

Ecuador President Correa rules out further tax reductions

The President of the Republic of Ecuador Rafael Correa, disappointed investors when he announced he has no plans to reduce mining taxes further.

This comes as a surprise given their recent sponsorship of the PDAC mining conference in Toronto and a subsequent European visit, which suggested a desire to create better relations with the mining investment community.

Ecuador's President Rafael Correa said on Wednesday he was not planning any additional overhaul of the Andean country's mining law, disappointing investors in the South American country who have been pushing for lower taxes.

The government has pushed through a number of reforms since 2009, but foreign mining companies say heavy taxation works as a deterrent to Ecuador's aim of attracting \$5 billion worth of mining investment over the next five years.

The left-wing Correa sees the tax scales as an issue of Ecuadorian sovereignty, and justifies by conforming that the funds are used to bolster social programs in the poor nation.

"The changes have been made already, we have a lot of interest," Correa said during a briefing with foreign correspondents. "If to render mining investment attractive I have to give away the country's natural resources, go look for another country."

In the last decade foreign mining investment into Ecuador has been scarce, with very few mining companies venturing in. This clearly was a possibility to made inward investment more attractive for foreign companies, and is possibly an

opportunity lost.

Ecuador's reputation took a hit in 2013, when large Canadian-based producer Kinross Gold pulled out of the largest gold project, Fruta del Norte, saying the government refused to compromise on a 70 percent tax.

Whilst it seems Ecuador is looking to attract in mining investment, it seems there is a way to go before the current terms are attractive to those that make the investment decisions.