Moody's Investors Service

Global Credit Research
Credit Opinion
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Credit Opinion: Ecuador

Ecuador

Ratings

Category	Moody's Rating
Outlook	Stable
Country Ceiling: Fgn Currency Debt	B3/NP
Country Ceiling: Fgn Currency Bank Deposits	B3/NP
Ecuador, Government of	
Outlook	Stable
Government Bonds	B3

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Key Indicators

Ecuador

	2001	2002	2003	2004	2005	2006	2007F	2008F
Real GDP (% change)	5.3	4.2	3.6	8.0	6.0	3.9	1.5	3.0
Inflation Rate (CPI, % change Dec/Dec)	22.4	9.4	6.1	2.0	3.1	2.9	3.3	3.0
Gen. Gov. Financial Balance/GDP (%) [1]	-1.0	-0.7	-0.4	-1.0	-0.5	-0.2	0.2	-1.3
Gen. Gov. Debt/GDP (%) [1]	56.9	50.3	45.8	40.8	36.2	29.9	29.6	26.9
Gen. Gov. Debt/Gen. Gov. Revenues [2]	314.2	273.8	274.9	257.2	222.2	179.6	167.2	103.8
Current Account Balance/GDP (%)	-3.1	-5.1	-1.5	-1.7	0.9	3.7	1.7	1.2
External Debt/CA Receipts [2]	202.7	214.1	186.6	158.6	122.9	98.9	102.0	97.7
External Vulnerability Indicator [3]	764.7	1188.8	1026.1	547.1	335.6	666.5	267.5	219.8

[1] Central government [2] Total Current Account Receipts [3] (Short-Term Debt+Currently Maturing Long-Term Debt+Total Nonresident Deposits)/Official Foreign Exchange Reserves.

Opinion

Credit Strengths

Credit strengths of Ecuador are:

- A relatively small public debt stock and favorable debt indicators

- Oil exports, which provide an inflow of foreign exchange and revenue to the government

Credit Challenges

Credit challenges of Ecuador are:

- Questionable willingness to pay

- An unpredictable policy environment

- Increased exposure to the oil cycle

Rating Rationale

The B3 foreign-currency government bond rating reflects Ecuador's weak political and economic institutions, including the recent elimination of off-budget oil funds that likely will increase the pro-cyclicality of fiscal policy to oil prices. Such institutional weakenesses reinforce the country's lack of policy stability and also contribute to concerns about the sustainability of the official dollarization monetary regime. Despite a considerable improvement in debt ratios over the past few years and diminished concerns about liquidity, Ecuador has a poor track record in meeting external obligations and has a questionable willingness to pay in the event of economic difficulties and/or political crisis.

Rating Outlook

The stable outlook reflects the low likelihood of a major downturn in either oil prices or output which would force the government to face a trade-off between meeting its ambitious social and capital program agenda and the timely service of its debt obligations.

What Could Change the Rating - Up

Improved governance, including fiscal responsibility that is rooted in an institutional framework that reduces the budget's exposure to the oil cycle.

What Could Change the Rating - Down

Renewed statements regarding unilateral moratorium on external debt or a forced restructuring. Significant fiscal slippage, particularly via a major expansion of current expenditures. Protracted and sustained declines in oil output due to lack of investment.

Recent Events

The resignation of Finance Minister Ortiz in early July is adding to renewed concerns about Ecuador's willingness to pay, despite continued strong improvements in both the external and fiscal positions on the back of soaring oil prices. Although Ortiz' resignation does not seem to be directly related to disagreements about debt service, given his very pragmatic approach to creditors and clear opposition to a moratorium, his departure will add to uncertainty regarding President Correa's response to the upcoming conclusions of the debt audit commission (expected in September). Recently, the debate over the legitimacy of certain portions of external debt has resurfaced. In light of the political cycle - a new constitution is being drafted and will need to approved in a referendum in mid-September - there is increased risk of the President taking on a more radical and populist approach in the near-term. While the current rating well incorporates these risks and ongoing concerns about Ecuador's willingness to pay, movement towards moratorium or a forced restructuring could lead to a downgrade.

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Credit Analysis

Moody's International
Sovereign

April 2008

Ecuador

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Macroeconomic Performance

Rating supported by low debt levels but constrained by structural and willingness-to-pay issues

Ecuador's B3 government bond rating balances a relatively low debt burden against several structural weaknesses, including unstable institutions, intensified discretion over expenditures and increased exposure to the oil cycle. Another important factor inherent in the rating is concern about Ecuador's willingness to pay, given the country's poor track record (forced restructuring in the early 1980s, accumulation of arrears in the late 1980s and outright default in 1999) and the current administration's assertions in January last year regarding the possibility of default on the grounds that portions of the public debt stock are illegitimate and its mandate to prioritize the country's development plans over its creditors.

The rating was recently upgraded from Caa2 due to improved liquidity in light of the windfall accumulation in recent years and a notable decline in debt levels. The combination of nominal GDP revaluation and fiscal surpluses has reduced debt levels by half compared to before the onset of the 1999 crisis. More importantly, the upgrade recognized that given the likelihood of continued high levels of liquidity stemming from the oil cycle, Ecuador is unlikely to face a situation where it would be forced to choose between fulfilling an ambitious social agenda and meeting its debt obligations.

Low levels of growth despite another oil boom year

The most striking aspect of last year's macroeconomic performance is the expected real GDP growth rate below 2.0%, considering the predominant role of oil in Ecuador's economy and the fact that the price for the Ecuadorian oil basket reached historical highs last year. This reflects both a decline in oil output over the past three years and a weakening of investment over the past several quarters. Indeed, Ecuador's 2007 growth was among the lowest for commodity exporters globally.

This Credit Analysis provides an in-depth discussion of credit rating(s) for Ecuador and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website. Click here to link.

Moody's Investors Service

This raises some concerns for the longer-term, as it suggests that structural weaknesses overwhelmed very favorable cyclical factors. Given that Ecuador's creditworthiness is fundamentally linked to its oil sector (oil revenues comprise 40% of the central government's receipts and oil exports represent about half of current account receipts), developments affecting oil output are particularly important to the rating. According to official data, oil- GDP has recorded an average decline of 7.1% since Q2 2006, while oil output has fallen by about 6.0%.

Factors behind the downturn in oil production include a lack of investment in the obsolete infrastructure of Petroecuador (the state-owned company responsible for about half of all output) and an increasingly complex – and at times hostile – environment for private companies, whose contracts are being renegotiated in order to increase the government's take of profits. Given the current administration's stance favoring a greater role for the government in the exploration of high-quality fields and in the oil sector in general, there are concerns that the lack of expertise could hinder a reversal in the oil output trend.

The deceleration in investment activity since the fourth quarter of 2006 is most likely a reflection of the uncertainty regarding the regulatory environment given the ongoing re-writing of the constitution as well as the tense relationship between the Executive and the business sector. The data is corroborated by a moderation in the growth rate of credit to the private sector in recent months.

A worst-case scenario for growth is one where oil-GDP continues to decline – as has been the case since 2005 – and non-oil GDP, which has been providing the impetus behind overall GDP growth over the past two or three years, enters into negative territory, beleaguered by lack of business confidence and low productivity. It is important to note that non-oil GDP growth went from an average 4.0% growth over the past eight years to less than 1.0% in the first three quarters of 2007 for which data is available. This scenario, possibly compounded by a potential easing of the oil cycle in line with softer global demand, could complicate debt dynamics and exacerbate Ecuador's historically volatile political environment. While Moody's does not foresee this scenario materializing this year, it is a possibility for 2009.

Political and Social Developments

Political instability and weak institutions to continue constraining ratings

Ecuador is a country with an unusually high degree of political turmoil. There have been 8 presidents over the past 10 years and countless Finance Ministers. Political volatility is a constant in a country deeply fragmented along ethnic, geographical and class lines. Influential interest groups - and sometimes individuals – have tended to control political outcomes more powerfully than elected officials.

Moody's proxies a country's institutional maturity with the World Bank Governance Index, a measure of the effectiveness and responsiveness of government institutions. In 2007, Ecuador ranked near the very bottom among the 109 sovereigns rated by Moody's.

Because of Ecuador's overall weak institutional framework and poor payment track record, political instability makes it difficult to make reasonable assumptions about policy continuity, particularly with respect to the fiscal outlook and especially given the policy constraints imposed by dollarization. This means that rating actions (especially upward movements) will tend to be less dynamic than in other cases.

Major political overhaul could have rating implications

Under the leadership of President Correa, elected in October 2006, Ecuador has embarked on a major political overhaul, partly to address some of the institutional issues mentioned above and improve governability. To this end, an elected constitutional assembly is in the midst of re-writing the constitution (expected by June or July this year) which will need to be approved via a referendum later in the year. General elections are expected to be held towards the end of 2008 or in early 2009.

