

• COUNTRY INFORMATION FACT SHEET • **ECUADOR**



GENERAL COUNTRY DATA



Surface Area: 283,560 km²



Population: 17,575,650 inhabitants, of which 11,982,663 (68.2%) live in urban areas and 5,592,987 (31.8%) in rural areas



Life Expectancy: 76,58 years (2017)



Economically Active Population (EAP): 7,605,189 workers over 15 years of age, of which 5,144,148 (67.6%) are urban workers and 2,461,041 (32.4%) are rural workers, and 60.4% are men and 39.6% are women (INEC, 2020)



Gross Domestic Product (GDP): in the second quarter of 2020, GDP decreased 12.4% compared to the same period in 2019, the largest quarterly drop observed as of the year 2000.



Poverty: 25% in December 9, 2019



Unemployment: among women it is 15.7%, while among men it is 11.6% (INEC, 2020)

Brief Overview of the Socioeconomic Situation

The National Survey of Employment, Unemployment & Underemployment (ENEMDU) of the National Institute of Statistics & Censuses (*INEC*) measures adequate employment, inadequate employment, which may be underemployment, other non-full employment, unpaid employment, unclassified employment, open or hidden unemployment¹, and informal work. The pandemic strongly affected employment, with estimations indicating that between May and June 2020 global participation rate

was **60.9%** of the **EAP** with adequate employment rates of only **16.7%**, underemployment **34.5%**, other inadequate employment **35.5%**, and unemployment **13.3%**. The private sector employs **91.3%** of wage earners and the public sector **8.7%**. The total number of unemployed at the national level is **1,009,583**, of which **865,356** are urban workers (**16.8%**) and **144,227** rural workers (**5.9%**) (INEC, 2020).

To evaluate the impact of **COVID-19** on the current employment scenario of Ecuador,

we indicate that there was a **6.1%** reduction in the **EAP**, a **60%** reduction in the adequate employment rate, an **82%** rise in underemployment and an **245%** rise in the unemployment rate, which today is made up of **7.9%** open unemployment and **5.4%** hidden unemployment. Inadequate employment rate is higher in rural areas (**91.0%**), and **54.9%** in urban areas. The **34.5%** underemployment rate of the **EAP** affects more men (**38.4%**) than women (**28.8%**), which is understandable given that there are more men than women in the formal Ecuadorian labor market. However, women continue to be most impacted by certain negative aspects of the current situation, with **15.5%** with adequate employment compared to **17.6%** men. Unemployment of women is 15.7%, while for men it is **11.6%** (INEC, 2020).

In Ecuador, informal work is considered as that occurring in households, autonomous workers, those not legally incorporated in a company and without a Taxpayer's Number, and with less than **100** employees. In December 2019 the rate was **46.7%**, an underestimated figure if we consider the country's high informality with **83.3%** of workers working in various forms of inadequate employment or unemployed (INEC, 2020).

Poverty in Ecuador caused by insufficient income (per capita family income less than USD **84.82**) affected **25%** of the population in December 2019: **17.2%** in urban areas and **41.8%** in rural areas. Extreme poverty (per capita family income less than USD **47.80**) affected **8.9%** of the population: **4.3%** in urban areas and **18.7%** in rural areas. Inequality surged again as of 2018, with the following Gini coefficient: **0.46%** in 2015, **0.45%** in 2016, **0.447%** in 2017, and **0.454%** in 2018 (World Bank, 2020).

Main Violations of Workers' Rights

Employers violate legal, constitutional, union and human rights of workers with illegal layoffs. They are able to decide whether to reduce, modify or suspend the working day,

without requiring termination of the employment relationship.

Allocation of employment contracts.

With government support, employers have sought to eliminate all kinds of constitutional and legal regulations that protect workers; to break the contract agreed with the parties and not be subject to legal regulations; to extend the trial phase of workers to three years; to eliminate severance payment; to apply flexible work hours and timetables without paying additional fees and reducing wages; to levy taxes on work despite the fact that basic remuneration does not cover the family food basket.

Telematics or teleworking in force.

In the production chain or commercialization processes, without limitation of the working day and per target established by the employer.

No freedom of association and collective bargaining.

Nor social benefits and the workers' committee disappears (CEDOCUT, 2020). The benefits of collective bargaining, stability, salary tiers, employer retirement, rest, vacations for hospitalization disappear.

Significant Issues of the Context

Immediate impacts on the population.

The initial response to the pandemic of the Moreno administration was disastrous, slow and disorganized. The dismantling of the social protection system and the inability of the health, forensic and funeral system to provide the proper care and protection to the population are evident. The images of the **COVID-19** unburied corpses abandoned in the streets and in houses shocked the world. To September 24, there were **130,000**

confirmed cases of **COVID-19** and **11,171** deaths in Ecuador (**WHO**).

Large sectors live in poverty without food in times of quarantine.

According to the Minister of Finance, Ecuador's **GDP** will decline up to **7%** in 2020.

The health, human and economic crisis has exposed the violation of women's rights.

