

THE WAVERLEY SERIES

ECUADOR

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

LORD WAVERLEY

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ECUADOR — AT A GLANCE

Capital	Quito
Security crisis	2025 was Ecuador's most violent year on record, with 9,216 homicides and a national rate near 51 per 100,000, rising to roughly 50 per 100,000 in the highest-risk coastal provinces that host drug-trafficking ports; President Noboa renewed a nationwide state of emergency on 8 April 2026 for a further 60 days, with more than 10,000 military personnel deployed to the highest-violence provinces under an internal armed conflict framework declared in January 2024
November 2025 referendum defeat	Following a 31-day national strike led by Ecuador's main Indigenous confederation over diesel subsidy elimination, voters rejected an 11-question referendum on 16 November 2025 that sought to reintroduce foreign military bases, convene a constitutional assembly, and enact other changes; Fitch said the defeat raised concerns about 'ongoing governability challenges,' and Noboa reshuffled his cabinet in response
Macroeconomic indicators	Country risk fell dramatically to 460 points, down from 2,016 two years earlier; international reserves rose to USD 9.975 billion; inflation has been controlled at 2.1%; the basic monthly salary was raised to USD 482; GDP contracted 2.0% in 2024 amid electricity rationing, sliding oil output and security disruptions, before rebounding strongly in 2025
Fiscal position	A fiscal deficit of USD 5.312 billion persists with no clear plan yet disclosed for how it will be covered; the deficit widened by 71% in 2025 even as the IMF programme delivered compliance awards over the same period
Oil investment plan	The government has unveiled an ambitious USD 42 billion oil investment plan spanning 2025-2029 targeting peak production above 600,000 barrels per day; national production stood at 458,207 b/d as of 2 March 2026; a separate USD 41.5 billion multi-round Amazon block bidding plan has technical evaluation running to late July 2026, with contract signing slated for December 2026
Oil sector constraints	Approximately 90% of Ecuador's oil exports were pre-committed to China under below-market pricing agreements prior to 2022 contract renegotiations, distorting new investment economics; the 2023 Yasuní ITT referendum halted drilling in Block 43, and continued security incidents have forced repeated force majeure declarations at production sites
Export diversification	Shrimp, cocoa, bananas and gold are described as collectively rewriting Ecuador's economic identity alongside oil, supported by Article 60/90 income tax exemptions for new productive investment
Canada trade agreement	A February 2025 trade agreement with Canada incorporates international investor-state arbitration specifically covering mining investments; critics argue this conflicts with Article 422 of Ecuador's constitution, which restricts arbitration clauses ceding sovereignty over natural-resource disputes, a legal question that remains contested

Governing framework	President Daniel Noboa (National Democratic Action), re-elected to a full term in April 2025
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Ecuador presents a genuinely striking combination of macroeconomic recovery and severe, worsening security crisis: country risk has collapsed from 2,016 to 460 points and reserves have grown substantially, even as 2025 became the country's most violent year on record and voters decisively rejected President Noboa's referendum bid to reintroduce foreign military bases and convene a constitutional assembly. An ambitious \$42 billion oil investment plan and continued export diversification into shrimp, cocoa, bananas and gold underpin a genuine growth story, though a widening fiscal deficit with no disclosed financing plan, historical China oil-export commitments, and Indigenous and constitutional constraints on Amazonian expansion all temper the near-term investment picture. Investors should read Ecuador as a dollarized economy with real, quantified macro credibility gains operating against a genuinely severe security backdrop and a weakened president's mandate following his November 2025 referendum defeat.

1. INVESTMENT & FDI

An ambitious \$42 billion oil investment plan and a separate \$41.5 billion Amazon block bidding round anchor Ecuador's investment narrative, even as historical China export commitments and security incidents constrain near-term execution.

The Noboa government has unveiled a \$42 billion oil investment plan spanning 2025-2029, targeting peak production above 600,000 barrels per day; national production stood at 458,207 b/d as of 2 March 2026, with Petroecuador deploying seven new drilling rigs across Amazonian blocks and projecting output above 380,000 b/d from May 2026. Separately, companies are bidding for Amazon blocks under a \$41.5 billion multi-round plan, with technical evaluation running to late July 2026 and contract signing slated for December 2026, ahead of a January 2027 handover; the Block 65 (Pindo) contract was separately extended to 31 December 2037 with approximately \$69 million in new investment pledged, projected to generate \$276 million in additional state revenue and 9.39 million cumulative barrels. However, approximately 90% of Ecuador's oil exports were pre-committed to China under below-market pricing agreements prior to 2022 contract renegotiations, distorting the economics available to new private investment, while security incidents including attacks on infrastructure have forced repeated force majeure declarations.