Central to President Correa's vision is the empowerment of the sectors that have been traditionally excluded from mainstream politics in order to achieve a more socially inclusive and sustainable economic development. Part of this idea is a shift in the "neo-liberal" economic model. The latter concept translates into a much greater role of the government in the country's productive capacity. This means introducing policies such as interest rate and price controls as well as involving the state in major investment projects. At the start of the administration, there were repeated declarations that part of the new model would also mean repudiating external debt obligations on the principle that these were contracted illegitimately.

Thus far, the Correa administration has proven to be far more pragmatic than the rhetoric would suggest. On the issue of debt repayment, the government has remained current on all obligations (and even prepaid portions of multilateral debt) and is likely to carry out liability management operations to improve the amortization profile. With respect to other issues, some of the reforms passed (particularly on the fiscal front) should prove to be beneficial in terms of improving efficiency. And while the confrontational stance towards the local business community remains, it appears, that this is mostly posturing intended to maintain the image that this is a government that does not favor entrepreneurs over the majority of Ecuadorians.

Nonetheless, a considerable amount of uncertainty remains. This has clearly affected investment decisions, both on the part of local and foreign investors. Moreover, given the president's well known dislike for dollarization, there is concern about the language to be introduced about this issue in the constitution. In general, if the new constitution and subsequent policies continue deterring investment, end up significantly eroding the fiscal position, and again raise concerns about Ecuador's willingness to meet its obligations, the current rating would once again come under pressure.

Government Finance and Debt

Positive fiscal trends despite political turmoil

Nominal fiscal balances at the non-financial public sector level have maintained surpluses over the past several years, while at the central government level deficits have averaged around 1.0% of GDP. While this should not be surprising given the oil boom's impact on revenues, the small central government fiscal deficits recorded over the past three years significantly underestimate the true health of the fiscal position because according to the (recently dismantled) Fiscal Responsibility Law, oil-related proceeds from the new oil pipeline were diverted to various stabilization funds which accumulated the equivalent of 3.5% of GDP at the end of 2007. The central government primary surplus has been maintained around 2.0% of GDP, a level that has been consistent with a sizeable reduction of the debt/GDP ratio. These trends are encouraging particularly for the dollarization regime, whose sustainability is improved by low levels of public debt and strong fiscal positions.

The path of expenditures is perhaps more relevant to the assessment of the government's fiscal stance and ability to withstand political shocks. In terms of GDP, central government expenditures have remained around 17.0% of GDP since 2003. Such expenditure stability has been significant considering that during the 2002-2006 period Ecuador experienced a number of political events with the potential to destabilize the fiscal picture. These include: i) the election of a "left-wing" president in 2002, whose campaign focused on social expenditures; ii) the removal of the same president by Congress in April 2005 followed by the appointment of a new Finance Minister who significantly relaxed the Fiscal Responsibility Law allowing greater room for fiscal laxity; and iii) the election of President Correa in October 2006 with a mandate to significantly increase the social agenda and reduce poverty.

On the revenue side, a positive development for the rating is the strengthening of non-oil revenues and hence the reduction of the non-oil fiscal deficit over the past few years. In part due to a broad reform of the Servicio de Rentas Internas (SRI), the tax collection authority, tax revenues have improved since the end of 1999. In terms of GDP, these have gone from around 10.0% to 13.0% at the end of 2007. Tax revenues have consistently outperformed official estimates in recent years. With expenditures more or less constant, this has meant that the non-oil fiscal deficit has improved in tandem, falling from 8.6% of GDP in 2000 to 4.5% last year. Although a sharp decline in oil revenues would clearly deteriorate the fiscal accounts (as well as negatively impact part of non-oil revenues), this structural development suggests some improvement in terms of Ecuador's ability to withstand a shock.

Ecuador

Liquidity build-up and fiscal reforms alleviate chronic refinancing concerns

The uncertainty of financing has been a key rating concern, exacerbated by historically large arrears to suppliers and persistent funding gaps despite strong fiscal performances. The government's liquidity, much more so than its solvency, has indeed been more of an issue when assessing default risk in recent years. Some positive developments have diminished financing risk, especially over the past couple of years. Ecuador renewed its access to external financing after some years with closed market and limited multilateral access. In December 2005, Ecuador issued a 10-year bond in the international capital markets amid high demand. Multilateral financing has also been ample in the past few years, particularly from CAF (Corporacion Andina de Fomento).

The buildup in liquidity extends well beyond multilateral and market access. Public sector deposits reached an all-time high as of March 2008 at $3.8bn, twice the level at the end of 2006. Measured against the total stock of public sector debt, public sector deposits cover close to 25%, as opposed to 8.5% at the end of 2003. While not all public sector deposits are liquid and disposable, they are an important indication of the government's improved position as well as a "cushion" in the event of shocks. Finally, the revenues to the IESS, the social security institute, have increased significantly over recent years, in part due to very favorable demographic trends and wage increases. This has meant that the availability of financing for the central government has improved (despite legislation to reimburse affiliates for part of their contributions). As of December 2007, the share of the IESS portfolio in government securities was $1.5bn, up from $0.8bn in December 2003.

Going forward, the recently approved fiscal reforms eliminating the cumbersome earmarking of oil revenues should not only increase transparency but also enhance collection. This is a reform that had been long advocated by the IMF, for example. Another important aspect of the reform package is a comprehensive tax reform which includes more progressive income taxation and a serious crackdown on evasion that should give some momentum to non-oil taxes.

Elimination of oil savings further exposes Ecuador to the commodity cycle

The recently approved proposal to completely eliminate oil savings funds and incorporate all oil revenues into the budget raises some important concerns for credit worthiness in the longer term.

First, it significantly increases the government's discretion over expenditures, an issue that is particularly sensitive given Ecuador's weak institutions. While the reform states that oil revenues should be treated as capital revenues and as such, can only be used for capital outlays, in practice, the distinction between capital and current risks being blurred for politically motivated spending. This year's budget, the first that includes all oil revenues to the budget, shows central government expenditures to GDP increasing to 27.2%, up from 17.5% in 2007. The bulk of the increase is for capital expenditures, but wages will also reach their highest level in terms of GDP in many years.

Second, the lack of a "rainy day" fund further exposes Ecuador to the commodity cycle, particularly considering the structural impediments to an increase in oil output. The central government non-oil deficit is budgeted to soar to 11.6% of GDP in 2008, three times the level in 2007. The administration argues that the country's immense infrastructure deficiencies (lack of sufficient electricity generation and oil refining capacity) are a drain to public finances. As such, the returns to large state-funded investments would be far greater than those on cash savings. However, given concerns about capacity constraints and lack of technical expertise, the risk of significant fiscal slippage or inefficient use of public funds rises, posing potential problems for a fiscal adjustment if needed, particularly given adverse global conditions.

There are, however, some positive aspects to this reform, the most important being the dismantling of a very inefficient and complex system of oil savings whose use was mired in cumbersome rules. The other is that the government's cash position will be significantly enhanced now that these revenues will appear in the budget, provided of course that they are used appropriately. This is expected to leave the government in a very comfortable funding position for at least the next year or two.

Major and consistent improvement in debt indicators

The improvement of key debt indicators has been consistent over the past few years and underpins Moody's decision to upgrade Ecuador's government bond rating. In terms of GDP, central government debt reached 29.6% in 2007, down from 45.8% just four years prior. The ratio also compares favorably to the 51.4% level in 1997, two years before the macroeconomic crisis that led to the 1999 default. Total public debt has also been declining rapidly, recording a 32.0% of GDP ratio at the end of last year, from 50.7% in 2003.

The same trends apply to other measures which do not take into account nominal GDP growth and are a better reflection of the extent to which Ecuador's debt is affordable. The central government-debt-to-revenues ratio declined to 167.2% at the end of last year, from 274.9% in 2003. It is projected to drop further now that all oil revenues are included in the budget. The ratio is expected to approach the 100% level by the end of this year. The interest-to-revenues ratio has also dropped significantly in recent years, as have gross borrowing requirements.

Peer comparison: Ecuador is considerably better than the mean

Ecuador's fiscal and government debt indicators compare very favorably to B-rated sovereigns. At 29.6%, Ecuador's 2007 central government debt to GDP ratio is among the lowest in the rating category. The same is true for the debt to revenues ratio. It is important to note that despite favorable comparisons, Ecuador's rating is constrained by a poor payment track record and its fiscal indicators are assessed more rigorously due to dollarization.

External Vulnerability and Liquidity

Non-oil trade deficit deepens and foreign direct investment declines

Because official dollarization precludes a currency crisis in the traditional sense, the issue of external vulnerability and liquidity takes on a different meaning for creditworthiness in the case of Ecuador, where Moody's focuses more heavily on the fiscal picture. Traditional indicators such as foreign-exchange reserves and the external vulnerability indicator (which measures the adequacy of foreign-exchange reserves in covering external debt obligations) become less relevant. Nonetheless, external imbalances, foreign exchange inflows and external indebtedness provide important information with respect to macroeconomic vulnerability.

Ecuador's once-large current account deficit began to contract after the decline in imports associated with the completion of the OCP pipeline in 2004 and then turned into surpluses from 2005, driven primarily by oil exports and remittances despite booming imports. The current account should continue registering a surplus around 3.0% of GDP this year, similar to 2006 and 2007, as any stagnation in oil output should be overwhelmed by prices and as imports soften in line with weaker growth.

