

# **REPORT ON TRADE CONDITIONS IN ECUADOR**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649257904

Report on trade conditions in Ecuador by Charles M. Pepper

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd.  
Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

[www.triestepublishing.com](http://www.triestepublishing.com)

**CHARLES M. PEPPER**

**REPORT ON TRADE  
CONDITIONS  
IN ECUADOR**



**Property of the United States Government.**

U.S. DEPARTMENT OF COMMERCE AND LABOR  
BUREAU OF MANUFACTURES  
JOHN M. CARSON, Chief

---

**REPORT ON  
TRADE CONDITIONS IN  
ECUADOR**

By

**CHARLES M. PEPPER**

Special Agent of the Department of Commerce and Labor

---

TRANSMITTED TO CONGRESS IN COMPLIANCE WITH  
THE ACT OF FEBRUARY 26, 1907, AUTHORIZING  
INVESTIGATIONS OF TRADE CONDITIONS ABROAD



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1908

HF  
105  
027

## CONTENTS.

	Page.
Letter of submittal.....	5
Accessibility and resources.....	7
Area and population.....	7
Leading cities.....	8
Towns and hamlets—Rural residents.....	8
Trade analysis.....	9
The commercial metropolis.....	9
Soil productions.....	10
Cocoa statistics.....	10
Limited planting of cacao.....	11
High value of vegetable ivory.....	12
Active rubber gathering.....	12
Coffee and cane growing.....	13
Tobacco, cotton, and fruits.....	14
Grain and stock raising.....	15
Available forestry products.....	15
Mines and minerals.....	16
Coal and petroleum deposits.....	16
National industries.....	17
Various small factories.....	18
Railway systems.....	18
Opposition and benefits.....	19
Extensions and projects.....	19
Public improvements.....	20
Sanitation plans and waterworks.....	21
Foreign commerce.....	22
Share of leading competing nations.....	23
America the best customer.....	24
Needed improvements.....	24
American mills could not accept all orders.....	25
General development.....	25
Introduction of modern mechanisms.....	26
Leading mercantile imports.....	26
Hardware, sewing machines, and motors.....	27
American textile trade loss.....	28
Leather goods and foodstuffs.....	29
Beverages, oils, and drugs.....	29
Furniture opportunity.....	30
Shipping situation.....	30
Tonnage movements.....	31
Inadequate steamship facilities from Panama.....	32
Delay of passengers.....	33

	Page.
National fiscal system .....	33
The public debt .....	34
Maintenance of gold standard .....	35
Banks of issue .....	35
Discounts and exchange .....	36
Merchants and trade methods .....	37
American representation .....	37
National exposition—Chambers of Commerce .....	38
Conclusion .....	38

## LETTER OF SUBMITTAL.

GUAYAQUIL, ECUADOR, *January 15, 1908.*

SIR: In submitting the appended Report on Trade Conditions in Ecuador I wish to call attention to the especially favorable prospects which exist for trade with the United States.

Ecuador through its geographical position will be the most directly benefited of the west coast countries of South America by the Panama Canal, and the results of that waterway in the increased volume of commerce seeking this route are already being anticipated at Guayaquil. Fuller benefits will be secured when this wealthy port with its many natural advantages for shipping and its facilities for handling commodities of import and export is protected from the ravages of tropical epidemic diseases by placing it in line with modern scientific sanitation as has been done so successfully at Habana and Panama.

An important means of developing the internal resources of the country is the American Railway extending from the coast across the Andes to the capital. With the means of transportation thus facilitated an increase of commerce should follow, and some indications of this are now apparent. The full effects in providing an outlet for Ecuadorian products and in enlarging the market for goods from abroad ultimately will be shown in the addition to the foreign trade. There is now an interchange of commodities to the approximate value of \$22,000,000 annually. In the actual exchange the balance is in favor of Ecuador. The country is especially favored in the tropical agricultural exports which form the bulk of its exports, for most of them are produced in few other regions and in the face of lowered values of such staple tropical products as coffee are able to command higher prices. This is in particular true of cocoa, or chocolate, which provides more than one-half the total exports.

The products imported comprise textiles, foodstuffs, railway material, electrical and other machinery in small quantities as yet, and a large variety of miscellaneous manufactured articles. The United States supplies its full share of all the imports except in textiles. The cotton piece-goods trade, once almost entirely in American hands, has passed to Manchester.

Financial stability is so important an element in international trade that I have described briefly Ecuador's monetary system, which is maintained on the gold standard and facilitates commercial exchange by the safeguard it affords against violent fluctuations.

Respectfully,

CHARLES M. PEPPER,

*Special Agent of the Department of Commerce and Labor.*

TO HON. OSCAR S. STRAUS,

*Secretary of Commerce and Labor.*



## TRADE CONDITIONS IN ECUADOR.

### ACCESSIBILITY AND RESOURCES.

Ecuador in its geographical relation occupies an advantageous position among the west coast countries of South America. Accessible by Panama and by the Straits of Magellan, its value as a future market for foreign products does not depend so much on ocean transportation facilities as on the addition to its purchasing power through the increase in its natural resources such as cocoa, and by the improvement in the means of communication which will draw isolated districts together and enable them to get their products to the coast and receive imported goods in exchange. That the trade has not advanced more rapidly is due to the slowness with which the obstacles to internal development have been overcome and also to the failure to take advantage of favorable natural conditions.

