

APPENDIX 1 TO ANNEX XV  
REFERRED TO IN ARTICLE 4.4  
RESERVATIONS BY ECUADOR

This list of reservations is consistent with the domestic laws and regulations governing establishment in non-services sectors in Ecuador.

For the preparation of this list, account was taken of the United Nations Statistics Division's International Standard Industrial Classification of all Economic Activities, Statistical Reports, Series M, No. 4, revised ISIC, version 3.1, 2002.

The reservations included in this list apply across the board and unconditionally to all sectors covered by Chapter 4 (Establishment) unless otherwise stated.

The reservations in this list shall be applicable to and required for new sectors that could derive in the future of the sectors set out in this list.

Similarly, in conformity with Chapter 4 (Establishment), Ecuador reserves the right to establish, maintain and fully implement its domestic laws and regulations with the aim of attaining legitimate policy objectives in areas such as the protection of vulnerable groups, consumer protection, health and the environment among others.

This list does not include non-services sectors provided in the exercise of governmental authority.

The rights and obligations derived from this list are not directly applicable and effective and thus do not confer directly enforceable rights on natural or legal persons.

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<b>Sector:</b>	All the sectors
<b>Sub-sector:</b>	-
<b>Legal source or authority of the measure:</b>	<ul style="list-style-type: none"> <li>• Constitution of the Republic of Ecuador, Articles 318 and 405.</li> <li>• Organic Law on Rural and Ancestral Lands, and its Regulation, 2016, Articles 9, 10, 21, 63 to 111.</li> <li>• Organic Code on the Environment, 2017, Article 50.</li> <li>• Public Safety State Law, Article 48.</li> </ul>
<b>Brief description of the measure:</b>	<p>Foreign natural or legal persons may not, in any capacity, acquire land or concessions in national security zones for economic exploitation purposes or in protected areas, in accordance with domestic laws and regulations.</p> <p>Ecuador reserves the right to adopt or maintain measures related to the ownership of property by foreign nationals in border areas, on the national coasts or on island territory The following cases are excluded from this last prohibition:</p> <ul style="list-style-type: none"> <li>(a) marriages and legally recognised common-law relationships of Ecuadorians with foreigners, whose conjugal and common-law partnerships have a duration of at least five years; and</li> <li>(b) local legal persons whose foreign partners have been domiciled in the country for a continuous and uninterrupted period of at least five years.</li> </ul> <p>It is prohibited to transfer rural land ownership in favour of foreign natural or legal persons, in accordance with domestic laws and regulations. The National Agrarian Authority or its delegate, through a duly justified administrative act, may deny foreign public companies to acquire, rent or usufruct from rural lands in Ecuador.</p>

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<b>Sector:</b>	All sectors
<b>Sub-sector:</b>	-
<b>Legal source or authority of the measure:</b>	<ul style="list-style-type: none"> <li>• Law on Fishing and Fisheries Development.</li> <li>• Special Regulation for the Mining of the Geological and Stone Materials.</li> <li>• Mining Law.</li> <li>• Guidelines for Hiring Ecuadorian Personnel in Mining Operations.</li> <li>• Law on Hydrocarbons, Articles 3, 31 and 68.</li> </ul>
<b>Brief description of the measure:</b>	<p>The general rule in Ecuador is that any employer with a staff of more than 10 employees must employ Ecuadorian nationals at a proportion of not less than 90% of the staff of ordinary employees and not less than 80% of the skilled employees, specialists, administrative staff or persons in posts of responsibility. This restriction shall not apply to employers with a staff of up to 10 employees.</p> <p>Specific legislation specifies that:</p> <ul style="list-style-type: none"> <li>• Fishing sector: foreign fishing technicians shall be allowed for specific periods, if there is no qualified personnel in the country.</li> <li>• The mining right holders are compelled to employ Ecuadorian personnel for the development of their mining operations, in a proportion of not less than 80%. Ecuadorian specialized technical personnel should be given preference when hiring the remaining 20%. If such personnel cannot be found, foreign personnel may be hired, that must agree to train Ecuadorian citizens.</li> <li>• PETROECUADOR and the contractors or associates are required, where appropriate, to employ in the term of six months after operations begin, whether they are performed directly or through contracts: 95% of masons, 90% of administrative employees, and 75% of technical personnel, unless there are no national technicians available. In the term of two years, 95% of the administrative personnel should be Ecuadorian. Additionally, the contractor providing the hydrocarbons exploration and exploitation services shall carry out a technical and administrative training program at all levels, with the purpose that after the first five years of</li> </ul>

