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Ecuador: Country Overview and U.S. Relations

Ecuador is an ethnically and geographically diverse country of 18.5 million people, encompassing portions of South America's Pacific coast, Amazon Basin, and Andean highlands. Guayaquil, a major port city, has become a transit hub for cocaine trafficked from neighboring Colombia and Peru, the world's largest cocaine producers (see **Figure 1**). Ecuador faces an acute security crisis, with gangs fighting for control of drug trafficking routes and prisons and seeking to influence politics. Some Members of Congress have expressed concern about the deteriorating security conditions in Ecuador. Congress enacted a framework to deepen economic and security ties with Ecuador in 2022 and may consider legislation to further strengthen bilateral ties.

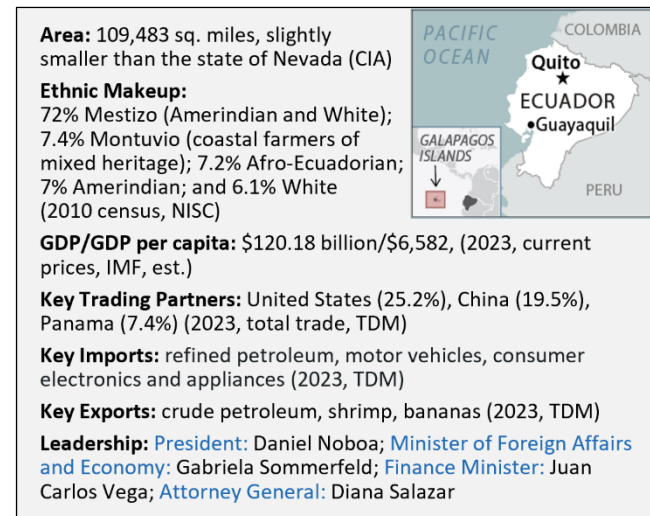
Current Political Conditions

Ecuador held snap general elections in August 2023 to elect a new president and parliament (National Assembly). President Daniel Noboa, the head of the center-right National Democratic Action (ADN) political coalition, took office in November 2023 to complete the term of his predecessor, Guillermo Lasso (2021-2023), after winning an October runoff vote. Lasso, who called the elections but did not run, had pushed for market-friendly political and economic reforms but faced opposition from Indigenous movements and a legislature dominated by leftist parties that had repeatedly tried to impeach him. The assassination of a presidential candidate and other political figures, allegedly by criminal groups, marred the 2023 elections.

Voters also elected new members to the 137-member unicameral National Assembly and approved national and regional referenda to halt oil and mineral extraction in two ecologically sensitive regions. The leftist Citizens Revolution party (RC), tied to former president Rafael Correa (2007-2017), won the most seats (51), followed by the anti-corruption Build Ecuador Movement (26), the conservative Social Christian Party and allies (18), and the ADN (14). President Noboa and the newly elected legislators are to serve until May 2025.

Unlike President Lasso, whose minority government faced disruptive protests and impeachment attempts, President Noboa formed a legislative majority through a loose political alliance that included his ADN, the RC, and the Social Christian party. The alliance enacted several Noboa-backed economic and energy-related reforms but broke down after Ecuadorian forces invaded the Mexican embassy in Quito in April 2024 to detain former vice president and RC member Jorge Glas (2013-2018) on corruption charges; Glas had received asylum from Mexico. As a result, Mexico broke diplomatic relations with Ecuador. Ecuador and Mexico each have presented cases against the other in the International Court of Justice in relation to the incident.

Figure 1. Ecuador at a Glance



Sources: Central Intelligence Agency (CIA) *World Factbook*, International Monetary Fund (IMF), Ecuador's National Institute of Statistics and Censuses (NISC), Trade Data Monitor (TDM).

Security Crisis

Ecuador has seen a rise in violence over the past four years, primarily due to increased competition among gangs affiliated with transnational criminal organizations (TCOs), including Mexican cartels and Albanian crime groups. After being considered one of the safest countries in the region for decades, Ecuador saw a surge in homicides after the COVID-19 pandemic. Homicides reportedly reached 44.5 per 100,000 in 2023, among the highest rates in Latin America. High fatality riots in prisons, from which criminal groups reportedly run their operations, have plagued successive presidential administrations since 2020. These groups also are alleged to have infiltrated Ecuadorian politics and institutions; the attorney general alleges that she has uncovered extensive corruption networks linking politicians, judges, and law enforcement to criminal groups.

In January 2024, President Noboa declared a state of emergency and "internal armed conflict" after the leader of Ecuador's largest gang, *Los Choneros*, escaped from prison and an acute wave of violence swept the country. The order limited some constitutional rights, designated 22 criminal groups as terrorist organizations, and enabled the armed forces to conduct public security functions. The state of emergency expired on April 8, but a court order determined that the armed forces may continue to perform public security functions. Ecuadorians voted to formalize the armed forces' role in public security in an April 2024 referendum, approving eight additional security-related measures, including the extradition of Ecuadorian citizens.

