



Doing Business in (Insert Country Name Here):

2013 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Costa Rica

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Market Overview

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- The United States is Costa Rica's main trading partner, accounting for about 47% of Costa Rica's total imports. According to U.S. Census Bureau trade data, the U.S. had a US\$4.8 billion trade deficit with Costa Rica in 2012, as compared with a deficit of US\$4.0 billion in 2011, US\$3.5 billion in 2010, a deficit of US\$897 million in 2009, and surpluses of US\$1.7 billion in 2008, US\$639 million in 2007, US\$288 million in 2006, and US\$183 million in 2005.
- Foreign direct investment in Costa Rica climbed steadily from the year 2000 (\$408 million) to 2008 (over \$2 billion), falling back over the last three years to 2006 levels of roughly \$1.5 billion. New foreign direct investment in Costa Rica from all countries was US\$1.6 billion in 2012, US\$1.56 billion in 2011, US\$1.46 billion in 2010, US\$1.35 billion in 2009, US\$2.08 billion in 2008, US\$1.9 billion in 2007, US\$1.5 billion in 2006, and US\$861 million in 2005. About 70 percent of that investment has come from the United States. Del Monte, Dole, and Chiquita have a large presence in the banana and pineapple industries.
- In recent years, Costa Rica has successfully attracted important investments by such companies as Intel Corporation, which employs 3,200 people at its major fabrication plant; Procter & Gamble, which employs about 1,200 in its administrative center for the Western Hemisphere and has plans to increase its number of employees in 600 more by the end of this year; Hewlett-Packard (6,500), Boston Scientific, Allergan, Hospira, Baxter Healthcare and others from the healthcare products industry. According to the US Census Bureau, 2011 data show that two-way trade between the U.S. and Costa Rica exceeded \$16.2 billion during that timeframe. Other U.S. companies with a great number of employees in Costa Rica include Dell, Amazon, IBM and Western Union.
- After experiencing positive growth for several years, the Costa Rican economy shrank slightly in 2009 (-2.5%) due to the global economic crisis. The services sector (around 68% of GDP) was the most affected, with tourism falling by 8%. The economy experienced a rebound in 2010 with a 3.6% GDP growth rate, a growth rate in 2011 of 3.8%, and a growth rate in 2012 of 5.1%. Costa Rica enjoys the region's highest standard of living, with a per capita income of about US\$7,843, and an unemployment rate of 7.37%. Consumer price inflation is high but relatively constant at about a 10% annual rate over the last decade.

- According to the latest National Population Census of 2010, the percentage of population living in poverty in 2012 was estimated at 17.6 percent in the urban areas and 25.8 percent in the rural areas, with 4.8 percent in extreme poverty in the urban areas and 8.9 percent in extreme poverty in the rural areas. Inflation reached 13.9% at the end of 2008, dropped during 2009 to 4.0% by year's end, and reached 5.8 percent by the end of 2010 and decrease to 4.74% during 2011. Inflation rate was 4.55% during 2012. The unemployment rate for 2012 was 7.8%. During 2010, the unemployment rate reached 7.3%, an increase from the 2009 year-end figure of 7.0%. The Government of Costa Rica has been running budget deficits in 2009-2011 but is currently capable of borrowing the necessary funds to do so.

Market Challenges

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- While Costa Rica's close trading and investment relationship with the United States has long benefited both nations, the recession that affected the U.S. in 2008-2009, began to be felt in Costa Rica after some lag time and has somewhat diminished the level of bilateral trade and investment activity. A bright spot is that there was an upturn in Costa Rica's economic activity at the end of 2009, which continued in 2010 and 2011. During 2010, foreign investment activity in Costa Rica increased by 12 percent and in 2011 by 8 percent. According to the Costa Rican Ministry of Foreign Commerce –COMEX, in the course of 2012, the investment activity remained fairly constant and increased 1 percent. Growth is expected to continue during 2013.
- U.S. tourism to Costa Rica, which drives both local employment and U.S. exports (building and supplying the tourist resorts), has fallen off substantially since 2008, affecting the construction industry whose activity dropped off significantly in the coastal areas. By the end of 2010, both the construction industry and the tourist visits began to show a slow recovery. An important fact in all this is the Central America-Dominican Republic-United States Free Trade Agreement (CAFTA-DR) which entered into force on January 1, 2009, and has brought new interest and opportunity in trade and helped to buoy the local economy and demand for U.S. exports to some degree.
- As of June 2012, Costa Rica ranked 110 out of 185 countries in the 2012 World Bank's Ease of Doing Business Index. This has hampered the flow of investment and resources badly needed to repair and rebuild the country's public infrastructure, an infrastructure which has deteriorated over the years from a lack of maintenance and new investment. Most parts of the country are accessible through an extensive road system of more than 30,000 kilometers (18,750 miles), although much of the system has fallen into disrepair. Contamination in rivers, beaches, and aquifers is a matter of rising concern, given that the great majority of wastewater is discharged directly into river systems, untreated. Although Costa Rica has made significant progress in the past decade in expanding access to water supplies and sanitation, just 3.5% of the country's sewage is managed in sewage treatment facilities, with the country's Water and Sewage Institute (AyA) estimating that perhaps only 50% of septic systems function.

- Although the overall investment picture, to date, has been relatively bright, the Costa Rican government really had not until recently enjoyed great success with many of its concession schemes for its public works projects, including the Juan Santamaria Airport in San Jose, which in July 2009 transferred its management to a new entity. Infrastructure, in an overall sense (e.g., roads and bridges, water/wastewater, electricity generation, airports and ports) is in substantial need of improvement. This represents both challenges and opportunities. In many instances, deteriorated infrastructure will need to be improved if Costa Rica is to remain competitive in the regional and world economy. The latest concession project given to a Brazilian company, route from San Jose to San Ramon of Alajuela, a 60 kilometers (37.5 miles) project, has being suspended for further evaluation and it is uncertain if the government will proceed to cancel the concession and proceed to do it with public funds. The Costa Rican government has been working on this for 8 years so far.
- Enforcement of intellectual property laws has been lacking in many cases, due to insufficient resources and training, and weaknesses in the country's criminal code. This is expected to improve as CAFTA-based commitments begin to take hold. The legal process in general is often sluggish, making binding arbitration an attractive option. Various arbitration and mediation centers have been established in Costa Rica. Please see Finding a Partner under Chapter 3 for more information.
- Costa Rica recognized the People's Republic of China in 2007 and was visited by the President of China with great fanfare in 2008. Costa Rica subsequently signed (February 2010) a free trade agreement with China. The intensified relationship between these two countries implies growing competition for U.S. exports from products originating in China. Costa Rica is also part of the Central American effort to negotiate a Free Trade Agreement with the European Union.

Market Opportunities

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- The National Export Initiative (NEI) introduced by President Obama in January 2010 in his State of the Union message, provided a goal around which the US Embassy in Costa Rica and its various sections have come together to support American business and to achieve a doubling of US exports by 2015.
- CAFTA-DR's entry into force on January 1, 2009, represented a major step forward in the trade and investment relationship between Costa Rica and the United States, opening opportunities in the wireless telecommunications, Internet, and insurance markets that previously had not existed.
- Costa Rica's accession to the agreement has meant that more than 80 percent of all non-agricultural goods and more than 50 percent of agricultural products became duty-free immediately, on January 1, 2009, and the remaining duties are being eliminated on an agreed-upon schedule that is underway.
- Furthermore, CAFTA-DR's entry into force eliminated Costa Rica's dealer protection regimes, allowed non-discriminatory treatment for U.S. firms in government procurement bids, and provided stronger protection for investors.

- Market prospects are excellent in the following sectors: building products, hotel and restaurant equipment, and medical and dental equipment. Prospects are also good in auto parts and service equipment, drugs and pharmaceuticals, construction equipment and travel and tourism, as well as in the food processing and packaging sector.

Market Entry Strategy

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- U.S. products enjoy an excellent reputation for quality and price-competitiveness. This inherent value will only be improved as CAFTA-DR continues its implementation and landed prices of U.S. exported goods drop. If and as this lower cost of goods is passed along through the distribution chain, it should drive an acceleration of trade and greater market share for U.S. products.
- Proximity to the Costa Rican market is also a major advantage for U.S. exporters who wish to visit or communicate with potential customers. The proximity facilitates close contacts and strong relationships with clients, both before and after the sale. The same holds true for agents and distributors, who typically represent U.S. exporters in the national market.
- With Costa Rica's accession to the CAFTA-DR Free Trade Agreement, it is important to remember that the free trade regime is region-wide, i.e., for the countries of Honduras, Guatemala, Nicaragua, El Salvador, and the Dominican Republic, as well as for the United States and Costa Rica. This presents the opportunity to consider these markets from a regional perspective and to design a regional marketing approach, given the lowered barriers and relative proximity, particularly for those signatories in Central America. U.S exports to the CAFTA-DR countries in 2012 were \$30.2 billion, unchanged over 2011, but 79% higher than the level in 2005, the year before the Agreement first entered into force. In 2012, the CAFTA-DR region represented the 14th largest U.S. export market worldwide and the 3rd largest in Latin America behind Mexico and Brazil.
- The U.S. Commercial Service Costa Rica advises U.S. companies to consult with local market research companies and law firms to conduct the necessary due diligence before entering into contracts with local firms. These partners can be instrumental in helping to penetrate and expand the market for a company's exports.
- With CAFTA-DR now in force in Costa Rica, trade should be further facilitated with the market access improvements and tariff reductions listed above.

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COUNTRY FACT SHEET: COSTA RICA

U.S. Ambassador to Costa Rica: Anne Slaughter Andrew
Costa Rican Ambassador to the United States: Muni Figueres

PROFILE

Population: 4.7 million*

Capital: San Jose

Government: Democratic Republic

Next election scheduled: February 2014

Head of government: Laura Chinchilla (President)

ECONOMY

• **2012 nominal GDP** (Current US\$ billions): 44.9*

• **2012 nominal GDP per capita** (Current US\$): 9,619*

	2010	2011	2012
Real GDP growth rate (%)	4.7	4.2*	4.8*
Real GDP per capita growth rate (%)	6.0*	3.0*	3.6*
CPI (%)	5.7	4.9*	4.6*
Unemployment (%)	7.3	7.7*	7.5*

• **Economic mix in 2011**†: 18% manufacturing; 66% services; 7% agriculture

FOREIGN MERCHANDISE TRADE (US\$ billions)	2010	2011	2012
Costa Rica exports to the world#	9.0	10.2	11.3
Costa Rica imports from the world	13.9	17.3	18.4
U.S. exports to Costa Rica	5.2	6.1	7.2
U.S. imports from Costa Rica#	8.7	10.1	12.0
U.S. trade balance with Costa Rica	-3.5	-4.1	-4.8

Costa Rican export statistics do not indicate such a sizeable increase in trade with the United States due to accounting differences for significant shipments from Intel Corporation.

- **Rank of Costa Rica as U.S. export market in 2012:** 37th largest (0.47% of U.S. exports)
- **Rank of Costa Rica as source of U.S. imports in 2012:** 30th largest (0.53% of U.S. imports)
- **Rank of Costa Rica in total U.S. trade in 2012:** 34th largest (0.50% of U.S. trade)
- **Principal U.S. exports to Costa Rica in 2012:** mineral fuel, oil (29%); electrical machinery (20%); machinery (7%); plastics (6%); Optical, medical instruments (5%)
- **Principal U.S. imports from Costa Rica in 2012:** electrical machinery (67%); Optical, medical instruments (9%); edible fruit and nuts (7%); coffee (2%)

FOREIGN DIRECT INVESTMENT (US\$ billions)	2009	2010	2011
U.S. FDI in Costa Rica	1.8	1.5	1.5
FDI into the United States from Costa Rica	-0.05	-0.05	-0.08
<ul style="list-style-type: none"> • Principal suppliers of foreign investment to Costa Rica: United States, Netherlands, Canada, Mexico, Germany, Spain, Colombia 			

DOING BUSINESS RANKING

- **World Bank *Doing Business in 2013* rank:** 110 of 185 (121 of 183 in 2012)

COMMERCIAL OFFICER INFORMATION

Regional Commercial Counselor for Central America (based in El Salvador): Ireas Cook
 Commerce Desk Officer: Mark Siegelman (202) 482-0704

*IMF estimate † World Bank data

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2019.htm>

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Using an Agent or Distributor

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Costa Rican law provides for two main forms of representation: a representative and a distributor. The representative can also be considered an agent. It is possible for one person to be both a representative (or agent) and a distributor at the same time.

A. Representative or Distributor

A representative or agent and a distributor is any individual or company who "in continuous and autonomous form, with and without legal representation, acts by directly placing purchase of sales orders among the local import or export firms, on a commission or percentage basis; or who prepares, promotes, facilitates and completes the sale of merchandise or services which another foreign merchant or firm renders."

A representative:

- may be a Costa Rican or a foreign national, permanently and legally established within the country for at least ten years;
- must have at least three years' experience engaged in any form of commerce within Costa Rica;
- must be sufficiently knowledgeable in commercial matters and recognized as being solvent and of honorable character; and
- must be duly registered as such in the Mercantile Registry of Costa Rica.

A distributor must meet the same requirements as a representative, as described above. Specifically, a distributor is defined as an individual or company that purchases goods

directly from the manufacturer for the purpose of resale. Generally, a distributor signs a distribution agreement with the manufacturer and carries a stock of inventory. A distribution agreement may be exclusive or non-exclusive. It is not uncommon to find a representative or a distributor representing multiple product lines, or operating on a regional basis in Central America.

The Costa Rican Commercial Code allows a U.S. company to participate in public tenders directly, without a local Costa Rican representative. The only requirement is that the official representing the U.S. company must have a Power of Attorney that is certified by a Costa Rican Consulate in the United States. However, the process of bidding on public tenders is usually a tedious process and best accomplished through engaging the services of a qualified Costa Rican representative.

B. Finding a Partner

The U.S. Commercial Service (CS), a division of the U.S. Department of Commerce, offers assistance to U.S. companies in identifying potential business opportunities in Costa Rica. Information can be provided via the CS website, and/or counseling sessions over the telephone, via e-mail or videoconference, or by office appointment. For a complete list of CS services, please see the following website: <http://export.gov/costarica>. To find the nearest CS office nearest you in the United States, please consult <http://export.gov/usoffices/index.asp>.

To help U.S. companies identify appropriate local representatives, the Commercial Service offers its Gold Key Service for those who wish to meet prospective local partners in Costa Rica through appointments set up by CS personnel, or its International Partner Search (IPS) for those companies who cannot immediately visit Costa Rica or prefer to arrange their own appointments from a CS-generated list of local companies. To request these services, U.S. firms should e-mail: San.JoseCR.office.box@trade.gov

The services are also offered on a regional basis with Commercial Service posts in CAFTA countries. Please see <http://export.gov/centralamerica> for more details.

Whatever method a U.S. company chooses for its partner search, the company should ask for as much information as possible from the potential partner prior to any contractual arrangements, and be prepared to provide complete information about its history, resources, personnel, product line, and previous export experience.

Once a partner has been selected, the U.S. firm should obtain business and/or credit reports on the company, as part of the due diligence process. The Commercial Service offers the International Company Profile -ICP, a credit check/background report that will provide the U.S. company with useful information for evaluating the foreign company as a potential partner. Alternatively, the U.S. company can also contact the following Costa Rican company as source for company background checks: Consultores de Crédito Internacionales, S.A. Tel. 011-506-2232-0443, email: racsos@ice.co.cr (Dun & Bradstreet's representative office in San Jose).

Costa Rican firms wishing to represent U.S. companies may request exclusive representation in the local market. U.S. firms should consider this issue carefully to decide if they want to retain the right to sell to other representatives/importers in the market.

U.S. companies should employ the services of a qualified Costa Rican attorney for various issues, ranging from contract advice to protection of trademarks and other intellectual property. Lists of Costa Rican law firms can be obtained from the Commercial Service website:

<http://export.gov/costarica/businessserviceproviders/index.asp> and from the Consular Section of the U.S. Embassy in Costa Rica. (See Web Resources Section at the end of this chapter for this and other links.) Both the Costa Rican Chamber of Commerce (Cámara de Comercio) and the Costa Rican-American Chamber of Commerce (AmCham) have established International Arbitration Centers to provide alternative methods for dispute resolution. Please see Chapter 9 for contact information for these chambers.

