

Banana Case Ecuador

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Servicio de Rentas Internas
Helsinki, June 13 2012

1. Preliminary: History

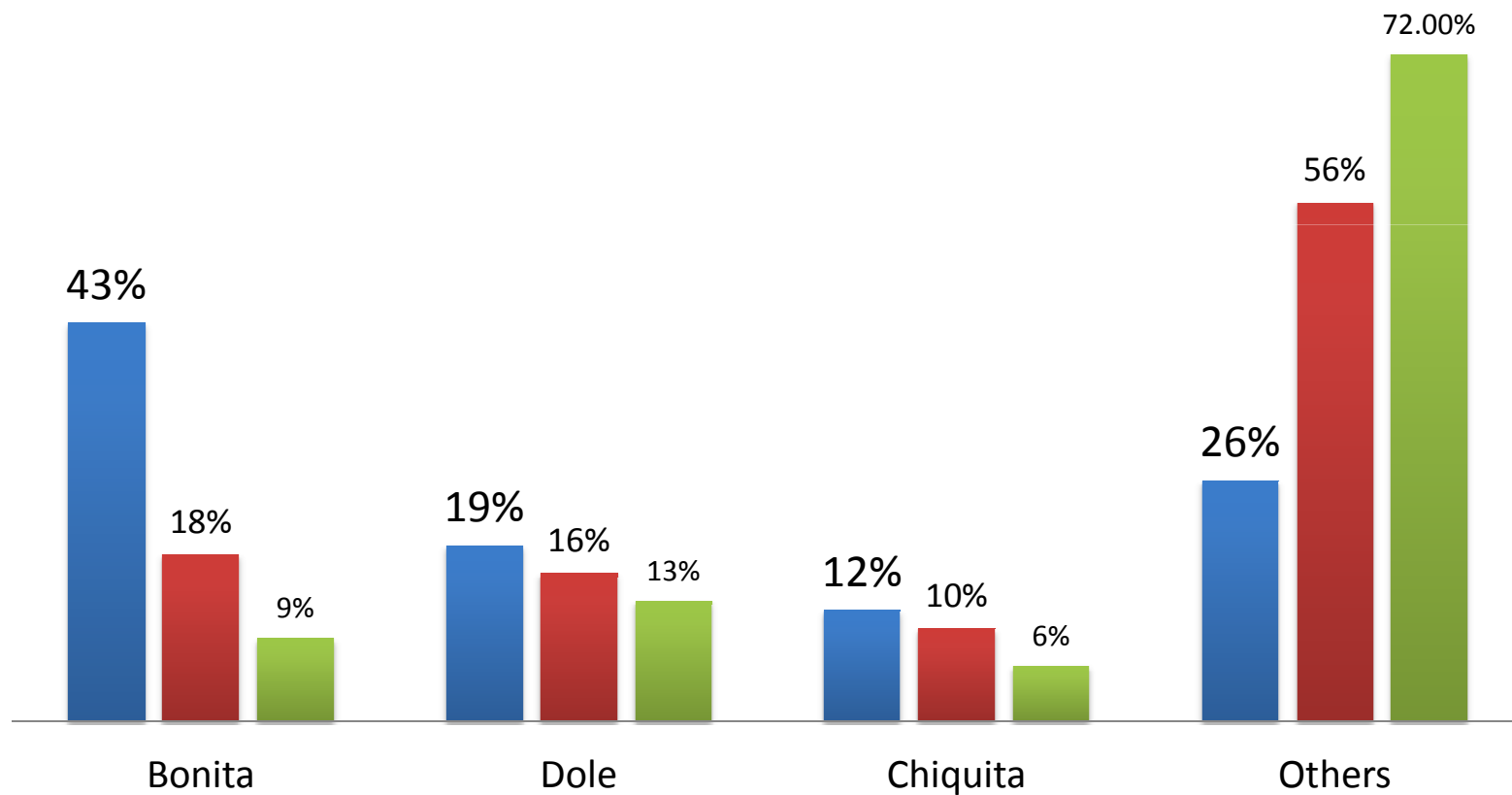


- Industry
 - Banana boom begun between 1944 – 1948
 - Since 1952 Ecuador is No.1 in banana exports worldwide
 - In 1955 Dole entry to Ecuador as Standard Fruit Company. Actually operates under Union de Bananeros Ecuatorianos UBESA.
 - In 1966 Noboa became Dole's main competitor
 - Since 1985 Ecuador has a sustainable growth in banana exports (until financial crisis in 1998)
 - Recovery since 2000 (Dollarization)

