

PANORAMA REPORTS

GUAYAQUIL

The Ecuadorian city is becoming a first-class economic hub

Opening the South Pacific to the world

As it brings to bear major infrastructure projects, Guayaquil is fast-becoming Asia's commercial reference in Latin America. Lying close to Ecuador's Pacific coast at the head of the Guayas River, the municipality is the main maritime and fluvial port of South America, and the economic hub of the country.

An urban regeneration plan begun by former city Mayor and President of Ecuador León Febres-Cordero in 1992, and continued by his successor and current Mayor Jaime Nebot, earned Guayaquil the *Paradigm City for Human Development* award by the United Nations in 2003. Over four consecutive mandates, Mayor Nebot's vision has brought investment, tourism, industry and commerce to lead the transformation of the city, a resurgence that has become a model for numerous municipalities worldwide.

The recent award for the *World's Best Public Transport*, won by Guayaquil in 2006, came in the wake of the *Best City for Business* ranking by specialized Latin trade publications, and the listing of the José Joaquín de Olmedo International Airport — located just 4.8 km north of the city center — as one of the best in Latin America.

Mayor Nebot points to two aspects that have been fundamental to the city's growth. "The level of cooperation between the public and the private sectors is one of our main achievements," he says. "We have laws to encour-

age private investment in areas of key importance such as transport, light manufacturing, oil refining, power stations and infrastructure for the tourism sector."

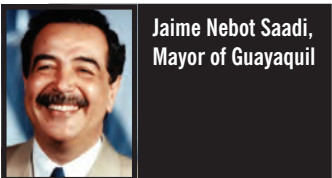
Large-scale projects under way include the private investment of \$400 million for a deep-sea port in the province of Guayas, and the new international airport terminal, which is already in operation after a \$100 million investment.

These and other ongoing changes are attracting business and tourism alike, shaping the city's steady climb onto the global stage as the world's main access point to the South Pacific. And that is without forgetting the asset of Guayaquil's location, a mere 160 km south of the equator, conveniently situated between North and South America.

"Guayaquil is of interest to Asian countries that are seeking to consolidate strategic projects in the Latin American Pacific region. Of particular interest for Japan is our technological park development and our free-trade zones. Guayaquil can easily become a center for the manufacture and distribution of products for the entire region," explains Mayor Nebot.

Flying the city flag

Getting to and from Guayaquil is the job of AeroGal, the airline founded in 1985 to connect the Galápagos Islands to the mainland. After the route failed due to technical issues, the company



Jaime Nebot Saadi, Mayor of Guayaquil

was restructured to open the city to new destinations.

"One of the important steps taken in the restructuring of AeroGal was to find an identity, and it identified with this city for its projection, the synergy of its players and its spirit of teamwork," says AeroGal's Executive President Gabriela Sommerfeld. "Guayaquil was chosen as the base for the airline and now all our planes carry the city flag."

AeroGal now has more than half the market share of Ecuador's main air route between Guayaquil and the capital city of Quito, as well as the lion's share of the routes to the Galápagos Islands, the city of Cuenca and destinations within neighboring Colombia.

"Guayaquil is a strategic entry point not only to the Galápagos but to the entire South American continent. The city is ready to become an intercontinental hub," assures Sommerfeld.

Port set to grow

The port of Guayaquil has a long history and a high relevance to the Ecuadorian economy. Once Spain's largest shipyard in America, today more than 75 percent of the country's imports and exports pass through its installations. This has made the port a sought-after prize for international port manage-



CARLOS JULIO GONZÁLEZ

Guayaquil is a modernizing city at the heart of Ecuador and the Americas.

ment companies, a prize that has recently been awarded to Philippines-based International Container Terminal Services Inc. (ICTSI) with a 20-year operating concession.