C. Agricultural Sector

The United States is the single most important agricultural partner of Costa Rica due to its geographical proximity and the high quality and wide selection of its competitively priced products. However, competition in the local market is increasing. Costa Rica has free trade agreements in effect with several countries and blocs: Mexico (since 1995), Chile (2002), Canada (2002), CARICOM (2005), Panama (2008) and the People's Republic of China (2011). Costa Rica is a member of the Central American Common Market, which sets low to zero duties for most agricultural products. Central America and the European Union concluded the negotiation of a free trade agreement in 2010, approval of which is still pending by the Costa Rica Legislative Assembly.

Most grains are imported into Costa Rica in bulk, limiting the import market to a few major players. There are two wheat mills (Molinos de Costa Rica and Fábrica de Harinas de Centroamerica), which account for the purchase of all wheat imports. Two groups of private sector importers buy almost all of the yellow corn and soybean imports. Rice is generally imported by a group of producers and millers grouped under the name CONARROZ (National Rice Corporation). Rice importers outside of this group must pay higher duties. The law that created this entity allows only that entity to import duty-free when there is a rice shortage.

Import permits (other than those for phytosanitary and sanitary requirements) are not required for imports of grains, poultry, meat, dairy products or any other agricultural product, per the terms of Costa Rica's GATT accession agreement.

Costa Rica established tariff rate quotas (TRQs) for high-tariff products in conformance with its Uruguay Round commitments in July 1997. Outside of the TRQs, tariffs on "sensitive" products range as high as 150 percent for some chicken products, and 65 percent for dairy products. Also, there are TRQs under CAFTA-DR that allow imports of potatoes, onions, dairy products, pork, poultry and rice at zero duty.

Under CAFTA, Costa Rica recognized the U.S. meat and poultry inspection service, thus eliminating the previous plant inspection requirement. All federally inspected meat and poultry plants are now eligible to export to Costa Rica.

A list of the major Costa Rican importers of consumer-oriented foods can be obtained by contacting the Foreign Agricultural Service (FAS) office at the U.S. Embassy, San Jose. For more information, please contact Illeana Ramírez at Illeana.Ramirez@fas.usda.gov

D. Negotiating an Agreement with a Costa Rican Company

Once a U.S. company has selected a potential representative, the next step is to negotiate an agreement. The content of this agreement is extremely important, as it will determine the legal basis for any relationship between the exporter and the representative. Engaging a qualified lawyer is strongly advised.

U.S. companies should pay close attention to the conditions of contract termination with representatives and distributors and be prepared to work within the prescribed guidelines. The approved CAFTA-DR agreement makes provisions for a new damage compensation method in the Law of Representatives of Foreign Firms. In brief, when a compensation for damages is claimed based on one of the provisions of the law, the economic damages suffered or that could be suffered must be wholly compensated, as a direct and immediate consequence of the infringement of the provision or a violation of the agreement. The regulations from the Costa Rican Civil Code apply to this subject matter.

In the court proceeding to obtain damages under this law, the judge may, upon the request of one of the parties, establish an appearance guarantee, in proportion to the amount being claimed. This request can be made when it has been determined that the party of which an appearance guarantee is requested does not have enough assets in the country to respond to an award. The appearance guarantee shall consist of a deposit in cash or in securities payable to the order of the court.

Therefore, it is very important for U.S. companies to have a written agreement in place and to have that agreement reviewed, prior to signature, by a competent, qualified attorney familiar with Costa Rican law.

Establishing an Office

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In its study, "Doing Business 2012," the World Bank placed Costa Rica in 110th place in the world, up from 122nd in 2011, as to ease of starting a business, noting that the process still takes 60 days and 12 procedures, including the one mentioned below.

The first step in establishing a business in Costa Rica is to obtain the assistance of a Public Notary, the only professional authorized by law to register a company. (In Costa Rica, almost all lawyers can act as a Public Notary.) Companies must be listed in the Costa Rican Mercantile Registry in order to be a legal, authorized entity. Upon registration, all information related to the new company and the persons who will manage the company must be submitted. This information includes full name, nationality, occupation, marital status, domicile, the legal form of the business being organized, purpose of the company, amount of initial capital and the manner in which this capital is to be paid, time limits for payments, domicile of the company, and any other agreements made by the founders.

An extract of the registration is then published in "La Gaceta," the official legal journal in Costa Rica. Payment on initial equity is usually nominal and must be expressed in local currency and deposited with a local bank of the Costa Rican national banking system until registration is completed. Initial equity payment is generally from US \$100 to US \$1,000.

Depending on the type of business, the company may have to acquire a municipal license or permit. A foreign company that has or intends to open branches in Costa Rica must appoint and retain a legal representative with full Power of Attorney concerning the business or the branch. Similar to U.S. law, foreigners must become residents in order to work in Costa Rica.

Individuals interested in establishing a business in Costa Rica are encouraged to contact CINDE (the Costa Rican Coalition for Development Initiatives) and/or PROCOMER (Costa Rican Foreign Trade Corporation). Both organizations are involved in providing support and information for prospective investors in Costa Rica. Each organization maintains extensive information databases that are useful to potential investors in evaluating operating costs, taxation issues, availability of employees, and related investment questions. Please see the end of this chapter for links to these organizations, and Chapter 9 for full contact information for representatives of these organizations in Costa Rica and in the U.S.

The Ministry of Economy has an on-line manual specifically for companies interested in establishing a company in Costa Rica:

<http://www.meic.go.cr/tramites/english/default.htm>

Franchising

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Franchising was spurred on by the rise of tourism in Costa Rica, currently the market for new franchises has been intensifying even with some market saturation, primarily in the fast food sector. The first franchise to enter the market was McDonald's in 1970, and others such as Pizza Hut quickly followed. Smashburgern, Cinnabon's, Hooters, Gymboree, Homewatch CareGivers, Wendy's, Carl's Jr., Cosi, Mo Joe's, Chilli's and Pollo Tropical are the more recent arrivals to the Central Valley, where a majority of Costa Rica's residents live. On the other hand, other franchises were unsuccessful in Costa Rica either because of the economic conditions at the time or poor copyright protection. One major pizza chain's franchisee closed down operations in Costa Rica in February 2009, but in October 2009 a new franchisee bought the rights to operate in Costa Rica and began operations. One medium-sized coffee shop franchisor downsized to small coffee shops inside local bookstores, closing down its main coffee shop in an upscale location in San Jose.

Approximately 35 percent of the franchised retail businesses operating in Costa Rica are fast food/specialty food enterprises. Franchises in Costa Rica employ approximately 5,000 Costa Ricans.

About 15 percent of these franchise concepts are local, while the remaining 85 percent are foreign-owned. (Of these, 80 percent are U.S. franchises.)

By the end of 2011, Florida Ice and Farm Co. (owner of the local brewery) bought the oldest and largest local bakery franchise, Musmanni, with 180 bakeries in Costa Rica.

Local companies are starting to franchise their business and expand quickly, in part due to the support of the Costa Rican Chamber of Commerce. The Chamber organized their third franchising trade fair, and its first regional Expo Franquicias 2013*, which took place in September 26-27, 2012.

Price is a major competitive factor in this sector, as is delivery of food products. Costa Ricans are very price-conscious and savvy shoppers. They are generally aware of what items cost in the U.S. and how the same or similar items are priced in Costa Rica. While they are willing to pay slightly more for the perceived quality of an American product, they are still limited by their personal budgets.

A key factor for success in franchising in Costa Rica is the careful selection of the potential franchisee and location of the outlet. The successful franchisee should have the financial resources to enter and develop the market, as well as excellent local business contacts and an understanding of the idiosyncrasies of the local market. In Costa Rica, business contacts can greatly affect the success of a project. This factor can come into play, for example, in developing local sources of supply, expediting government approval and licensing, and in gaining access to prime locations for a franchise site.

Opportunities exist for growth and expansion of franchising in Costa Rica outside of the fast-food sector. Entrepreneurs continue to appreciate the mature business systems and proven track record that many franchises offer. Effective franchise marketing normally entails sensitivity to the local culture, such as adding local foods to the menu or translating manuals/catalogs into Spanish. Given Costa Rica's small size, an exclusive territorial contract is often preferred. Some successful franchise operations involve investor groups who have purchased master franchise rights for the entire Central American region. Price Smart and Payless Shoe Source are prime examples of this strategy. In many cases, a local franchisee will own several different types of franchises in different industry sectors as a way to diversify their investments.

A new group of investors is emerging that includes young professionals who are familiar with U.S. business practices and who are seeking to break away from their family businesses and start their own companies. They view franchising as a way to enter into new markets. Nevertheless, franchisor support is critical to their success and tends to make up for their lack of industry knowledge.

A potential franchisee often may not attend franchise shows. As a result, the Internet is the number one source of information for local potential franchisees seeking new franchises. Potential franchisees will usually analyze the local market and determine the franchise concepts that are most attractive for the local market by using their personal knowledge of popular and successful franchises in the U.S. market. They will then typically contact ten or so different franchisors in that market segment for comparison purposes.

The second most popular way potential franchisees make contact with franchisors is when a particular franchisor comes to Costa Rica looking for potential investors/franchisees and contacts them directly. Although it is often difficult to identify business people who have an interest in franchising, not to mention the necessary business experience and resources to develop and manage new franchise concepts, the Commercial Section of the U.S. Embassy can assist with introductions and information on strategies used to reach potential franchisees. Advertisements in major local media are also an important means of reaching a wide range of potential franchisees.

Franchise royalties are subject to a 25 percent withholding tax. However, the U.S. provides a foreign tax credit for this expense. Import taxes vary, depending on the item; the trend is toward lower import taxes. The following are approximate:

Value Added (sales) Tax	13 percent
Ad valorem (import duty) Tax	0-50 percent**
Special import tax	1 percent

*For additional information on Expo Franquicia, please contact Ms. Scarlett Massey at smassey@camara-comercio.com

(<http://www.camara-comercio.com/servicios-ferias.php>)

**Availability to use CAFTA tax reductions for US-made products.

Direct Marketing

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Direct marketing has enjoyed limited success in Costa Rica. Since the country does not have a postal/ mailing system with defined street names and numbers, it is difficult to obtain client lists or reliable addresses. There is no law that regulates direct marketing. In the absence of a specific law, the general law that applies to advertising and public relations agencies also regulates the direct marketing method of selling. What is becoming more popular are targeted text messages to cellular phone users.

Joint Ventures/Licensing

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Licensing is not widespread in Costa Rica. Traditionally, foreign companies have exported to Costa Rica or set up manufacturing/assembly operations in the country, either independently or through joint venture arrangements. Foreigners may legally own Costa Rican companies or equity therein, and may invest in all areas not expressly reserved for state or parastatal entities. Foreign corporations may be organized legally in several ways: as branches (except for banks), joint ventures, wholly-owned subsidiaries, or locally incorporated companies. Bona fide investments are encouraged and promoted actively by the Costa Rican Government.

Selling to the Government

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The Costa Rican Government procurement system is governed by the Costa Rican Financial Administration Law.

Government entities generally acquire their goods and services through public tenders, which are normally published in the official newspaper, La Gaceta (<http://www.imprentanacional.go.cr/>), and major newspapers. Certain purchases are made directly from suppliers that have been pre-qualified and pre-registered with government entities. The Costa Rican Institute of Electricity and Telecommunications (ICE), one of the largest government entities, publishes the majority of the tenders for their requirements of products and services through their website:

<https://appcenter.grupoice.com/PEL/inicio.do>

All tenders can be accessed at:

<https://appcenter.grupoice.com/PEL/listarAdquisiciones.do>

The Costa Rican Institute of Social Security (Caja Costarricense de Seguro Social-CCSS) is the second largest government entity that requires products and services for their operations (drugs, pharmaceuticals, medical equipment, supplies, etc.) The CCSS also has its own website where they publish their requirements for all the public hospitals (10), clinics (500) and “EBAIS” (Small medical units with basic equipment-1000). U.S. suppliers can access this data base through the following website link:
<http://portal.ccss.sa.cr/portal/page/portal/Portal/Licitaciones/UP-1142>

In 2010, the Government of Costa Rica created an electronic platform for public procurement: Mer-Link. Mer-link is a technological platform for public purchases, a virtual purchasing model that allows government entities to perform their purchasing operations of products and services electronically. Mer-Link is an electronic trade portal that operates from a unique window accessible through Internet. At present Mer-Link partially publishes the requirements of more than 60 government entities (of the more than 300 entities), including ICE and CCSS. However, the system is not being used to its full capacity. The government office in charge of managing this system (Gobierno Digital) is developing a strong campaign to encourage government entities to utilize this new electronic platform. Local and foreign companies that wish to participate in this electronic method of public procurement may do so through the following websites:
www.mer-link.go.cr or www.mer-link.co.cr

Foreign companies may establish a representative through a Power of Attorney for a specific tender. This representative can be a Costa Rican citizen/company or a foreign resident. A general Power of Attorney can also be given to an individual or company to represent the foreign company in various tenders for a specified period of time.

The local representative should be able to translate tender documents from Spanish into English and assist in preparing bid offers in Spanish. Some large projects may require the presence of U.S. company officials in Costa Rica in order to better evaluate the requirements and prepare a competitive offer to the Costa Rican Government entity.

Foreign companies may bid directly on government tenders in Costa Rica. However, when competing for government contracts, there is a significant advantage in having a strong local partner or representative. The local representative should be established, reputable, well-known and respected in business circles, and knowledgeable about Costa Rican business culture and practices. As noted earlier, the Gold Key Service (GKS) and the International Partner Search (IPS) of the U.S. Department of Commerce, available directly through the Commercial Section in Embassy San Jose or through the U.S.-based network of U.S. Export Assistance Centers, are an excellent, economical strategy for identifying a potential partner or representative in Costa Rica. (See “Web Resources” at the conclusion of this chapter.)

The Costa Rican General Comptrollers Authority, which administers the Public Procurement law, periodically establishes the economic limits for the determination of the administrative procedures that Government entities or ministries must observe when issuing the necessary tenders for the acquisition of goods or services. The following is a chart with the latest economic limits:

Annual Budget	Public Tenders	Abbreviated Tenders	Direct Purchases
More than	More than	From To	Up to

\$130,800,000	\$784,000	\$109,000 - \$784,000	\$109,000
\$87,200,000	\$676,000	\$33,820 - \$676,000	\$33,820
\$43,600,000	\$474,000	\$30,440 - \$474,000	\$30,440
\$21,780,000	\$338,200	\$27,060 - \$338,200	\$27,060
\$4,360,000	\$236,800	\$23,680 - \$236,800	\$23,680
\$2,178,000	\$203,000	\$20,300 - \$203,000	\$20,300

(Note: Public tenders are announced in the official newspaper La Gaceta. Abbreviated tenders are circulated among pre-registered suppliers. Direct Purchases are made to pre-registered suppliers).

Through its tender schedule, the government is attempting to avoid unnecessary delays in the bidding process and the payment of interest charges on undisbursed loans provided by international lenders. The system exempts tenders of certain amounts made to registered suppliers from the possibility of appealing to the Comptroller's Office. The procuring entity itself must handle any complaints from the bidders. Under CAFTA-DR, U.S. companies will be given "national treatment" for most government procurement of goods and services. The agreement sets certain dollar thresholds for these procurements (\$58,550 for national governments and \$477,000 for "sub-central" governments). For more information, please see the following website: <http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta>

Five important government entities follow the above-mentioned guidelines: the telecommunications/electricity institute (former telecommunications monopoly), the Costa Rican Institute of Electricity (ICE); the Costa Rican Petroleum Refinery (RECOPE); the Costa Rican Institute of Social Security (CCSS); the National Insurance Institute (INS); and the Government's National Procurement Department (Proveduria Nacional). These entities constitute the most important Costa Rican Government buyers/contractors to foreign companies and have traditionally been the largest generators of public tenders in Costa Rica.

The Commercial Service of the U.S. Embassy in San Jose encourages U.S. manufacturers and exporters of products and services required by the entities mentioned above to register their firms with the relevant Costa Rican Government institutions by contacting their procurement departments. More importantly, we recommend that U.S. companies interested in exporting to Costa Rica contract with a local representative who can proceed with the registration process at the government entities requiring such registration. Registration will allow the procurement departments of government institutions to invite those foreign firms to bid on tenders and to be considered for direct purchases.

Costa Rica is often referred to as “Latin America Lite” because of the abundance of U.S. products and services that gives the country the feeling of being in the U.S. The retail distribution sector closely follows U.S. practices. 73 percent of the country’s 4.3 million people consumers live in the Great Metropolitan Area, also known as the Central Valley. Costa Ricans are accustomed to large shopping centers and malls that house retail stores, kiosks, food courts, theaters, and supermarkets.

