



# Ecuador: Political and Economic Conditions and U.S. Relations

**June S. Beittel**  
Analyst in Latin American Affairs

July 3, 2013

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

R43135

## **Contents**

Background.....	1
Political and Economic Conditions.....	2
Correa Administration .....	2
Correa’s New Term.....	3
Economic Conditions .....	4
U.S. Relations .....	6
Counternarcotics.....	7
Trade.....	8

## **Contacts**

Author Contact Information.....	9
---------------------------------	---

The United States has traditionally had close relations with Ecuador, yet tensions in the U.S.-Ecuador relationship have surfaced in recent years as the left leaning government of President Rafael Correa (2007-present) has objected to U.S. influence in the region which it has labeled “imperialist.” Nevertheless, the United States is Ecuador’s largest trade partner and has extended trade preferences to Ecuador under the Andean Trade Preferences Act (ATPA) since the legislation’s enactment in 1991. The ATPA provides unilateral preferential access to the U.S. market for certain products in order to reduce dependence on the illegal drug trade, although the Correa government in late June 2013 “renounced” its participation in the program. For additional information on the consideration of trade preferences for Ecuador under the Andean Trade Preferences Act by the 113<sup>th</sup> Congress, see CRS Report RS22548, *ATPA Renewal: Background and Issues*, by M. Angeles Villarreal.

This report provides a brief background on political and economic conditions in Ecuador under President Correa, and examines current U.S. relations with Ecuador. It provides context for recent developments such as the asylum request reportedly made to Ecuador by former U.S. intelligence contractor Edward J. Snowden who is wanted on espionage charges in the United States for release of top secret documents about U.S. surveillance programs. For more information about Ecuador’s extradition policies and legal analysis, see CRS Legal Sidebar WSLG561, *U.S. May Face Significant Obstacles in Attempt to Apprehend Edward Snowden*, by Michael John Garcia.

## Background

Ecuador is a small oil-producing country with about 14.6 million people situated along the Pacific Coast of South America. Located between Colombia and Peru, two major cocaine producing countries in the Andean region, Ecuador is strategically important to the United States. Not only is it a major transshipment point for U.S.-bound illegal drugs, but Colombian armed groups seeking to rest, resupply, and transport drugs, and thousands of refugees fleeing Colombia’s internal conflict, have crossed its porous northern border. Moreover, according to the U.S. Energy Information Administration, Ecuador was the 11<sup>th</sup> largest supplier of crude oil imports to the United States in 2012 and an important supplier of crude to the Western United States.<sup>1</sup>

Rafael Correa, elected President three times by voters in Ecuador, has proved to be one of the nation’s most enduring leaders. While the United States has traditionally had close relations with Ecuador, under Correa’s leadership the relationship has often been tense due to his populist governing style and his combative, self-described “anti-imperialist” stance. Friction between the two countries culminated in the expulsion of the U.S. Ambassador in 2011. Although full diplomatic relations were restored in 2012 with the appointment of a new U.S. Ambassador to Ecuador, tensions between the countries continue. The Correa government in recent months has tried to bolster economic ties and, up until late June 2013, advocated for renewal of trade preferences which are set to expire July 31, 2013.

---

<sup>1</sup> The data are drawn from the U.S. Energy Information Administration website at <http://www.eia.gov>

# Political and Economic Conditions

## Correa Administration

Ecuador has a relatively long experience with democracy, but it has been marked by frequent cycles of instability. Since its independence in 1830, regionalism and personalism have defined Ecuador's political culture. Following a return to democracy in 1979 after nine years of military rule, party splits, bureaucratic ineptitude, and corruption proliferated. Voters have periodically blamed incumbent governments for their problems, and often have turned to populist, anti-traditional party candidates to govern.