ICTSI, a 100 percent private company, began operating in the port of Manila and since 1994 has been expanding internationally. Today, aside from the Philippines, ICTSI operates in Argentina, Mexico, Brazil, Saudi Arabia, Thailand, Poland, Indonesia, Japan, Syria, Georgia, China, Pakistan and now in Ecuador too.

"The port of Guayaquil is a major center for container operations, for general cargo activities and for the export of key bulk commodities such as bananas, in which Ecuador is the world's leading exporter," says Marcelo Suárez, senior vice president of ICTSI in Latin America and ICTSI's local operating unit in Ecuador, Contecon Guayaquil S.A. "We feel that with our experience we can consolidate and expand traffic flow as well as introduce major new efficiencies into the port's operation, geared to meeting future needs."

Despite the port's strategic geographical location, Suárez points out that Guayaquil must now overcome its problems with maritime accessibility, and the lack of infrastructure and equipment. "Our first step in upgrading the port facilities has been to introduce two new heavy-duty mobile cranes specifically designed for container-handling duty. Following this, we intend to expand the container quay and install three state-of-the-art, twin-lift, ship-to-shore container gantry cranes," explains Suárez.

Other improvements include a new comprehensive terminal management system and the reorganization of the general cargo terminal areas. ICTSI's strategic plan calls for the investment of \$168 million over the first five years of operation, including a substantial expenditure on personnel training in line with the company's policy of minimizing the participation of foreign nationals in its overseas projects.

As a major exporter of fruit and raw materials, commercial relations between Ecuador and Japan already exist, and are expected to grow stronger in both directions. For Suárez,

Guayaquil plays a fundamental role in this equation. "Guayaquil is a city that offers a great variety of businesses, and has, over the past 12 years, gone through an urban regeneration process that has emphasized public services and competitiveness with its airport, bus terminal, international convention center and other infrastructure making it one of the most competitive cities in Latin America," he says.

From company to equity

Founded in 1925 by Juan Eljuri Chica, the Juan Eljuri company has become one of the largest in Ecuador. What began with the commercialization of perfumes, cosmetics and textiles grew to include electronics and agricultural machinery as far back as 1940, with strong commercial alliances with Japanese companies such as Sony, Yamaha and Honda being formed.

In the '70s, the company consolidated as a holding group and began diversifying into vehicles, liquors, air conditioning, industrial equipment and outboard motors, to name a few, and eventually began investing in banking and media.

"The Juan Eljuri Group went from being a commercial company to becoming a sort of private equity that invests in innovation and new business models," says Roberto Doumet, grandson of the founder and vice president of the group.

The company's long contacts with Japan have played an important role in its growth, both in terms of commercial interaction and the Japanese business culture embraced at Eljuri.

Quality solubles

The quality coffee grown in Ecuador is the specialty of Solubles Instantáneos, which has been perfecting the art of producing instant coffee for almost 50 years. Quality control is foremost in the production process, which uses Swedish machinery to gently extract the water from the coffee beans while keeping the flavor and aroma.

The company's coffee is popular in Japan, where it is appreciated for its quality standards. As company president Jorge Salcedo says: "We have to be focused on quality because that is what the Japanese customer is looking for."

