

## Ecuador's Evolving Engagement with the PRC

Under the current Ecuadorian government of Daniel Noboa, major infrastructure, financial, and security cooperation with China has been restrained, but political expediency may change that.

By **R. Evan Ellis**

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In September 2024, Ecuadorian Economy Minister [Juan Carlos Vega Malo traveled to the People's Republic of China](#) (PRC) to discuss a range of commercial and financial issues. Significant differences between the Ecuadorian and Chinese positions [prevented them from reaching concrete agreements](#), although both sides declared victory. Despite the problems in the Ecuador-PRC relationship, and fueled in part by Ecuador's important [upcoming February 2025 presidential election](#), the PRC and its companies are positioned to make substantial advances in the country. The [evolving Ecuador-PRC relationship](#) and the prospects for its growth were one of the most significant insights of the author during a December 2024 research trip to the country, and the focus of the present article.

Under the current Ecuadorian government of Daniel Noboa, China's advancements in major infrastructure, financial, political and security cooperation have been restrained by multiple factors. These include significant problems and legal disputes over numerous projects contracted to the PRC during the prior administration of anti-U.S. leftist Rafael Correa, such as the Sinohydro-built [Coca Codo Sinclair hydroelectric facility](#), as well as the country's [significant debt](#), arising largely [out of those failed projects](#). President Noboa's [effort to balance Ecuador's relationships](#) with China, the U.S. and other actors has also limited China's advances.

Despite such difficulties, Chinese companies have continued to do well and expand their position in Ecuador during the Noboa administration in a range of commercial sectors including petroleum, mining, telecommunications and retail. During this period, Ecuador also finalized and implemented a [free trade agreement](#) with the PRC which [accelerated the penetration of Chinese cars](#) and other products into the country, although Ecuador [encountered significant obstacles](#) in the expansion of exports of [shrimp](#), bananas and other products to the PRC market.

### **China's Evolving Profile in Ecuador**

In the political domain, Ecuador is recognized by the PRC as a "[Comprehensive Strategic Partner](#)," a legacy of the close political and economic cooperation fostered with China [by prior Ecuadoran President Rafael Correa](#) and China's

penchant not to “downgrade” the status of its relations when subsequent governments are less enthusiastically aligned. The [PRC ambassador, Chen Guoyou](#), who arrived in April 2019 as President Lenin Moreno sought to diversify relations away from China, [speaks Spanish](#) and is actively engaged across Ecuadoran society, including meeting with local officials from [university heads](#) to [Quito Mayor Pablo Munoz](#).

In trade, despite oil and mineral exports to the PRC, Ecuador has consistently run a trade deficit with the country, [importing \\$7.3 billion](#) from the PRC, while [exporting only \\$5.8 billion to it in 2022](#). As noted previously, the entry into effect of the Ecuador-PRC FTA [in May 2024](#) expanded China’s presence in Ecuador’s retail sector, while largely failing to produce the hoped for expansion of exports of Ecuadoran products to China such as bananas and shrimp. Indeed, Ecuadoran [shrimp](#) exports to the PRC actually fell, due in part to the imposition of new PRC phytosanitary controls [which temporarily blocked imports](#) of shrimp from several countries. [Weak PRC demand](#), combined with expanded shrimp exports [from nearby Vietnam](#), and the need to expand shrimp exports [from Honduras](#) to compensate it in part for its [March 2023 switch](#) in diplomatic recognition from Taiwan to the PRC were contributing factors.

In the petroleum sector, Chinese companies have a [strong, longstanding position in the country](#), particularly [through the Andes consortium](#). They may further expand that position with possible access to the [long-desired Sacha oilfield](#), as discussed later.

CRCC Tongguan and China Railway Construction Corporation have been mining [in the Zamora-Chinchipe region since 2019](#). Chinese companies have been able to [overcome some of the prior protests](#) that accompanied their initial entry, reportedly by working with and possibly co-opting key protest leaders.

The PRC is also a purchaser of gold and other goods from Ecuador's illegal mining sector. China's reported imports of [\\$339 million in gold from Ecuador, versus Ecuador's reported export of only \\$77 million](#) in gold to China suggest that a significant amount of illegally mined gold goes to the PRC.