1. Preliminary: Market Share

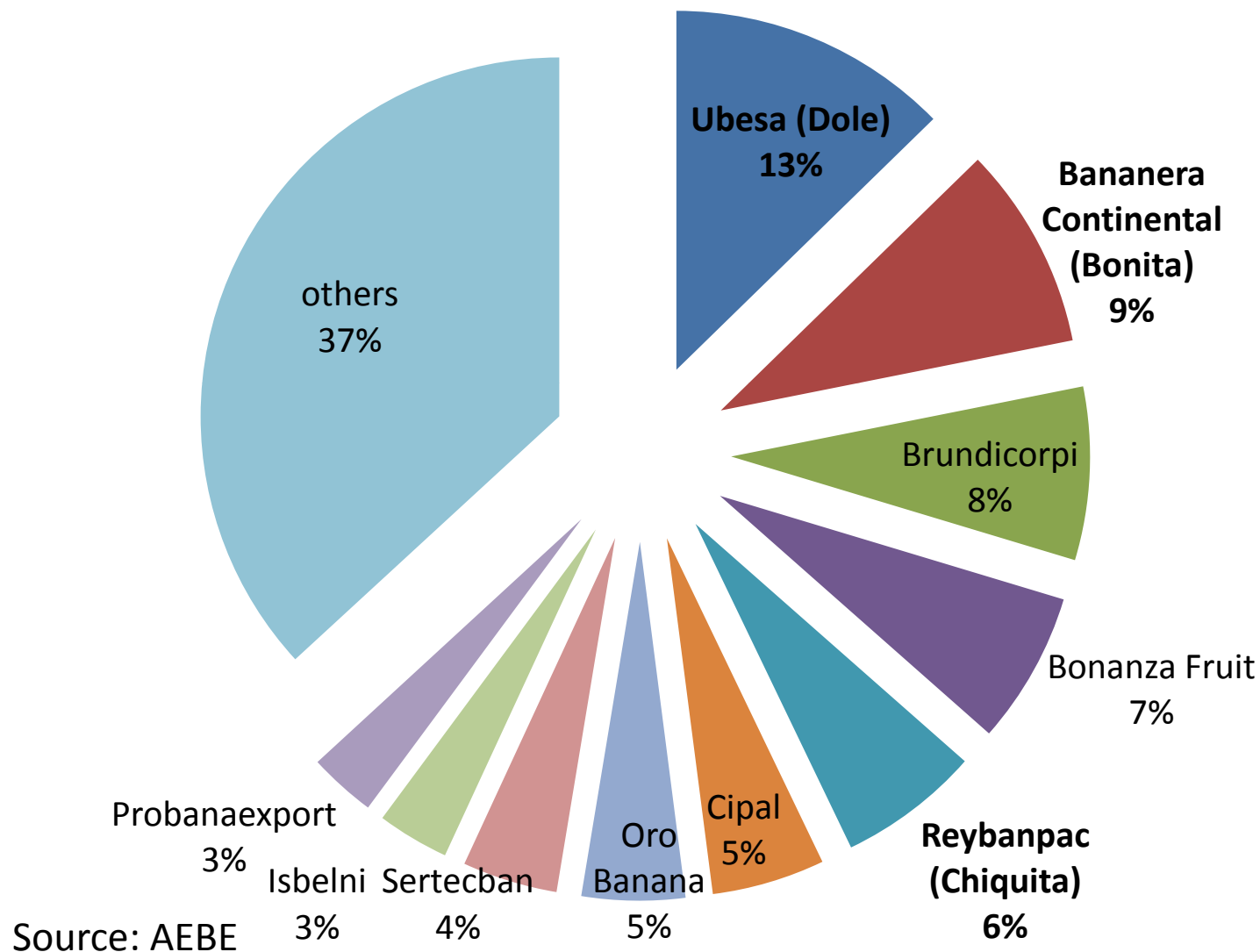
Ecuador Banana Exports

■ 1990 ■ 2005 ■ 2010



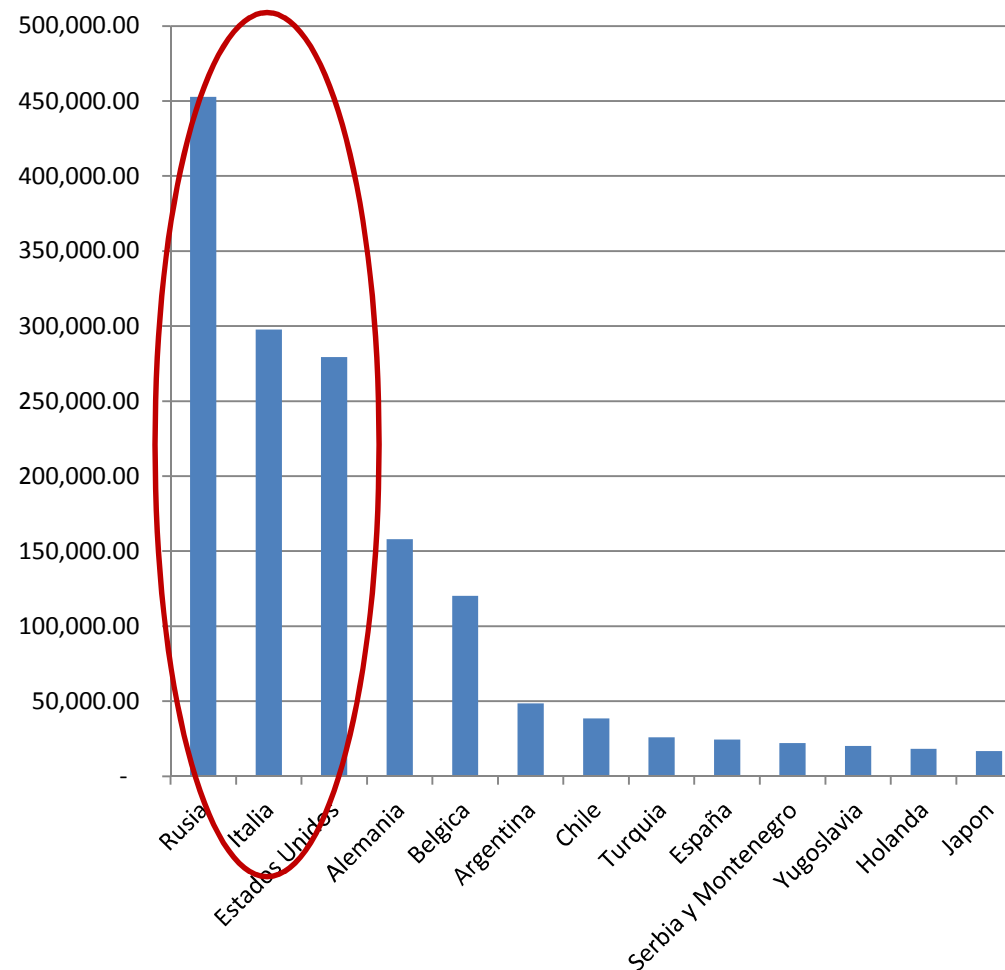
Source: AEBE

1. Preliminary: Exports 2010



1. Preliminary: Main Destinies **SRI** ...le hace bien al país!

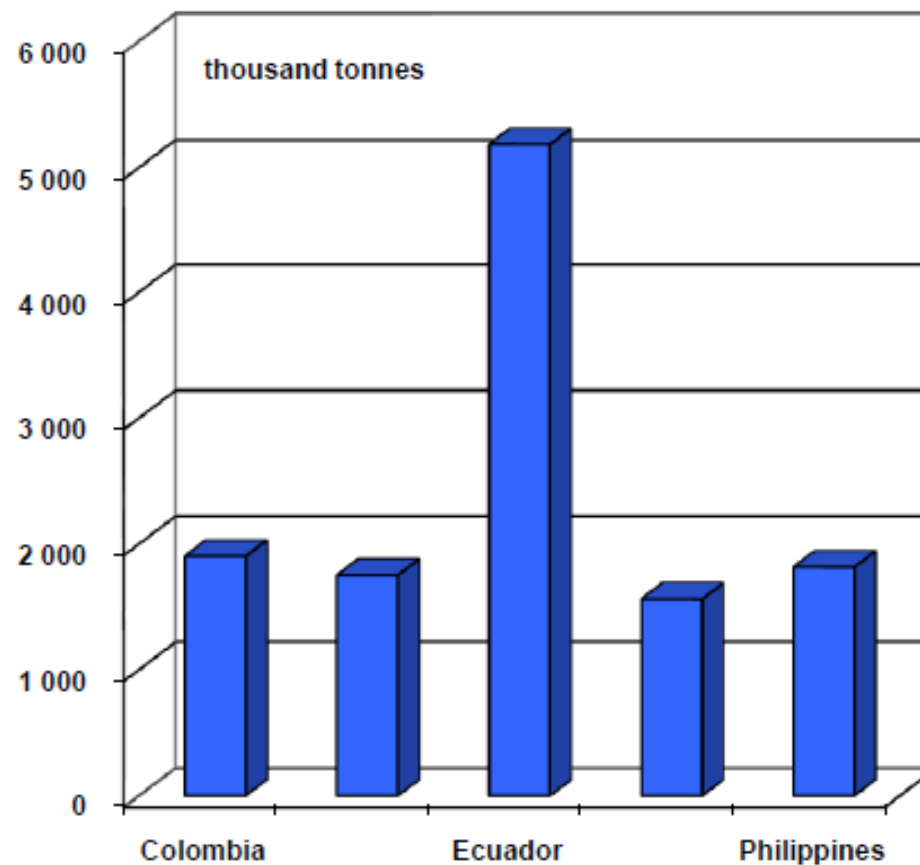
Pais	Toneladas	FOB-Dólar
Rusia	1.394.685,11	452.834,22
Italia	943.939,02	297.692,90
Estados Unidos	880.450,06	279.409,58
Alemania	532.406,10	157.919,63
Belgica	390.446,78	120.168,62
Argentina	215.583,10	48.577,89
Chile	185.779,14	38.597,04
Turquia	73.294,45	25.871,23
España	77.264,67	24.441,05
Serbia y Montenegro	74.164,39	22.178,35
Yugoslavia	77.104,90	20.176,95
Holanda	61.142,25	18.269,80
Japon	53.253,05	16.738,29
