

## ECUADOR COUNTRY PROFILE

Capital: Quito



### **Quick Facts**

Population: 13,547,510

GDP (Purchasing Power Parity): \$56.9 billion

GDP per capita (Purchasing Power Parity): \$4,300

GDP composition by sector:

Agriculture: 7.4%

Industry: 31.8%

Services: 60.8%

Size of labor force: 4.6 million (urban)

Labor force: by occupation:

Agriculture: 8%

Industry: 24%

Services: 68%

Unemployment Rate: 9.7%, underemployment 47%

Population below poverty line (\$2/day): 41%

Life expectancy at birth: 76.42 years

HIV/AIDS – adult prevalence rate: 0.3%

Adult Literacy Rate (age 15 and over):

Male: 94%

Female: 91%

For more information: <http://cia.gov/cia/publications/factbook/geos/ec.html>

### **Political History**

After a shaky 19<sup>th</sup> century, Ecuador emerged into the 1900s as a fragile country. Throughout the beginning of the 1900s, Ecuador experienced a number of wars that led to a loss of land. In 1941, Peru invaded Ecuador and claimed the provinces of El Oro and Loja, about 6% of the Country at that time. Popular unrest and economic recession ushered Ecuador into the 1960s. Populist politics and domestic military intervention returned after years of absence. Meanwhile, foreign oil companies were moving along with their development of oil resources in the Ecuadorian Amazon. In 1972, a nationalist military junta overthrew the government and led until 1979, when a more democratic process was implemented. By 1982 the government had fallen into an economic crisis.

Inflation was soaring, budget deficits worsening, currency devaluing, debt rising, and uncompetitive industries performing poorly. All this created a chronic instability that has rendered Ecuador very difficult to govern. On top of this, the rise of the indigenous population as an active constituency focused on the failures of the government to deliver on promises has made it very difficult for the president to have enough political capital to do his work. The last three democratically elected presidents were unable to complete their full terms of office before being removed from office. In April 2005, President Lucio Gutiérrez was removed from office and Vice President Alfredo Palacio took over. Palacio is expected to rule until the next election in October of 2006.

For more information: <http://en.wikipedia.org/wiki/Ecuador>

### **The Economy**

Deteriorating economic performance in 1997-98 culminated in a severe economic and financial crisis in 1999. The crisis was precipitated by a number of external shocks, including the El Niño weather phenomenon in 1997, a sharp drop in global oil prices in 1997-98, and international emerging market instability in 1997-98. These factors highlighted the Government of Ecuador's unsustainable economic policy mix of large fiscal deficits and expansionary money policy and resulted in a 7.3% contraction of GDP, annual year-on-year inflation of 52.2%, and a 65% devaluation of the national currency in 1999. In 2000, after an attempt to dollarize the economy that led to the removal of President Jamil Mahuad, the new President Gustavo Noboa carried through with the plans and switched from Sucres to Dollars. Driven by higher oil prices, the Ecuadorian economy experienced a modest recovery in 2000-01, with GDP rising 2.3% in 2000 and 5.4% in 2001. GDP growth leveled off to 3.3% in 2002. Inflation is still high and a large number of Ecuadorians live below the poverty line. The primary agricultural products in Ecuador are bananas, coffee, cocoa, rice, potatoes, manioc (tapioca), plantains, sugarcane; cattle, sheep, pigs, beef, pork, dairy products; balsa wood; fish, and shrimp. The primary industries are petroleum, food processing, textiles, wood products, and chemicals. Ecuador is still struggling to build a stable government that would lead to a more stable economy and a better life for all Ecuadorians.

For more information: <http://cia.gov/cia/publications/factbook/geos/ec.html>,  
[http://en.wikipedia.org/wiki/Economy\\_of\\_Ecuador](http://en.wikipedia.org/wiki/Economy_of_Ecuador)