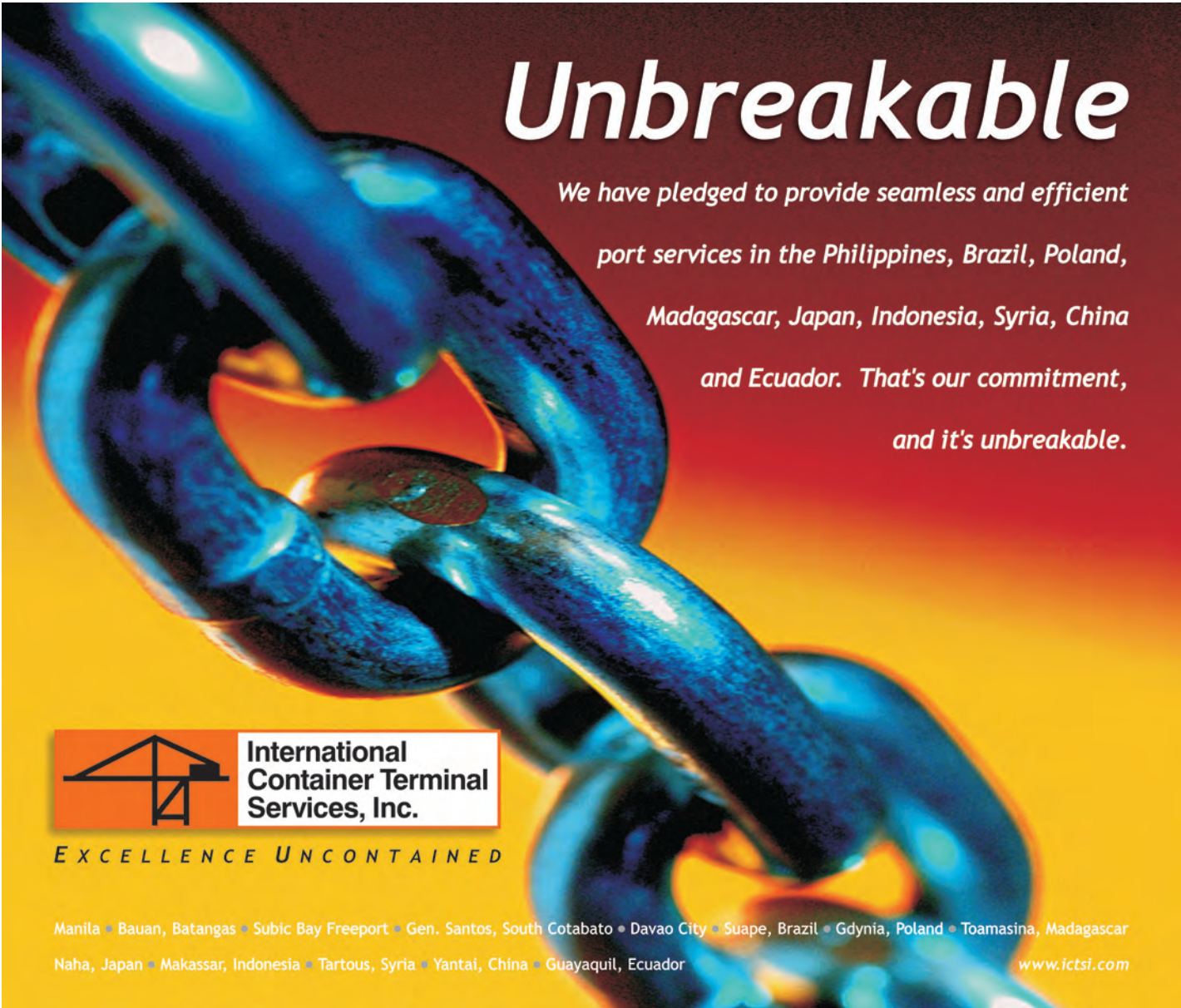



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The Guayaquil to Galápagos Evolution

CARLOS JULIO GONZÁLEZ

The city offers access to the famed islands, as well as the coast, the mountains and the Amazonian rain forests. Guayaquil is a city transformed, not only for its proud citizens, but for a growing number of tourist and business travelers alike.

As Ecuador's foremost internal tourism destination and an increasingly important entry point for international arrivals, it may seem hard to believe that there was a time when the city had practically no tourism at all. Indeed, Guayaquil has given birth to what is now a fully fledged sector, driven by the vision of Mayor Jaime Nebot and the experience of City Tourism Bureau Director Joseph Garzoz.



Joseph Garzoz
Buchdid,
Tourism Director

has not just been a face-lift, but a tool of social integration, something that was done not only to make Guayaquil a tourist destination, but to improve the lives of its citizens, who are now very proud of their city."