In construction, despite [previously noted significant problems](#) with Chinese infrastructure projects such as Coca Codo Sinclair and [other hydroelectric facilities](#), the [Yachay Knowledge City](#)

[megaproject](#), and the [Millennial school construction project](#), among others, PRC-based companies continue to receive contracts in Ecuador. China Road and Bridge Corporation (CRBC), for example, has been [contracted by the Noboa government to build](#) new prisons in [Santa Elena](#) and Archidona. Similarly, in 2022, the Chinese company CEIEC [rebuilt Manta Eloy Alfaro Airport's control tower](#), which had been destroyed in a 2016 earthquake.

In the maritime logistics domain, [China Harbor Engineering Company](#) built the [\\$1.2 billion port of Posorja](#), opened in 2019 and operated by DP World, although a combination of security issues in the area and commercial interests in the legacy ports on the Guayas river in Guayaquil, have prevented a more significant shift to use the facility as Ecuador's principal Pacific coast port.

In addition, the [November 2024 opening of the Peruvian port of Chancay](#), will likely decrease direct shipping service between Ecuador and Asia, with a portion of Ecuador's shipping traffic being [channeled through Chancay](#), on routes run by the Chinese logistics giant COSCO which has [exclusive control of Chancay](#). COSCO's expanded role in Ecuador's access to the Pacific through Chancay will likely also increase PRC leverage in Ecuador's ports sector.

In the retail sector, Chinese cars, among other products, [have rapidly expanded](#) their market share in Ecuador, capturing as much as 30 percent of the Ecuadoran market in the past two years.

The Ecuadoran firm Novalider, has announced plans to build an assembly facility for [Huanghai trucks](#) in Cotopaxi.

The Chinese rideshare company [Didi has a presence in Ecuador](#), although with less market share than its competitor Uber.

In the digital sector, [Huawei is an important provider](#) of telephones and other devices to Ecuadoran retail communication providers, Telefonica/Tuenti, Claro, and the state firm CNT. The Chinese brand Xiaomi also has a strong position in the market, including its [own retail outlets](#), and the Chinese firm ZTE has a smaller presence. Huawei is also an important telecommunications infrastructure provider for the country. In cloud services, Huawei has less of a presence than others, such as Amazon Cloud Services. Nonetheless, because it [provides cloud services](#) support to the state firm CNT, a significant portion of Ecuadoran government data, including the registries and government transactions of Ecuadoran citizens, could be stored on Huawei servers, insofar as Ecuadoran government agencies are obliged to use CNT.

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With respect to digital security systems, the [national surveillance and emergency response system ECU-911](#), was built by [China National Electronics Import-Export Corporation](#) (CEIEC), using [Chinese hardware and software](#), and continues to be serviced and updated through Chinese companies and products.

In commercial and residential security, the Chinese companies [Hikvision](#), Dahua and [Ezviz](#) dominate the market, with their equipment and servers containing not only sounds and images from millions of Ecuadoran homes, commercial and government offices and operations, but also the biometric information of millions of Ecuadorans and others interacting with or caught in those systems.

China also continues to exercise a significant presence in Ecuador through people-to-people networks. Although the University of San Francisco de Quito hosts [the only Confucius Institute in the country](#), the PRC has set up a [Confucius Classroom in the Siyuan Institute for the Chinese Language](#) in Quito, which it used to provide training in Mandarin for two six month classes of Ecuadoran National Police officers. The first class of 28 [graduated in September 2024](#). The second [six-month course for 58 police](#) officers began in November 2024.



Other Ecuadoran universities, both public and private, have established, or are establishing Chinese language and China studies programs. Ecuador's Central University, for example, is in the process of negotiating a [new program](#) for both students and professors to travel to the PRC.

As in many other Latin American countries, there is an [Ecuador-China Chamber of Commerce](#), headed Vincente Wong, operational head of one of Ecuador's most important banana companies, through [Gustavo Caceres](#), with representation of the PRC-based company CAMCE [through its chief executive officer, Wang Bin Liu](#), vice president of the chamber.