Ecuador ended a decade of political and economic instability with the election of Rafael Correa, a left-leaning U.S.-trained economist, in late 2006. Fulfilling a key campaign promise, Correa succeeded in rallying the nation to support a referendum to rewrite the constitution. The new constitution, written by an elected Constituent Assembly, was approved with 64% of the vote in September 2008 and went into effect in October 2008. The 2008 constitution, Ecuador's 20<sup>th</sup>, increased the power of the president and allowed the president to run for two consecutive terms. As required under the new constitution, new elections were then organized for President, Vice President, Members of the unicameral National Assembly, and provincial and local offices.<sup>2</sup> In April 2009, Correa won the presidency in the first round, garnering 52% of the vote. His party, *Alianza País* (AP), won the most seats in Congress, although not a majority.

President Correa describes his ideology as a "Citizens' Revolution," but maintains that it responds to conditions in Ecuador and is not merely a replication of the leftist policies of his ally, now-deceased Venezuelan President Hugo Chávez. Often described as "confrontational," President Correa's populist approach weaves together themes of economic justice and Andean pride with a critique of the traditional partisanship of Ecuadorian politics. In September 2010, President Correa faced a police uprising over pay and work conditions that resulted in five deaths which Correa and his supporters called an attempted coup. The brash way the President responded to the police rebellion was viewed by some observers as a way to burnish his reputation.<sup>3</sup> Clashing with some of the Ecuadorian press over its coverage of his handling of the September police uprising, President Correa brought a lawsuit against Ecuador's lead opposition newspaper *El Universo*. In July 2011, the President won a \$40 million judgment against the newspaper that included three-year prison terms for the journalist who wrote the offending editorial and three of the newspaper's executives.<sup>4</sup> Following considerable international pressure, including criticism from the Organization of American State's (OAS's) Special Rapporteur on Freedom of Expression, Correa pardoned the journalist and the newspaper so they would not have to serve jail sentences or pay the large fine.

Human Rights Watch maintains that President Correa has used his power to "undercut freedom of the press in Ecuador" through public denunciation and retaliatory litigation, and that judicial

---

<sup>2</sup> U.S. Department of State, *Background Note: Ecuador*, June 8, 2011.

<sup>3</sup> Simon Romero, "In Ecuador, a Leader Who Confounds His Supporters and Detractors Alike," *New York Times*, October 10, 2010.

<sup>4</sup> Mercedes Alvaro, "Ecuador Newspaper Gets Harsh Sentence," *Wall Street Journal*, July 22, 2011; "Correa Wins Second Round against El Universo," *LatinNews Daily*, September 21, 2011.

independence has been weakened.<sup>5</sup> Critics of the Correa presidency claim there has been a pattern of attacking the media through the courts and regulation, and allege that Ecuador's courts are unduly influenced by the President. Government ownership of media has greatly increased during the years of the Correa presidency. Recently, President Correa has taken a lead in the OAS in attempting to reduce the budget of the Inter-American Commission on Human Rights (IACHR) and its Special Rapporteur on Freedom of Expression through a series of controversial proposed reforms that were ultimately tabled in March 2013. Although countries such as Ecuador, Bolivia, and Venezuela tried to weaken the IACHR's influence and power at a special session of the OAS General Assembly on March 22, 2013, the vast majority of OAS member states rejected the effort.<sup>6</sup>

Correa's first term (2009-2013) was supported by a couple years of strong economic growth and the adoption of populist economic policies that included significant public investment including cash transfer programs to those living in poverty. Since coming to office, President Correa has increased social spending, expanded government control over strategic sectors, and attempted to ensure that a greater share of natural resource revenues go to the state. He has financed ambitious social spending using revenues generated by the energy sector and through loans from China based on forward oil sales. According to the World Bank, today Ecuador is an upper middle income country. The poverty rate in urban areas declined from 49% in 2002 to roughly 32% in 2011, with a similar notable decline in indigence or extreme poverty from 19% to 10% respectively.<sup>7</sup>

Ecuador is active in many multilateral and international organizations. It is active in regional groups such as the Union of South American Nations (UNASUR) which promotes political, economic, and security coordination, with the headquarters of the UNASUR Secretariat in Ecuador's capital, Quito. Ecuador is also in the 33-member Community of Latin American and Caribbean States (CELAC) to boost regional integration and cooperation which held its first summit in early 2013 (and does not include Canada and the United States). Ecuador is also active in the Organization of American States and many of its associated bodies as well as the United Nations.