- **A genuinely large, dated, multi-round investment programme with concrete near-term milestones:** the specific July 2026 technical evaluation deadline and December 2026 contract-signing target provide investors a clear, trackable timeline for this significant new investment opportunity.
- **A specific, quantified extension demonstrating continued investor commitment to existing assets:** the Pindo block's extension to 2037, with its precise investment and revenue projections, represents concrete, verifiable evidence of ongoing operator confidence distinct from the newer, still-pending Amazon bidding round.
- **A historically rooted structural distortion continuing to shape new investment economics:** the pre-2022 China export commitments' lingering effect on pricing represents a specific, sourced legacy constraint that new investors must factor into project economics even after subsequent renegotiation.
- **A direct, operational security risk with a specific contractual consequence:** the repeated force majeure declarations tied to infrastructure attacks represent a concrete, recurring operational disruption distinct from the broader national security narrative.

2. TRADE & BUSINESS

A diversifying export base spanning shrimp, cocoa, bananas and gold is genuinely reshaping Ecuador's economic identity, even as a specific investor-arbitration provision in the new Canada trade agreement has drawn constitutional controversy.

Shrimp, cocoa, bananas and gold are described as collectively rewriting Ecuador's economic identity alongside oil, supported by Article 60/90 income tax exemptions for new productive investment, which have aided a rebound in gross fixed capital formation. A February 2025 trade agreement with Canada incorporates international investor-state arbitration specifically designed to cover Canadian mining investments; critics argue this conflicts with Article 422 of Ecuador's constitution, which restricts international arbitration clauses that would cede sovereignty over natural-resource disputes, a legal question that remains actively contested.

- **A genuinely diversifying export base beyond hydrocarbons alone:** the specific citation of four distinct, named export sectors reshaping economic identity represents concrete evidence of structural diversification rather than continued single-commodity dependence.
- **A specific, quantified tax incentive supporting the capital formation rebound:** the Article 60/90 exemption framework represents a concrete, named policy tool investors can directly access when evaluating new productive investment in Ecuador.
- **A genuinely contested constitutional question directly relevant to mining-sector legal risk:** the specific Article 422 dispute over the Canada agreement's arbitration provisions represents a real, unresolved legal uncertainty that mining investors specifically should track closely, regardless of which interpretation ultimately prevails.

3. MAJOR ECONOMIC DEVELOPMENTS

A decisive referendum defeat has weakened President Noboa's governing mandate even as genuinely dramatic improvements in country risk and reserves demonstrate real macroeconomic progress, against the backdrop of Ecuador's most violent year on record.

Following a 31-day national strike organised by Ecuador's main Indigenous confederation over the elimination of a diesel subsidy and other demands, voters on 16 November 2025 rejected an 11-question referendum, narrowed by the Constitutional Court from a broader original package (including rejecting a proposed hourly labour contract question for tourism), that sought to reintroduce foreign military bases, convene a constitutional assembly, and enact other changes; Fitch stated the defeat raised concerns about 'ongoing governability challenges,' and Noboa reshuffled his cabinet at the start of 2026 following the setback. Analysts note the defeat complicates Noboa's framing of the 2026 municipal election cycle, with competitors likely to read the result as evidence voters want security without constitutional rupture; no confirmed date exists for a further referendum, with coverage suggesting any future vote could be synchronised with local elections scheduled for 29 November 2027. Despite this political setback, Noboa remains optimistic regarding the economy: country risk fell to 460 points, down from 2,016 two years earlier, international reserves rose to \$9.975 billion, inflation has been controlled at 2.1%, and the basic monthly salary was raised to \$482, an \$11 increase. However, a fiscal deficit of \$5.312 billion persists with no clear plan disclosed for how it will be covered, and the deficit widened by 71% in 2025 even as the IMF programme delivered compliance awards over the same period. Separately, GDP contracted 2.0% in 2024, driven by catastrophic electricity rationing, sliding oil output and gang-related security disruptions, before rebounding strongly in 2025. Security remains the government's top priority: 2025 was Ecuador's most violent year on record, with 9,216 homicides and a national rate near 51 per 100,000, rising toward 50 per 100,000 in the highest-risk coastal provinces that host

ports used for stockpiling and distributing cocaine bound for Europe and the US; Noboa renewed a nationwide state of emergency on 8 April 2026 for a further 60 days, building on an internal armed conflict framework declared in January 2024, with more than 10,000 military personnel deployed to the highest-violence provinces and expanded armed-forces powers over prisons, ports and city streets. Territorial gang control around Guayaquil's port system has raised insurance premiums for cargo owners, with shipping and logistics firms now budgeting for private escorts, GPS tracking and armed guards on high-value routes.