There is also a PRC friendship committee in the Ecuadoran National Assembly, with 10 of the assembly's 137 members, mostly from the Citizen Revolution Movement and headed by radical left Citizen Revolution party member [Silvia Nunez Ramos](#).

As in other parts of the region, former Ecuadoran officials consulted off-the-record for this work note the detection of PRC espionage organizations oriented toward ethnic Chinese in Ecuador, including at least one representing itself as a tourist agency, [Andywei Travel](#), operating out of the China Railroad and Bridge Corporation-owned Hotel Quito.

In security cooperation, the China-Ecuador relationship has been generally stagnant since its expansion during the Correa presidency.

According to those consulted for this work, Ecuador's military continues to send officers to short courses at China's National Defense University in Changping, as well as longer courses in Nanjing. On the other hand, military personnel from the PRC do not attend Ecuador's institutions, and do not make regular visits. Possibly reflecting China's low current expectations regarding its military relations with Ecuador under Noboa, it assigned a military attaché to the country, [Liu Yijian](#), who does not speak Spanish.

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Of the [709 Chinese military trucks, buses and other vehicles acquired](#) during the Correa presidency, a modest portion remain in use, although many have ended their service lives, or are out of service due to difficulties in obtaining parts. [10,000 aging rifles](#) for left-handed shooters, have been retained for training purposes.

**Prospects for the Advance of the Ecuador-China Relationship**

China's prospects for advancing significant activities in Ecuador are fueled by the need of the Noboa government for immediate funds, in the context of severe debt-related fiscal constraints and declining oil revenue, in order to address a range of crises [that will determine whether Ecuadorans choose](#) to continue his government, or vote for his principal rival, Luisa Gonzalez, and the radical leftist Citizen Revolution Movement party with its political godfather [Rafael Correa standing behind her](#). These include [widespread power outages](#), the [public security crisis](#), and poor economic performance.

Such pressures arguably tempt Noboa's government to cede to questionable Chinese proposals and terms, to get quick Chinese cash that could be decisive in the upcoming election. On the other hand, if Gonzalez and the Citizen Revolution party win, it is widely expected to bring back to power not only Correa, but those who played a key role in the troubled corruption-laden projects with the PRC during his prior administration, including [Ricardo Patino and Jorge Glas](#).

Among the Chinese proposals that could give Noboa quick cash, the state oil fund Petroecuador could consider giving a PRC-based consortium rights to the large Sacha oilfield to offset reduced oil production with the closure of the ITT oil field. Separately, the Chinese government [seeks to settle liability](#) for [massive damages](#) caused by Sinohydro's engineering and construction errors

in the Coca Codo Sinclair hydroelectric facility, and with the Ecuadoran government paying for its electricity. The Chinese could also offer construction of [substantial new solar power](#) in Ecuador that would help address future electric crises, to be provided by PowerChina, as well as possible future mining and other investments, another common Chinese offer. Because the bonds are denominated in RNB, rather than dollars, they effectively obligate the Ecuadoran state to purchase the products and services from Chinese companies.

Ironically, while the PRC has been unwilling to consider writing down any of the debt previously incurred to Chinese banks during the Correa administration, they have reportedly been supportive of Ecuador incurring new debt from the International Monetary Fund, including a [new \\$4 billion Extended Fund Facility](#), which would increase Ecuador's overall level of indebtedness, while increasing its ability to pay off its Correa-era debt to the PRC.

Despite its recent setbacks in Ecuador, and the stagnation of the relationship, the PRC appears to have positioned itself to strengthen its ties in different ways, whoever wins the country's elections. That reality, for good or bad, is likely to keep Ecuador on the radar screen of the incoming Trump administration in Washington, whose likely senior foreign and security-oriented officials such as Secretary of State nominee [Marco Rubio](#) and designated National Security Advisor [Mike](#)

[Waltz](#) are disposed to follow closely China's advance in the region, particularly with Ecuador, which continues to become an [increasingly important strategic partner](#) to the U.S. in the region.

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The views expressed here are strictly his own.

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