Franchise outlets, smaller mixed-use commercial centers and hypermarket-type operations are proliferating rapidly due to increased pressure and competition from large retail stores such as Price Smart. In recent years, retail outlets have undergone a major consolidation. There are currently five large department store chains, six supermarket chains, and countless small and medium-sized family-owned firms that compete with the larger retailers. In 1997, Wal-Mart assumed control of the Mas X Menos, Hipermas, MaxiMercados, and Pali Stores in Costa Rica and the rest of Central America. Rural areas are generally served by "pulperias", or general stores.

The concept of customer service is very important in Costa Rica. TV, radio, print and billboard advertising and discounting are widely accepted commercial practices.

Distribution channels do not vary significantly for food/agricultural products. Some products (for example, fresh fruits and frozen foods) require technical knowledge regarding handling due to their shelf-life requirements and need for refrigeration. Such facilities are available in Costa Rica as the country exports to other Central American and Caribbean countries. Private firms import processed consumer foods, while several wholesalers are dedicated to importing agricultural products. Many companies, however, have incurred additional costs due to delays at Customs in clearing goods. The food product distribution chain to supermarkets and to medium and small-sized stores is well developed. Some of the larger supermarket chains import directly.

Although it is possible to export directly to Costa Rican retailers, U.S. firms will find it beneficial to work with a local representative and/or establish a local sales office. A local representative is critical for those companies wishing to sell to private sector companies or to government institutions. Since Costa Rica is a small market equal in size to the state of West Virginia, one representative/distributor is often sufficient to cover the country.

Selling Factors/Techniques

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As in the U.S., purchases by Costa Ricans generally are based on price, quality, technical specifications, convenience, and the availability of local product support or after-sales service. The Costa Rican Government does not play a role in determining product prices, with the exception of those prices set by the national price regulating body, ARESEP, such as gasoline and diesel at the pump. U.S. exporters to Costa Rica must be willing to make sales of smaller volumes than those to which they may be accustomed in larger markets, keeping in mind Costa Rica’s GDP of roughly- \$40.8 billion and a population of approximately 4.3 million people. To achieve large volume sales, Costa Rica should be considered as a base from which to sell to the larger region of Central America, and, in fact, Costa Rica does serve as a regional sales headquarters for Central American and Caribbean markets for a number of US firms.

Sales catalogs and brochures, as well as the labeling of product ingredients, must be

translated into Spanish. Products must be competitive in both quality and price. Payment terms for purchases above \$4,000 are generally carried out through irrevocable letters of credit. Open account payment terms are reserved generally for well-known and well-established customers. Insurance on accounts receivable is available through the Export-Import Bank of the United States. Cash payment for small purchases is a typical practice.

Business in Costa Rica, as in other Latin American countries, depends heavily on the establishment of personal relationships. The Costa Rican business community places great importance on personal contacts with foreign suppliers. New U.S. suppliers/exporters should be prepared to travel to Costa Rica periodically and follow up with their customers and representatives regularly through contacts by fax, telephone, and/or e-mail. A patient sales approach is preferred to a "hard sell."

Electronic Commerce

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E-commerce is growing in Costa Rica, a country that has led the region in telecommunications network development and information technology initiatives. There is great potential for Costa Rica to increase its use of the Internet and e-commerce as well as developing a 4G structure. The country already enjoys over a 100% cell-phone coverage, a high level of educational development (98% literacy rate), and the tradition of political stability in Costa Rican history.

E-commerce has excellent potential in Costa Rica. A good example of this since 2010 is the importance of "Black Friday" for buyers, something that began as a novelty in the Costa Rican community. Thousands of buyers now take advantage of the day and purchase online from virtual stores in the United States.

Although the country has passed legislation paving the way for the use of digital signatures and certificates, digital signatures are not yet commonly used, but everyday more companies and even people are dedicating time to obtaining the digital signature. The CAFTA-related Intellectual Property Rights law will improve enforcement of Internet-related works. Recent studies have indicated that Internet access still lags in rural areas. Perhaps most importantly, the local market is still dominated by ICE (Instituto Costarricense de Electricidad: the government-owned electricity and telecommunications company) as the main Internet service provider (ISP). This is in marked contrast to the relatively open ISP market in the rest of the region. Under CAFTA, Internet service has been opened up to competition.

At the present time, the following is a list of companies' offering ISP service:

- Tigo – Via Cable TV
- Cable Tica – Via Cable TV
- CRWiFi – WiMax (Alajuela, San Ramon and Puntarenas only)
- WorldComm –
- Jasec –
- Redes Inalambricas de Costa Rica

According to a study by CAATEC, the Costa Rican Advisory Commission on High Technology, the country has advanced substantially in the use of Internet services in recent years, has already experienced a 15.5% year-on-year growth in commercial

Internet use in 2010, and should continue to see potential demand for broadband Internet services remain high.

According to the Board of Telecommunications (Rectoria de Telecomunicaciones) there are an estimated 325,000 users of broadband services in Costa Rica, representing only about 6.2% of the total population. The plan is to move towards a 16% penetration in 2017 and move away from 1 Mbps and up to 4 Mbps. The cost of a connection of 4 Mbps, as of today, is US\$30 per month in Costa Rica, provided by the government institution (ICE), which contrasts with the cost in international markets, where you can find home services via fiber optic of up to 100 Mbps for a cost of US\$15 per month. Including all bandwidths, Costa Rica currently has a total of 1.5 million persons using Internet services.

The private sector continues to increase its use of e-commerce in Costa Rica. Local companies commonly have the capability to offer services via the Internet in addition to the usual sales channels. Costa Rican public and private banks offer their clients a variety of services through the Internet. There are a number of gateways specializing in marketing products and services via the Web that have emerged, as well as consumer trading sites, including Mercado Libre, a subsidiary of eBay, Clasificados, Rematico.com, and Locompreaqui.com. The Costa Rican government has bid its major efforts with Mer-Link, an e-bidding website, developed by the Government of South Korea. By the end of 2011, the Apple Store began operating in Costa Rica, as well as Netflix on-demand video store.

Some interesting websites:

Mercado Libre (Ebay):	http://www.mercadolibre.co.cr
Rematico:	http://www.rematico.com
Clasificados:	http://clasificados.co.cr/
Lo Compre Aqui:	http://www.locompreaqui.com
Cine Express:	http://www.cinexpress.cc/
ICT (CR Tourism Institute):	http://www.visitcostarica.com
CR Autos:	http://crautos.com/
Mer-Link:	http://www.mer-link.co.cr/index.jsp
Banco Central de C.R.:	http://www.bccr.fi.cr/flat/bccr_flat.htm
Scotiabank Costa Rica:	http://www.scotiabankcr.com/
Citibank Costa Rica:	http://www.citibank.co.cr
Compra Red:	https://www.hacienda.go.cr/Msib21/Espanol/DGABCA/OV_ST_CompraRed.htm

Trade Promotion and Advertising

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Costa Rican newspapers are among the best ways to promote sales of products or services. *La Nacion* has the largest general circulation, while the weekly *El Financiero* and daily *La Republica* are primarily business-focused. *Diario Extra* and *Prensa Libre* are popular mass-market tabloids.

Depending on the target market, advertising is also effective through magazines. Some important issues are produced by organizations such as the Costa Rican-American Chamber of Commerce (AmCham), the Chamber of Commerce of Costa Rica, and other

specialized chambers/ business associations. Please refer to the following links for further information. All sites will be in Spanish unless otherwise noted.

Television:

Channels 7 & 33 (Teletica Canal 7)	www.teletica.com
Channels 4, 6 & 11 (Repretel)	www.repretel.com
Channel 9	www.canal9.cr

Radio:

Radio Monumental	www.monumental.co.cr
Radio Columbia	www.columbia.co.cr
Radio ADN	www.adn.fm

Print Media:

Diario La Nacion	www.nacion.com
Diario El Financiero	www.elfinancierocr.com
Diario La República	www.larepublica.net
Diario La Prensa Libre	www.prensalibre.co.cr
Diario Extra	www.diarioextra.com
The Tico Times (English Weekly/Electronic only)	www.ticotimes.net
AM Costa Rica (English / Electronic only)	www.amcostarica.com

Economic Publications:

Summa Magazine	www.revistasumma.com
Actualidad Economica Magazine	www.actualidad-e.com
AMCHAM Business Guide	www.amcham.co.cr/business_guide.php

Other Organizations:

Costa Rican-American Chamber of Commerce	www.amcham.co.cr
Promotora del Comercio Exterior (PROCOMER)	www.procomer.com
CINDE	www.cinde.org
Chamber of Foreign Commerce (CRECEX)	www.crecex.com
Chamber of Commerce	www.camara-comercio.com
U.S. Commercial Service	http://export.gov/costarica
U.S. Consular Section	http://sanjose.usembassy.gov/conseng.html

Trade Promotion:

In addition to the U.S. Department of Commerce's export promotion programs, the U.S. Commercial Service in San Jose can also assist U.S. firms through trade missions, participation in local trade shows, matchmaking events, seminars, conferences, catalog shows, and business receptions. These programs are conducted periodically on a cost-recovery basis with pre-approved budgets.

There are a limited number of privately organized trade promotion events in Costa Rica, and they are mainly organized by the following companies:

ExpHoRe (Hotel and Restaurant Show)	www.exphore.com
Expotur (Tourism in CR and the region)	www.expotur.com
Visit USA (Travel and Tourism to the US)	www.visitusa-cr.com
Expo-Construccion (Construction Show)	www.construccion.co.cr
Expo-Ferretera (Hardware Show)	www.expoferretera.com
Expo Casa (Houseware Show)	www.expocasa.co.cr
Expo-Telecom (Telecommunications Show)	www.expotelecom.net
ExpoVino (Wine Show/Every two years)	www.expovinocr.com
Expo Oficina (Office Furniture Trade Show)	www.expooficina.net

Pricing

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The prices of imported products into Costa Rica are typically based on:

- the CIF value plus import taxes*,
- Customs agent fees,
- in-country transportation costs, and
- other product-related costs.

The Costa Rican Government has, however, established a "Canasta Básica", a market basket of consumer products considered essential for the traditional household: foods, household consumables, school uniforms, shoes and supplies, basic construction products, agricultural chemicals, tools and medicines. The prices of these products are monitored to reflect current economic conditions. The "Canasta" is reviewed regularly and changed almost every year to reflect changes in popular consumption. Last changes done in the "Canasta Básica" were reported to be in May 2012.

U.S. export pricing generally excludes the cost of U.S. domestic marketing, allowing a lower base price and providing more latitude for negotiating margins that attract Costa Rican distributors, and maintaining competitive pricing in the market. Virtually all exporters price their goods in dollars.

* (Under CAFTA, more than 80 percent of all U.S. non-agricultural goods and more than 50 percent of agricultural products imported into Costa Rica became duty-free immediately, on January 1, 2009. Those remaining products that did not become duty-free at that time have continued to have their duties reduced per schedule, as agreed under CAFTA.)

Sales Service/Customer Support

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Product support and after-sales service, usually provided through a local representative with the support of the U.S. exporter, is extremely important for both Costa Rican Government institutions and private purchasers.

Availability of maintenance contracts, identification of convenient repair facilities, as well as any required technical support, is expected by buyers. Service literature and contracts should be provided in Spanish. The proximity of the U.S. to Costa Rica provides U.S. exporters with the added flexibility in determining the most cost-effective and efficient product support arrangements.

Protecting Your Intellectual Property

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Protecting Your Intellectual Property in Costa Rica:

Several general principles are important for effective management of intellectual property ("IP") rights in Costa Rica. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Costa Rica than in the U.S. Third, rights must be registered and enforced in Costa Rica under local laws. Your U.S. trademark and patent registrations will not protect you in Costa Rica. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Costa Rican market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Costa Rica. It is the responsibility of the

rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Costa Rican law. The U.S. Commercial Service can provide a list of local lawyers which is available at the following internet link:

http://export.gov/costarica/businessserviceproviders/index.asp?bsp_cat=80120000

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the US Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Costa Rica require constant attention. Work with legal counsel familiar with Costa Rican laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-sized companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Costa Rica or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and other countries. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Costa Rica at: dorian.mazurkevich@trade.gov.

Due Diligence

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Before finalizing any contract, whether for a sale or representation, U.S. companies should obtain information on the bona fides of the foreign firm, including reliable business and financial references. The U.S. Commercial Service in Costa Rica does offer the background report known as International Company Profile (ICP) service, but it can also link interested companies to well-known local private sector credit-reporting services that can provide background and credit reports on companies in Costa Rica, as noted in Chapter 3, under "Using an Agent or Distributor."

Local Professional Services

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Obtaining competent local legal representation is critical when one is planning to start a business, buy or sell real estate, apply for resident status, or make any type of significant investment in Costa Rica. Not only is Costa Rica's legal system (based on Roman law) considerably different than that of the United States (with its roots in English common law), but language differences present opportunities for serious miscommunications and misunderstandings, sometimes with serious consequences. U.S. companies should retain the services of a bilingual attorney to avoid potential communication failures. In Costa Rica, many local attorneys have been trained in the U.S. and are experienced in

both U.S. and local law. (Please see the Business Service Providers Section of the English version of the CS Costa Rica website at:
(http://export.gov/costarica/businessserviceproviders/index.asp?bsp_cat=80120000)

Frequent visits, communication and effective oversight of local legal representatives are also important to ensure that actions are taken in a timely manner.

Web Resources

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U.S. Government:

U.S. Commercial Service: <http://www.export.gov/costarica>

Business Service Providers

<http://export.gov/costarica/businessserviceproviders/index.asp>

U.S. Consular Section: <http://sanjose.usembassy.gov/conseng.html>

U.S. Foreign Agricultural Service: <http://www.fas.usda.gov>

CAFTA-DR:

U.S. Trade Representative:

http://www.ustr.gov/Trade_Agreements/Regional/CAFTA/Section_Index.html

U.S. Department of Commerce: <http://www.export.gov/FTA/cafta-dr/index.asp>

U.S. Department of Agriculture: <http://www.fas.usda.gov/itp/CAFTA/cafta.asp>

Investment Promotion Services:

Costa Rican-American Chamber of Commerce: <http://www.amcham.co.cr>

Promotora del Comercio Exterior-PROCOMER: <http://www.procomer.com>

CINDE : <http://www.cinde.or.cr>

Costa Rican Chamber of Commerce: <http://www.camara-comercio.com>

Costa Rican Chamber of Industries: <http://www.cicr.com>

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

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- [Medical-Dental Equipment -Leading Sector #2](#)
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Agricultural Sectors

- [Corn -Leading Sector #1](#)
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- [Rice -Leading Sector #4](#)
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- [Snacks -Leading Sector #7](#)

Automotive Parts, Accessories and Service Equipment - Leading Commercial Sector #1

Overview

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Unit: Millions of US\$ Dollars

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	311.5	335.4	357.6	390.8
Total Local Production	77.9	78.2	75.0	86.25
Total Exports	57.8	66.8	73.4	80.0
Total Imports	291.4	324.0	356.0	384.5
Imports from the U.S.	74.8	82.5	90.7	98.0
	511	508	504	510

Data in millions of US\$ Dollars.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Estimated. Importers/distributors of local producers

Total Exports: Costa Rican Customs Directorate

Total Imports: Costa Rican Customs Directorate

Imports from U.S.: Costa Rican Customs Directorate

Exchange Rate: Average Rate by Year. 2013 estimated value is the real value as per March 2013.

Local production is limited to small electrical and metal parts, batteries, electrical copper cable, hydraulic seals, filters (air/gasoline), steel leaf springs, aluminum and steel wheels, windshields, carpets, hoses, mufflers, bus bodies, and tires. Major U.S. competitors in this sector are China, Japan, Mexico, South Korea, Brazil, Taiwan, and Germany.

Total imports in this sector are expected to increase in 2013 by 10 percent over the previous year to about US\$356 million.

The consensus within the local automotive parts industry is that the sector will grow at an annual rate of 5-10 percent from 2013-2015. The surge on the imports of used low cost vehicles from Asian countries during the last three years led to an increase in auto parts imports from China, which reduced the U.S. market share by two percent from 2011. As a result, industry sources indicate that the U.S. share of the import market is expected to continue to decrease in market share, although in total imports from the U.S., had a major increase in imports for 2013-2015.

Sub-Sector Best Prospects

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The number of cars in Costa Rica has more than doubled since 2000 to an estimated of 2,500,000 cars. The average year of the Costa Rican cars is from 1997.

Many of the cars on Costa Rican roads are imported as “used” from the United States, as they have extras that are not standard in new cars found in Costa Rica, as well as a lower price tag. This trend is receding due to good promotion of new vehicles and better support from the local banking system for the new cars. The automobile 10-day fair, Expo Auto, organized by the Chamber of New Car Importers (AIVEMA), has been very successful in past years helping new car dealers do a lot of business in one place.

