

Mining market in Ecuador

Mining is a key industry for Ecuador, which is known to have some of the most attractive gold, silver and copper deposits in Latin America. Ecuador's innate geological potential and positive exploration results, along with a mining-friendly legal framework, have turned the country into one of the most attractive in the region for mining investors. Canadian companies are leading investors in Ecuador's mining sector. Given its location and geological conditions, Ecuador's market is ideal for business development in mining.

Key opportunities for Canadian mining suppliers

Environmental protection

The government has implemented and enforces a set of stringent environmental regulations for mining companies called "rights of nature" in Ecuador. In December 2021, Ecuador's Constitutional Court ruled that mining activities should be banned to protect the ecosystem of Los Cedros rain forest. Mining companies are looking for new solutions to meet these environmental requirements and norms. This presents an export opportunity for Canadian mining supply and services (MSS) firms with environmentally friendly technologies to help mining operations reduce their environmental impact, comply with local and international legislation and maintain their social licence to operate.

Health and safety

Mining companies operating in Ecuador are looking to improve health and safety by reducing the numbers of on-site fatalities and accidents. Opportunities for Canadian MSS companies include technology systems associated with fatigue management, and advanced occupation health and safety (OHS) training and systems. New and innovative security systems and products are in especially high demand in Ecuador's mining market. Canadian MSS firms proposing new safety systems for mining installations, or tools to improve the safety of the workers, will be well-received among other innovative opportunities in the country.

Productivity on site

Mining companies operating in Ecuador are looking to improve productivity by increasing automation of operations on mine sites. Opportunities exist for Canadian MSS companies offering solutions related to:

- safety monitoring of mobile equipment fleet operators
- measuring mining truck fuel consumption
- machine learning for monitoring mining assets
- improving management of truck tire usage
- monitoring of cart and haulage equipment to prevent damage to structures
- automating monitoring systems

Underground mining

Mining companies operating in Ecuador are looking to improve their underground operations with electric vehicles, improved ventilation systems and automation. Opportunities exist for Canadian MSS companies offering solutions designed for the underground mining environment.

Industry highlights	
Open on highly restricted basis Export Development Canada's position	1.8% Global exploration share
57.7 World Bank Ease of Doing Business score	Gold, silver and copper lead Ecuador's mining sector
\$1.8 billion Ecuador ranks 20th overall in Canadian mining assets abroad	15 Canadian companies operating in Ecuador

Responsible business conduct

Mining companies in Ecuador are looking to improve their relations with local communities. Over the last few years, relationships with some local communities have proven to be difficult, slowing down project developments considerably. Canadian MSS firms with experience in community engagement related to mineral resources development may find opportunities here, along with companies offering consulting services geared toward improving environmental, social and governance policies for mining operators.

Resources quantification

Several mining projects are in the exploration phase. Mining companies operating in Ecuador are looking to comply with [Ontario Securities Commission 43.101](#) to eventually register in the TSX and TSX Venture Exchange. Canadian MSS firms with experience in navigating the regulatory environment may find opportunities here.

Notable challenges for Canadian mining suppliers in Ecuador

- Price-sensitive and competitive market for mining suppliers
- Canadian mining companies often opt for local or regional sourcing for acceptability/reputation against sourcing from Canadian mining suppliers.
- Ecuador's laws are not always enforced. Amid this judicial insecurity (a reality throughout the region), the government is making improvements. Canadian MSS companies should work with a referred legal counsellor to better navigate these challenges.
- Corruption is a global issue for the industry, and Ecuador is not exempt. Nonetheless, the golden rules for doing business in Ecuador are: Be positive. Be persistent. Be patient.

Ecuador business landscape

- Canada led foreign direct investment (FDI) in Ecuador from 2018 to 2020, mainly due to the development of large-scale mining projects. In 2021, Canadian cumulative mining investments in Ecuador have surpassed \$2 billion. The same year, Canada ranked as the 12th most important overall trade partner for Ecuador.
- Canada and Ecuador have a double taxation agreement, in force since January 2002, and an air agreement for direct flights. Both governments are in initial conversations to develop a bilateral trade agreement.
- Most purchasing decisions are made directly by each mine site. Therefore, it is very important to identify and meet with on-site key contacts. They have the technical knowledge, know the needs of the mine and are the ones making the decisions to acquire a specific product, technology or service.
- Communicating in Spanish is key to successfully establishing a relationship and negotiating with buyers. This also applies to developing content for promotional materials and web presence.
- It is necessary to have a local representative or distributor who knows the market, understands the business culture, can follow-up with local companies and speaks Spanish.
- Market presence is considered critical when doing business in Ecuador. While some foreign companies prefer waiting for sales in order to invest in a local office, in-person representation such as a sales agent or distributor will strengthen partnerships with allies in the industry.

Request a meeting

To learn more about the mining industry in Ecuador, please request an in-person meeting with a Trade Commissioner on the Business-to-Trade Commissioner scheduling platform ahead of PDAC 2022. <https://go.b2b-2go.com/en/canadapdac-2022/>