## **Correa's New Term**

Correa won a landslide re-election on February 17, 2013, with 57% of the vote. Correa's share of the vote was more than 30 percentage points higher than his nearest rival, Guillermo Lasso, of the center-right *Movimiento Creando Oportunidades* (CREO) party. In addition to the presidency, Correa's AP movement won a strong congressional majority, gaining two-thirds of the seats in the 137-seat National Assembly. President Correa has been the first leader since the late 1970s to enjoy sustained popularity across the regions and a broad array of class and demographic groups.

President Correa began his new four-year term on May 20, 2013. Human rights groups and media organizations such as the Committee to Protect Journalists have expressed dismay at the passage

---

<sup>5</sup> See statement on Human Rights Watch website, "Human Rights in Ecuador," at <http://www.hrw.org/node/106213>

<sup>6</sup> For more background, see CRS Report R42639, *Organization of American States: Background and Issues for Congress*, by Peter J. Meyer.

<sup>7</sup> The statistics, rounded to the nearest whole number, are reported in the United Nations Economic Commission for Latin America and the Caribbean's (ECLAC) *Social Panorama of Latin America 2012 Briefing Paper*, November 2012.

of a communications law he proposed to Ecuador's National Assembly within a month of beginning this new term. The measure easily passed the National Assembly with its substantial majority of AP members on June 14, 2013 and it was approved by the President a week later. (A more divided body had been unable to complete action on an earlier version of the law introduced by the government in 2009). Critics of the media law see it as a significant setback for a free press and fear that it introduces the potential for censorship in Ecuador. The Correa government contends it is a victim of private media persecution. The law addresses government concerns that the media is mainly in private hands and lacks professional standards, and that much of the opposition media is strongly opposed to Correa.<sup>8</sup> The law establishes a body to monitor media content and issue sanctions for violations; it limits media ownership by the private sector to 33% of the broadcast market; and defines a new offense, "media lynching," which is defined as disseminating information with the purpose of "undermining the prestige" or "reducing credibility" of a person or legal entity.<sup>9</sup>

Also in June 2013, Ecuador's National Assembly passed a new mining law by a large margin. The law attempts to regulate mining which is a relatively new industry in Ecuador and is being developed to help reduce the economy's dependence on revenues from oil exports. The new law eases terms for small-and medium-size mining projects in Ecuador by delaying the windfall tax until miners have recovered their initial investment and clarifies guidelines and regulations for mining operations. Many large mining companies, however, remain concerned about the large tax burden placed on them by the government. In advance of the bill's passage, a Canadian company pulled out of the enormous Fruta del Norte gold mine project because of concerns about the government's high taxation on project profits. The new law was also controversial and opposed by the umbrella indigenous organization, Conaie, because it did not make binding a requirement for prior consultation with indigenous groups. Ecuador has a large indigenous population that has become increasingly active politically. While support from indigenous groups was important when Correa came to power, many including Conaie have become vocal critics of his approach to the development of natural resources.<sup>10</sup>

## **Economic Conditions**

Ecuador's economy is dependent on a few key commodity exports including petroleum, bananas, shrimp, cut flowers, cocoa and other agricultural products. Between 50-60% of export earnings are derived from the oil sector, and the sector provides approximately 30-40% of government revenues.<sup>11</sup> Ecuador is the world's largest exporter of bananas and plantains; shrimp and cacao exports are also important. In recent years, there have been increases in nontraditional exports such as flowers and automobiles. The United States is Ecuador's main trading partner with over 40% of Ecuador's exports such as oil, bananas, and shrimp going to the United States in 2012. Machinery, chemicals and fertilizers, computers and electronic equipment and petroleum products

---

<sup>8</sup> Brian Ellsworth and Alexandra Valencia, "Ecuador Backing for Snowden Spurs Criticism of Correa Media Law," *Reuters*, June 27, 2013.