	<p>the exploitation period, the execution of the operations is entirely performed by Ecuadorian workers and administrative employees and by a minimum of 90% of national technical personnel. 10% of the foreign technical personnel will foster technological transfers to the national personnel.</p>
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**ECUADOR**

<b>Sector:</b>	All sectors
<b>Sub-sector:</b>	-
<b>Legal source or authority of the measure:</b>	<ul style="list-style-type: none"><li>• Constitution of the Republic of Ecuador, Articles 283 and 288.</li><li>• Organic Law of the Popular and Solidarity Economy and the Popular and Solidarity Financial System, Article 132.</li><li>• Regulation to the Organic Law of the Popular and Solidarity Economy and the Popular and Solidarity Financial System, Title V.</li></ul>
<b>Brief description of the measure:</b>	Ecuador reserves the right to establish measures granting preferential and differential treatment to sectors that operate and pursue activities using the social economy model, including the associative and community cooperative sectors.

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<b>Sector:</b>	All sectors
<b>Sub-sector:</b>	-
<b>Legal source or authority of the measure:</b>	<ul style="list-style-type: none"><li>• Not applicable</li></ul>
<b>Brief description of the measure:</b>	Ecuador reserves the right to adopt or maintain any measure that grants rights or preferences to local communities with regard to the support, fostering, promotion and development of expressions related to intangible cultural heritage. Similarly, Ecuador reserves the right to adopt or maintain any measure that grants rights or preferences to local communities with regard to the protection, preservation, recovery and promotion of its natural heritage, taken to mean all physical, biological and geological features of value from the environmental, scientific, cultural or landscape point of view, including the national system of protected areas and fragile and threatened ecosystems.

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<b>Sector:</b>	All sectors
<b>Sub-sector:</b>	
<b>Legal source or authority of the measure:</b>	<ul style="list-style-type: none"><li>• Reformatory Law for the Taxation Equity in Ecuador.</li></ul>
<b>Brief description of the measure:</b>	Transfers or remittances of all kinds are subject to a currency outflow tax in Ecuador.

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<p><b>Sector:</b></p>	<ul style="list-style-type: none"> <li>• Mining and quarrying (ISIC rev. 3.1: C 10 to 14)</li> <li>• Manufacture of refined petroleum products (ISIC rev. 3.1: 232)</li> <li>• Manufacture of basic metals (ISIC rev. 3.1: 27)</li> <li>• Electricity, gas and water supply (ISIC rev. 3.1: 40 and 41)</li> </ul>
<p><b>Sub-sector:</b></p>	<p>-</p>
<p><b>Legal source or authority of the measure:</b></p>	<ul style="list-style-type: none"> <li>• Constitution of the Republic of Ecuador, Articles 284, 288, 304 (3), 313 to 316, 335 and 339.</li> <li>• Mining Law.</li> <li>• Organic Law of the Electric Power Public Service, Articles 1, 11, 13, 25, 27 to 29, 39 to 43 and 53.</li> <li>• Organic Law of Incentives for Public-Private Associations and Foreign Investment, Articles 8, 10 to 12 and 30; and its General Regulation, Articles 2 and 5.</li> <li>• Organic Code on Production, Trade and Investment, Articles 96 and 100.</li> <li>• Mining Law, Article 19.</li> <li>• Guidelines for Authorizing Beneficiary Plants, Foundry of Tailing Channels, Article 3.</li> <li>• Guidelines for Small Metallic Mining Concessions, Article 11.</li> <li>• Regulations for Environmental Control on Mineral Beneficiation Plants, Article 1.</li> <li>• Law on Hydrocarbons, Article 2, 3, 6-A and 66.</li> <li>• Regulation on the Reforms to the Law on Hydrocarbons, Article 15.</li> <li>• Implementation Regulation of the Reform Law to the Law on Hydrocarbons, Article 15.</li> </ul>
<p><b>Brief description of the measure:</b></p>	<p>Investment in certain economic activities related to the exploitation of strategic sectors or to the provision of public services shall require concession rights, licenses, authorizations or other forms of permission to be obtained beforehand in accordance with the relevant laws and regulations applicable to the respective sector, as well as domiciliation or creation of an establishment in Ecuador for legal persons incorporated under the laws of another country and whose main domicile is in another country.</p>

Ecuador may, on an exceptional basis, delegate the exercise of these activities to private enterprise and the popular and solidarity actors. The criteria for the granting of licenses, authorisations and other forms of permission shall be transparent and non-discriminatory, when national treatment is recognised regarding the sectors included in this reservation, as regards the participation of establishments from the other Parties.