A trend that has developed over the past year has been a noticeable drop in non-oil exports, which had been growing well in the double-digit range throughout 2005, 2006 and most of 2007, but begun to contract at the end of last year. Indeed, the non-oil trade balance doubled to around $4.0bn by the end of 2007, twice the level at the end of 2003, underscoring Ecuador's increased exposure to oil.

Another issue of concern relates to FDI. The latter has hovered around 3.0-4.0% of GDP in the past several years and reached a peak in 2001, during the OCP pipeline construction. Since 2005, FDI inflows have decreased considerably, averaging around 1.2% of GDP. While in a dollarized economy the financing of the current account is not an issue – and Ecuador registers surpluses –, a steady decline in energy-related FDI could be symptomatic of a withdrawal of foreign interest in Ecuador's oil industry. While the government intends to aggressively expand exploration activities, partnerships with private operators has tended to be beneficial for increased output in other energy producers. Further, given the inability to control money supply in a dollarized system, ample dollar inflows enhance the sustainability of the currency regime.

External debt declines

As with public debt, external debt indicators have been reporting strong improvement over the past few years. In terms of GDP, external debt dropped to 40.3% at the end of 2007, compared to 58.5% in 2003. Most of the improvement, however, reflects a denominator effect. The actual stock of external debt has remained more or less constant around $17.0bn, in large part due to a build-up of private external debt, while public external debt has been declining. The creditor mix is predominantly official, with around 40% of the stock owed to bondholders. It is possible that this year or next, the government will undertake standard liability management operations to improve the amortization profile of its bonded debt. In terms of current-account receipts, external debt has also been improving significantly, with the ratio dropping to 91.1% of GDP in 2007, half the level in 2003.

However, Moody's liquidity ratio, which measures short term liabilities to BIS banks over the total assets owed to BIS banks, has deteriorated in the past two years, reflecting the reduction in credit lines possibly related to the increase in political noise over that period. The ratio reached a peak of 40% in 2007.

Peer Comparisons: Key ratios around the mean in rating category

Ecuador's ratios of external debt to GDP and to current account receipts ratios are both around the mean in the B category, which includes Venezuela, Bolivia and Argentina. The 2007 external debt to GDP ratio of 40.3% compares with an average of 40.0% for the B-rated category, but is well above Venezuela's ratio. Similarly, the 2007 91.1% external debt to current account receipts ratio is very close to the average of 100%, but twice the level observed in Venezuela. As highlighted above, the assessment of Ecuador's credit worthiness goes well beyond these indicators. This is due to its poor payments track record and the vulnerabilities that accompany dollarization, which make an analysis of fiscal dynamics rather than external indicators more relevant to credit risk.

Rating History

Ecuador

	Foreign Currency Ceilings				Government Bonds		Outlook	Date
	Bonds & Notes		Bank Deposit		Foreign Currency	Local Currency		
	Long-term	Short-term	Long-term	Short-term				
Rating Withdrawn	--	--	--	--	--	WR	--	March-08
Rating Raised	B3	--	B3	--	B3	--	Stable	March-08
Rating Lowered	Caa2	--	Caa2	--	Caa2	--	Negative	January-07
Outlook Changed	Caa1	--	Caa2	--	Caa1	--	Stable	January-07
Outlook Changed	Caa1	--	Caa2	--	Caa1	--	Positive	January-06
Rating Raised	Caa1	--	Caa2	--	Caa1	B3	--	February-04
Rating Lowered	Caa2	--	Caa3	--	Caa2	Caa1	--	October-99
Rating Assigned	--	--	--	--	--	B3	Stable	October-98
Rating Lowered	B3	--	Caa2	--	B3	--	--	September-98
Review for Downgrade	B1	--	B2	--	B1	--	--	June-98
Outlook Changed	--	--	--	--	--	--	Negative	April-98
Rating Assigned	B1	NP	B2	NP	B1	--	Stable	July-97

Ecuador

Annual Statistics

Ecuador

	2002	2003	2004	2005	2006	2007E	2008F
Economic Structure and Performance							
Nominal GDP (US$ Bil.)	24.9	28.6	32.6	37.2	41.4	43.4	46.1
Population (Mil.)	12.7	12.8	13.0	13.2	13.5	13.7	13.9
GDP per capita (US$)	1,967	2,230	2,506	2,814	3,058	3,162	3,309
GDP per capita (US$, PPP basis)	5,401	5,632	6,151	6,667	6,973	7,195	7,450
Nominal GDP (% change, local currency.)	17.2	15.0	14.0	13.9	11.3	4.9	6.1
Real GDP (% change)	4.2	3.6	8.0	6.0	3.9	1.5	3.0
Oil GDP (% change)	-4.4	6.7	35.0	-0.2	-4.6	-6.0	--
Non-oil GDP (% change)	3.9	3.5	3.8	6.9	4.9	2.5	--
Inflation Rate (CPI, % change Dec/Dec)	9.4	6.1	2.0	3.1	2.9	3.3	3.0
Ecuador Oil Basket ($/pb)	21.8	25.7	30.1	41.0	50.7	59.9	--
Oil Output (K/bpd)	392	418	526	532	536	511	--
Gross Investment/GDP	23.3	21.3	21.6	22.0	21.6	23.7	23.4
Gross Domestic Saving/GDP	20.0	19.2	21.3	22.9	24.1	20.8	22.0
Nominal Exports of G & S (% change, US$ basis)	8.1	19.3	22.6	27.8	23.6	-0.4	-1.3
Nominal Imports of G & S (% change, US$ basis)	17.3	3.0	20.8	22.5	16.4	9.7	0.7
Openness of the Economy [1]	55.8	53.5	57.1	62.7	67.5	67.3	63.3
Government Effectiveness	-0.9	-0.8	-0.8	-1.0	-1.1	--	--
Government Finance							
Gen. Gov. Revenue/GDP [2]	18.4	16.7	15.9	16.3	16.7	17.7	25.9
Gen. Gov. Expenditures/GDP [2]	19.1	17.5	16.8	16.8	16.9	17.5	27.2
Gen. Gov. Financial Balance/GDP [2]	-0.7	-0.4	-1.0	-0.5	-0.2	0.2	-1.3
Gen. Gov. Primary Balance/GDP [2]	2.6	2.5	1.5	1.8	2.1	2.3	0.7
Gen. Gov. Debt/GDP [2]	50.3	45.8	40.8	36.2	29.9	29.6	26.9
Gen. Gov. Debt/Gen. Gov. Revenue [2]	273.8	274.9	257.2	222.2	179.6	167.2	103.8
Gen. Gov. Int. Pymt/Gen. Gov. Revenue	18.0	17.3	15.7	14.1	13.7	11.8	7.7
Gen. Gov. FC & FC-indexed Debt/GG Debt [2]	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Gen. Gov. Direct Debt (US$ Bil.) [2]	12.52	13.11	13.32	13.44	12.39	12.85	12.40
Gen. Gov. Guaranteed Debt (US$ Bil.) [2]	1.6	1.4	1.2	1.1	1.1	1.0	1.1
Total GG Direct & Guaranteed Debt (US$ Bil.) [2]	14.1	14.5	14.5	14.5	13.5	13.9	13.5
Total GG Direct & Guaranteed Debt/GDP [2]	56.8	50.7	44.6	39.1	32.6	32.0	29.2
Total GG Direct & Guaranteed Debt/GG Revenue [2]	309.5	304.1	281.0	240.2	195.7	180.5	112.6
Non Financial Public Sector Deposits (US$mn)	1,026	1,234	1,505	2,087	1,871	3,198	--
Central Government Deposits (US$mn)	1,120	1,290	1,674	2,069	2,017	2,006	--