"Four Worlds of Ecuador"

The Tourism Bureau has been working hard to promote the city as a tourist, business and event destination, as well as the gateway to other destinations such as the Galápagos Islands. Garzoz explains the place Guayaquil holds in what he calls the "Four Worlds of Ecuador" equation.

"We want Guayaquil to become a tourist destination in itself, and to become permanently identified as the gateway to the 'Four Worlds of Ecuador', namely, the Galápagos, the mountains, the coast and the Amazon. These four natural worlds can be easily reached from Guayaquil. This is the idea behind the 'G&G Evolution' campaign, which has been designed to strengthen the tourist route between Guayaquil and Galápagos.

"The best beaches in Ecuador are also easily accessible from here," he says. "On the other hand, we are working to make the city an international business center, creating the neces-

sary infrastructure to make this happen.

"Today Guayaquil has the best road system in Ecuador, one of Latin America's most modern airports, an international convention center and a newly concessioned port to complement the city's urban plan."

A natural selection

Guayaquil is a naturally attractive destination with its sunny climate, lush nature, nearby beaches and colonial heritage culture. It also offers a sea-level entry point in a country whose capital city Quito is perched 2,820 meters up in the Andes, avoiding the altitude sickness that can affect people unaccustomed to the thin air.

The climate ranges between 80 and 100 degrees Fahrenheit (27C to 38C) year-round, making the city a destination that does not require heavy clothing or luggage, allowing for easier transport, faster customs controls and more luggage space to fill before returning home, a distinct possibility given the city's numerous shopping options.

Plus it is a mere 160 km south of the equator, making it a convenient spot for conventions and company events that bring people from all parts of America. The city's new International Convention Center, located close to the airport, has 21,000 sq. meters of indoor and outdoor space, and conference rooms to seat 3,000 people, and is the setting chosen by many



Night view of the Municipal Palace building in Guayaquil.

important commercial fairs for its projection, including the International Tourism Fair, an insurance fair, a banana sector congress and an Asian fair in which Japan is expected to have a large participation.

New infrastructure and recovery projects have given rise to many sightseeing options in the city of Guayaquil and environs. Included among the best-known of these are the city's spectacular boardwalks, such as the Malecón 2000, which stretches for several kilometers along the Guayas River, being well-patrolled day and night, and featuring small food stands, other eateries, and

a blend of historic and modern buildings. While the Malecón 2000 is the favorite entertainment area of the Guayaquileños, other walkways, such as the Malecón Salado, also offer shopping, fun and business.

A city transformed

In the Parque Histórico there are carefully restored century-old buildings in the historical section of this newly built park, which also has a zoo and nature reserve. For a closer view of how the urban regeneration has changed the face of the city there is the Cerro Santa Ana neighborhood, a once-poor area

transformed into a prime tourist attraction, with a 140-meter stairway lined with colorful houses, eateries, gift shops and galleries.

For sun and surf programs, the locals recommend the Playas General Villamil, a popular beach getaway resort for locals that is famous for its quaint fishing village, hotels, restaurants and bars.

Although only some 2,000 Japanese tourists visited Guayaquil last year, mainly on their way to the Galápagos, Garzoz is positive that more visitors from Japan will be arriving, as the city steps up its promotional work in this country.

"Japanese tourists love nature and are very respectful of the environment," says Garzoz. "They are educated and organized, which makes the tour operator's job much easier.

"We would like to improve our tourist offering so that visitors spend more time in our city. They can get to Galápagos from Guayaquil, and take the opportunity to enjoy our culture, our gastronomy and our first-class hotels. Guayaquil is Japan's gateway to Ecuador, there are even theories about the Japanese origin of Ecuador. So they are welcome to come here to get to know us a little better."

"We want Guayaquil to be identified as a gateway to the 'Four Worlds of Ecuador' — the Galápagos, the mountains, the coast and the Amazon."

Joseph Garzoz, Tourism Director

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