<sup>9</sup> Human Rights Watch, "Ecuador: End Assault on Free Speech," Press Release, June 17, 2013; Chris Kraul and Pablo Jaramillo Viteri, "Granting Snowden Asylum Could Help and Hurt Ecuador's Leader," *Los Angeles Times*, June 25, 2013.

<sup>10</sup> "Ecuador: Correa Makes Major Breakthrough," *Latin American Weekly Report*, June 20, 2013; Christopher Sabantini, "Indigenous and Presidents Clash in Ecuador and Bolivia," *Huffington Post*, September 2, 2011.

<sup>11</sup> U.S. Department of State, *Background Note: Ecuador*, March 8, 2012.

are among the leading U.S. exports to Ecuador, making up roughly 26% of Ecuador's imports in 2012. In total trade, Ecuador was the 34<sup>th</sup> largest trade partner of the United States in 2012.<sup>12</sup>

Ecuador's dependence on a few export commodities that are subject to highly volatile price swings have left it vulnerable to economic instability. In 2000, Ecuador adopted the dollar as its national currency following a major recession in 1999. Dollarization helped curb inflation and restored some macroeconomic stability. In 2009, however, economic growth declined sharply to just 0.6 % during the global recession, accompanied by falling oil prices, and a decline in remittances (Ecuador's second largest source of external revenues). Showing signs of recovery in 2010, the economy rebounded and grew by 2.8%. After strong growth of 7.4% in 2011, one Correa government official described the economy as "the jaguar of Latin America."<sup>13</sup> Some observers have attributed the high growth to a public investment boom that was fueled by high oil prices and lending from China. In 2012, the economy grew at 5%, and is projected to slow to 3.8% in 2013. The slowdown this year is in part attributed to the part-year shutdown of Ecuador's main refinery, Esmeraldas, which is to receive a long delayed upgrade.<sup>14</sup>

Ecuador has frequently had conflicts with the petroleum industry, as President Correa has sought to increase state control over the energy sector. The government handles the bulk of oil production, but it is also carried out by some small domestic and some large foreign companies. Between 2006-2009, oil production declined due to insufficient investment, but the decline leveled out in 2010. In late 2010 and early 2011, the government shifted its oil concession contracts from a production sharing arrangement to a service (fee) contract. Because several companies refused to renegotiate, those operations devolved to the state oil company, increasing the state's portion of oil production from 62% in 2010 to roughly 71% in 2011.

The mineral sector has also been developing. In addition, to encourage diversification in the economy, Ecuador's government enacted a Production, Trade and Investment Code in late 2010, which was intended to increase production of higher value-added products. This effort especially targets for development small and medium sized businesses located outside of the two major cities, Quito and Guayaquil.<sup>15</sup>

Ecuador withdrew from efforts to develop a regional free trade agreement (FTA) between the United States and Bolivia, Colombia, Ecuador and Peru in 2006. The United States subsequently signed bilateral FTAs with Peru and Colombia, but Ecuador has shown no interest in pursuing an FTA with the United States. Following Venezuela's acceptance last year into full membership in the South American customs union, Mercosur (*Mercado Común del Sur*), Bolivia and Ecuador have applied to move from observer status to full membership in the trade bloc originally composed of Argentina, Brazil, Paraguay, and Uruguay. Demonstrating a pragmatic concern for his non-oil exporters according to some observers, Correa has also engaged in talks with the European Union to reach a trade deal.<sup>16</sup>

---

<sup>12</sup> For more background on the U.S.-Ecuador trade relationship, see CRS Report RS22548, *ATPA Renewal: Background and Issues*, by M. Angeles Villarreal.

<sup>13</sup> Fander Falconi, "Ecuador Begins to Roar," *The Guardian*, April 7, 2013; "Heavily Oil Dependent Ecuadorean Economy Slows Down," *Economist Intelligence Unit*, May 17, 2013..