Ecuador

	2002	2003	2004	2005	2006	2007E	2008F
External Payments and Debt							
Real Effective Exchange Rate (% change)	9.0	2.6	1.0	5.8	7.2	-3.3	--
Current Account Balance (US$ Bil.)	-1.27	-0.42	-0.54	0.30	1.50	1.06	1.23
Current Account Balance/GDP	-5.1	-1.5	-1.7	0.8	3.6	2.5	2.7
External Debt (US$ Bil.)	16.3	16.8	17.2	17.2	17.1	17.5	17.8
External Debt/GDP	65.4	58.5	52.7	46.4	41.3	40.3	38.7
Public External Debt/GDP	56.8	50.7	44.6	39.1	32.6	32.0	29.2
External Debt Owed to Bondholders/Total	26.6	25.6	25.0	28.6	24.3	23.7	--
External Debt/Current Account Receipts	214.1	186.6	158.6	120.7	97.8	91.1	88.2
Net Foreign Direct Investment/GDP	5.1	3.0	2.6	1.3	0.7	1.2	0.9
Official Foreign Exchange Reserves (US$ Bil.)	0.7	0.8	1.0	1.7	1.5	2.8	4.6
Nominal Exchange Rate (currency/US$, Dec)	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Short-term External Debt/Total External Debt	14.2	10.6	8.8	10.4	12.9	12.6	12.3
Interest Paid on External Debt (US$ Bil.)	1.0	1.1	1.2	1.2	1.3	1.3	1.3
Amortization Paid on External Debt (US$ Bil.)	5.9	6.3	3.9	3.8	7.5	5.1	5.5
Net Foreign Assets of Domestic Banks (US$ Bil.)	0.9	1.5	2.0	2.4	2.7	3.5	--
Monetary Vulnerability and Liquidity Indicators							
M2 growth, (%change, Dec/Dec)	-0.7	18.9	30.9	19.7	13.0	10.5	10.5
Short-term nominal interest rates (% per annum, Dec)	5.5	5.5	4.1	3.5	4.1	5.0	5.0
Domestic Credit (% change)	-15.2	0.1	22.3	13.1	14.1	13.1	13.1
Domestic Credit/GDP	20.1	17.5	18.8	18.7	19.1	20.6	--
M2/Official Foreign Exchange Reserves (x)	7.2	7.5	7.8	5.5	7.2	4.5	--
Total External Debt/Official Forex Reserves	2,361.0	2,132.4	1,744.0	1,033.8	1,174.3	632.5	387.5
Debt Service Ratio [3]	90.6	82.8	47.2	35.4	50.5	33.1	33.4
External Vulnerability Indicator [4]	1,189	1,026	547	336	667	264	167
Liquidity Ratio [5]	21.8	18.6	22.7	19.2	37.8	40.0	--
Total Liab. due BIS Banks/Total Assets Held in BIS Banks	51.5	42.7	41.0	43.1	50.4	65.9	--
"Dollarization" Ratio [6]	100.0	100.0	100.0	100.0	100.0	100.0	100.0
"Dollarization" Vulnerability Indicator [7]	--	--	--	--	--	--	--

[1] Sum of Exports and Imports of Goods and Services/GDP
[2] Central Government
[3] (Interest + Current-Year Repayment of Principal)/Current Account Receipts
[4] (Short-Term External Debt + Currently Maturing Long-Term External Debt)/Official Foreign Exchange Reserves
[5] Liabilities to BIS Banks Falling Due Within One Year/Total Assets Held in BIS Banks
[6] FX deposits in the domestic banking system/Total deposits in the domestic banking system
[7] FX depositis in the domestic banking system/(Official FX Reserves + Foreign assets of domestic banking institutions)

Moody's Related Research

Special Comments:

- Moody's Sovereign Ratings: A Ratings Guide, March 1999 (43788)
- A Quantitative Model for Local Currency Government Bond Ratings, September 2003 (79404)
- A Quantitative Model for Foreign Currency Government Bond Ratings, February 2004 (81176)

Rating Methodologies:

- Revised Country Ceiling Policy, June 2001 (67679)
- Revised Foreign-Currency Ceilings to Better Reflect Reduced Risk of a Payments Moratorium in Wake of Government Default, May 2006 (97555)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Ecuador

Report Number: 108675

Author	Senior Production Associate
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Moody's Investors Service

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Business Services Industry

Fitch Downgrades Ecuador's Sovereign Ratings to 'CCC'; Watch Negative

Business Wire, Jan 23, 2007

- E-mail
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NEW YORK -- Fitch Ratings has downgraded the long-term foreign currency Issuer Default Rating (IDR) of Ecuador to 'CCC' from 'B-', indicating that default is a real possibility in the near term.

In addition, the following ratings are downgraded:

--Uncollateralized foreign currency bonds to 'CCC/RR4' from 'B-/RR4';

--Collateralized foreign currency Par and Discount Brady bonds to 'CCC+/RR3' from 'B/RR3';

--Short-term foreign currency IDR to 'C' from 'B'.

Fitch has also affirmed the Country ceiling rating at 'B-'.

The Brady Pars and Discounts have collateral which raises likely recovery above that which is expected for the uncollateralized obligations.

Fitch has likewise placed the IDR and debt ratings on Rating Watch Negative to reflect a reasonable probability of near-term rating downgrades.

These rating actions are based on pronouncements by the Ecuadorian authorities expressing a high likelihood that they will seek a debt exchange implying a material loss to bondholders (which would be considered an event of default by Fitch) or will fail to make timely debt service payments in full.

Incoming Finance Minister Patino's reported statement to investors on January 17, 2007 that much of Ecuador's sovereign debt is illegitimate and that the government may seek a 60% NPV haircut suggests that a payment default or distressed debt exchange is likely near-term. He has also reportedly stated that the February 15, 2007 $135 million coupon payment on the 2030 Global bonds would depend on the availability of unrestricted cash on hand, which is reported to be considerably less.

Willingness to pay, already one of the key weaknesses in Ecuador's credit profile, has obviously deteriorated and is, at this stage, the key credit concern. Paradoxically, macroeconomic stability and high oil prices have improved the government's financial position in recent years, leaving it better able to pay than it has been since the 2000 default. Oil-related trust accounts have accumulated balances in excess of $1 billion. The central government ran a surplus in each of the last two years and is expected to do so again this year based on a revenue boost from higher taxes on the oil sector and the government's broader ownership following its early termination of leases to Occidental Petroleum. External bond debt service of $459 million amounts to a mere 1.1% of estimated GDP and total central government financing requirements are estimated at about 5% of GDP, lower than many other speculative grade sovereigns. Public and external debt ratios have declined markedly in recent years and are also now lower than speculative grade peers'.

Nevertheless, public sector liquidity remains constrained, with US$2.3 billion in year-end 2006 official reserves covering 2007 government public external debt service of US$1.5 billion. A more constructive relationship with creditors could open up short-term financing possibilities in order to stay current on debt service. Instead, authorities appear to have chosen to emphasize their present liquidity constraints in order to gain leverage vis-a-vis bondholders.

Fitch will continue to monitor the government's communications with respect to its intentions to service or restructure its debt. In the event the government misses the February 15, 2007 coupon payment and/or announces a distressed debt exchange (DDE), the IDR would be downgraded again to indicate probable and imminent losses in NPV terms to bondholders. At the time of a payment default or the consummation of a DDE, the long-term foreign currency IDR would fall to 'RD', indicating the sovereign is in default. Individual securities' ratings will reflect both default risk and recovery prospects, and would not fall below 'C'. Assuming an average recovery rate of between 31% and 50%, ratings on defaulted securities would fall to either 'CC' or 'CCC-' upon a payment default or the consummation of a distressed debt exchange. In the event of a DDE, the new debt instruments created would be assigned a non-default rating based on Fitch's assessment of the terms of the new debt as well as the capacity, and importantly, the willingness to meet these obligations going forward.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, www.fitchratings.com. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.

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Ecuador

Aug 1st 2008

From Economist.com

The late 1990s were miserable for Ecuador: wracked by bank collapses, general strikes and political paralysis, it defaulted on its Brady bonds in 1999. Economic reforms starting in 2000, including dollarisation, have brought growth and economic stability. But Ecuador remains over-dependent on oil and the government's dirigiste tendencies persist. Politics are tumultuous; street protests have toppled three elected presidents since 1997, most recently Lucio Gutiérrez, who was ousted in 2005.

In November 2006 Rafael Correa, a radical leftist, was elected president. He represents a popular desire to smash a cabal that controls both the economy and politics. His cavalier attitude towards Ecuador's debts mirrors the “21st century socialism” of Hugo Chávez, Venezuela's president; as in Venezuela, the result has been economic disarray. Like many of his predecessors, Mr Correa is attempting constitutional reform; the inclusion of his personal political creed is likely to cost Ecuador dearly.

(See also our Country Briefing on Ecuador)

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Country Limitation Schedule (CLS)

CLS Historical Ref

Updated Current CLS

Effective Date of this Endorsement: 12:01 A.M. E.T., May 29, 2008 No. CLS-05/08

Memorandum of Changes, May 29, 2008

Country Limitation Schedule

Quick Select

A , B , C , D , E , F , G , H , I , J , K , L , M , N , O , P , Q , R , S , T , U , V , W , X

Click on a letter above to quickly navigate to that section.
Please wait until the page is fully loaded before using Quick Select.