Costa Rican importers of automotive parts and accessories purchase their products in the U.S., although a significant portion of these items are not of U.S. origin.

According to several Costa Rican importers of automotive parts, good sales opportunities continue for virtually all categories of products in this sector. High quality, durability, availability and an assortment of vehicle parts, and fast delivery are the main factors for increasing U.S. sales of these products. Chinese-made products continue to be the second option for the Costa Ricans when importing auto parts.

Opportunities

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Under DR-CAFTA, U.S. suppliers should be well positioned to expand their market share for automotive parts. CAFTA-DR better positions U.S. exporters to take advantage of this expanding market. Import taxes for automotive parts before CAFTA ranged from zero to 29.95 percent, depending on the product. Most of these import taxes disappeared immediately with CAFTA-DR approval; others will be gradually reduced to zero import taxes over a period of 10 years.

Web Resources

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U.S. Commercial Service Costa Rica Commercial Assistant: Roy Fernandez
Roy.Fernandez@trade.gov

U.S. Commercial Service Costa Rica:
<http://www.export.gov/costarica>

Costa Rican Importers of Used Vehicles –CCA
carballomotor@gmail.com

Costa Rican Association of Importers of Vehicles –AIVEMA
aivema@racsa.co.cr

Costa Rican Customs Directorate, Ministry of Finance: <https://www.hacienda.go.cr>

Medical-Dental Equipment - Leading Commercial Sector #2

Overview

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Unit: Millions of US\$ Dollars

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	96	101	105	109
Total Local Production	8	10	10	11
Total Exports	7	7	7	8
Total Imports	95	98	102	106
Imports from the U.S.	43	47	49	61
Exchange Rate: 1 USD	511	508	504	---

Data in millions of US\$ Dollars.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Estimated. Importers/distributors of medical devices

Total Exports: Costa Rican Customs Directorate

Total Imports: Costa Rican Customs Directorate

Imports from U.S.: Costa Rican Customs Directorate

Exchange Rate: Average Rate by Year. 2013 estimated value is the real value as per March 2013.

Estimated numbers are calculated based on information provided by the

Importers/distributors and also taking into consideration the economic growth for Costa Rica and the tendency for the last 3 years.

Statistics are based on the following harmonized codes: 9018.110000 to 9022.90090; 9025.110090; 9402.100000; 9402.901000 to 9402.902090.

Costa Rica has a socialized healthcare system identified as the Costa Rican Social Security System (Costarricense de Seguro Social: CCSS, or “Caja,” as it is popularly known). This system includes 30 hospitals: 10 general hospitals, 7 regional hospitals (1 in each geographic region/province), and 13 peripheral hospitals, which vary in size. 16 of the hospitals are located in the Central Valley region of the country, where about one-half of the population lives. Additionally, the CCSS is responsible for approximately 500 clinics, and approximately 1,000 small attention units with only basic equipment, known as “Equipos Basicos de Atencion Integral” (EBAIS), which provide basic medical assistance to patients in remote areas of the country.

The CCSS hospitals have approximately 6,000 beds, while there are approximately 223 beds in three private clinics/hospitals. The “Caja” buys approximately 90% of the medical equipment in Costa Rica. The public is very sensitive to the government's programs in public health and encourages, almost demands, replacement of obsolete medical equipment in the principal hospitals and clinics.

There are several private hospitals and clinics in the country, mainly in the Central Valley. Hospital Clínica Bíblica (HCB) is the largest followed by CIMA Hospital, owned by the International Hospital Corporation (headquartered in Dallas, Texas), and Hospital

Hotel La Católica (HCC). These three private hospitals are accredited by the Joint Commission International (JCI). The HCB is also accredited by the Medical Tourism Associations. Both CIMA Hospital and Hospital Clínica Bíblica are building new facilities in the Guanacaste Province. Hospital Metropolitano, in San José downtown, accredited by the Association for Ambulatory Healthcare (AAHC), is the newest hospital and among their services they offer assistance to U.S. veterans, they accept medical insurance under the Foreign Medical Program (FMP) and Tricare.

The number of small, private clinics is growing constantly, as the population is demanding quicker and better health services. The largest private clinics in Costa Rica are Clínica Santa Catalina, Clínica Santa Rita, Clínica Santa Fe, and Hospital Clínica Jerusalem. The influx of foreigners, mainly from North America (U.S. and Canada), is also contributing to this private growth, in what is often known as “medical tourism.”

Costa Rica is competing with other countries such as Brazil, Mexico, India and Malaysia in the medical tourism arena. Costa Rica appears to have an advantage because it is closer to United States and Canada, the principal sources of medical tourists, and many professionals here have had training in the U.S. Several North American insurance firms are looking at the prospects for insuring medical tourists in Costa Rica.

According to information provided by one of the private hospitals, foreigners mainly from United States and Canada, travel to Costa Rica to seek medical/surgical treatment in the following areas: orthopedics (hip, shoulder and knee replacement); surgery (bariatric surgery and gastric bandages placement); dermatology (skin stain and wrinkle removal through laser application); plastic surgery (liposuction and face lifting); and dentistry (several procedures). The influx of medical tourism increased in 2011.

There are several projects for the construction of new hospitals and the expansion of existing hospitals. The CCSS will start the construction of the new tower of the Calderon Guardia Hospital (Torre Este del Hospital Calderon Guardia) in 2013. The tower is planned to have a total area of 23,000 square meters (about 247,000 square feet), six floors, 204-bed capacity, 34 incubators, surgery, neonatology, gynecology, obstetrics and radiologic services, and will require medical equipment and devices for its operation. Total cost of the project is approximately US\$120 million. It is expected to be completed in 2016. The CCSS is also designing a new hospital to be built in Cartago Province. No further information has been provided on the project.

In the private sector, CIMA Hospital has just built a new hospital in Liberia, Guanacaste Province, as part of the Pacific Plaza development, at an estimated cost of \$15 million. The Clínica Bíblica Hospital has also opened a new facility in the same province but in the Papagayo area. Guanacaste is the province in northwest Costa Rica that attracts the greatest portion of tourists to visit Costa Rica each year and has an international airport with direct flights from the U.S.

A number of non-Costa Rican manufacturers of medical devices, especially those from the United States, have chosen to locate manufacturing or assembly operations in Costa Rica over the last few years. According to CINDE, the Costa Rican Investment Promotion Center, there are approximately 40 such companies, including Baxter Healthcare, Boston Scientific, Abbott Vascular, Hospira, Cytoc-Hologic, Allergan, Smith Sterling (dental laboratories), Bean One, St. Jude Medical, Moog Medical, Arthrocare, Establishment Biotech, Westport S.A. (Koros USA), Horizons International, Volcano, and

others. According to PROCOMER, the Costa Rican Center for Export Promotion, affiliated with the Costa Rican Foreign Trade Ministry, this sector exported US\$510 million in medical devices in 2010, mainly to the U.S. market. Almost none of the production is consumed locally in Costa Rica, although a small portion may come back to the country as U.S. exports.

The market size for medical equipment and supplies has remained relatively stable during the past two years (2011-2012). In 2011, the market size amounted to US\$96 million. In 2012 it amounted to US\$101 million, an increase of approximately 6 percent from 2011. Figures for imported medical equipment and supplies are similar to those of the market size, since amounts in local production and exports have remained very similar in both years.

The United States is the largest exporter of medical equipment to Costa Rica, with US\$43 million in 2011 and US\$47 million in 2012. This volume represents a market share of approximately 48 percent each year of total Costa Rican imports. Major competitors to the U.S. in medical equipment, during the 2012, are China, with 7.0 percent, Germany and Switzerland with 6.0 percent each, and Holland with a 4.0 percent.

Costa Rican Ministry of Health implements procedure for expedited registration of U.S. medical devices.

In 2008, the Costa Rican Ministry of Health (MOH) established the requirement to register medical devices and materials prior to being imported into Costa Rica. This requirement was onerous for firms, domestic and foreign, and required a variety of additional clinical trials and documents. The Ministry of Health was unable to obtain increased resources to implement this law, and, as a result, the backlog of medical devices waiting to be approved for import into Costa Rica reached from one to two years. This situation hurt U.S. (and other) manufacturers of medical devices by adding costs and limiting their ability to sell into the market. It also delayed the access of Costa Rican citizens to state-of-the-art medical care.

In July 2011, the Costa Rican Ministry of Health accepted a petition submitted by U.S. Embassy San Jose to recognize U.S. Food and Drug Administration (FDA) authorizations of medical devices to be sold in the U.S. market as permissible for sale in Costa Rica without additional evaluation on the part of the GOOCR. This decision – the result of three years of work - will benefit U.S. exporters of medical devices. Since all medical devices shipped from the U.S., will no longer be required to undergo additional clinical trials or obtain additional documentation (with the exception of a Certificate to Foreign Government, issued by FDA stating that the product is sold freely in the U.S. market and the plant follows good manufacturing practices), U.S. exporters will enjoy lower cost-to-market and significantly faster time-to-market. Costa Rican patients will also be able to benefit from state-of-the-art medical devices and the improved medical care that will result from their use. The market in Costa Rica for medical devices is growing and the United States is the largest exporter of this type of equipment to Costa Rica.

Following are the best prospects sub-sectors for U.S. medical equipment and supplies:

Electro-diagnostic apparatus (including apparatus for functional exploratory examination or for checking physiological parameters); parts and accessories.

9018.1200 – Ultrasonic scanning apparatus

9018.1300 – Magnetic resonance imaging apparatus

9018.1940 – Apparatus for functional exploratory examination, parts and accessories

9018.1955 – Patient monitoring systems (pregnancy and breast detectors)

9018.3900 – Bougies, catheters, drains, sondes and others

9018.3990 – Serum, solutions and blood infusion and transfusion apparatus

9018.4100 – Dental drill engines, dental burs, dental hand instruments and parts

9018.5000 – Ophthalmic instruments and appliances, parts and accessories

9018.9064 – Electro-medical instruments and appliances: defibrillators

9018.9075 – Dialysis instruments and apparatus

There is no significant local production of medical equipment that is consumed directly in Costa Rica. High quality, reliability, durability, favorable prices, good maintenance service, and timely delivery are the main factors for increasing U.S. sales in the medical sector.

Opportunities

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The level of demand for medical equipment in Costa Rica is expected to rise, as most hospitals need to continue replacing obsolete equipment, in virtually all categories of products in the sector. Imported medical equipment and supplies are exempt from custom duties.

The Caja allocated approximately \$18 million dollars to purchase specialized medical equipment for cancer early detection as well as for smoking related diseases, to be spent during 2013. The Caja also plans to invest in 2013, approximately \$42 million in medical equipment of medium and high complexity, such as X-ray equipment, surgical tables, gamma cameras, pulmonary ventilators, anesthesia machines, sterilizing equipment, among others. Resources included for industrial units including: industrial washing machines, boilers, among others.

Medical Tourism is a rapidly growing sector in Costa Rica, with some 36.000 people coming to country each year in search of an "aesthetic touch up" or treatment for an illness or disease. Medical Tourism generates some us\$288 million dollars in revenue annually, representing 1.23% of the Gross Domestic Production of the country. Since most of the patients are coming from the United States, the Clinics are lean to invest in equipment manufactured in the United States.

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U.S. Commercial Service Costa Rica:
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Caja Costarricense de Seguro Social (CCSS):
<http://www.info.ccss.sa.cr/>

Ministerio de Salud de Costa Rica
<http://www.ministeriodesalud.go.cr>

Travel and Tourism to the United States - Leading Commercial Sector #3

Overview

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Unit: Passengers

	2011	2012 (estimated)	2013 (estimated)	2014 (estimated)
Costa Rican Travelers to the United States	168,722	198,314	209,718	221,777

Source: U.S. Department of Commerce, ITA, Office of Travel & Tourism Industries; statistics for 2012

The United States is by far the preferred destination for Costa Rican travelers. According to industry sources, the top three visited states are Florida (Miami, Orlando), California (Los Angeles), and New York (New York/New Jersey). It is not expected that in the near future the top destinations will change, primarily because the Costa Rican travelers have targeted those destinations due to different convenience factors such as relative proximity, airline routes, fewer language problems (more Spanish-speaking people), lower costs, and the availability of amusement parks.

While tourism growth to the U.S. from Costa Rica may be small due to the worldwide economic situation, tourism travel is expected to continue, not only to the destinations already mentioned but also to Texas (Dallas, Houston); Louisiana (New Orleans); Illinois (Chicago); and Nevada (Las Vegas).

Major reasons for choosing U.S. travel destinations include proximity to the U.S., the many travel destination options, attractions for all ages, many options for shoppers, and the large and interesting trade conventions. The average expenditure per person, including accommodations, shopping, food, transportation, and others is in the range of \$2,000 - \$3,000. Current airlines serving U.S. destinations include Delta, TACA (Code-share with United), Frontier (initial operations in November 2007); Spirit (initial operations in April 2007); JetBlue (initial operations in March 2009); United, American, COPA (through Panama), and U.S. Airways.

Economic trends which might stimulate travel include a) CAFTA-DR, which will stimulate business among United States and Costa Rica, b) airline and travel agency agreements promoting U.S. tourist destinations with more attractive and more varied travel packages, and c) the relatively high cost of vacation packages within Costa Rica, which stimulates locals to do their vacation travel outside of the country.

Costa Ricans always tend to be interested in a variety of inland destination packages and tourist services to explore their personal interests, including cultural activities, sports, education and business.

Sub-Sector Best Prospects

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- Congresses and Conventions

- Shopping Malls
- Cruises
- Theme Parks/Attractions
- Hotel Operators and Services
- Car rentals
- Entertainment Industry

Opportunities

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CS Costa Rica is focused on the promotion of the U.S. as a tourism destination by organizing local activities and participating in trade fairs as The Visit USA that will take place in August 2012 and Expoviajes in February 2013, recruiting delegations for key travel and tourism trade events such as Pow Wow and La Cumbre. In addition, the Commercial Service is conducting outreach activities with local media and travel partners to obtain free publicity in magazines, TV, and newspapers to promote different U.S. destinations. The Commercial Service in Costa Rica is also working closely with the consular section to develop a program to promote U.S. tourism destinations among the more of 200 visa applicants that visit the consular patio every day.

During the first quarter of 2013, the airline industry has inaugurated 4 new direct flights between the United States and Costa Rica. Delta Airlines inaugurated a daily flight to Los Angeles, with 180 seats; this will allow Costa Ricans to have a direct access to the U.S. West Coast and to Asia Pacific Area. Also, United Airlines inaugurated two weekly direct flights to Chicago and Washington, and Copa Airlines inaugurated a weekly flight to Boston. And with two international airports in the country with direct flights to the U.S., one in San José and one in Liberia, access to flights to the U.S. is convenient.

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U.S. Commercial Service Costa Rica:
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Office of Travel & Tourism Industries: www.tinet.ita.doc.gov

U.S. Travel Association: www.tia.org

Agricultural Sectors

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Corn - Leading Agricultural Sector #1

Overview

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Unit: Metric Tons

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	644,203	689,820	700,000	720,000
Total Local Production	12,800	10,000	10,000	10,000
Total Exports				
Total Imports	631,403	679,820	690,000	710,000
Imports from the U.S.	626,609	404,938	500,000	600,000
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Ministry of Agriculture, National Production Council

Total Exports: Customs Department, Costa Rican Ministry of Finance

Total Imports: Customs Department, Costa Rican Ministry of Finance

Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

Costa Rica's total corn imports increased in value during 2012 to \$211.2 million from \$206.1 million in 2011. However, import volume increased almost 8 percent during the same period. Volume is expected to continue to increase as a result of population and economic growth. The majority of corn imported by Costa Rica is yellow corn for animal feed production. A smaller volume of white corn is imported for tortilla and corn flower production. Lower corn prices could result in higher imports from the U.S., which lost market share to Argentina during 2012.

Sub-Sector Best Prospects

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Although most of the imported volume is represented by yellow corn used for animal feed, imports of white corn for human consumption in the form of tortillas have increased recently as a result of lower domestic production.

Opportunities

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The U.S. lost market share during 2012 but imports may increase in 2013 as a result of lower U.S. prices. Also, this market is expected to grow in the future as a result of growing local demand for animal feed.