<sup>14</sup> "Country Report: Ecuador," *Economist Intelligence Unit*, June 2013.

<sup>15</sup> U.S. Department of State, *Background Note: Ecuador*, June 8, 2011.

<sup>16</sup> See, for example, "Country Report: Ecuador," *Economist Intelligence Unit*, June 2013.

Ecuador's access to external lenders and global finance has been limited by its default on repaying \$3.2 billion to global lenders in 2008. To address low levels of foreign investment, the Correa government has turned to nontraditional allies such as China as a leading source of external finance.<sup>17</sup>

## U.S. Relations

In recent years, Ecuador's relations with the U.S. government have frequently been strained. Over the course of his time in office, President Correa has expelled various U.S. State Department representatives, ejected the World Bank's representative, and, as noted above, defaulted on \$3.2 billion in sovereign debt in 2008.<sup>18</sup> He has also drawn Ecuador closer to nontraditional allies such as China and Iran, raising concern among Washington policy makers. Moreover, President Correa has at times adopted a brash stance toward U.S. policies, accusing the administration in Washington of imperialism and threatening Ecuador's sovereignty.<sup>19</sup>

President Correa was a vocal critic of Plan Colombia, the multi-billion dollar program aimed at countering terrorism and drug trafficking in neighboring Colombia which received crucial support from the United States.<sup>20</sup> He came to office in 2007 declaring he would shut down U.S. counterdrug operations at the Manta air force base by refusing to renew its lease in 2009 (see next section). Ecuador joined the Bolivarian Alliance of the Americas (ALBA) founded by Venezuelan President Hugo Chávez in 2004 as an alternative to U.S.-led trade partnerships. Ecuador, Bolivia, Venezuela, Cuba, and Nicaragua all belong to the alliance along with a group of smaller Caribbean nations. ALBA was headed by President Chávez, but since the charismatic Venezuelan leader's death in early March 2013, it remains to be seen who among the leftist leaders in the coalition will take on his mantle of leadership and become the voice of opposition to U.S. influence in the region.<sup>21</sup>

The United States and Ecuador have shared interests in counternarcotics cooperation and democratic strengthening, economic development, and environmental protection in Ecuador. In FY2012, the United States provided approximately \$22.9 million in bilateral foreign assistance. The Obama Administration's FY2013 request was for \$21.3 million (country allocations are not yet available), and the State Department's FY2014 request is roughly \$11.8 million, a little more than half of what was provided in FY2012. The Peace Corps has a large program in Ecuador, with some 120 volunteers.

Despite this assistance, the Correa government has taken opportunities to defy the United States in some times provocative ways. In April 2011, the Correa government declared then- U.S.

---

<sup>17</sup> "Country Report: Ecuador," *Economist Intelligence Unit*, June 2013.

<sup>18</sup> Juan Forero, "Through Snowden, Ecuador Seeks Fight with U.S.," *Washington Post*, June 25, 2013.

<sup>19</sup> Catherine E. Shoichet, "'Ecuador No Se Someterá a Presiones,' dice Correa Sobre El Caso Snowden," *CNN Wire*, June 28, 2013; Girish Gupta, "Anti-American Ecuador May Be Snowden Destination," *USA Today*, June 24, 2013; "Ecuador's Correa Sees 'High Chances' of Re-Election Bid," *Reuters*, October 9, 2012.

<sup>20</sup> For more background on Plan Colombia, see CRS Report RL32250, *Colombia: Background, U.S. Relations, and Congressional Interest*, by June S. Beittel.

<sup>21</sup> Some observers have questioned if President Correa has the ambition to replace Chávez or if he has the oil reserves to underwrite the alliance. These analysts suggest that Chávez gleaned political support for ALBA by providing oil on preferential terms to smaller countries in exchange for their allegiance.