Total Term* is from the date of authorization until final payment - Effective May 29, 2008

"X" Indicates Support is NOT Available

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Afghanistan	X	X	X	X	X	X
Albania						
Algeria						X
Angola			X			X
Anguilla						
Antigua and Barbuda			X			
Argentina	X	X	X			X
Armenia						
Aruba						
Australia						
Austria						
Azerbaijan						

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	
Bahamas							
Bahrain							
Bangladesh						X	
Barbados							
Belarus	X	X	X	X	X	X	
Belgium							
Belize	X	X	X			X	
Benin			X			X	
Bermuda							
Bhutan							
Bolivia	X	X	X	X	X	X	
Bosnia-Herzegovina			X			X	
Botswana							
Brazil							
Burma	X	X	X	X	X	X	
Brunei							
Bulgaria							
Burkina Faso		X	X				1
Burundi		X	X		X	X	

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	
Cambodia	X	X	X	X	X	X	
Cameroon		X	X			X	6a
Canada							
Cape Verde							
Cayman Islands							
Central African Republic	X	X	X	X	X	X	
Chad		X	X		X	X	1
Chile							
China							
Colombia							
Comoros		X	X		X	X	1
Congo		X	X		X	X	1
Congo, Democratic Rep.		X	X		X	X	1
Cook Islands							
Costa Rica							
Cote d`Ivoire	X	X	X			X	
Croatia							

Cuba	X	X	X	X	X	X	
Cyprus							
Czech Republic							

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	
Denmark							
Djibouti		X	X			X	
Dominica			X				
Dominican Republic							

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	
East Timor			X	X	X	X	
Ecuador	X	X	X	X	X	X	
Egypt							
El Salvador							
Equatorial Guinea			X			X	
Eritrea		X	X		X	X	
Estonia							
Ethiopia		X	X		X	X	

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Fiji						
Finland						
France						

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	
Gabon							
Gambia		X	X			X	1
Georgia							1,
Germany							
Ghana							
Greece							
Grenada	X	X	X				

Guatemala							
Guinea		X	X		X	X	10,
Guinea-Bissau		X	X		X	X	1
Guyana	X	X	X			X	

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Haiti	X	X	X	X	X	X
Honduras						
Hong Kong						
Hungary						

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Iceland						
India						
Indonesia						
Iran	X	X	X	X	X	X
Iraq	X	X	X	X	X	X
Ireland						
Israel						
Italy						

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Jamaica						
Japan						
Jordan						

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	
Kazakhstan							
Kenya			X			X	
Kiribati							
Korea, North	X	X	X	X	X	X	
Korea, South							
Kuwait							

Kyrgyzstan			X			X	1, 3

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	
Laos	X	X	X	X	X	X	
Latvia							
Lebanon			X			X	1
Lesotho							
Liberia		X	X		X	X	10,
Libya				X	X	X	1
Liechtenstein							
Lithuania							
Luxembourg							

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	N
Macau							
Macedonia							1, 3
Madagascar		X	X		X	X	10, 1
Malawi			X				1, 4
Malaysia							
Maldives							
Mali			X			X	1
Malta							
Marshall Islands	X	X	X			X	
Mauritania		X	X		X	X	10, 1
Mauritius							
Mexico							
Micronesia							
Moldova			X			X	1, 3,
Monaco							
Mongolia						X	1
Montenegro							
Montserrat							
Morocco							
Mozambique							1,

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	

Namibia							
Nauru	X	X	X	X	X	X	
Nepal			X	X	X	X	
Netherlands							
Neth Antilles							
New Zealand							
Nicaragua			X			X	1
Niger		X	X			X	
Nigeria							
Norway							

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Oman						

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Pakistan						
Palau						
Panama						
Papua New Guinea						
Paraguay			X			X
Peru						
Philippines						
Poland						
Portugal						

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Qatar						

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	
Romania							
Russia							
Rwanda		X	X			X	1, 4

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	
Samoa							
Sao Tome and Principe		X	X		X	X	10
Saudi Arabia							
Senegal			X				
Serbia			X				
Seychelles		X	X			X	
Sierra Leone		X	X		X	X	10
Singapore							
Slovak Republic							
Slovenia							
Solomon Islands			X			X	
Somalia	X	X	X	X	X	X	
South Africa							
Spain							
Sri Lanka							
St. Kitts and Nevis							
St. Lucia							
St. Vincent and Grenadines							
Sudan	X	X	X	X	X	X	
Suriname	X	X	X			X	
Swaziland							
Sweden							
Switzerland							
Syria	X	X	X	X	X	X	

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR			
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years	
Taiwan							
Tajikistan	X	X	X	X	X	X	
Tanzania			X			X	1
Thailand							
Togo		X	X		X	X	
Tonga							
Trinidad and Tobago							
Tunisia							
Turkey							
Turkmenistan			X	X	X	X	
Tuvalu							

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Uganda						
Ukraine						
United Arab Emirates						
United Kingdom						
Uruguay						
Uzbekistan						X

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Vanuatu						
Vatican City						
Venezuela	X	X	X	X	X	X
Vietnam						
Virgin Islands (British)						

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Yemen			X			X

Back to Quick Select	PUBLIC SECTOR			PRIVATE SECTOR		
COUNTRY	Up to 1 Year	1 to 7 Years	Over 7 Years	Up to 1 Year	1 to 7 Years	Over 7 Years
Zambia			X			X
Zimbabwe	X	X	X	X	X	X

* Total Term is from the date of authorization until final repayment - Effective May 29, 2008.

It is agreed that pursuant to the provisions of Ex-Im Bank loans and guarantees and Ex-Im Bank export credit insurance country limitation schedule has been amended effective May 29, 2008. This revision supersedes the February 15, 2008 (Schedule and any amendments thereto.

Please note that Ex-Im Bank only sends updates to the Country Limitation Schedule via e-mail. Policyholders must regis http://www.exim.gov/lists/subscribe.cfm, or use the link from Ex-Im Bank's homepage (www.exim.gov) under "E-Mail Sub receive updates to the CLS via e-mail along with other Ex-Im Bank publications such as the Exporter and Africa newslett

GENERAL CONDITIONS

Exceptions to any condition or limitation contained herein must be obtained in writing from Ex-Im Bank.

Ex-Im Bank reserves the right to set additional conditions for any particular buyer or issuing bank including the right to se percentage of coverage. Ex-Im Bank also reserves the right to reject any particular application.

The sector where the risk lies (public or private) and the country of the obligor, or guarantor if there is one, will generally determining appropriate country limitations and fees.

The following insurance policies are affected by this country limitation schedule. Please note that Short-Term Insurance I governed by the columns titled "Up to one year":

Short-Term Insurance Policies: EBD, ELC, ENB, ENV, ESC, ESM(ST), ESS, ETM(ST), EUS, FB, FB-E, FV, ESP, ESSP

Medium-Term: All medium-term and lease-policy types, ESM, ETM, MCP, MRP, MSC, MSC-E, MTR, MTR-E.

Notes:

#1. Discretionary Credit Limits under Short Term Insurance Policies are withdrawn. Cover not available unless specified Credit Limit endorsement, an Issuing Bank Credit Limit endorsement, or a Country Limit of Liability endorsement.

#2. For sovereign transactions in the People's Republic of China ("China"), Ex-Im Bank will typically require an indication government support in the form of a "Notice of MOF Guarantee" as defined in the Framework Agreement, dated January the Ministry of Finance of China and Ex-Im Bank.

For public sector non-sovereign and private sector transactions under medium- and long-term programs, Ex-Im Bank wil transactions with financial institutions or other entities that are able to provide detailed financial information sufficient to e to reach a credit conclusion.

Under short-term insurance policies for public sector non-sovereign transactions, the use of Discretionary Credit Limits a of Liability typically requires the obligation of one of the following: the Bank of China, the China Development Bank, the C Bank, the Industrial and Commercial Bank of China, or the Bank of Communications. For private sector transactions, Dis Limits are not available, and cover is not available unless specified in a Special Buyer Credit Limit endorsement or an Iss Limit endorsement.

Coverage under the Working Capital Guarantee Program (WCGP) requires that the transaction be supported by an irrev Credit issued by a bank referenced in the immediately preceding paragraph, or by a bank pre-approved by Ex-Im Bank. I made for private sector transactions that are insured for comprehensive political and economic risk.

#3. Prior to accepting an application for a preliminary or final commitment for a public sector transaction, or for any insura coverage for a public sector transaction, Ex-Im Bank will require an indication of host government support for the applica Im Bank for more detailed information on specific markets.

#4. Ex-Im Bank cover/support for short- and medium-term private sector transactions is typically limited to transactions w bank as obligor or guarantor. Coverage under the WCGP for private sector transactions requires that the transaction be irrevocable Letter of Credit.

#5. Ex-Im Bank cover/support for public sector transactions is typically limited to transactions which commit the full faith government.

#6. Under Short-Term Insurance Policies, coverage under Discretionary Credit Limits and a Country Limits of Liability sh the limits authorized in the policy or:

a. $50,000

b. $100,000

Higher limits will be considered upon application for a Special Buyer Credit Limit endorsement, an Issuing Bank Credit Li or Country Limits of Liability endorsement.

#7. Support legally prohibited.

#8. Public sector transactions in Sharjah, Fujairah, Ras Al-Khaimah, Umm Al-Qaywayn, and Ajman require the guarante government of the United Arab Emirates. Coverage under the WCGP for public sector transactions for the above may be supported by an irrevocable Letter of Credit.

#9. Sovereign transactions with total term in excess of one (1) year require the Government of Aruba as the borrower. Fo transaction may also be considered eligible if it is supported by an irrevocable Letter of Credit.

#10. When open for cover, medium- and long-term public sector transactions are subject to Ministry of Finance notificatio that the transaction is of the highest priority and would conform with IMF program limits on non-concessional debt.