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Soybeans- Leading Agricultural Sector #2

Overview

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Unit: Metric Tons

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	226,789	283,393	290,000	300,000
Total Local Production	-			
Total Exports	-			
Total Imports	226,789	283,393	290,000	300,000
Imports from the U.S.	226,789	283,367	220,000	240,000
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Ministry of Agriculture, National Production Council

Total Exports: Customs Department, Costa Rican Ministry of Finance

Total Imports: Customs Department, Costa Rican Ministry of Finance

Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

Soybean imports increased 25 percent in terms of volume during 2012 as compared to 2011. Import value also increased 30 percent during the same period. Import value reached \$166.4 million in 2012. The U.S. maintained almost 100-percent share of the soybean import market in 2012. However, market share may decline in 2013 as imports from Brazil and Argentina are expected to increase at least during the first months of the year. Soybeans are imported primarily for meal. Soybean oil is sold primarily in the local market and occasionally exported to Central America. There is only one oilseed crusher in Costa Rica, INOLASA, located near the Pacific port of Caldera (where all bulk grains arrive).

Sub-Sector Best Prospects

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Imports of soybean meal have been increasing over the past few years.

Opportunities

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Economic growth and higher demand for meats should result in opportunities for higher exports of soybeans in the medium term.

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Wheat- Leading Agricultural Sector #3

Overview

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Unit: Metric Tons

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	224,876	250,556	260,000	270,000
Total Local Production	-			
Total Exports	-			
Total Imports	224,876	250,556	260,000	270,000
Imports from the U.S.	174,590	134,489	140,000	160,000
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Ministry of Agriculture, National Production Council

Total Exports: Customs Department, Costa Rican Ministry of Finance

Total Imports: Customs Department, Costa Rican Ministry of Finance

Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

Wheat imports increased 11 percent to 250,556 metric tons in 2012. Total import value reached \$91.5 million during 2012. The value of wheat imports from the United States reached \$47.7 million in 2012, down 28.9 percent from \$67.1 million the previous year. Import volume declined as Canada and Mexico continued to take market share away from the United States. Canada exported 41,500 MT of wheat to Costa Rica in 2011, and increased export volume to 108,400 tons in 2012. The United States traditionally supplied 100 percent of the market, but Canada has become a strong competitor in recent years. There are only two wheat mills in Costa Rica, Molinos de Costa Rica and FAHACASA. Export growth will largely depend on wheat prices as consumers are very sensitive to price increases. No wheat is produced locally.

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Rice- Leading Agricultural Sector #4

Overview

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Unit: Metric Tons

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	248,000	250,000	255,000	260,000
Total Local Production	170,000	182,000	155,000	150,000
Total Exports				
Total Imports	78,000	97,530	100,000	110,000
Imports from the U.S.	67,500	88,774	90,000	95,000
Exchange Rate: 1 USD				

*Market size, and local production (metric tons) are marketing years (July-June) for 2011/2012, etc. Imports are calendar years.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: National Rice Corporation (CONARROZ)

Total Exports: Customs Department, Costa Rican Ministry of Finance

Total Imports: Customs Department, Costa Rican Ministry of Finance

Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

Imports from the United States reached 88,774 tons of rice in calendar year 2012, valued at \$34.8 million. Those numbers compare favorably to imports of 67,500 tons of rice valued at US\$25.8 million during 2011. Import volume increased as a result of lower local production of rice. The majority of rice imported by Costa Rica is rough rice, but the CAFTA-DR tariff rate quota for milled rice has resulted in growing imports of milled rice. Increased competition from South America, primarily from Argentina has reduced the market share enjoyed by the U.S. in the past. Strong competition is expected to continue from those countries.

Sub-Sector Best Prospects

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Although the largest volume of imports by far is represented by rough rice, there are opportunities for exporting milled rice in different presentations.

Opportunities

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Under CAFTA-DR, tariff rate quotas of 58,000 MT of rough rice and 7,000 MT of milled rice from the United States for 2013, will allow for higher imports of grain.

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Fresh Fruits- Leading Agricultural Sector #5

Overview

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Unit: Million U.S. \$

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	n.a.	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.	n.a.
Total Exports*	1,585	1,671	1,700	1,720
Total Imports	66.2	84.2	86	88
Imports from the U.S.	21.2	25.5	27	30
Exchange Rate: 1 USD				

* Includes exports of bananas, pineapples and melons (the three largest categories of fruits exported).

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Not available

Total Exports: Customs Department, Costa Rican Ministry of Finance

Total Imports: Customs Department, Costa Rican Ministry of Finance

Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

Costa Rica's imports of fresh fruit reached \$84.2 million in 2012, as compared to \$66.2 million in 2011. The United States exported \$25.5 million, 20 percent higher than the previous year. The leading fruit imports from the United States were apples (\$10.4 million), grapes (\$9.6 million), peaches, nectarines and prunes (\$2.5 million), and pears (\$2.2 million). Chile is a major competitor in the fruit market since that country enjoys duty free access to the Costa Rican market for fruits competing with U.S.- origin product.

The United States and Chile are exporting almost the same products to Costa Rica, but during different seasons. Imports from Chile take place from January to July. During the rest of the year, imports come mostly from the United States, except for those fruits available year round. Costa Rica imports fresh fruits year-round, but a high percentage of total domestic consumption of non-tropical fruits occurs during the Christmas season (October-December).

Sub-Sector Best Prospects

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The best prospects under this category are grapes, apples, pears, peaches and nectarines, plums and cherries.

Opportunities

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Under CAFTA, the U.S. gained immediate duty free access to the Costa Rican market for most of the fruits mentioned above.

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Frutas del Mundo (Corporacion INTERFRUTD)
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Processed Fruits and Vegetables- Leading Agricultural Sector #6

Overview

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Unit: Million U.S. \$

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	n.a.	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.	n.a.
Total Exports	n.a.	n.a.	n.a.	n.a.
Total Imports	72.8	82.7	85	88
Imports from the U.S.	34.2	35.9	37	40
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Not available

Total Exports: Customs Department, Costa Rican Ministry of Finance

Total Imports: Customs Department, Costa Rican Ministry of Finance

Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

According to information from the Costa Rican Customs Department, total imports of processed fruits and vegetables totaled US\$82.7 million in 2011. The United States had a 43.4 percent share of the total, down from 47 percent share the year before. These products, especially frozen french fries, processed tomato products, mixed fruits, mixed vegetables, yellow and sweet corn, peas, and processed beans, generate strong import demand. Canada (\$13.4 million), Guatemala (\$8.5 million), China (\$7.7 million), and Chile (\$5.5 million), are the main competitors of the United States in the Costa Rican processed fruit and vegetable market. The FTAs with Chile, Canada and China have created more competition for the United States in these product categories. Central American countries also enjoy duty-free access to the Costa Rican market.

Sub-Sector Best Prospects

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Frozen French fries, processed tomato products, mixed fruits, mixed vegetables, yellow and sweet corn, peas, mushrooms, garbanzo beans and other canned beans.

Opportunities

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Tariff reductions under CAFTA are increasing the competitiveness of U.S. exports in this market against Chilean, Mexican and Central American products. Also, CAFTA put the U.S. on par against Canada in the frozen french fries market.

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Snacks- Leading Agricultural Sector #7

Overview

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Unit: Million U.S. \$

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	n.a.	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.	n.a.
Total Exports	n.a.	n.a.	n.a.	n.a.
Total Imports	116.3	138.1	140.0	145.0
Imports from the U.S.	28.4	34.6	38	42
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Not available

Total Exports: Customs Department, Costa Rican Ministry of Finance

Total Imports: Customs Department, Costa Rican Ministry of Finance

Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

Total imports of snack foods increased 19 percent during 2012 as compared to 2011. U.S. exports of snack foods to Costa Rica totaled US\$34.6 million in 2012, a 22 percent increase over 2011. Imports of snacks have grown rapidly during the last 5 years.

Imports of snack foods from the United States are expected to increase to \$38 million in 2013 as tariffs on these products continue to decline under the terms of CAFTA-DR.

Although the U.S. is facing increased competition in this sector as a result of free trade agreements signed with Chile, Canada, Mexico and China; prospects for U.S. exports in this sector have improved with the implementation of the Central American Free Trade Agreement (CAFTA). Competing products are imported mainly from Mexico and Central America (Guatemala and El Salvador), and also from Colombia, Chile, Argentina and Europe on a smaller scale.

Domestic production of potato chips, chocolates and other candies and cookies also provides competition for the United States. These products are also exported to Central America (with a small amount shipped to the United States).

Sub-Sector Best Prospects

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Salty snacks, popcorn, potato chips, mixed nuts, candies, are all good prospects in this market.

Opportunities

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Under CAFTA, the tariff on snacks will decline over time to zero, thus providing increased market access to U.S. products.

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CACIA (Costa Rican Food Industry Chamber)

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Import Tariffs

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Customs duties for Costa Rica range from 1 to 15 percent ad valorem. The reduction of tariffs in recent years has been an important factor behind the growth of imports of consumer goods from the U.S. The Central America- Dominican Republic-United States Free Trade Agreement (CAFTA-DR), which entered into force in Costa Rica on January 1, 2009, eliminated tariffs on 80 percent of all U.S. exports, immediately.

Duties on imported raw materials, bulk grains, and oilseeds have been set at one percent since 1996. Costa Rica periodically reduces the applied tariff on rough rice and beans to meet local demand. Duties on imported capital goods and most finished products are one percent and 15 percent, respectively.

IMPORT TAXES, INCLUDING VALUE-ADDED TAXES, PURCHASE TAXES, UPLIFTS AND SURCHARGES, AND PROVINCIAL TAXES

A 13 percent value-added (sales) tax is imposed on the purchase of most goods and services (including imported goods) not destined for official use by central or local governments. Certain basic products (staple foods, school uniforms, etc.) are exempted.

Selective consumption (excise) taxes for many imported and domestic products have been reduced or eliminated. However, excise taxes still apply to some products imported into the country, such as whiskey, wine and beer (10 percent), new and used vehicles (ranging from 30 to 50 percent, depending on the vehicle model), and some domestic appliances, such as domestic refrigerators (ranging from 30 to 40 percent).

Certain imports are also subject to Central Bank surcharges, generally also paid on goods manufactured in Costa Rica or in the rest of Central America, unless purchased by the Central Government or local municipalities. In the latter cases, the goods would be tax exempt. A one-percent surcharge, imposed on most imports, except medicines and raw materials for human consumption and industry, has been eliminated for imports from CAFTA countries.

Duties and taxes are calculated as follows:

- Ad valorem duty: (variable) Levied on the CIF (cost, insurance, freight) value of the item reported.
- Selective consumption tax: (variable) Levied on the CIF (cost, insurance, freight) plus the ad valorem duty.
- Sales tax: (13%) Levied on the sum of the CIF (cost, insurance, freight) value, and ad valorem duty and selective consumption tax.
- Surcharge (Law 6966) (1%): Levied on the CIF (cost, insurance, freight) value only; one percent of CIF (Eliminated for imports from CAFTA countries)

Trade Barriers

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There are no significant trade barriers affecting the entry of most goods and services into Costa Rica. Costa Rica continues to unify and lower its tariffs in compliance with its commitments to its Central American neighbors, its [World Trade Organization](#) obligations, and its tariff reduction schedule under CAFTA-DR. Costa Rica is a member of the Cairns Group of agricultural exporters (group of countries seeking more market opening and less customs protection for domestic agricultural production), but this position has its detractors within Costa Rica's agricultural sector. In the past, opponents of free agricultural trade have attempted to block imports of some domestically sensitive items, such as rice, potatoes, and onions, but no recent incidents have occurred.

The main issues related to non-tariff trade barriers are found in the process of registration of pharmaceutical and cosmetic products, since the Costa Rican government is requiring a Good Manufacturing Practices Certificate which is not issued in most of the states of the United States. The manufacturer has to invest a lot of time finding the right entity that can add the information required by the Costa Rican government as part of the Free Sales Certificate, in other cases they have to prove that the state is not able to provide that Certificate. The exception is for members of the U.S. Council of Cosmetic Products, an association that only issues this certificate to their members.

In the Uruguay Round of negotiations, the Government of Costa Rica agreed to eliminate all import quotas and to reduce tariffs. The current maximum tariff is 46 percent on most goods, excluding those mentioned in the "Import Taxes" section of this chapter, and selected agricultural commodities which are protected, or "safeguarded," with significantly higher tariffs. There are still numerous examples of tariff protection in Costa Rica. An example of such protection is poultry products, with a 150 percent tariff, and dairy products, with a 65 percent tariff. All imported aircraft and automobiles, both new and used, are also heavily taxed.

Import Requirements and Documentation

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Arms and munitions require a license from the Costa Rican Ministry of Public Security's Department for the Control of Weapons and Explosives.

Imports are registered by the [Central Bank](#) for statistical purposes.

Special Import/Export Requirements and Certifications (Health, Pharmaceuticals, Pre-Shipment Inspections)

Pharmaceuticals, drugs, cosmetics, medical devices and some chemical products, such as solvents, agricultural inputs and precursor chemicals used to produce narcotic drugs, must have import permits (valid for five years) from and be registered by the Ministry of Health. Food products require registration when imported for the first time. The Ministry of Agriculture and Livestock (MAG) requires phytosanitary and animal health certificates. The Costa Rican importer must obtain the permits. Surgical and dental instruments and machines can be sold only to licensed importers and health professionals. Also, a new regulation establishes the requirement to register imported biomedical equipment and materials at the Ministry of Health.

The Costa Rican Institute of Social Security ([Caja Costarricense de Seguro Social - CCSS](#)) Procurement Department requires bar code identification in all purchases of medicines and medical supplies upon entry in the Costa Rican market. This requirement is included in the specifications of all public and private tenders issued by the CCSS for the acquisition of medicines and medical supplies.

Under CAFTA-DR, Costa Rica agreed to apply the science-based disciplines of the WTO Agreement on Sanitary and Phytosanitary Measures. Costa Rica also agreed specifically to undertake an equivalency determination for all establishments inspected by USDA's Food Safety Inspection Service. As a result of that agreement, beef, pork and poultry products from federally inspected establishments are now allowed to enter the country.

U.S. Export Controls

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Certain U.S. products are subject to export controls, mainly those considered sensitive for security reasons for United States. For more information, see the link to the Bureau of Industry and Security (BIS), Department of Commerce at <http://www.buyusa.gov> (See "Web Resources" for Website link.) A Frequently Asked Questions Guide to Export Licensing Requirements for Commercial Items can be found at <http://www.bis.doc.gov/exporthicensingqanda.htm>

Temporary Entry

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Temporary entry of raw materials, intermediate products, and components used in goods destined for export, and the machinery, equipment, spare parts, and tools used to produce exported goods, are available for firms registered to operate within a free trade zone (FTZ) or under the "Regime of Active Finishing." Under the free trade zone statutes, the Government does not consider imported goods to have entered Costa Rican customs territory. The initial investment under this regime must be at least US\$150,000 for investment in FTZ's or US\$2 million outside FTZ parks. Processing, trading, and service companies are typically involved in Free Trade Zone regimes.

Under the Regime of Active Finishing, duties on inputs for goods to be exported are suspended for six months for materials and components and five years for equipment, tools, and parts. These terms can be renewed. Either regime is available to foreign or domestic investors upon application to the Ministry of Foreign Trade (COMEX).

FTZ benefits have been extended to 2015 according to negotiations with WTO authorities.

Equipment used in construction projects, sound or film equipment used by the entertainment industry, commercial samples of significant value, etc., can be granted temporary entry by Customs upon depositing an amount equal to the duties that would have been paid if the items were imported. The amount is refunded when the item is re-exported.

Labeling and Marking Requirements

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There are no general requirements in Costa Rica for marking the origin of general merchandise. However, Costa Rican food labeling regulations follow the Codex Alimentarius and require that all domestic and imported food products contain labeling in Spanish with the following specifications: product name, list of ingredients, in quantitative order, nutritional content, name and address of importer, expiration or best-used-by date, country of origin, and metric weight. Expiration dates or best-used-by date are required to be on all food product labels.

Special labeling requirements apply to pharmaceuticals, fertilizers, pesticides, hormones, veterinary preparations, vaccines, poisonous substances, and mouthwashes. Sanitary and phytosanitary certificates are required for importing bulk grain and horticultural products. Zoosanitary (USDA/FSIS) certificates are required for importing fresh and frozen meats. Most processed food products (canned, boxed, pre-cooked) do not require phytosanitary or zoosanitary certificates, but exporters should check with their importers, who are ultimately responsible for complying with local regulations.

Prohibited and Restricted Imports

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The Government of Costa Rica prohibits importing used tires without rims because mosquitoes carrying yellow fever or dengue fever breed in water accumulated in rimless tires. The import of weapons is closely regulated; only the Government may import automatic firearms.