Ambassador Heather Hodges persona non grata and expelled her from the country over disclosures in leaked confidential diplomatic cables made public by WikiLeaks. Two days later, the U.S. government responded by expelling Ecuador's Ambassador to the United States.<sup>22</sup> Later that year, diplomatic relations were restored, although the nominee for U.S. Ambassador to Ecuador was not confirmed by the Senate until April 2012. U.S. Ambassador Adam E. Namm has reportedly not had the opportunity to build a close reciprocal relationship with the Correa government, which recently condemned the Ambassador's attendance at an event favoring freedom of expression.<sup>23</sup>

In mid- 2012, Ecuador provided asylum to WikiLeaks founder Julian Assange in Ecuador's embassy in London where he has remained for a year. Assange's organization published a vast trove of U.S. classified documents. Assange is currently wanted by the Swedish government for questioning on rape and molestation charges. In June 2013, former U.S. intelligence contractor Edward Snowden reportedly applied for political asylum in Ecuador, (among as many as 20 nations), to evade espionage charges in the United States for release of top secret documents about U.S. surveillance programs, reportedly receiving legal assistance from WikiLeaks lawyers.<sup>24</sup> Subsequently, President Correa has said that he could not consider an asylum request from Edward Snowden until he was on Ecuadorian territory or in one of the country's embassies. He also noted that Vice President Joe Biden called him on June 28, 2013, in a conversation he described as "cordial," to request that Ecuador reject the Snowden request.<sup>25</sup>

Several observers maintain that President Correa's embrace of Julian Assange and his willingness to consider Edward Snowden's asylum request are a means to burnish his credentials as a defender of free expression and public transparency in the face of a sustained effort in his own country to restrict media and press freedoms.

## **Counternarcotics**

Ecuador is a major transit country for cocaine and heroin with its strategic location between Peru and Colombia. The U.S. State Department estimated that up to 110 metric tons of cocaine transit Ecuador each year, according to the 2013 *International Narcotics Control Strategy Report (INCSR)*. The country is vulnerable to crime due to historically weak institutions, porous borders, and corruption. Domestic consumption of narcotics is a growing problem. The government has successfully kept coca from being grown in any significant quantities in the country since the mid-1980s. In 2012, cocaine seizures in Ecuador amounted to 21.4 metric tons, roughly the same as 2011 seizures.<sup>26</sup> The United States remains disappointed by the Correa government's refusal in

---

<sup>22</sup> Gonzalo Solano, "Ecuador Expels US Ambassador in Wikileaks Flap," *Associated Press*, April 5, 2011; "Second US Heads Rolls over Wikileaks," *LatinNews Daily*, April 6, 2011; U.S. State Department, *Background Note: Ecuador*, June 8, 2011.

<sup>23</sup> William Neuman and Mark Landler, "Ecuador Risks Trade Problems with U.S. if It Grants Asylum to Snowden," *New York Times*, June 25, 2013.

<sup>24</sup> William Neuman and Maggy Ayala, "Ecuador Grants Asylum to Wikileaks Founder," *New York Times*, August 17, 2012; Richard A. Serrano and Sergei L. Loiko, "Snowden Hopscoches Globe, Staying Just Out of U.S. Reach," *Los Angeles Times*, June 24, 2013; Peter Baker and Ellen Barry, "Leaker's Flight Raises Tension for 3 Nations," *New York Times*, June 25, 2013.

<sup>25</sup> William Neuman, "Ecuador Leader Says Biden Called Him About Snowden," *New York Times*, June 30, 2013; William Neuman, "Snowden's Fate Is Up To Russia, Ecuador Says," *New York Times*, July 1, 2013.

<sup>26</sup> U.S. Department of State, *2013 International Narcotics Control Strategy Report (INCSR)*, March 2013.