Though on their face the statistics do not show it, the total foreign commerce of Ecuador for the last five years has ranged approximately from \$18,000,000 to \$22,000,000, the merchandise exports exceeding the imports by from \$2,000,000 to \$2,500,000 annually, with no heavy charges to pay abroad, the chief one being interest on some \$12,000,000 of railway bonds funded into a national debt. This and other remittances, such as to large landowners living in Europe and drawing their incomes from estates in Ecuador probably establish an actual equilibrium. The exportation and importation per capita is difficult to fix with exactness because of the uncertainty as to the number of inhabitants.

### AREA AND POPULATION.

The area of Ecuador is usually placed at 116,000 to 119,000 square miles and the population estimated at from 1,300,000 to 1,500,000. The settlement of boundary disputes with neighboring countries would not reduce the area materially. The number of inhabitants is more difficult to arrive at. A partial census was taken by the Government in 1900 and since then the official estimate has been 1,500,000, though the full returns have not been published and some Government publications continue to make estimates of taxation and debt on the assumption of only 1,300,000 inhabitants. This also has been the basis of calculations of the foreign consuls in Ecuador. The most

detailed was that of the British consul at Quito in 1892, who took the countries by districts.

#### LEADING CITIES.

Wide variations appear in such figures as are obtainable. Quito, the capital, is usually credited with a population of 80,000 and in Spanish colonial times it did have that number. But the Government census taken as recently as 1906 enumerated only 51,000. Allowing 10 per cent of the inhabitants to have escaped enumeration, which is entirely probable from various causes, the population of the capital at the present period would be about 56,000. Guayaquil, on the other hand, shows an increase. In 1890 the population was 45,000 and the census of 1899 gave 60,000. Though the floating population at all times is large, there has been an increase in the permanent residents, as is shown by the large number of new dwellings that have been erected, and Guayaquil at the beginning of 1908 may be said to have from 70,000 to 75,000 inhabitants.

#### TOWNS AND HAMLETS—RURAL RESIDENTS.

After Guayaquil and Quito the largest town in the Republic is Cuenca, the trade center of the south, whose population is between 35,000 and 40,000. Loja, near the Peruvian border, comes next, and in the north Ibarra is the largest city. Its population, however, does not reach 10,000.

The small number of towns which have more than 5,000 inhabitants is usually the basis for the minimum estimate of a total population not exceeding 1,300,000 for the whole country, but this is misleading. The cereal-raising regions of the Andean plateaus and valleys are well settled and the number of Indian hamlets, each of which groups several hundred persons together, is large. A practical means of judging the number of inhabitants in the interior districts has been afforded during the construction of the Guayaquil and Quito railway. In seeking laborers invariably many more would be found than the apparent number of inhabitants indicated, 500 men often being obtained in districts where from the ordinary indications not more than 200 could be expected. The general manager of the railway, from this experience and other observations, estimates the total population of Ecuador at 1,700,000. The difficulties in securing a correct enumeration of the Indians, through their fear of military conscription, taxes, and unknown harm, are well understood. In view of these difficulties and of the experience of the railway management, the probability is that the population of the farming districts and the interior regions has been underestimated. For the whole country it may be considered as 1,500,000, or about 13 persons per square mile.

## TRADE ANALYSIS.

With the foreign commerce in commodities taken as \$22,000,000 this would mean \$14.66 per capita, of which \$6 per capita is imports, as will appear from the figures to be given later. This shows that the bulk of the inhabitants consume little foreign goods, a condition which might be expected of a population so primitive as the native Indians who form the bulk of it. But though a primitive population, the majority are farmers or town laborers, and while they have not yet developed civilized wants in the degree to make them large buyers of foreign goods, the process has begun and its continuance will give importance to Ecuador as a market for manufactured articles.

Ecuador as such a market may be analyzed in Guayaquil, for the trade centers here and the city dominates the commerce of the entire country. It has the advantage of location and this advantage has been utilized to prevent the growth of rival ports so effectively that none of importance exists, though several places have good harbor facilities. Situated on the Guayas River at the head of the Gulf all ocean vessels are able to visit it and freight is received not only for distribution to the interior, but also for the coast towns. The steamship lines from Panama maintain a service which touches at the landings on the north, but the effect in decreasing the importance of Guayaquil by lessening the transshipments is insignificant. Traffic is carried on up the Daule, the Bode, and other tributaries of the Guayas by American paddle-wheel river steamers of 30 to 60 tons capacity, by steam launches of 15 to 20 tons, and by canoes of 15 to 25 tons. Since the building of the railway some change has been made in the routes of transportation to and from the interior, but none of them have deviated from Guayaquil as a starting point or as a terminus, and the city continues both the distributing center for imported goods and for the exportation of the products of the country.

## THE COMMERCIAL METROPOLIS.

The relation of Guayaquil to the commerce of Ecuador appears most clearly in the customs-house returns of exports and imports. For the calendar year 1906 the total exports as officially stated were 21,965,000 sucres, or nearly \$11,000,000, and the imports 17,012,000 sucres or \$8,500,000. (The value of the sucre is 48.7 cents, but in reducing in round numbers to dollars 2 sucres may be taken as equal to \$1.) Of the 21,965,000 sucres at which the exports were valued 17,267,000 were through Guayaquil, and of the 17,012,000 sucres of imports 15,768,000 were also through that port. Of the customs duties collected on imports and exports Guayaquil received 6,989,000 in a total of 8,269,000 sucres. In previous years the proportions were about the same.