Noboa's security efforts appear to have had mixed results. Homicide rates have declined, but other crimes (e.g., kidnapping and extortion) have increased. Several politicians have been assassinated since January 2024. Human Rights Watch has alleged that security forces have committed serious human rights violations. In May 2024, Noboa declared a new 60-day state of emergency in seven provinces along the Pacific coast and in the northeast where organized-crime-related violence is prevalent.

Economic Background

During his decade in power (2007-2017), populist president Rafael Correa oversaw a public-investment-driven economic expansion, with growth averaging 5% annually from 2010 to 2014, amid high oil prices. Correa used that economic growth to increase social expenditures and reduce poverty. His policies, however, left Ecuador indebted and more dependent on revenue from petroleum extraction.

The impact of the COVID-19 pandemic and a decline in global oil prices drove Ecuador into a deep recession. In 2020, the economy contracted by 9.2% and the national poverty rate climbed to an estimated 32%. The economy recovered in 2021, growing by 9.8% (in part due to rising oil prices) before moderating to 6.2% growth in 2022. Growth slowed to 2.3% in 2023, according to the International Monetary Fund (IMF), amid tightening global financial conditions, domestic turbulence, and drought. Some observers forecast that the 2023 referenda limiting oil and mineral extraction could reduce foreign investment and hamper economic growth.

President Noboa has taken steps to improve Ecuador's fiscal situation. In late 2023, the National Assembly passed tax reform intended to incentivize payments of back taxes, encourage firms to hire younger workers (in part to reduce criminal recruitment), and provide tax rebates to the construction sector. The Noboa administration also temporarily raised Ecuador's value-added tax to help offset increased public security expenditures. In April 2024, the IMF and Ecuadorian officials reached a provisional four-year \$4 billion financing agreement to support implementation of Noboa's policies and structural reforms.

The National Assembly also approved Noboa's energy reform intended to improve efficiency and foster private investment in the electricity sector. Ecuador, however, has continued to grapple with blackouts and electricity rationing measures, due in part to prolonged drought and aging infrastructure. In April 2024, Noboa declared an energy emergency and fired his energy minister, alleging "corruption and negligence" by some energy officials.

U.S.-Ecuador Relations

Former President Correa's populism and self-styled "anti-imperialist" policies contributed to friction in the otherwise close U.S.-Ecuador relationship. Among other actions, Correa shuttered U.S. counterdrug operations at Manta Air Force Base in 2009 and expelled the U.S. ambassador in 2011. Closer bilateral relations resumed under Correa's successors, including President Noboa.

President Biden signed the United States-Ecuador Partnership Act of 2022 in 2022, as Title LV, Subtitle B, of the James M. Inhofe National Defense Authorization Act

for FY2023 (P.L. 117-263). The act includes measures intended to strengthen democratic governance in Ecuador and increase bilateral security cooperation and economic and commercial ties.

The Biden Administration has expanded U.S. security cooperation and assistance to Ecuador. In 2023, the two countries launched the U.S.-Ecuador Defense Bilateral Working Group. In February 2024, President Noboa ratified two military cooperation agreements with the United States, establishing a framework for U.S. military personnel to operate in Ecuador and allowing for joint naval operations to combat drug trafficking and other illicit activities. The U.S. Treasury Department has imposed asset-blocking sanctions on *Los Choneros* under Executive Order 14059, which levies sanctions on foreign persons involved in the global illicit drug trade.

The Biden Administration requested \$48.6 million in bilateral foreign assistance for Ecuador for FY2024 and \$49.2 million for FY2025; the Administration allocated an estimated \$49 million to Ecuador in FY2023. U.S. assistance to Ecuador aims to build capacity to counter TCOs, drug trafficking, and corruption; manage weapon stockpiles; preserve biodiversity; and improve economic integration for marginalized groups, among other activities.

Congress did not designate an overall funding level for Ecuador in the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2024 (P.L. 118-47, Division F). The explanatory statement accompanying P.L. 118-47 specifies \$17.5 million in International Narcotics Control and Law Enforcement aid for Ecuador. It also directs the Secretary of State to work with the Secretary of Defense to submit an integrated security assistance strategy for Ecuador within 90 days. Congress may assess that strategy and conditions in Ecuador as it considers the Administration's FY2025 budget request.

U.S.-Ecuador goods trade totaled \$16.5 billion in 2023. The Biden Administration has not expressed support for a free trade agreement (FTA) but has welcomed Ecuador's participation in the Americas Partnership for Economic Prosperity, an effort to foster regional competitiveness and inclusive growth. An FTA between Ecuador and China entered into force in May 2024. The 118th Congress may consider S. 913 and H.R. 6414, which would make Ecuador eligible for designation as a beneficiary country under the Caribbean Basin Economic Recovery Act, potentially providing access to certain unilateral U.S. trade preferences.

In addition to considering foreign assistance appropriations and trade legislation, Congress could assess how to respond to irregular migration from Ecuador to the United States. Some Members of Congress have introduced legislation (H.R. 7371) and called on the Biden Administration to designate Ecuador for Temporary Protected Status, which would allow Ecuadorian nationals in the United States to remain and work—regardless of immigration status—on the grounds that returning to Ecuador would be unsafe.

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