Otros	173.271,43	55.845,78
Total	5.132.784,45	1.578.721,33



Fuente: Banco Central del Ecuador

1. Preliminary: Top Country

Banana Exports Major Countries
2008 - 2010
average



Source: FAO Banana Statistics 2011

2. Paying Taxes

2010

U.S Dollars

Ranking 2010	Firm	Income	Tax	% tax / income
7	Noboa Group (Bonita)	239.437.007	433.703	0,181%
15	Reybanpac (Chiquita)	194.944.732	1.692.659	0,868%
23	Ubesa (Dole)	296.932.418	1.707.260	0,575%

Source: SRI. Main Economic Groups

3. Banana as commodity

- International Monetary Found (IMF) classify bananas as commodities.
 - Price Specifications: Central American and **Ecuador**, first class quality pack, Chiquita, Dole and Del Monte. U.S importer's FOB US ports (Sopisco News, **Guayaquil**).

4. Comparables Data Base



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Outlook on the banana / reefer market

N O V A M E D I A P U B L I S H I N G I N C



NEWS

Market Overview – Week 12 / 2012



Banana selling prices in Russia were in a range between about USD 19.60 - 21.20 per box CIF according to the brand. Almost 1.4 million boxes were discharged and similar levels are expected for the incoming week. Prices were stable due to good demand.

[DETAILS](#)

– Probably the most preferred carrier of fresh fruit

OFFICES IN: ARGENTINA, BRAZIL, CHILE, ECUADOR, NEW ZEALAND, SOUTH AFRICA, SWEDEN AND USA.
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www.nykcool.com