- **A genuinely significant electoral setback directly weakening the president's institutional mandate:** the referendum's rejection, spanning both security-adjacent military-base provisions and broader constitutional-assembly ambitions, represents a concrete, sourced check on Noboa's ability to pursue his stated structural reform agenda.
- **A specific, sourced institutional gatekeeping role that shaped the referendum's ultimate scope:** the Constitutional Court's narrowing of the original question package, including rejecting the tourism labour-contract question, demonstrates genuine institutional constraint operating independently of both the executive and the eventual voter rejection.
- **A dramatic, quantified improvement in market-perceived sovereign risk:** the fall from 2,016 to 460 basis points represents one of the more substantial country-risk reductions identified across this series, providing concrete, market-validated evidence of improved macro credibility.
- **An honestly disclosed fiscal gap without a stated financing solution:** the explicit acknowledgment that no clear plan exists for covering the \$5.312 billion deficit represents an important, sourced caveat that should temper enthusiasm about the otherwise positive macro indicators.
- **A genuinely notable tension between IMF compliance recognition and worsening fiscal outcomes:** the deficit's 71% widening occurring alongside IMF compliance awards represents a specific, sourced divergence between program adherence and underlying fiscal trajectory worth monitoring closely.
- **A record security crisis with direct, quantified economic spillover into port and logistics costs:** the specific citation of rising insurance premiums and new private security budgeting requirements demonstrates concrete, measurable ways the security crisis is directly raising the cost of doing business in affected sectors.

4. MAJOR PROJECTS & INFRASTRUCTURE

The Amazon oil block bidding round and continued Petroecuador drilling expansion anchor Ecuador's most significant current major infrastructure and resource-development projects.

- **Amazon block bidding round:** described in Section 1, this \$41.5 billion multi-round process represents Ecuador's most significant current new hydrocarbon infrastructure opportunity, with a concrete December 2026 contract-signing target.
- **Petroecuador drilling rig expansion:** the deployment of seven new rigs across Amazonian blocks, described in Section 1, represents an active, ongoing production-capacity expansion project.
- **Block 65 (Pindo) extension:** this specific, dated contract extension to 2037, described in Section 1, represents a concrete, committed long-term infrastructure and production project.

5. CONFERENCES, FORUMS & EXHIBITIONS

No significant standalone investment conferences or forums specific to this period were identified; Ecuador's investment developments are tracked primarily through hydrocarbon regulatory reporting, IMF programme reviews, and independent economic and security analysis described elsewhere in this briefing.

6. BUSINESS & INVESTMENT EVENTS

The 16 November 2025 constitutional referendum represented the year's most significant political event with direct, ongoing implications for the investment climate.

- **16 November 2025 constitutional referendum:** described extensively in Section 3, this vote and its rejection represented the central political-economic event shaping perceptions of Ecuador's governability and reform capacity heading into 2026.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

A historically significant China oil-export relationship, a new Canada mining-investment trade agreement, and continued IMF programme engagement define Ecuador's most consequential current international economic relationships.

- **China:** the legacy of pre-2022 below-market oil export commitments, described in Section 1, continues to shape the economics of new hydrocarbon investment despite subsequent renegotiation.
- **Canada:** the February 2025 trade agreement's mining-specific arbitration provisions, described in Section 2, represent a significant, if constitutionally contested, deepening of this bilateral investment relationship.
- **IMF:** continued programme engagement, including the compliance awards described in Section 3, remains central to Ecuador's fiscal credibility, even amid the specific tension with the widening deficit noted in the same section.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Rising insurance and security costs for shipping and logistics firms illustrate the direct private-sector operational burden imposed by Ecuador's security crisis, beyond the broader national statistics alone.

Territorial gang control around Guayaquil's port system has raised insurance premiums for cargo owners specifically, with shipping and logistics firms now required to budget for private escorts, GPS tracking, and armed guards on high-value routes; Riskline advisories separately warn travellers and businesses to expect a strong military presence in Quito and most coastal provinces, with operations potentially including monitoring of personal communications, entry into homes, and restrictions on movement and assembly.

- **A specific, quantifiable private-sector cost burden directly tied to the security crisis:** the described insurance premium increases and new security budgeting requirements represent concrete, sourced operational costs borne directly by logistics and shipping businesses operating in affected areas.
- **A direct advisory warning of expanded state security powers affecting ordinary business operations:** the specific citation of potential communications monitoring, home entry and movement restrictions represents a serious, sourced operational consideration for businesses and personnel operating in high-security provinces.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

The Amazon oil block bidding round, continued export-sector diversification, and Article 60/90-incentivised productive investment define Ecuador's most concretely promoted new investment channels.

- **Amazon oil block bidding round:** described in Section 4, this represents Ecuador's most significant, currently open new hydrocarbon investment opportunity, with bidding and technical evaluation actively underway.
- **Shrimp, cocoa, banana and gold sector investment:** described in Section 2, these diversifying export sectors represent concrete, currently promoted alternatives to hydrocarbon-focused investment specifically.
- **Article 60/90-incentivised productive investment:** this specific tax exemption framework, described in Section 2, remains open for new productive investment projects across qualifying sectors.

SUMMARY ASSESSMENT

Ecuador presents a genuinely striking combination of macroeconomic recovery and severe, worsening security crisis: country risk has collapsed from 2,016 to 460 points and reserves have grown substantially, even as 2025 became the country's most violent year on record and voters decisively rejected President Noboa's referendum bid to reintroduce foreign military bases and convene a constitutional assembly.

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