Women's poverty has increased, as well as their work hours because women work mainly in the health sector (nurses), the education sector (teachers), providing care services to vulnerable persons and a growing number of women work in the informal sector (selling).

Regressive government measures to the working class.

Through Decrees 079 and 080 and the **"Humanitarian Support Law"**, the government decreed a state of exception and announced neoliberal measures, including the so-called special labor regime, to reach **"agreements"** between the business sector and workers on the reduction of work hours with less pay, flexibilizing the work day, non-payment of overtime and special days, all in violation of the Constitution, the law and international conventions. The government and employers have not proposed a solution based on employment, in lieu of which they propose emergency aid, which will be financed mainly by workers through the Ecuadorian Social Security Institute (**IESS**). The draconian side of the **"Humanitarian Support Law"** is the inclusion of a labor reform whose main content is the signing of direct agreements between employers and workers to change the economic conditions of their labor relationship. If the majority of the workers accept these conditions, they will become mandatory even for those who did not sign the agreement. Trade unions only participate when a collective contract is

being negotiated. Establishment of the special emerging fixed-term contracts for up to one year and extendable for one more year, with working days of **20 to 40** hours per week. Reduction of up to **50%** of the working day with reduction of up to **45%** of wages. Employers unilaterally determining and notifying vacation time. The incorporation of teleworking as a form of employment contract.

The pandemic also triggered a social security crisis.

The government proposes that workers should increase their contribution to finance the retirement fund; to increase the years of contribution to qualify for retirement from 65 to **70** years; for social security to be covered with the funds of the workers without State contribution; to eliminate the affiliate's bank (the Ecuadorian Social Security Bank-BIESS), proposal presented by the International Monetary Fund; to eliminate tripartism in the Ecuadorian Social Security Institute (**IESS**), with the government and employers becoming the executive management.

Measures intended to benefit the working class.

The **"humanitarian"** side of the **"Humanitarian Support Law"** reduces education contributions; prohibits evictions; prohibits increases in basic utilities for a time; suspends cuts in services; maintains the policies and extends healthcare coverage for two months after their payment has been interrupted; establishes special credit lines; sets prices to benefit popular consumption; and offers payment of unemployment insurance by the **IESS** as of the date when the worker is unemployed for more than ten days and has contributed at least 24 months to the Institute, six months of which have been consecutive. However, there is no direct subsidy to workers who are not covered by the **IESS**, i.e. the majority.

Status of the health emergency decreed on March 11.

Suspension of schools and activities in restaurants and cafeterias, except for home deliveries. Restricted mobility, avoidance of crowds and border control, with quarantine for travelers. Price control of **COVID-19** tests. Guaranteed access to basic services. Price control and guaranteed food supply. Possibility of refinancing debts for SMEs, extension of loan payment term for BanEcuador clients. Announcement of a **50** million credit line for SMEs. Postponement of **90** days for social security payments.

Conflicts with transnational corporations.

The *Confederación Ecuatoriana de Organizaciones Clasistas Unitarias de Trabajadores (CEDOCUT)* and the *Frente Unitario de Trabajadores (FUT)* receive countless complaints for dismissals during this emergency from flower sectors, airport companies, textiles, food, home appliances, education. The cases of **LAN, EMSA, CONFITECA, AYMESA, EDESA and ECASA**, among others, with a total of approximately **20,000** layoffs. Many companies do not have trade unions because they do not respect the right to organize so that they are able to impose working conditions without restrictions.

Trade Union Proposals and Initiatives

Economic.

Moratorium and renegotiation of the foreign debt to allocate all the necessary budget to health. Renegotiation with oil and telephone companies. Collection to tax evaders. Interest reduction in private banking (or non-collection of interest for small and medium producers) and flexibility to cancel debts. Moratorium on debt for small producers. **1%** contribution on assets of **270** economic groups.

Health.

Require local governments, competent authorities, and health and sanitation institutions to provide all biosafety equipment to doctors, nurses, assistants, cleaning personnel, municipal workers, police, military and all workers. International cooperation for the provision of medical supplies and control speculation.

Labor.

Ensure no layoffs and comply with monthly salaries. Solidarity with all brothers and sisters working in health, garbage collection, municipal, basic services and the oil industry, food marketers, communication workers, police and armed forces and all frontline workers who, without any protection, safeguard the life of Ecuadorians. Call for the unity of all workers' and grassroots organizations without distinction. Implement an organizing campaign to unionize the broadest sectors of rural and urban workers.

Legal.

As for laws, not continue with patches for this emergency. After the emergency, we need to discuss comprehensive organic laws that serve Ecuador (for example, the Organic Labor Code and the Social Security Law).

Social.

Request an actual and immediate solution for more than 50% of the population that does not have internet, using other channels such as radio and television for our children not remain without schooling, among others.

¹ Inadequate employment can be due to insufficient work time (less than 40 hours a week) or to insufficient income (less than the minimum wage, which in 2020 rose to USD 400.00). Open unemployment refers to people who looked for work in the last four weeks but did not find any, and hidden unemployment refers to the unemployed who, for different reasons, did not look for work in the last four weeks (INEC, 2020).



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