Sainsbury's reports £12m sales in Fairtrade Fortnight

Best known banana brand in Russia

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5. Regulatory Context

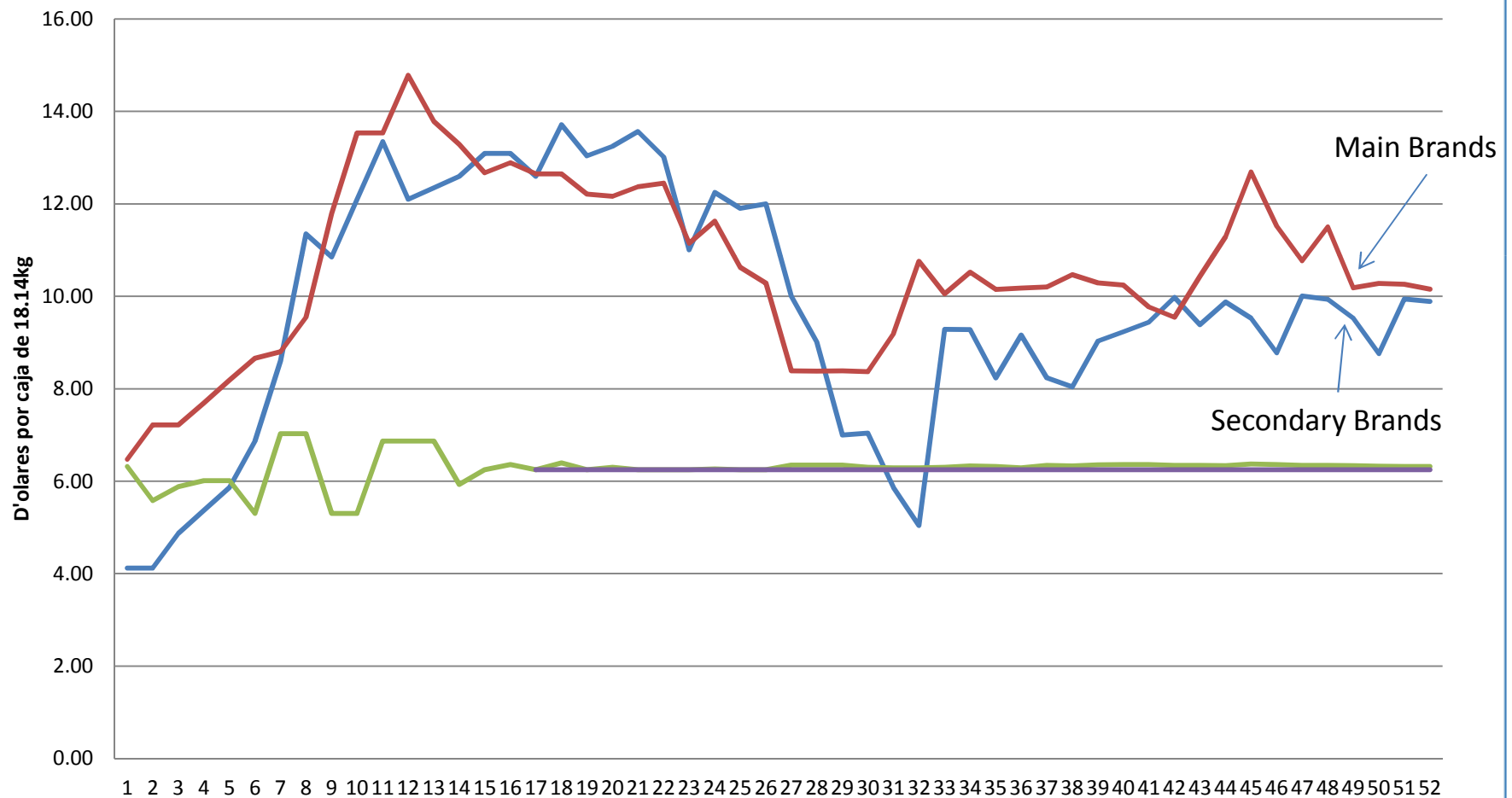


- Banana Law.- Minimum Price
- Tax Code
 - Transfer Pricing Guidelines (follow OECD Model)
 - Related Parties
 - Methods
 - CUP (Argentina Sixth Method for primary products)
 - Methodology
 - From Sopisco News (FOT / CIF prices) apply discounts (I.E. charge/discharge, customs charges, freight, secure, Panama Channel, etc.) to obtain FOB prices and compare with FOB prices declared by taxpayers

