalties.
- Expanded customs cooperation, including on trade enforcement

Annex II: Good Regulatory Practices

The Good Regulatory Practices Annex, only the third U.S. trade agreement of its kind after USMCA and the U.S.-Brazil Protocol on Trade Rules and Transparency, will provide greater transparency about Ecuador’s regulatory procedures, including:

- Online publication of draft regulations, opportunity to comment on draft regulations, and appropriate consideration of comments
- Encouragement of the use of regulatory impact analysis as a tool to evaluate draft regulations, including examination of the positive and negative impact of a regulation and feasible and appropriate alternatives to the regulation
- Review of regulations, to assess effectiveness of regulations and identify opportunities to reduce regulatory burden
- Encouragement for regulatory authorities to use reliable high quality information, and to be transparent about the source of information used
- Recognition of the role of advisory groups, public notice of the membership and activities of advisory groups, and the opportunity to provide input on topics under their mandate
- Development of a web site with information about plans for regulating, regulations being developed, and regulators' specific responsibilities

Annex III: Anticorruption

The Anticorruption commitments include:

- Obligations to adopt and maintain measures to prevent and combat bribery and corruption
- Provisions to preclude the tax deductibility of bribes and establishes measures regarding the recovery of proceeds of corruption and the denial of a safe haven for foreign public officials that engage in corruption
- Effective, persuasive sanctions for corrupt acts
- Rules for integrity in maintaining financial records, including financial statement disclosure and auditing requirements
- Procedures to report corrupt acts, and protection for persons who report corruption (whistleblowers)
- Policies and procedures to promote accountability of public officials
- Obligations regarding the participation of the public sector and civil society in the effort to prevent and combat bribery and corruption

Annex IV: Small and Medium Sized Enterprises (SMEs)

The annex on SMEs is a streamlined version of the USMCA SME chapter, given the nature of this trade initiative with Ecuador. It recognizes the importance of small businesses, including micro-sized businesses, to the economies of both countries. The annex:

- Fosters cooperation to increase trade and investment opportunities for SMEs
- Provides online information useful for SMEs doing business and trading between the United States and Ecuador
- Creates a periodic SME dialogue to engage SMEs including those owned by diverse and underrepresented groups, private sector, non-government organizations, and academic experts