

Voluntary Report – Voluntary - Public Distribution

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Report Name: Ecuador Renews Tariff Exemptions for Soybean Meal and Wheat

Country: Ecuador

Post: Quito

Report Category: Trade Policy Monitoring, Agriculture in the News

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Report Highlights:

Ecuador extended its tariff exemption for soybean meal and wheat imports from all origins for five years, effective January 1, 2020. In 2019, U.S. soybean meal exports totaled \$191 million and U.S. wheat exports totaled \$90 million.

General Information

Ecuador's Foreign Trade Committee extended tariff exemptions for soybean meal and wheat imports from all origins (including the United States) for the next 5 years, effective January 1, 2020. [COMEX Resolution 030-2019](#) authorizes the exemption for soybean meal (Harmonized Tariff System – HS 2304.00.00.00) and [COMEX Resolution 029-2019](#) authorizes the exemption for wheat (Harmonized Tariff System – HS 1001.19.00.00, 1001.99.10.00, 1101.00.00.00, and 1103.11.00.00). Both resolutions state that Ecuador will extend the application of the current zero percent ad valorem exemption and suspend the application of the Andean Price Band (variable levy) for the products mentioned until December 31, 2024. This is the first time that a five-year tariff suspension has been granted, as previous extensions covered only two to three-year periods.

Impact of soybean meal tariff exemption

Without this COMEX exemption, soybean meal imports from all sources would have been subject to a 15 percent ad valorem tax and the Andean Price Band's variable levy. The United States exported \$191 million in soybean meal to Ecuador in 2019.

Aquaculture production is a major export industry for Ecuador, and soybean meal is a key feed ingredient for shrimp and tilapia. In 2019, Ecuador's shrimp exports totaled \$4 billion. Animal production in Ecuador is stable, but there is the potential for expansion if the economy grows. Soybean meal represents approximately 1.1 million metric tons of the ingredients that go into animal feed, according to FAS Quito research. Domestic production meets only five percent of the local animal feed industry's needs. Domestic soybean production in 2019 is forecast at 33,000 metric tons.

Impact of wheat tariff exemption

Without this COMEX exemption extension, wheat imports from all sources would have been subject up to 20 percent tariff and the Andean Price Band's variable levy. These levies would have resulted in an increase in the price of wheat in the Ecuadorian market and input costs for the export aquaculture sector where it is used as a feed ingredient. U.S. wheat exports to Ecuador totaled \$90 million in 2020, the highest year on record. Wheat is the United States' second largest agricultural export to Ecuador.

Ecuador's per capita consumption of wheat is 39 kilograms/annum. In 2019, feed wheat use is estimated at 1.15 million metric tons, of which 42 percent is for shrimp production. Wheat is the United States' second largest agricultural export to Ecuador. FAS Quito assesses annual wheat production at around 5,000 MT. Ecuador relies on imports to satisfy consumption needs of its livestock, aquaculture, and food processing sectors.

Attachments:

No Attachments.