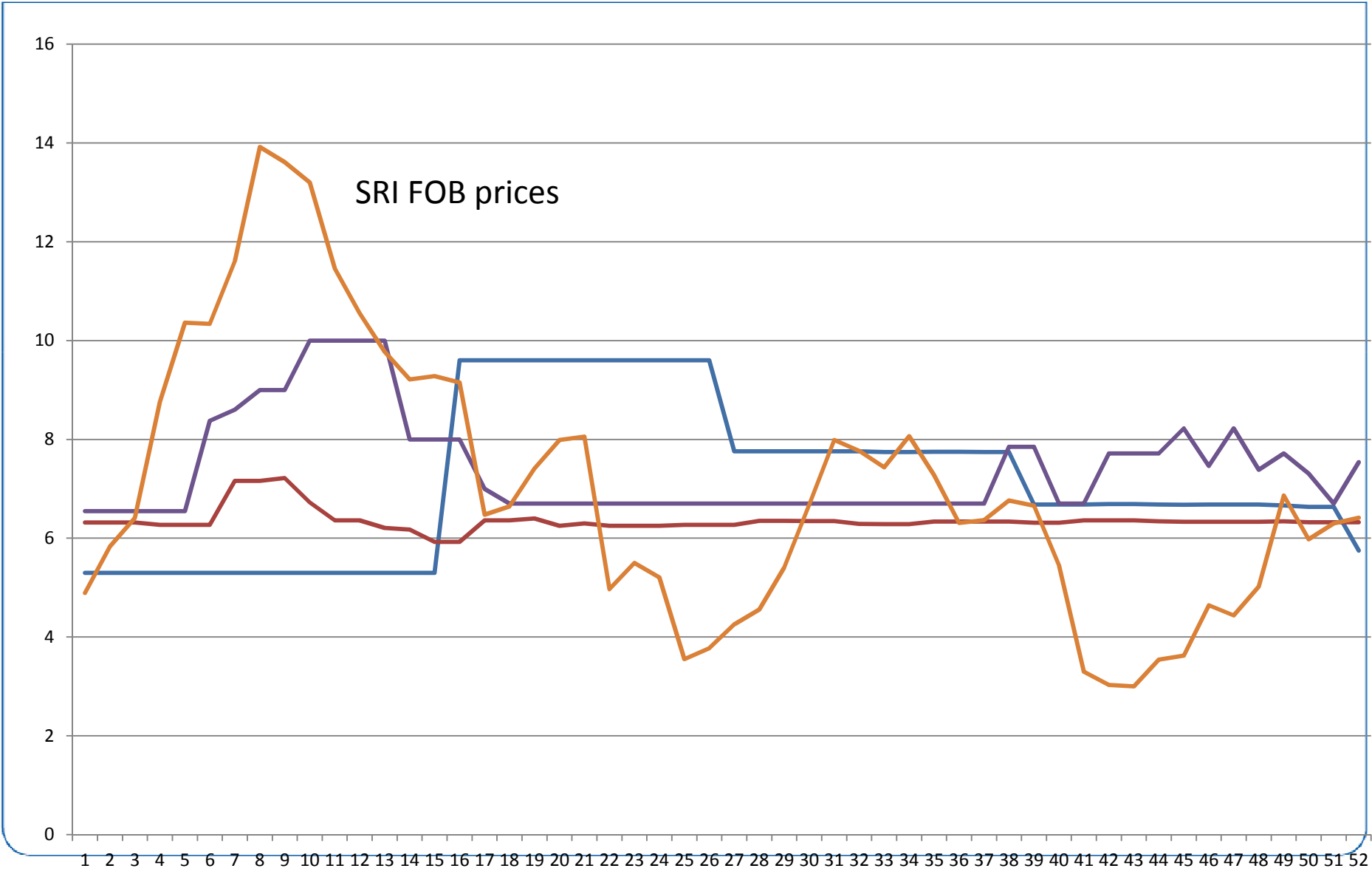
6. Example United States East Coast



FOB Prices United States West Coast 2008



6. Example Italy



7. Main Conclusions

- Top Export Country since 1952
- Main Markets: Russia, Italy and United States.
- Banana as commodity
- There are fluctuations in international prices but for domestic purposes they do not.
- Ecuadorian IRS apply traditional methods (CUP) in this sector using as data source Sopisco News

8. References

- Servicio de Rentas Internas (www.sri.gob.ec)
- Banco Central del Ecuador (www.bce.fin.ec)
- Asociación Ecuatoriana de Exportadores de Banano AEBE (www.aebe.com.ec)
- FAO (www.fao.org)