#11a. Public sector risk cover is available under Ex-Im Bank`s Short Term Africa Pilot Program. Discretionary Credit Lim Transaction structure and additional information requirements will be determined on a case-by-case basis. Public sector available under the WCGP provided that the transaction is insured by an insurer acceptable to Ex-Im Bank, or is support irrevocable Letter of Credit or bank guarantee acceptable to Ex-Im Bank.

b. Private sector risk cover is available under Ex-Im Bank`s Short Term Africa Pilot Program. Discretionary Credit Lim Transaction structure and additional information requirements will be determined on a case-by-case basis. Private secto available under the WCGP provided that the transaction is insured by an insurer acceptable to Ex-Im Bank, or is support irrevocable Letter of Credit or bank guarantee acceptable to Ex-Im Bank.

#12a. As a result of existing conditions in this market, Ex-Im Bank is currently not processing applications in the public se under the WCGP for public sector transactions is currently not available.

b. As a result of existing conditions in this market, Ex-Im Bank is currently not processing applications in the private s under the WCGP for private sector transactions is currently not available.

#13. Where the CLS indicates support is not available, Ex-Im Bank can still consider financing arrangements that elimina country risks. Potentially acceptable transactions include structured transactions that earn revenues offshore in a country restrictions and are held in a bank or trust account acceptable to Ex-Im Bank; third-party guarantees from creditworthy e with no CLS restriction; and asset-backed lease and financing structures involving equipment such as aircraft.

In addition, coverage under the WCGP may be available for a transaction that is supported by an irrevocable Letter of C bank, and/or due from a Buyer, located in a country where Ex-Im Bank is open without restrictions for short-term transac

#14. Ex-Im Bank cover/support may be available for transactions where the primary source of repayment is the Develop or another entity or facility with access to foreign exchange and protection from the claims of creditors of the former regi cover/support also may be available for transactions where the primary source of repayment is an acceptable financial i party located in a third country where Ex-Im Bank is open for the amount and term of the proposed transaction.

In addition, coverage under the WCGP may be considered, subject to additionality requirements, for subcontractors sup Government or internationally funded contracts. Delegated Authority is not available under the WCGP for such coverage

INFORMATION SUPPLEMENT ON
MEDIUM- AND LONG-TERM PROGRAMS

"Open for Cover" versus "Off-Cover." The attached Country Limitation Schedule indicates where Ex-Im Bank is "open fo Ex-Im Bank is "off-cover." The Schedule is organized along three dimensions: the country where the risk lies, sector (pu private sector), and term of total exposure (including both disbursement period and repayment term). Ex-Im Bank define including those obligors or guarantors which are at least 50% owned, directly or indirectly, by the government. Where the X mark, Ex-Im Bank is "off-cover," and is therefore not willing to consider approval of routine transactions. These "off-co are due to economic and/or political risks associated with the country.

Where Ex-Im Bank is Open for Cover. The "open for cover" designation refers to the possibility, rather than the certainty, support in particular cases. Proposed obligors, guarantors, and transaction structures under medium- and long-term pro subject to case-by-case Ex-Im Bank approval. Approval depends on the case-by-case application of Ex-Im Bank policies Ex-Im Bank`s determination of reasonable assurance of repayment. The following paragraphs provide very general guid application of policies in markets where Ex-Im Bank is on-cover.

- **Identification of Obligor or Guarantor.** Ex-Im Bank will approve a final commitment, a preliminary commitment medium-term insurance policy or commitment (MTIP or MTIC), only if a specific obligor or guarantor has been ide Bank may approve an indicative letter of interest (LI) for a proposed transaction, subject to the condition that an is identified at the time the LI is converted to a final commitment, PC, MTIP, or MTIC; and Ex-Im Bank can accep the proposed obligor or guarantor.

- **Information Requirements regarding Obligors or Guarantors.** Ex-Im Bank requires that obligors or guarantor assurance of repayment." To process applications for final commitments, PCs, MTIPs, and MTICs, Ex-Im Bank w information on proposed obligors and guarantors. Such information includes financial statements and credit refer Engineering data is required for long-term transactions. Generally, Ex-Im Bank will require more detailed informa obligors or guarantors when processing relatively large transactions, or transactions with obligors or guarantors v Bank has had no favorable direct credit experience. Ex-Im Bank`s application form and program literature specify standard information requirements.

- **Sovereign Guarantees for Public Sector Buyers or Obligors.** For cases involving proposed public sector buye which do not have significant independent sources of revenue outside the central government budget and which independently audited financial statements, Ex-Im Bank will routinely require a sovereign guarantee.

- **Prior Evidence of Host Government Willingness to Provide Sovereign Guarantee in Some Countries.** In sc Im Bank requires applications for a final commitment for a medium- or long-term loan or guarantee, or for mediun to be accompanied by prior evidence of the host government`s willingness to provide a sovereign guarantee.

- **Temporary Suspension of Cover**. In countries where the CLS indicates that Ex-Im Bank is "open for cover," Ex under certain circumstances, temporarily suspend cover. This is most likely to be the case for public sector obligc only, but may involve all obligors and guarantors. In such an event, Ex-Im Bank will advise applicants as quickly a

- **Large Transactions in Smaller Markets**. Relatively large transactions in smaller economies, even when sovere will be subject to special Ex-Im Bank review. Ex-Im Bank will review the potential macroeconomic impacts of the terms of higher debt burden and debt repayment capacity.

- **Private Companies.** Ex-Im Bank will accept the direct credit risks of private buyers, if available information sugg buyers offer a "reasonable assurance of repayment." For closely held companies, Ex-Im Bank may require financ from owners. For holding companies, Ex-Im Bank may require financial information on operating components, an counter-guarantee.

- **Commercial Bank Guarantees.** Ex-Im Bank may require the guarantees of acceptable commercial banks in the information available to Ex-Im Bank on proposed private buyers suggests that these buyers by themselves do no "reasonable assurance of repayment."

- **Limited-Recourse Projects.** Ex-Im Bank will consider limited-recourse project finance structures (those without acceptable, established obligor or guarantor), but only after a comprehensive review of project features. These fe include the financial commitment of the project`s equity shareholders over the life of the proposed Ex-Im Bank co experience and capacity of project participants, including suppliers and offtakers; project cash flow coverage of fo debt service; and security structures, including hard currency external payments arrangements. Ex-Im Bank will r developed proposals, and will require project sponsors to fund review of project proposals by consultants retaine Significant changes to proposed structures may be required.

- **Political-Only Cover.** Ex-Im Bank`s standard guarantee and insurance cover is "comprehensive," under which E claims resulting from both commercial and political perils. For private borrowers, Ex-Im Bank also offers a narrow coverage, under "political-only" cover. Ex-Im Bank`s guarantee agreements and insurance policies describe in de the specific risks which are subject to this form of coverage.

The following is intended as a summary: For long-term transactions, Ex-Im Bank covers default arising from four "core" p expropriation, U.S. export license risk and political violence. Transfer risk involves borrowers` inability to acquire foreign legal foreign exchange markets. Expropriation involves the government`s confiscation of assets or ownership, or arbitrar intervention in business operations. U.S. export license risk involves the cancellation or non-renewal of a U.S. export lice of certain restrictions on such license after shipment. Political violence involves war, revolution, insurrection, and other su medium-term insurance policies, Ex-Im Bank also covers defaults arising from other defined risks.

Suppliers and/or lenders choosing political-only cover must be prepared to assume broad commercial risks associated w capacity. Ex-Im Bank`s political-only cover does not cover defaults arising from the borrower`s capacity to withstand dom international commercial market disruptions, or currency devaluation or depreciation. If suppliers and/or lenders are unat these and other commercial risks, then Ex-Im Bank comprehensive cover would be a more appropriate form of coverage

Political-only cover is offered only for private buyers or borrowers, those which are not subject to the administration of go authorities, and for which it is possible to distinguish between commercial perils and political risk perils. Political-only cov for guaranteed lenders that are majority-owned or controlled by the host country government. Political-only cover is the c coverage available from Ex-Im Bank for borrowers which are effectively controlled by suppliers and/or lenders participati Political-only cover is available only in those countries where Ex-Im Bank is "open for cover" for private sector risk.

Where Ex-Im Bank is Off Cover for Country Credit Reasons. Ex-Im Bank will not consider routine transactions in cou (public or private) where the country limitation schedule indicates that the Bank is off-cover (where there is an X). Howev categories of transactions may be eligible for Ex-Im Bank support, under restrictive conditions, subject to additional spec

- **Borrowers on International Capital Markets.** Individual borrowers (either public sector or private sector) with a independent access or those borrowers which in Ex-Im Bank`s opinion could have access to private international other international sources of funds, absent external (including sovereign) guarantees. The fee grade assigned, a Ex-Im Bank support, will take into account information related to the borrower`s financings and ratings. For Ex-Im such borrowers, information on the borrower`s international borrowings for at least the last six months must acco application. For each traded debt security, the required information includes the maturity and coupon, credit ratin recent yield data. For syndicated loans, the required information includes interest rates, arranging fees, maturity p borrowed, and names of arranging and key participating banks.

