INFORMATION NOTE

# Canada–Ecuador Free Trade Agreement

Canada and Ecuador signed a comprehensive Free Trade Agreement on July 24, 2026. The Agreement seeks to substantially liberalize bilateral trade, strengthen protections for investments and services, and establish common standards in areas such as labor, the environment, competition, telecommunications, and dispute settlement. The Agreement will enter into force once both countries complete their respective domestic ratification procedures.

*Energy and Natural Resources area*

- Canada and Ecuador signed a comprehensive, new-generation Free Trade Agreement comprising 29 chapters and covering trade in goods and services, investment, competition, telecommunications, intellectual property, financial services, labor, the environment, gender equality, and small and medium-sized enterprises.

- Once the Agreement enters into force, 99.6% of Ecuador's exportable supply will have tariff-free access to the Canadian market, including more than 600 Ecuadorian products, while 227 strategic agricultural products will remain protected.

- The Agreement establishes enhanced rules for investment protection, cross-border services, telecommunications, competition, and dispute settlement. However, it is not yet in force and remains subject to the completion of the constitutional and ratification procedures applicable in both countries.

## Canada–Ecuador Free Trade Agreement

On July 24, 2026, Canada and Ecuador officially signed the Canada–Ecuador Free Trade Agreement in Ottawa. The Agreement was signed by Canada's Minister of International Trade, Maninder Sidhu, and Ecuador's Minister of Production, Foreign Trade and Investments, Luis Jaramillo, following negotiations that began in April 2024.

The Agreement comprises 29 chapters and constitutes a comprehensive, new-generation trade instrument covering trade in goods and services, investment, agriculture, intellectual property, financial services, telecommunications, competition, labor rights, environmental protection, Indigenous peoples, gender equality, small and medium-sized enterprises, and dispute settlement.

The Agreement is particularly relevant considering the increasing commercial relationship between both countries. In 2025, bilateral merchandise trade reached approximately CAD 2 billion, representing a 2.9% increase compared to the previous year. Ecuador is currently Canada's sixth-largest merchandise trading partner in South America.

Canada principally imports cocoa, bananas, shrimp, fresh-cut flowers, petroleum oils, and precious metals from Ecuador. Canadian exports to Ecuador include cereals, mineral fuels and oils, edible vegetables, fertilizers, machinery, chemicals, textiles, and other industrial products.

Beyond tariff liberalization, the Agreement seeks to establish a stable and predictable legal framework for companies and investors operating between both jurisdictions.

### It is particularly noteworthy because:

1. **Tariff liberalization and market access:** Once the Agreement enters into force, 99.6% of Ecuador's exportable supply will enter the Canadian market at a 0% tariff, and more than 600 Ecuadorian products will obtain duty-free access. At the same time, the Agreement preserves protection for 227 strategic agricultural products considered sensitive for Ecuador.

   With respect to Canadian industrial goods, 89% of tariff lines will become duty-free upon entry into force, while the remaining tariff reductions will be implemented progressively over periods of up to ten years. The liberalization will cover products such as machinery, chemicals, drilling equipment, fertilizers, cosmetics, information technology products, metals, textiles, and natural gas.

The Agreement will also eliminate tariffs on Canadian fish and seafood exports. Upon entry into force, approximately 95% of the relevant tariff lines will become duty-free, while the remaining tariffs will be phased out within a maximum period of three years.

2. Investment protection: The Investment chapter establishes a framework intended to provide investors with fair, equitable, and predictable treatment. Its principal protections include non-discrimination obligations, minimum standards of treatment, and protection against direct or indirect expropriation without fair compensation.

   The Agreement nevertheless preserves the Parties' right to regulate in areas of public interest, including health, national security, environmental protection, Indigenous rights, and cultural diversity.

   It also establishes an investor–State dispute settlement mechanism, including procedural guarantees intended to enhance transparency, equitable access to proceedings, and the legitimacy of arbitral processes.

3. Cross-border trade in services and telecommunications: The Agreement guarantees market access, non-discriminatory treatment, and greater regulatory certainty for service providers from both countries. It adopts a negative-list approach for non-conforming measures, under which sectors are generally covered unless expressly excluded or reserved by a Party.

   An Annex on Professional Services is also included to facilitate the future negotiation of mutual recognition agreements concerning professional qualifications, licenses, and credentials.

   In telecommunications, the Agreement establishes commitments intended to ensure fair access to telecommunications networks and services and to provide regulatory certainty to operators. It also promotes connectivity with an inclusive approach for small and medium-sized enterprises, women, Indigenous peoples, and rural communities. Broadcasting services are generally excluded, except in matters relating to access to and use of telecommunications services..

4. Competition policy and dispute settlement: The Competition Policy chapter promotes procedural fairness, transparency in law enforcement, cooperation between the competition authorities of both countries, and the protection of confidential information.

   Although the Competition Policy chapter is not subject to the Agreement's general dispute settlement mechanism, the Parties may conduct bilateral consultations to address competition-related concerns.

   The Agreement also establishes a binding State-to-State dispute settlement mechanism to ensure compliance with its obligations. The mechanism prioritizes consultations and alternative means of resolution before the establishment of an arbitral panel and contains rules governing panel selection, proceedings, implementation of reports, and public access to submissions, hearings, and final decisions.

5. **Ratification and entry into force:** The signature of the Agreement does not result in its immediate entry into force. Canada and Ecuador must first complete their respective domestic ratification procedures.

   In Ecuador, the Agreement must undergo prior constitutional review by the Constitutional Court. Depending on the scope of the obligations contained in the Agreement, approval by the Plenary of the National Assembly may also be required. Following completion of the applicable procedures, the President of the Republic may ratify the Agreement and order its publication in the Official Register.

   Accordingly, the tariff preferences, investment protections, and other benefits contemplated in the Agreement will only become applicable once both countries have completed their internal procedures and the Agreement formally enters into force.

   The Canada–Ecuador Free Trade Agreement represents an important step in the strengthening of bilateral trade and investment relations. Once in force, it is expected to expand market access, facilitate commercial exchanges, provide greater legal certainty to investors and service providers, and consolidate Canada's network of trade agreements with the countries located along the South American Pacific coast.

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