Warranty and Non-Warranty Repairs

Costa Rican law does not exempt replacement parts from duties or taxes even if the parts are used in warranty repairs. Equipment used to make repairs can be admitted temporarily for a three-month period, renewable once, upon depositing with Customs the amount of duty that would be charged if the item were imported. The deposit is refunded upon re-export of the equipment.

Customs Regulations and Contact Information

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Costa Rican customs procedures are complex and bureaucratic, although recent improvements, such as electronic "one stop" import and export windows, have significantly reduced the time required for customs processing. The Government of Costa Rica implemented its TICA system which requires a seal to be randomly installed on products to monitor their delivery from the port to the purchaser. For more information, please see: <http://www.hacienda.go.cr/tica/Consultas/>

Costa Rica generally does not require any special documentation for the entry of goods other than commercial invoices, bills of lading, and airway bills. Mail shipments require only postal documentation. Bulk agricultural products require phytosanitary certificates. Imports of cosmetics, pharmaceutical, medical devices, chemicals, toxic substances, insecticides, pesticides, and agricultural chemicals require an import permit from the Costa Rican Ministry of Health. **The permit can be obtained with the presentation and approval of quantitative-qualitative analysis certificates, good manufacturing practices and free-sale certificates, which must be provided by the foreign exporter.** The registration process for pharmaceuticals has become very slow, in many cases taking up more than six months or more to approve the request. However, the Ministry is working toward reducing this timeframe.

Regarding medical devices, in July 2011, the Costa Rican Ministry of Health accepted a petition submitted by U.S. Embassy San Jose to recognize U.S. Food and Drug Administration (FDA) authorizations of medical devices to be sold in the U.S. market as permissible for sale in Costa Rica without additional evaluation on the part of the GOCR. Since all medical devices shipped from the U.S., will no longer be required to undergo additional clinical trials or obtain additional documentation (with the exception of a Certificate to Foreign Government, issued by FDA stating that the product is sold freely in the U.S. market and the plant follows good manufacturing practices), U.S. exporters will enjoy lower cost-to-market and significantly faster time-to-market.

For imports from CAFTA countries, Costa Rican importers must present to Customs Authority the necessary information that can certify the origin of the goods. There is no specific format to present this information. The local importer can use any format available for this purpose.

Violations of documentation laws carry heavy fines. Consequently, great care must be taken to avoid errors and infractions.

Questions pertaining to customs issues should be addressed to:

Costa Rican Customs Office
(Dirección General de Aduanas)
Edificio La Llacuna, Avenida Central
San José, Costa Rica
Tel: (506) 2522-9390
Fax: (506) 2522-9426
WebPage:

<https://www.hacienda.go.cr/Msib21/Espanol/Direccion+General+de+Aduanas/BIENVENIDA.htm>

Information on Free Trade Zones and the Active Finishing Regime, as well as statistical information on Costa Rican trade and listings of importers and exporters, is available

from the Costa Rican Foreign Trade Corporation (PROCOMER), an autonomous agency headed by the Minister of Foreign Trade. Contact information follows:

PROCOMER
Av. 3a. Calle 40
P.O. Box 1278-1007
San José, Costa Rica
Tel: (506) 2299-4700
Fax: (506) 2233-5755
Webpage: <http://www.procomer.com/>

Standards

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Overview

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Standards (e.g., ISO 9000)

Costa Rican law requires the exclusive use of the metric system but, in practice, accepts U.S. and European commercial and product standards. A system of standards has not been implemented in Costa Rica due to the lack of adequate laboratory equipment and funding. In some cases, U.S. and domestic companies doing business in Costa Rica use the International Standards Organization (ISO) designation in their promotional campaigns.

As of January 2013, INTECO, the Costa Rican standards certification organization, reported that 44 companies had been granted ISO 14001 certification for environmental responsibility. Certified companies currently include banana producers, hotel operators in ecologically sensitive areas and other agribusinesses. INTECO also reported that 102 companies had met ISO 9001 requirements, 11 were certified with ISO 18001 and 1 were certified with ISO 22000. Certification of ISO standards is voluntary. The Government of Costa Rica does not require that foreign companies be certified with ISO (9000 and 14000) standards in order to export to Costa Rica. Likewise, Costa Rican companies are not required to be certified under ISO standards to sell their products to local and foreign markets.

The Costa Rican Ministry of Economy, Industry and Commerce (MEIC) is responsible for the formulation and implementation of the requirements and standards that local and foreign companies must follow in order to sell their products in the local market. However, these regulations are mostly related to labeling and usage instructions.

Standards Organizations

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Besides MEIC, there are no organizations in Costa Rica that develop standards. For more information, please contact:

Ministerio de Economía, Industria y Comercio de Costa Rica
Dirección de Mejora Regulatoria y Reglamentación Técnica
San José, Costa Rica
Tel.: (506) 2291-2164, Ext. 221, 247, or 264
Fax: (506) 2291-2015
Email: reglatec@meic.go.cr
Webpage: <http://www.meic.go.cr/>, or <http://www.reglatec.go.cr/>

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.org/news.php>

Conformity Assessment

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The Instituto de Normas Técnicas (INTECO) is the only entity accredited in Costa Rica at the present time that provides standards certification services to local companies:

Instituto de Normas Técnicas de Costa Rica (INTECO)
San Pedro, Montes de Oca, Barrio Gonzalez Flores, de Muñoz y Nanne 400 Mts. Norte, contiguo al Laboratorio de Materiales de la Universidad de Costa Rica.
P.O. Box 10004-1000
San Jose, Costa Rica
Tel.: (506) 2283-4522
Fax: (506) 2283-4831
E-Mail: info@inteco.or.cr
Webpage: <http://www.inteco.or.cr/esp/index.html>

The Costa Rican organization in charge of accreditation of entities is the [Ente Costarricense de Acreditación](#) – (ECA). The following link will show the full list of Costa Rican testing organizations accredited by ECA: http://www.eca.or.cr/acr_lab.php

Product Certification

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The Costa Rican Ministry of Health is responsible for the registration and authorization of import permits for food products, chemical products, cosmetics, drugs and other pharmaceutical products imported into Costa Rica. The Costa Rican Ministry of Agriculture and Livestock (MAG) is responsible for the registration and authorization of import permits for fertilizers and agricultural products imported into the country. The addresses of these ministries follow:

[Ministerio de Salud de Costa Rica](#)

Dpto. de Drogas y Estupefacientes
Registros y Controles
P.O. Box 10123-1000
San José, Costa Rica
Tel.: (506) 2223-0333, Ext. 224
Fax: (506) 2257-7827 or 2222-1420
Webpage: <http://www.ministeriodesalud.go.cr/>

[Ministerio de Agricultura de Costa Rica](#)

Servicio Fitosanitario del Estado
P.O. Box 1521-1200
San José, Costa Rica
Tel. 506-2549-3400
Fax. 506-2260-8301
Webpages: <http://www.sfe.go.cr/>
<http://www.mag.go.cr/>
Email: centroinfo@sfe.go.cr

Accreditation

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The Costa Rican [Ministry of Science and Technology \(MICIT\)](#) is the government agency that provides accreditation services thru [ECA](#) (Ente Costarricense de Acreditación), the standards certifying organization in Costa Rica. The Ministry and ECA may be contacted as follows:

Ministerio de Ciencia y Tecnología (MICIT)

P.O. Box 5589-1000
San José, Costa Rica
Tel. 506-2248-1515, ext. 137 and 124
Fax. 506-2257-8765
Webpage: www.micit.go.cr
Email: micit@micit.go.cr

Ente Costarricense de Acreditación (ECA)

150 Norte de Edificio Torre La Sabana, Sabana Norte
Tel. 506-2258-2529, or 2258-0878, or 2258-0644
Fax. 506-2258-2529 ext.113
Webpage: www.eca.or.cr
E-Mail: gerencia@eca.or.cr

Publication of Technical Regulations

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Official technical regulations are published in the Government of Costa Rica journal, La Gaceta. Both proposed and final regulations are announced in this publication. U.S. companies interested in commenting on proposed regulations should have a representative in the country that has the ability to keep the U.S. company informed of any new regulations proposed by the government. La Gaceta is part of the National Printing Office (Imprenta Nacional).

La Gaceta may be accessed online at: <http://www.lagaceta.go.cr/>

The Imprenta Nacional may be contacted as follows:

Imprenta Nacional
Direccion General
La Uruca
San José, Costa Rica
Tel. (506) 2296-9570, Ext.: 113 or 130
Email: direccion@imprenta.go.cr
Webpage: <http://www.imprentanacional.go.cr/content/contactenos.html>

Labeling and Marking

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See the topic “Labeling and Marking Requirements” in Chapter 5: Trade Regulations and Standards.

Contacts

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Senior Commercial Specialist: Victor.Cambronero@trade.gov

Senior Agricultural Specialist: Victor.Gonzalez@fas.usda.gov

Trade Agreements

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See the topic “Openness to Foreign Investment” in Chapter 6: Investment Climate.

Web Resources

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Government of Costa Rica

www.micit.go.cr

www.imprenal.go.cr

<http://www.mag.go.cr/>

<http://www.ministeriodesalud.go.cr/>

Costa Rican Standards Organizations

<http://www.eca.or.cr/>

www.inteco.or.cr

United States Government

www.ansi.org

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Chapter 6: Investment Climate

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Costa Rica's investment climate is generally favorable and has been for many years. Consequently, foreign direct investment is high and has been a significant contributor to Costa Rica's economic growth. Nevertheless, the country's legal and cultural environment continues to present stumbling blocks to investors.

Openness to, and Restrictions Upon, Foreign Investment

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Costa Rica actively courts foreign direct investment (FDI), placing a high priority on attracting and retaining high-quality foreign investment. The Foreign Trade Promotion Corporation (PROCOMER) as well as the Costa Rican Investment and Development Board (CINDE) lead Costa Rica's investment promotion efforts. In recent years, CINDE has focused on creating clusters of related businesses, successfully targeting potential investors in the areas of "medical devices," "services" and "advanced manufacturing." The concentration of businesses in these sectors has led to synergies that then encourage other companies to invest in Costa Rica. FDI in Costa Rica climbed steadily from the year 2000 (\$409 million) to 2008 (over \$2 billion), slumping in 2009 and 2010 but reaching over 2.1 billion (5.3% of GDP) in 2011. (See "Foreign Direct Investment Statistics" below.)

Costa Rica has continued an ambitious program of negotiating, signing and ratifying free trade agreements, all of which encourage greater openness to foreign trade and investment. Costa Rica together with El Salvador, Guatemala, Honduras, Nicaragua,

and the Dominican Republic, is a signatory to the U.S. – Central America – Dominican Republic Free Trade Agreement (CAFTA-DR). CAFTA-DR, which entered into force in Costa Rica January 1, 2009, has improved Costa Rica's investment climate by strengthening the protection of intellectual property rights, providing a mechanism for arbitration, opening the insurance and telecommunications sectors to competition, and assuring access to markets in other CAFTA-DR economies. Agreements with Canada, Panama and China have entered into force. However, Costa Rica is currently negotiating changes to the agreement with Canada. Costa Rica is negotiating agreements with Colombia and the European Free Trade Association. Agreements with Mexico, Peru and Singapore, in addition to the Agreement of Association with the European Union, are awaiting Legislative approval. Costa Rica is also reported to be exploring an agreement with Korea.

Costa Rica does not have a formal mechanism for screening foreign investment. Such investment is expected to comply with local law and practice. The country's commercial code details all business requirements necessary to operate in Costa Rica. The laws of public administration and public finance contain most requirements for contracting with the state. All businesses must be registered in the national registry, thereby becoming national companies that may have national or foreign owners. The investment requirements for foreign and national persons and companies are identical. Businesses may be established starting from nothing, acquired, merged with, or taken over in much the same way as is done in the U.S.. Foreign partnerships with local businesses are quite common. The state does exercise some monopoly control in some economic sectors as detailed below in the "Competition from State-Owned Enterprises" section.

Several public institutions are responsible for consumer protection as it relates to monopolistic and anti-competitive practices. The "Commission for the Promotion of Competition" (COPROCOM), a semi-autonomous agency housed in the Ministry of Economy, Industry and Commerce, is charged with investigating and correcting anti-competitive behavior across the economy. SUTEL, the Telecommunications Superintendency, shares that responsibility with COPROCOM in the Telecommunications sector. Both agencies are charged with defense of competition, deregulation of economic activity, and consumer protection. COPROCOM has been accused on occasion of being underfunded and weak, although it does project a regulatory presence.

The judicial system generally upholds contracts, but caution should be exercised when making investments in sectors reserved or protected by the constitution or by laws for public operation. Investments in state-protected sectors under concession mechanisms can be especially complex due to frequent challenges in the constitutional court of contracts permitting private participation in state enterprise activities. Furthermore, independent government agencies can issue permits or requirements that may contradict the decisions of other independent agencies, causing significant project delays.

The Chinchilla administration is moving ahead with efforts to build infrastructure and manage public works projects by using the 1998 concessions law, modified in June 2008. The modifications to the concessions law were designed to streamline related processes. Three concession agreements are currently functioning. Operations at the Port of Caldera, the country's principal Pacific port, began successfully in 2006. The San

Jose-to-Caldera highway concession became fully operational in 2010, while the Liberia Airport's new passenger terminal was built under a concessions contract and opened to business in early 2012. A new container port concession in the Atlantic port of Moin has survived legal challenges, is going through advanced studies and permitting and will reportedly begin construction in 2013.

Investors must exercise "caveat emptor," since many firms operate in the informal sector of the economy. Appropriate due diligence should include confirming a company's registry and formal participation in the Costa Rican economy such as paying taxes and registering all workers with the Social Security system.

While the government focuses on promoting foreign investment in export industries, foreign franchises have prospered in the domestic market over the past thirty years. Both foreigners and nationals have invested in bringing U.S. brands from a wide array of business sectors to Costa Rica, including fast food (such as Taco Bell, Kentucky Fried Chicken, Pizza Hut, Domino's Pizza, Papa John's Pizza, McDonald's, Burger King, Wendy's, Subway, Quiznos and TCBY Yogurt), car rentals (including Hertz, Avis, Dollar, and Budget), hotels (such as Marriott, Doubletree by Hilton, Regents, Hampton Inn, and Best Western), and designer clothing boutiques (including Tommy Hilfiger, Liz Claiborne, and athletic wear brands such as New Balance). Price Smart (owned and managed by the founders of Price Club in the U.S.) has five Costa Rican stores. WalMex, via a 2009 acquisition, controls Wal-Mart Central America, a company with Costa Rican stores operating under the Pali, MaxiPalí, Mas x Menos, and WalMart brands.

Costa Rica's investment policy reviews by international financial institutions over the last several decades tend to be positive but qualified by a list of problems that must be addressed soon. Costa Rica's persistent and growing government budget deficit is of particular concern. Costa Rica ranks as follows under the following criteria:

Measure	Year	Index/Ranking
TI Corruption Perception Index	2012	54(Rank 48 of 176)
Heritage Economic Freedom	2012	68/(Rank 44 of 179)
World Bank Doing Business	2013	Rank 110 of 185
World Economic Forum GCI	2012	Rank 57 of 144

Millennium Challenge Corporation (MCC) measures are not available for Costa Rica.

Conversion and Transfer Policies

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There are no restrictions on receiving, holding or transferring foreign exchange. There are no delays for foreign exchange, which is readily available at market clearing rates and readily transferable through the banking system. From 1983 until 2006, Costa Rica maintained a crawling peg exchange regime with the U.S. dollar. However, in October 2006, the country transitioned to a crawling band regime, which is in reality a "dirty float" with explicit upper and lower limits. The Central Bank also created a foreign exchange market, "MONEX", (USD/Colon) in which buyers and sellers are matched blindly. Participants may register without any initial fee and may either buy or sell amounts over the \$1,000 USD minimum. A variety of instruments designed to insure against exchange

rate volatility are being introduced into the market and may be obtained through the Securities Exchange (“Bolsa de Valores”) or through banks. To date, the result appears to be satisfactory for the Central Bank. Dollar bonds and other dollar instruments may be traded legally.

No restrictions are imposed on reinvestments or on the repatriation of earnings, royalties, or capital except when these rights are otherwise stipulated in contractual agreements with the government of Costa Rica. However, Costa Rican sourced rents and benefits remitted overseas, including royalties, are subject to a withholding tax in accordance with Title IV of the Income Tax Law No. 7092 at rates varying from 10 to 25 percent. Financial institutions on the Costa Rican Central Bank’s list of “first-tier banks” are generally exempt from this payment as it might apply to interest and other financial costs.