- **Insulated Project Finance Structures.** Ex-Im Bank`s approval in "off-cover" markets/sectors of limited-recourse depends on the establishment of structures which do not require the financial or operating commitments of host g agencies and which are effectively insulated from government involvement. Furthermore, these structures must ir channeling of project foreign exchange earnings through offshore payments and escrow mechanisms. In some co environments, the only acceptable limited-recourse structures may be "enclave" projects which are almost compl from the broader country environment. The fee grade assigned, and the extent of Ex-Im Bank support, will take ir structure and other conditions.

- **Secured Long-Range Aircraft Leases.** Ex-Im Bank approval of asset-secured long-range aircraft lease transac the airline`s country of registry become a signatory to international conventions protecting aircraft property rights. approval for aircraft transactions in off-cover markets is more likely for privately owned airlines with established o Depending on the nature of transaction participants and structures, Ex-Im Bank may also require offshore payme mechanisms, or may provide a reduced percentage of cover. Aircraft transactions are subject to special fees and

- **Acceptable Borrower Outside the Country.** Support may be available if an acceptable financial institution (e.g. multinational bank) outside of the country acts as the obligor.

It should be noted that these exceptions do not apply in countries where Ex-Im Bank is legally prohibited from operating.

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Export-Import Bank of the United States
Revised: May 29, 2008

Institutional Investor

Country Credit Ratings How the Ratings Are Compiled

Methodology

The Country Credit ratings developed by Institutional Investor are based on information provided by senior economists and sovereign-risk analysts at leading global banks and money management and securities firms. The respondents have graded each country on a scale of zero to 100, with 100 representing the least chance of default. We also asked participants to rank ten political, economic and financial indicators in order of their importance for each region and for selected countries. Participants' responses were weighted according to their institutions' assets. Names of respondents are kept strictly confidential.

The September 2007 Country Credit ranking was compiled by Associate Editor John Livingstone under the guidance of Director of Research Operations Group Sathya Rajavelu and Senior Editor Jane B. Kenney.

Institutional Investor

Global Credit Ranking

Regions Overview
Africa (Sub-Saharan)
Asia-Pacific/Far East
Asia-Pacific/South & East
E. Europe/Central Asia
Latin America/Caribbean
Middle East/North Africa
North America
Western Europe

Increase/Decrease
Increases - Six Month
Increases - One Year
Decreases - Six Month
Decreases - One Year

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Lower Credit Risk
Credit Risk Impact
Valuation Correction
Dollar Decline

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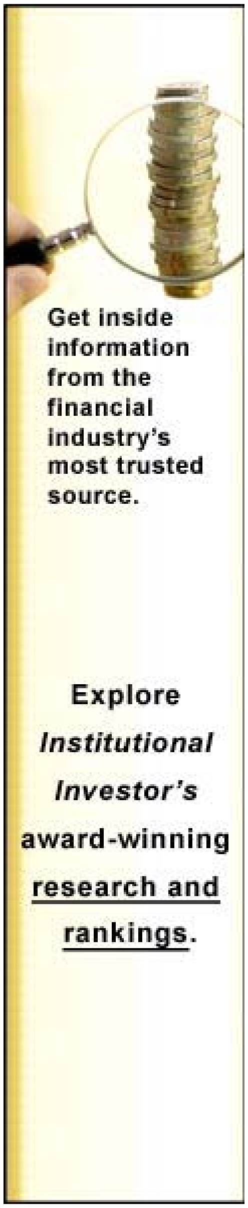
Institutional Investor



Region Report

Latin America/Caribbean

Countries in Latin America and the Caribbean appear below in order of their credit ratings. The region's average credit score is 44.7 – a 4.1 point increase over last year's average.

Africa (Sub-Saharan)	Asia-Pacific/Far East	Asia-Pacific/South & East
Eastern Europe/Central Asia	**Latin America/Caribbean**	Middle East/North Africa
North America	Western Europe

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Regional Rank Mar. 2007	Sept. 2007	Country	Global Ranking	*Institutional Investor* Credit Rating
1	1	Chile	29	77.6
2	2	Mexico	41	70.0
3	3	Bahamas	44	69.1
4	4	Trinidad & Tobago	52	65.2
5	5	Barbados	55	63.4
6	6	Brazil	57	61.2
7	7	Peru	63	58.2
8	8	Colombia	64	56.6
9	9	Panama	66	56.1
10	10	Costa Rica	69	53.4
11	11	El Salvador	76	48.3

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Global Credit Ranking

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Asia-Pacific/Far Eas
Asia-Pacific/South &
E. Europe/Central A
Latin America/Cari
Middle East/North A
North America
Western Europe

Increase/Decrease
Increases - Six Mon
Increases - One Yea
Decreases - Six Mo
Decreases - One Ye

Sovereign Credit
Countries
Regions

Voters Views
Higher Credit Risk
Lower Credit Risk
Credit Risk Impact
Valuation Correctior
Dollar Decline

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Region Report

Latin America/Caribbean

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Eastern Europe/Central Asia	**Latin America/Caribbean**	Middle East/North Africa
North America	Western Europe

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Regional Rank Mar. 2007	Regional Rank Sept. 2007	Country	Global Ranking	*Institutional Investor* Credit Rating
13	12	Uruguay	77	48.0
12	13	Venezuela	81	45.1
15	14	Argentina	83	44.4
14	15	Guatemala	84	44.1
17	16	Dominican Republic	88	38.6
16	17	Jamaica	92	36.2
18	18	Honduras	99	33.1
19	19	Ecuador	100	33.0
20	20	Paraguay	103	32.2
23	21	Bolivia	104	32.1

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Institutional Invest

Global Credit Ranking

Regions Overview
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Increases - One Yea
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Higher Credit Risk
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Valuation Correctior
Dollar Decline

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STANDARD & POOR'S

Ratings

Sovereigns

Region : Latin America

Country: Ecuador Update

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Entity	Local Currency	Foreign Currency	National Scale	T&C Assessment
Ecuador (Republic of)	B-/Stable/C	B-/Stable/C		B-/--/--

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Country ratings Thursday, 7 August 2008

All ratings are supplied without guarantee! As a rule the ratings are approx. 4 weeks old.

Country ratings

- Africa
- Carribbean & Central America
- Central & Eastern Europe
- Central Asia
- East Asia
- Middle East
- North America
- Pacific (Oceania)
- South America
- South Asia
- South-East Asia
- Western & Nothern Europe

South America

Country	Standard & Poor's	Moody's	FITCH-IBCA
Argentina	B+ (negative)	B3 (positive)	RD
Bolivia	B- (stable)	B3 (stable)	B- (stable)
Brazil	BBB- (stable)	Ba1 (stable)	BBB- (stable)
Chile	A+ (stable)	A2 (stable)	A (positive)
Colombia	BB+ (stable)	Ba1 (stable)	BB+ (stable)
Ecuador	B- (stable)	B3 (stable)	CCC (stable)
Paraguay	B (stable)	Caa1 (upgrade review)	
Peru	BBB- (stable)	Ba2 (stable)	BBB- (stable)
Suriname	B+ (stable)	B1 (stable)	B (stable)
Uruguay	B+ (positive)	B1 (stable)	BB- (stable)
Venezuela	BB- (stable)	B2 (stable)	BB- (negative)

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South America

Country	Standard & Poor's	Moody's	FITCH-IBCA
Argentina	B+ (negative)	B3 (positive)	RD
Bolivia	B- (stable)	B3 (stable)	B- (stable)
Brazil	BBB- (stable)	Ba1 (stable)	BBB- (stable)
Chile	A+ (stable)	A2 (stable)	A (positive)
Colombia	BB+ (stable)	Ba1 (stable)	BB+ (stable)
Ecuador	B- (stable)	B3 (stable)	CCC (stable)
Paraguay	B (stable)	Caa1 (upgrade review)	
Peru	BBB- (stable)	Ba2 (stable)	BBB- (stable)
Suriname	B+ (stable)	B1 (stable)	B (stable)
Uruguay	B+ (positive)	B1 (stable)	BB- (stable)
Venezuela	BB- (stable)	B2 (stable)	BB- (negative)

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Ecuador

The EIU view

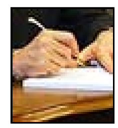
1 click report

Rafael Correa will face the challenge of addressing rising inflation. Growth is forecast to remain low at 1.8% per year in 2008-09. We now expect inflation to rise above 10% in 2008 on the back of stronger supply-side pressures and an increasingly expansionary fiscal policy, ending the year at 11.1%. The current-account surplus for 2008-09 will increase to 7.2% of GDP.

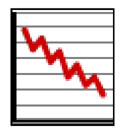
Data analysis:

- Inflation reaches five-and-a-half-year high

Latest coverage:



Readying a referendum
President Rafael Correa has taken bold steps to increase popular support for his proposed new constitution, which will be put to a popular vote on September 28th.



Slowdown to continue
The steep rise in inflation has eroded real disposable income, and as a result growth is expected to decline sharply. In addition, the US recession will impact exports.

Seizures and threats
The government has triggered new alarm bells with the seizure of three media and other companies and the replacement of the finance minister.