The total or partial acquisition of blocks of shares or any rights over the control, management or administration of companies active in the areas referred to in the preceding paragraph may be subject to approval of the competent authorities.

The National Hydrocarbons Policy shall give preference to the national industry and its technological development, for which, if the standard of international quality and availability is the same, the national industry shall be preferred, even if its prices are superior up to 15% compared to the competitors. The specific works or services that PETROECUADOR and PETROAMAZONAS has to perform may be done by itself or by entering into works or service contracts, giving preference, under equal conditions, to national companies. For processes of licensing and concessioning in hydrocarbons, Ecuador reserves the right to adopt or maintain policies intended to promote the participation of domestic providers.

Ecuador reserves the right to adopt or maintain any measure related to mining of uranium and thorium ores.

Ecuador reserves the right to adopt or maintain any measure related to electricity, gas, steam and hot water supply, with the following exceptions:

- (a) Production of electricity; transmission and distribution of electricity on own account.
- (b) Distribution of gaseous fuels through mains.
- (c) Production of steam and hot water; distribution of steam and hot water on own account.

Ecuador reserves the right to adopt or maintain any measure related to the collection, purification and distribution of water.

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<b>Sector:</b>	Fishing (ISIC rev. 3.1: B, 05)
<b>Sub-sector:</b>	-
<b>Legal source or authority of the measure:</b>	<ul style="list-style-type: none"> <li>• Civil Code, 2005, Article 627.</li> <li>• Law on Fishing and Fisheries Development, Articles 22, 23, 28 and 34.</li> <li>• Ministerial Accord No.124, April 17, 2014, Article 1.</li> </ul>
<b>Brief description of the measure:</b>	<p>Free fishing is allowed in the seas; but only Ecuadorians and foreigners domiciled in Ecuador shall be allowed to fish in the territorial sea. Free fishing shall also be allowed in rivers and lakes available for public use.</p> <p>Small-scale fishing is reserved exclusively to Ecuadorian fishermen.</p> <p>Classified companies may be authorised to have, by renting or by association, fishing vessels, that have not been built in Ecuador, flying the flag of any other country or up to three years, renewable for two more years, subject to prior request. The same authorisation may be given to refrigerated vessels flying the flag of any other country which operate as assistants to the national fishing fleet. They shall be subject to the same conditions.</p> <p>Inland maritime traffic is generally reserved for Ecuadorian vessels; foreign vessels may not travel on inland waterways without prior Authorisation.</p> <p>It is prohibited for fishing fleets of shrimp, prawns, lobster and factory vessels flying the flag of any other country enter Ecuador, except if they need dock services for repairs or in cases of forced arrival.</p> <p>Foreign investment in larval laboratories and aquaculture research centres shall require the authorisation of the competent public authority.</p>

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<b>Sector:</b>	Manufacture of chemicals and chemical products (ISIC rev. 3.1: 24)
<b>Sub-sector:</b>	-
<b>Legal source or authority of the measure:</b>	<ul style="list-style-type: none"><li>• Not applicable</li></ul>
<b>Brief description of the measure:</b>	Ecuador reserves the right to adopt or maintain any measure related to manufacture of explosives.

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<b>Sector:</b>	Manufacture of weapons and ammunition (ISIC rev. 3.1: 2927)
<b>Sub-sector:</b>	-
<b>Legal source or authority of the measure:</b>	<ul style="list-style-type: none"><li>• Not applicable</li></ul>
<b>Brief description of the measure:</b>	Ecuador reserves the right to adopt or maintain any measure related to the manufacture of weapons and ammunition.

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<b>Sector:</b>	Manufacture of other transport equipment (ISIC rev. 3.1: 35)
<b>Sub-sector:</b>	-
<b>Legal source or authority of the measure:</b>	<ul style="list-style-type: none"><li>• Not applicable</li></ul>
<b>Brief description of the measure:</b>	Ecuador reserves the right to adopt or maintain any measure related to the manufacture of warships, warplanes and other transport equipment for military use.

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