As the Costa Rican government has increased tax collection efforts in recent years, several US companies engaged in international trade have found themselves facing what they consider to be novel interpretation of tax regulations and principles, at variance with international norms. While the cases cited have been resolved or appear to be on reasonable paths to resolution, they point to a set of bureaucratic challenges facing Costa Rican tax authorities in a globalized world.

Expropriation and Compensation

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There are allegations of expropriation of private land by the government without prompt or adequate compensation by some Costa Rican and foreign investors. The three principal expropriating ministries in recent years have been the Ministry of Public Works - MOPT (rights-of-way), the Costa Rican Electrical Institute – ICE (rights-of-way) and the Ministry of Environment, Energy and Telecommunications - MINAET (National Parks and protected areas).

Article 45 of Costa Rica’s constitution stipulates that no property can be expropriated from a Costa Rican or foreigner without prior payment and demonstrable proof of public interest. The 1995 Law 7495 on expropriations further stipulates that expropriations can take place only after full and prior payment is made. Foreigners and Costa Ricans are supposed to receive equal treatment. Provisions include: (a) return of the property to the original owner if it is not used for the intended purpose within ten years or, if the owner was compensated, right of first refusal to repurchase the property back at its current value; (b) a requirement that the expropriating institution complete registration of the property within six months; (c) a one-month period during which the tax office must appraise the affected property; (d) a requirement that the tax office itemize crops, buildings, rental income, commercial rights, mineral exploitation rights, and other goods and rights, separately and in addition to the value of the land itself; and (e) provisions providing for both local and international arbitration in the event of a dispute. The expropriations law was amended in 1998 and then again in 2006 to clarify and expedite some procedures, including those necessary for acquiring land for the construction of new roads.

There is no discernible bias against US investments, companies or representatives during the expropriations process. Costa Rican public institutions follow the law as outlined above and generally have acted in a way acceptable to the affected

landowners. However, there are currently several sets of cases in which landowners and government differ significantly in their appraisal of the expropriated lands' value; in those cases judicial processes have taken years to resolve. In addition, landowners may be prevented from developing land which has not yet been formally expropriated for parks or protected areas; the courts will eventually order the government to proceed with the expropriations but the process can be long.

Invasion and occupation of private property by squatters, who are often organized and sometimes violent, occurs in Costa Rica. The Costa Rican police and judicial system have at times failed to deter or to peacefully resolve such invasions. It is not uncommon for squatters to return to the parcels of land from which they have been evicted, requiring expensive and potentially dangerous vigilance over the land.

Dispute Settlement

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Costa Rica's high level of Foreign Direct Investment (see "Openness to Foreign Investment" above) inevitably brings the occasional new investment dispute in which the US investor alleges wrongdoing on the part of the Costa Rican government. These cases may be resolved administratively or through the legal system. Each dispute case has its own unique circumstances which nevertheless tend to highlight the persistent themes of contradictory decisions between or within government institutions as well as a governmental reluctance to act and a tendency to draw procedures out to the degree permitted by law.

Costa Rica uses the civil law system rather than common law. The fundamental law is the country's Political Constitution of 1949, which grants the unicameral legislature a particularly strong role. The civil and commercial codes govern commercial transactions. The courts are independent, and their authority is respected. The roles of public prosecutor and government attorney are distinct: the Chief Prosecuting Attorney or Attorney General ("Fiscal General") operates a semi-autonomous department within the Judicial branch while the government attorney or State Litigator ("Procurador General") works within the Ministry of Justice and Peace in the Executive branch. Judgments of foreign courts and arbitration panels may be accepted and enforced in Costa Rica through the exequatur process. The Constitution specifically prohibits discriminatory treatment of foreign nationals.

Monetary judgments are usually made in Costa Rican colons. However, if the dispute involves a dollar-denominated transaction, the award may first be calculated in dollars and then converted to colons for payment.

Litigation can be long and costly. Some representatives of US companies have cited the unpredictability of outcomes as a source of rising judicial insecurity in Costa Rica. The legal system is significantly backlogged, and civil suits may take five years or more from start to finish. Some U.S. firms and citizens have satisfactorily resolved their cases through the courts, while others have seen proceedings drawn out over a decade without a final resolution. The process to resolve both civil and penal squatter cases through the courts can be especially cumbersome. Civil archives recording land title are at times incomplete or contradictory. One current set of unresolved expropriation proceedings for lands within a national park boundary has been ongoing since 2004.

Potential buyers should retain experienced legal counsel and carefully conduct due diligence to ensure that properties are free of conflicting ownership claims.

Arbitration is theoretically possible under the civil and commercial codes. However, U.S. investors often enter into contracts with, according to one experienced litigator, an “excess of confidence in Costa Rica”, and as a result sometimes don’t pay sufficient attention to the arbitration clauses of their contract, especially with regard to location, language and laws. This typically works to the benefit of the Costa Rican firm that is the counter-party to the contract. Several arbitration centers operate, including one at the Costa Rican - American Chamber of Commerce (AmCham). Some cases reportedly have been successfully and quickly resolved under the law. Potential litigants should be careful to ensure that their attorneys have skills and experience specifically in arbitration.

Costa Rica has been a member of the International Center for the Settlement of Investment Disputes (ICSID) since 1993, when it acceded to the Washington Convention. Since then, the ICSID has successfully resolved Costa Rican cases having to do with land expropriation and investment. Costa Rica is also a member of the World Bank Multilateral Investment Guarantee Agency (MIGA), which provides a forum for international arbitration in investment disputes, as well as investment guarantees. Private energy producers have included international arbitration clauses in their contracts. Costa Rica has not joined the United Nations Protocol for the Compulsory Settlement of Disputes between Countries.

The provisions of Chapter 10 of CAFTA-DR ensure that Costa Rica will submit to international arbitration if the aggrieved investors choose that option. The arbitration process under CAFTA-DR is designed to be open and transparent; hearings and documents are public, and amicus curiae submissions are expressly authorized. The CAFTA investment chapter includes checks to help assure that investors do not abuse the arbitration process. The agreement includes a provision that allows tribunals to dismiss frivolous claims and award attorney’s fees and filing costs. Potential plaintiffs should be aware that arbitration attorneys’ fees and other costs can easily exceed 1 million USD and the so-called “no U-Turn” provision ensures that once a plaintiff has taken the case to arbitration it cannot return to local courts. Furthermore, arbitration settlements never mandate a change in local law or judicial outcome but rather specify monetary amounts to be paid to the plaintiff.

The Costa Rican bankruptcy law, addressed in both the commercial code and the civil procedures code, is similar to corresponding U.S. law. Title V of the civil procedures code outlines creditors’ rights and the processes available to register outstanding credits, administer the liquidation of the bankrupt company's assets, and pay creditors according to their preferential status. As in the U.S., penal law will also apply to criminal malfeasance in some bankruptcy cases.

Performance Requirements and Incentives

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Three investment incentive programs operate in Costa Rica: the free trade zone system, a so-called active finishing regime, and a duty drawback procedure. These incentives are available equally to foreign and domestic investors. These incentives include tax holidays and training of specialized labor force.

Individual companies are able to create industrial parks that qualify for Free Trade Zone status by meeting specific criteria and applying for such status with Costa Rica's Foreign Trade Promotion Authority (PROCOMER). Presently, there are over 250 companies active under the FTZ regime in Costa Rica. Companies in FTZs receive exemption from virtually all taxes for eight years and at a reduced rate following that period. In addition to the tax benefits, companies operating in FTZs enjoy simplified investment, trade and customs procedures, which provide a convenient way to avoid Costa Rica's burdensome business licensing process. The tax holidays provided for investment in FTZ manufacturing companies are scheduled to phase out in accordance with World Trade Organization (WTO) agreements by 2015, to be replaced by Law 8794 which eliminates explicit export incentives and replaces them with favorable tax treatment of specific types of company or organization. The WTO-mandated change does not apply to those companies that export only services. Call centers, logistics providers, and software developers are among the companies that may benefit from FTZ status but don't physically export goods. Such service providers have become increasingly important participants in the free trade zone regime.

The active finishing regime, created by decree in 1997, suspends taxes for renewable one-year periods on imported inputs of qualifying companies, and then exempts the inputs from those taxes when the finished goods using or containing them are exported. The regime also facilitates a five-year renewable suspension of taxes on capital goods used to manufacture exported goods. Companies within this regime may sell to the domestic market if they have registered to do so and pay pro rata import duties on capital equipment used for the domestic market. Finally, the drawback procedure provides for rebates of duties or other taxes that have been paid by an importer for goods subsequently incorporated into an exported good.

While Costa Rica does not impose requirements that foreign investors transfer technology or proprietary business information or purchase a certain percentage of inputs from local sources, the Costa Rican agencies involved in investment and export promotion do explicitly focus on categories of foreign investor who are likely to take such actions while encouraging local supply chain development and cooperation with local universities.

While the procedures necessary to obtain residency in Costa Rica are traditionally long and very bureaucratic, immigration officials believe that an immigration law that took effect in March of 2010 and Costa Rica's accession to the Apostille Convention, in effect as of December 2011, make the process less burdensome. In any case, existing immigration measures do not appear to have inhibited foreign investors' mobility to the extent that they affect Foreign Direct Investment in the country.

Right to Private Ownership and Establishment

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All private entities and persons, domestic or foreign, may establish and own businesses and engage in all but a few forms of remunerative activity. The exceptions are in sectors that are reserved for the state (legal monopolies) or that require participation of at least a certain percentage of Costa Rican citizens or residents (electrical power generation, broadcasting and professional services). In the areas of medical services, telecommunications and insurance, state firms operate, but that does not preclude private sector competition.

Investment in Costa Rican real estate requires care; many U.S. real estate investors have found it difficult to obtain clean title, have suffered adverse possession by squatters or have found themselves working with unscrupulous lawyers. Landowners should be sure to demonstrate a continuing presence on and control over their land. Secured interests in both chattel and real property are recognized and enforced, and mortgage and title recording is mandatory. The laws governing investments in land, buildings and mortgages are generally transparent. However, there are continuing problems of overlapping title to real property and fraudulent filings with the National Registry, the government entity that records property titles. Similar to fraudulent filings, investors have faced difficulties with transactions involving property located in indigenous protected zones that has been represented as property without other claims or risk of expropriation. Investors should exercise appropriate due diligence when conducting transactions dealing with land in indigenous zones as they may either be unable to obtain free and clear title or risk future expropriation. While title guaranty is not a service traditionally offered in the country, several reputable companies offer title guaranty and related services.

Investment in beachfront property in Costa Rica faces a unique set of circumstances. Almost all beachfront is public property for a distance of 200 meters from the mean high tide line, with an exception for long-established port cities. The first 50 meters from the mean high tide line cannot be used for any reason by private parties. The next 150 meters, also owned by the state, can only be leased from the local municipalities or the Costa Rican Tourism Institute (ICT) for specified periods and particular uses, such as tourism installation or vacation homes. Investors should exercise caution and obtain qualified legal counsel before purchasing property, particularly near beachfront areas. Potential investors in Costa Rican real estate should also be aware that the right to use traditional paths is enshrined in law and can be used to obtain court-ordered easements on land bearing private title. Disputes over easements are particularly common when access to a beach is an issue.

Costa Rica is a signatory of many major international agreements and conventions regarding intellectual property. Building on the existent regulatory and legal framework, CAFTA-DR required Costa Rica to further strengthen and clarify its IPR regime, with several new IPR laws added to the books in 2008. Prior to that, the GATT agreement on Trade Related Aspects of Intellectual Property (TRIPS) took effect in Costa Rica on January 1, 2000. Costa Rica in 2002 ratified the World Intellectual Property Organization (WIPO) "internet treaties" pertaining to Performances and Phonograms (WPPT) and Copyright (WCT). In August 2009, Costa Rica modified its WPPT commitments in a way consistent with its international obligations by notifying the WIPO of its reservations to Article 12 of the Rome Convention and Article 15.1 of the WIPO Performance and Phonograms Treaty (WPPT). These reservations together with a subsequent modification of Costa Rican law effectively exempt Costa Rican over-the-air broadcasters from payment of "neighboring rights" to music performers and producers.

While the legal framework governing intellectual property is basically in place, Costa Rica does not adequately enforce those rights. In 2012 Costa Rica remained on the Watch List in the United States Trade Representative's (USTR) annual Special 301

Report. The USTR noted that IPR enforcement with respect to copyright piracy and trademark counterfeiting required greater priority and resources. Significant delays in judicial proceedings and a lack of official investigators, public prosecutors, and criminal and civil judges specializing in intellectual property continue to hamper effective enforcement.

Transparency of Regulatory System

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Costa Rican laws, regulations and practices are generally transparent and foster competition, except in the sectors controlled by a state monopoly, where competition is explicitly excluded. Tax, labor, health and safety laws are not seen as interfering with investment decisions. When applying environmental regulations, the Costa Rican organization that reviews environmental impact statements has been slow in issuing its findings, causing delays for investors in completing projects. The United States Environmental Protection Agency (EPA) has been working with Costa Rica and its neighbors to improve environmental impact assessment (EIA) mechanisms.

There are several independent avenues for appealing regulatory decisions, and these are frequently pursued by persons or organizations opposed to a public sector contract or regulatory decision. The avenues include the comptroller general (Contraloría General de la República), the Ombudsman (Defensor de los Habitantes), the public services regulatory agency (ARESEP), and the constitutional review chamber of the Supreme Court. The State Litigator's office (Procurador General de la República) is frequently a participant in its role as the government's attorney.

The process has kept the regulatory system relatively transparent and free of abuse, but it has also rendered the system for public sector contract approval exceptionally slow and litigious. There have been several cases in which these review bodies have overturned already-executed contracts, thereby interjecting uncertainty into the process. Bureaucratic procedures are frequently long, involved and can be discouraging to new investors.

A similarly transparent process applies to proposed laws and regulations. The Legislative Assembly generally provides ample opportunity for supporters and opponents of a law to understand and comment upon proposals. To become law, a proposal must be approved by the Assembly by two plenary votes. The signature of ten legislators (out of 57) is sufficient after the first vote to send the bill to the Supreme Court for constitutional review. Regulations must go through a public hearing process when being drafted.

Efficient Capital Markets and Portfolio Investment

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There are no controls on capital flows in or out of Costa Rica or on portfolio investment in publicly traded companies. Larger investors often arrange their financing abroad where rates tend to be lower and lending limits are higher. Foreign investors are able to borrow in the local market, but they are also free to borrow from abroad. Some capital flows are subject to a withholding tax (see "Conversion and Transfer Policies", above).

Within Costa Rica, long-term capital is scarce. Dollar-denominated mortgage financing is popular and common, even for Costa Ricans who do not earn their income in dollars, because of more favorable lending terms for dollar-denominated vs. colon-denominated loans. As an alternative to encourage long-term credit, since 2005 the government has published the value of “Development Units” (“Unidades de Desarrollo”), an inflation-adjusted index value that may be used to denominate debt transactions. In addition, many local-currency loans have variable rates tied to the “basic passive rate” calculated from banks’ cost of funds and published regularly by the Central Bank. There is a small secondary market in commercial paper and repurchase agreements. The securities exchange (Bolsa Nacional de Valores) is small and is dominated by trading in government bonds. Stock trading is of limited significance and involves less than ten of the country’s larger companies, resulting in an extremely illiquid secondary market. However, the securities exchange is actively promoting programs in several promising areas including currency contracts, small stocks and venture capital.

The three state-owned banks (Banco Nacional, Banco de Costa Rica and BanCredito) have significant structural advantages over their private competitors, namely that they cannot be forced into bankruptcy, a guarantee not afforded to private banks, and that government entities prefer to work with government-owned banks. Nevertheless, credit is generally allocated on market terms, although the state-owned commercial banks are expected to participate actively in activities deemed to be of public interest. A “development bank” structure began functioning in 2009 and mandates that 17 percent of resources from private banks’ checking and savings accounts be destined to small and mid-sized companies. A bank may develop its own program of development lending or cede the funds to an administering bank. While several private banks have expressed some interest in administering those resources, mandated conditions (including a very narrow lending margin and a regulatory requirement that standard risk metrics apply to these loans) have stymied the program to date. Costa Rica hosts a large number of smaller private banks, credit unions and factoring houses as well as subsidiaries of Citibank and Scotiabank. Nevertheless, the three state-owned commercial banks are still dominant, accounting for 50% percent of the country’s financial system’s assets as of June 2012.