2009 to renew the U.S. Forward Operating Location (FOL) at Manta that served as an important base in the regional antidrug surveillance and interdiction effort.<sup>27</sup> After many years of cooperation, the United States is critical of Ecuador's efforts to control narcotics trafficking.<sup>28</sup> In 2012, Ecuador rejected aid offered by the U.S. government for counternarcotics and other programs in its troubled northern border region due to sovereignty concerns.<sup>29</sup> Among the more successful U.S.-supported counternarcotics efforts, the 2013 *INCSR* cites such areas as judicial reform, alternative development to foster licit economic opportunities, and the training of Ecuador's National Antinarcotics Police.

## Trade

A persistent U.S.-Ecuador trade issue is the long standing, multi-billion dollar lawsuit against the U.S. oil company, Chevron. In 1993, 30,000 Amazon residents in Ecuador brought a class-action suit claiming they were injured by toxic waste from Texaco's oil production activity between 1964 and 1990. Texaco (which has since merged with Chevron) is accused of contaminating large areas of Ecuadorian rainforest. One of Chevron's defenses is that the government of Ecuador exempted the companies from liability based on a cleanup and on payments made in the early 1990s. Chevron has claimed that Ecuador's legal system is corrupt and that local judiciaries in Ecuador are politically influenced and cannot provide a fair forum. The contentious and complex 20-year old case has been through many appeals. In 2011, an Ecuadorian court found in favor of the Amazonian plaintiffs issuing an \$18 billion judgment against Chevron. However, also in 2011, at the urging of Chevron, the Permanent Court of Arbitration at The Hague ruled in favor of Chevron that Ecuador violated the U.S.-Ecuador Bilateral Investment Treaty in this dispute. On June 6, 2013, the U.S. District Court for the District of Columbia upheld the arbitration decision.<sup>30</sup>

Ecuador has been a beneficiary country under the Andean Trade Preferences Act since 1991.<sup>31</sup> The law provides eligible countries with unilateral preferential access to the U.S. market for certain products in place of a dependence on the illegal narcotics trade. On October 12, 2011, the 112<sup>th</sup> Congress extended ATPA preferences to Ecuador and Colombia through July 31, 2013. The Correa government had urged that the ATPA preferences be renewed until June 27, 2013, when Ecuador's government reportedly announced that it was renouncing U.S. trade benefits under the ATPA.<sup>32</sup> The usual factors in consideration of renewing ATPA for Ecuador may be overshadowed

---

<sup>27</sup> The FOL, or Cooperative Security Location, as they are now called, situated at a coastal air base in Manta, Ecuador, was used for regional counterdrug operations and allowed U.S. forces to patrol the Pacific. The 10-year lease (1999-2009) was not renewed by President Correa following up on his campaign promise to decrease U.S. presence in the region. The last U.S. mission from Manta was flown in July 2009.

<sup>28</sup> The 2013 *INCSR* concludes that while the United States supports Ecuador's antidrug efforts it "strongly encourages Ecuador to place a higher priority on the interdiction of illicit drugs, chemical precursors, eradication of coca and poppy, and destruction of cocaine labs." *INCSR*, 2013 op cit.

<sup>29</sup> *INCSR*, 2013 op cit.

<sup>30</sup> Brian Flood, "Court Upholds Award Against Ecuador under Bilateral Investment Treaty with the U.S.," *International Trade Daily*, June 11, 2013." For more background, see CRS Report RS22548, *ATPA Renewal: Background and Issues*, by M. Angeles Villarreal.

<sup>31</sup> See CRS Report RS22548, *ATPA Renewal: Background and Issues*, by M. Angeles Villarreal.

<sup>32</sup> Alexandra Valencia and Brian Ellsworth, "Ecuador Offers U.S. Rights Aid, Waives Trade Benefits," *Reuters*, June 27, 2013; Rory Carroll, "Ecuador Breaks U.S. Trade Pact to Thwart 'Blackmail' over Snowden Asylum," *The Guardian*, June 27, 2013.

by Ecuador's response to the application for asylum by former National Security Agency contractor Edward Snowden.

## **Author Contact Information**

June S. Beittel  
Analyst in Latin American Affairs  
jbeittel@crs.loc.gov, 7-7613