Topics for Ecuador

Politics
News analysis, Background, Political structure, Outlook

Economy
News analysis, Background, Economic structure, Latest indicators, Outlook, 5-year forecast, 5-year summary, Country risk rating, Background Data

Finance
News analysis, EIU currency forecasts, Interest rate forecast, Daily US dollar exchange rates

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Regulations
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External debt service
External debt stock
External trade
Fiscal and monetary indicators
Foreign payments
Gross domestic product
All Market Indicators & Forecasts
Automotive
Consumer goods
Energy
Financial services
Healthcare
Technology
Transport, travel and tourism

Country forecast

Key indicators	2007	2008	2009	2010	2011	2012
Real GDP growth (%)	1.9	1.7	1.9	2.1	1.9	1.6
Consumer price inflation (av; %)	2.3	8.9	7.8	4.4	3.4	3.4
Budget balance (% of GDP)	3.6	4.5	2.1	0.5	0.6	0.5
Current-account balance (% of GDP)	2.5	7.2	2.0	1.3	1.4	1.5
Deposit rate (av; %)	5.3	7.6	6.0	6.0	6.2	6.2
Deposit banks' prime lending rate (av; %)	10.1	11.8	11.0	11.3	11.3	11.3
Exchange rate US$:€ (av)	1.37	1.55	1.51	1.41	1.34	1.31

Download the numbers in Excel

Country scorecard

Ecuador: Country risk summary

Sovereign risk	CCC	(AAA=least risky, D=most risky)
Currency risk	B	
Banking sector risk	CCC	
Political risk	C	
Economic structure risk	CCC	
Country risk	CCC	

Ecuador: Business environment ranking summary

Value of index	4.80	(10 maximum)
Global rank	76	(out of 82)
Regional rank	10	(out of 12)

Latest analysis

- Aug 7th 2008 – Ecuador economy: Quick View - Inflation reaches five-and-a-half-year high
- Aug 7th 2008 – Ecuador: Daily US dollar exchange rates
- Aug 6th 2008 – Ecuador politics: Readying a referendum
- Aug 5th 2008 – Ecuador industry: Emergency work needed on San Francisco hydroelectric plant
- Aug 1st 2008 – Ecuador politics: The good life
- Jul 31st 2008 – Ecuador: Daily US dollar exchange rates
- Jul 31st 2008 – Ecuador: Currency forecast
- Jul 30th 2008 – Ecuador politics: Seized TV stations toe Correa's line
- Jul 25th 2008 – Ecuador politics: Support for new constitution falls short
- Jul 25th 2008 – Ecuador: Daily US dollar exchange rates

MORE

Content provider key

- Special events-driven coverage

Country briefing

LAND AREA:
276,840 sq km

POPULATION:
13.4m (2006 official estimate)

MAIN TOWNS:
Population in '000 (2001 census)

Guayaquil 1,952

Quito (capital) 1,400

Cuenca 277

Santo Domingo 200

Machala 198

Manta 183

CLIMATE:
Tropical on the coast and in the eastern region. Temperate in the central mountain zone

WEATHER IN QUITO (altitude 2,879 metres):
Annual average temperature, 16°C; hottest months, December and

January, 8-22°C (average daily minimum and maximum); coldest months, April and May, 8-21°C; driest month, July, 20 mm average rainfall; wettest month, April, 175 mm average rainfall

LANGUAGES:

Spanish (official); Indian languages, particularly Quechua, are also used

MEASURES:

Metric system; also local units, including: 1 vara=84 centimetres

CURRENCY:

US dollar officially adopted as legal tender in March 2000, replacing the former national currency, the sucre, at a conversion rate of Su25,000:US$1. The sucre ceased to be legal tender in September 2000, apart from new sucre coins, equivalent to US dimes, nickels and cents, used as fractional money

TIME:

5 hours behind GMT

PUBLIC HOLIDAYS:

New Year's Day (January 1st), Good Friday, Labour Day (May 1st), Battle of Pichincha (May 24th), Founding of Guayaquil (Guayaquil only, July 25th), Independence of Quito (August 10th), Independence of Guayaquil (Guayaquil only, October 9th), All Souls' Day (November 2nd), Independence of Cuenca (Cuenca only; November 3rd), Foundation of Quito (Quito only; December 6th), Christmas Day (December 25th)

EDC

Ecuador

Economics

Economic

Credit Agencies

Moody's: Caa2

S&P: B-

Fitch: CCC

Nominal GDP (at PPP) (2007)

USD 98 (e) bn

Population (2007):

13.6mn

Currency:

US Dollar

Exchange Regime:

Dollarized

Merchandise Imports from Canada (2007):

CAD 225.9mn

Main Sources of Foreign Exchange (excl. FDI):

Petroleum and related products

Largest Merchandise Trading Partner:

United States

Colombia

Venezuela

Main Imports:

Raw Materials (31%)

Capital Goods (25.3%)

Risks to the Outlook:

Increased oil revenue.

External debt moratorium.

July 2008
Veronica Lares
vlares@edc.ca

Market Spotlight: *Growth will decelerate over the forecast horizon, given political tensions, increasing uncertainty and declining oil production. The government is planning a very aggressive fiscal expansion in 2008, and expects to finance the deficit with oil revenues, under very unfavorable production conditions. The dollarized regime continuation is under the watch of the Constitutional Assembly, but we do not expect any dramatic change going towards the elections next year.*

Real Sector: The highly uncertain political environment is having a negative impact on household consumption and consumer confidence. A further deceleration on the consumer side would seriously hurt the domestic economy going forward. As a result of high commodity prices inflation (9.3% y/y May) has been markedly accelerating since the beginning of the year. Moreover, the lack of clarity about mining and oil and gas regulations will continue to adversely impact investment inflows. Finally, declining oil production will start challenging the government's spending plans in the medium term. As a result, we expect the economy to slow down over the next two years. GDP is forecasted to grow 2.1% in 2008 and 2.3% in 2009, well below the South American average growth expected for the same period.

External Sector: A strong oil-pricing environment has helped the country to compensate for declining oil production so far this year. That said, we expect that volumes exports will soften, on the back of stagnant oil output. Going forward, operational problems in Petroecuador, lack of investment and a growing reliance on imports of refined products will negatively impact the trade balance.

Fiscal: Ecuador's budget for 2008 includes a 12.4% increase in fiscal expenditures based on an estimated GDP to grow of 4.9%; however, the official GDP estimate may be overly optimistic as the government keeps cutting down the oil production forecast, and Petroecuador keeps lowering its target for the year. In fact, official estimates on oil production went down from 507,000 barrels a day to 100,000 for 2008.

In an attempt to ensure enough fiscal proceeds, President Correa announced an increase in the government's share of profit from oil prices above a set amount to 99%, from 50% previously, abolished oil funds and centralized oil revenue. The result will be an added USD1.5bn to the revenue side of the budget in 2008. We believe this situation will prove unsustainable in the long run as increasing social spending, and decreasing oil revenues, will threaten the health of government accounts.

Monetary: Among the modifications that are under the Constituent Assembly's consideration is the abolishment of the USD as the official currency. However we do not expect any radical move on that front facing next year's elections.

Debt: The commission in charge of investigating the 'legitimacy' of the government's international obligations is set to deliver its decision in late-2008. As a result of the Finance Minister's recent resignation, uncertainties about debt issues have increased considerably.

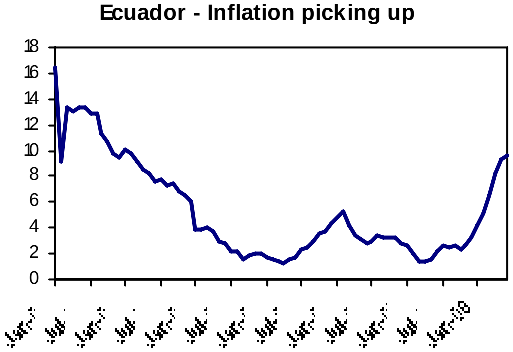
Outlook: *We remain concerned about the public's appetite for policy restraint and the lack of political consensus surrounding much-needed economic restructuring. We are also concerned about the willingness of the government to re-pay some portion of their outstanding international obligations, and the investment environment.*

Economic Indicators

	02-06 avg.	2007 (e)	2008 (f)	2009 (f)
GDP (% growth, real)	5.1	1.9	2.1	2.3
CPI (% change, end of year)	5.7	2.3	7.1	5.4
Budget Balance (% of GDP)	1.6	3.7	3.8	1.9
Exports (% growth per annum)	22.5	9.0	25.0	2.0
Imports (% growth per annum)	17.1	11.7	21.0	6.0
Current Account (% of GDP)	-0.7	2.6	4.4	2.5
Reserves (month of imports)	1.1	1.9	2.0	1.9
External Debt (% of GDP)	52.7	42.1	40.8	38.6
Debt Service Ratio	28.1	20.4	14.6	15.1
Exchange rate (avg, per USD)	1.0	1.0	1.0	1.0

Source: EIU. EDC Economics

Ecuador - Inflation picking up



Source: JP Morgan