Consolidated total assets of the country’s public commercial banks were approximately USD 15.4 billion in June 2012, while consolidated total assets of the eleven private commercial banks were approximately USD 9.5 billion. The combined assets of all bank groups (including affiliated pension funds and brokerage houses, plus factoring houses and credit unions) were approximately USD 30.8 billion as of June 2012. The Costa Rican banking system has been notably stable in recent years.

Costa Rica’s national council for the supervision of the financial system (CONASSIF) oversees Costa Rica’s financial sector and consists of four principal components. The country’s general superintendent of financial institutions (SUGEF) regulates banks and other financial institutions. The general superintendent of securities markets (SUGEVAL) oversees the securities exchange. The general superintendent of pensions (SUPEN) oversees pension funds. The superintendent of insurance (SUGESE) oversees all insurance operators. Legal and accounting systems are transparent and consistent with international norms. Many well-known accounting firms in Costa Rica are affiliated with large U.S. firms.

Costa Rican banks have not shown themselves to possess takeover defenses designed to prevent foreign capital from entering the market, as evidenced by the relatively high number of bank ownership transactions by foreign bank groups in the past 15 years in Costa Rica. The largest (state owned) banks are not subject to takeover in any case while private banks have changed hands or merged as determined by their owners. The Costa Rican financial regulatory system does not appear to have presented a significant obstacle to this merger and acquisition activity.

Competition from State Owned Enterprises

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State enterprises have enjoyed monopolies in the sectors of wireless telephony, data telecommunications, and insurance; however, CAFTA-DR opened these specific sectors up to market competition. On the telecommunications side, the telecommunications regulation board “SUTEL” and the Telecommunications Vice Ministry have worked since 2009 to build the framework of a competitive telecommunications sector, with progressive development of a regulated competitive telecommunications market for internet and Voice-Over Internet Protocol (VOIP), corporate networks and cell phones. Two cellular phone competitors to the state monopoly “National Electrical (and telecommunications) Institute” (“ICE”) successfully launched their operations in November of 2011 fulfilling a key CAFTA-DR provision that the cell phone market be opened to multiple competitors. The private operators have since reached over 15% market penetration but there are persistent complaints of regulatory and bureaucratic obstacles to truly open competition with the incumbent operator. On the insurance side, a number of private insurers hold at least 10% of Costa Rica’s insurance market and are actively competing against state-owned insurance provider National Insurance Institute (INS). Both the insurance regulator SUGESE and telecom regulator SUTEL have won praise for successfully managing market transitions although in both markets new market entrants point to unfair advantages enjoyed by the incumbent operator.

Fixed-line telecommunications as well as energy generation and distribution remain firmly in the control of state enterprises. Transport infrastructure (airports, ports, roads) is likewise controlled by the state, although the government has recently and successfully managed the development of some concessions (see above, “Openness to and Restrictions Upon Foreign Investment”, par 6). Petroleum imports are monopolized by the state petroleum company “RECOPE.”

Each state-owned enterprise has its own independent board of directors and internal operating regulations and procedures. The comptroller general’s office (which reports directly to the Legislative Assembly) exercises fiduciary oversight and supervision of all public entities, including the state-owned enterprises. Costa Rica’s state-owned enterprises do not appear to take direct orders from the Executive Branch; nevertheless, the state-owned enterprises clearly strive to fulfill their role as publicly-owned entities. Recent examples of this orientation have been the Banco Nacional’s trust management of the new National Stadium and the telecommunications universal service fund FONATEL, Banco de Costa Rica’s (BCR) issuance of licenses and passports, ICE’s strong support of the Executive Branch’s Technical Secretariat of Digital Government (TSDG) and RECOPE’s continued cooperation with ICE in providing fuel to the Garabito electrical generation plant.

Beyond the telecommunications, insurance, electricity, transport and petroleum sectors, the country has a generally open international trade and investment regime. Costa Rica does not have a Sovereign Wealth Fund.

Corporate Social Responsibility

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There is a general awareness of corporate social responsibility (CSR) among both producers and consumers in Costa Rica. Large multinational companies commonly pursue CSR goals in line with their corporate goals and have found it beneficial to publicize such CSR activities in Costa Rica. Many smaller companies, particularly in the tourism sector, have likewise integrated CSR activities into their way of doing business.

The Government of Costa Rica maintains and enforces laws with respect to labor and employment rights, consumer protection and environmental protection. Beyond that, some Costa Rican government agencies have taken the principals of public-private partnership to heart by working with private companies in addressing specific social issues. For example, the NGO “Aliarse” (<http://www.aliarse.org>) specializes in helping its member companies to effectively coordinate CSR policy with government, community groups and other companies. Three Central America Regional Security Initiative (CARSI) grantees are working with the Ministry of Labor as a part of the Public-Private-Partnership “Empleate”: Fundacion Accion Joven (www.accionjoven.org) , Boy With a Ball (www.boywithaball.com), and FundaVida (www.fundavida.org) are coordinating with IBM, Western Union, and Sykes to leverage CSR programs in a way that advances their activities. For example, IBM now sends employees to the “El Triangulo” precario to assist Boy With a Ball in providing mentorship and English tutoring to at-risk youth. CARSI is a US government funded initiative.

Political Violence

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Costa Rica has not experienced significant domestic political violence since 1948. There are no indigenous or external movements likely to produce political or social instability. However, Costa Ricans occasionally follow a long tradition of blocking public roads as a way of pressuring the government to address grievances; the traditional government response is to respond slowly, thus giving the grievances time to air. This practice on the part of peaceful protesters can cause logistical chaos.

Corruption

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Costa Rica has laws, regulations, and penalties to combat corruption, though the resources available to enforce those laws have been limited. A series of high-profile corruption cases in recent years involving directors of state-owned enterprises as well as two ex-presidents have resulted in some convictions and have helped emphasize that even high-level officials may be prosecuted on corruption charges. Allegations of lower-level corruption are common, and some prosecutions have resulted.

Costa Rica ratified the Inter-American Convention Against Corruption in 1997. This initiative of the Organization for Economic Cooperation and Development (OECD) and the Organization of American States (OAS) obligates subscribing nations to implement

criminal sanctions for corruption. Costa Rica also ratified the UN Convention Against Corruption in March 2007. The attorney general (Fiscal General de la Republica), state litigator (Procuraduria General de la Republica), comptroller general (Contraloria General de la Republica) and ombudsman (Defensoria de los Habitantes) work in conjunction with each other in an effort to combat corruption. The comptroller general, the Organization of Judicial Investigation (OIJ), and the public prosecutors' office investigate allegations of corruption. The comptroller general is responsible for approving or rejecting public contracts, auditing results, and detecting instances of corruption.

In addition to these existing structures and safeguards, the Government of Costa Rica is implementing several initiatives centered around greater transparency in government. As a member of the Open Government Partnership (OGP), Costa Rica has been developing websites for many of its government offices with data sets of interest to civil society; Costa Rica's 2013 OGP action plan is to expand the number of websites and ensure enhanced civil society interaction through those sites. The Merlink paperless procurement program is another initiative focused on greater governmental transparency. Modeled on South Korea's government procurement, Merlink has been operating for over two years, represents about 80% of Costa Rican government procurement and continues to incorporate new government entities. The site www.entiempo.go.cr ("on time") facilitates transparency by providing a legal mechanism for citizens to register exactly when they file a request for one of a specific set of permits. If there is no response within three days, the site provides the citizen with an official certification that the permit has been approved by default; this mechanism may reduce the temptation on the part of citizens to resort to bribery in order to prod the bureaucracy into action.

While U.S. firms have not identified corruption as a major obstacle to doing business in Costa Rica, some have made allegations of corruption in the administration of public tenders and in approvals or timely processing of permits. Developers of tourism facilities periodically cite municipal-level corruption as a problem when attempting to gain a concession to build and operate in the restricted maritime zone.

Acts of bribery, including those directed against government officials, are criminal acts punishable by imprisonment. Public officials convicted of receiving bribes are subject to prison sentences up to ten years, according to the Costa Rican Criminal Code (Articles 340-347). Entrepreneurs may not deduct the costs of bribes or any other criminal activity as business expenses. In recent years, Costa Rica has seen several publicized cases of firms prosecuted under the terms of the US Foreign Corrupt Practices Act for corrupt acts committed to the detriment of Costa Rican institutions.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. Costa Rica is not a party to the OECD Convention.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Costa Rica is a party to the UN Convention.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) Costa Rica is a party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires

criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) Costa Rica is not an European country.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and transnationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Costa Rica has a free trade agreement (FTA) in place with the United States, the Dominican Republic Central American Free Trade Agreement (DR-CAFTA), which entered into force January 1, 2009. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure

are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Costa Rica has laws, regulations, and penalties to combat corruption, though the resources available to enforce those laws have been limited. Corruption became a major issue in 2004, when two former presidents and a number of officials at public institutions were placed in pre-trial detention on corruption charges. One former president was convicted in 2009; the other was convicted in 2011, and his case is still under appeal. Allegations of lower-level corruption are common, and some prosecutions have resulted.

Costa Rica ratified the Inter-American Convention Against Corruption in 1997. This initiative of the Organization for Economic Cooperation and Development (OECD) and the Organization of American States (OAS) obligates subscribing nations to implement criminal sanctions for corruption. Costa Rica also ratified the UN Convention Against Corruption in March 2007. The attorney general (Fiscal General de la Republica), state litigator (Procuraduria General de la Republica), comptroller general (Contraloria General de la Republica) and ombudsman (Defensoria de los Habitantes) work in conjunction with each other in an effort to combat corruption. The comptroller general, the Organization of Judicial Investigation (OIJ), and the public prosecutors' office investigate allegations of corruption. The comptroller general is responsible for approving or rejecting public contracts, auditing results, and detecting instances of corruption.

Acts of bribery, including those directed against government officials, are criminal acts punishable by imprisonment. Public officials convicted of receiving bribes are subject to prison sentences up to ten years, according to the Costa Rican Criminal Code (Articles 340-347). Entrepreneurs may not deduct the costs of bribes or any other criminal activity as business expenses. In recent years, Costa Rica has seen several publicized cases of firms prosecuted under the terms of the US Foreign Corrupt Practices Act for corrupt acts committed to the detriment of Costa Rican institutions.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.

- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at: <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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Costa Rica has Bilateral Investment Treaties (BITs) in force with Argentina, Canada, Chile, the Czech Republic, France, Germany, Korea, the Netherlands, Paraguay, Spain, Switzerland, Taiwan, and Venezuela. The investment chapter of CAFTA-DR includes all

aspects of a BIT thereby making the negotiation of a separate BIT with the United States unnecessary.

Costa Rican and US tax authorities currently coordinate under the terms of a Tax Information Exchange Agreement (TIEA) that has been in effect since 1991. Broadly speaking, the TIEA allows the US and Costa Rican tax authorities to exchange information for tax administration purposes.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC) offers both financing and insurance coverage against expropriation, war, revolution, insurrection and inconvertibility for eligible U.S. investors in Costa Rica. OPIC can provide insurance for U.S. investors, contractors, exporters and financial institutions. Financing is available for overseas investments that are wholly owned by U.S. companies or that are joint ventures in which the U.S. firm is a participant.

At the end of 2012, OPIC held a diversified portfolio of 582 projects (including 364 finance projects, 37 funds projects and 201 insurance projects).

In Costa Rica, OPIC's 2012 portfolio exposure totaled USD 188.4 million. The bulk of the portfolio consists of projects in housing, mortgage lending, SME (small and medium enterprise) lending and finance.

U.S. investors should be aware that OPIC, in accordance with statutory requirements, may not support projects that would result in the closing of a U.S. operation, the reduction of a U.S. workforce, or be in a sector that has experienced significant U.S. job loss in the past decade. The Government of Costa Rica approves prospective OPIC-insured projects taking into account possible balance of payments or labor problems. Costa Rica is a member of the Multilateral Investment Guarantee Agency, a member of the World Bank group.

In the event that OPIC should pay an inconvertibility claim, the local currency accepted by OPIC would be made available, pursuant to the bilateral agreement providing for the OPIC program, to fund the U.S. Embassy in Costa Rica. U.S. Embassy yearly expenses in local currency are calculated to be roughly USD 9 million.

Labor

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The Costa Rican labor force is relatively well-educated compared to other countries in Central America. While Costa Rica has historically placed a high priority on education and the creation of a skilled work force, long-term government investment in education fell behind in the past decade. The country claims a literacy rate of 97 percent. Costa Rica's national vocational training institute (INA) and private sector groups provide technical and vocational training.

The rapid growth of Costa Rica's service, tourism and technology sectors has stimulated demand for English-language speakers and prompted the Costa Rican Government to

declare English language and computer literacy to be a national priority at all levels of education. However, only 11 percent of Costa Ricans are proficient in English. An analysis by the Costa Rican government found that a shortage of English-speaking workers is causing the country to “lose opportunities in its competitive position because its labor pool has limitations.” Testing in 2008 revealed that about 38 percent of teachers of English in public schools did not possess adequate basic English skills and were consequently seriously deficient in their ability to teach English; the Ministry of Education has been actively identifying and training those instructors. Several public and private institutions have also been active in Costa Rica’s drive to English proficiency, including the 60-year-old U.S.-Costa Rican binational center (the Centro Cultural Costarricense Norteamericano), which offers general and business English courses to as many as 5,000 students annually, and receives U.S. government funding. In 2010, the Peace Corps initiated a program in Teaching English as a second language. While the presence of companies such as Intel, Procter & Gamble, Western Union, and a growing number of call center operators and business process outsourcing (BPO) companies has drawn down the supply of speakers of fluent business and technical English, the pool of job candidates with English skills in the Central Valley has been sufficient to meet current demand.

Costa Rican law guarantees the right of workers to join labor unions of their choosing without prior authorization. Unions operate independently of government control and may form federations and confederations and affiliate internationally. The vast majority of unions are located in the public sector, including state-run enterprises. In the private sector, many Costa Rican workers join “solidarity associations,” under which employers provide easy access to saving plans, low-interest loans, health clinics, recreation centers, and other benefits. While this Solidarity Movement has long been influential in Costa Rica, a new 2011 law solidified that status by giving solidarity associations constitutional recognition comparable to that afforded labor unions. Solidarity associations and labor unions coexist at some workplaces, primarily in the public sector. Business groups claim that worker representation by solidarity associations provide for better labor relations compared to firms with workers represented only by unions. However, labor unions allege that private businesses use solidarity associations to hinder union organization in contravention of International Labor Organization rules.

The constitution protects the right of workers to organize. The Labor Code enacted in 1943 provides protection from dismissal for union organizers and members and requires employers found guilty of anti-union discrimination to reinstate workers fired for union activities. However, the labor courts are backlogged and the legal process can be lengthy.

Foreign-Trade Zones/Free Ports

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Free trade zones operate near the port cities of Limon/Moin (Caribbean) and Puntarenas (Pacific) as well as in various central valley locations. The benefits, primarily fiscal, are described in the section entitled Performance Requirements and Incentives.

Foreign Direct Investment Statistics

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Total Foreign Direct Investment Flows into Costa Rica

Year	Amount (USD Million)	Percent of GDP
2011	2,157	5.3%
2010	1,466	4.0%
2009	1,347	4.6%
2008	2,078	7%
2007	1,896	7.2%
2006	1,469	6.5%
2005	861	4.3%
2004	794	4.3%
2003	575	3.3%
2002	659	3.9%
2001	460	2.8%
2000	409	2.6%

Top Ten 2011 Foreign Direct Investment by Country of Origin, Percent of Total

Country	Amount (USD Million)	Percent of Total
United States	1,338.6	62.1%
Spain	244.2	11.3%
Mexico	178.1	8.3%
Colombia	147	6.8%
Italy	58.6	2.7%
Canada	42.3	2.0%
El Salvador	40.0	1.9%
Venezuela	33.7	1.6%
Netherlands	30.1	1.4%
Germany	9	.4%
Others	35	1.6%
Total	2,156.6	

2011 Foreign Direct Investment, by Sector

Sector	Amount (USD Million)	Percent of Total
Manufacturing Industry	714.6	33.1%
Services	624	28.9%
Commerce	328.9	15.3%
Real Estate	228.1	10.6%
Tourism	113.5	5.3%
Financial	107.4	5.0%
Agriculture & Ag Industry	38.4	1.8%
Others	1.8	.1%
Total	2,156.6	

Source: Central Bank of Costa Rica

Current Stock of FDI

The CIA World Factbook estimate of Costa Rica's accumulated Foreign Direct Investment as of December 31, 2011 is \$16.34 billion (40% of GDP). Conversely, Costa Rica is estimated to have \$704.3 million in Foreign Direct Investment abroad.

Partial List of Major U.S. Investors in Costa Rica:

Abbot
Aegis
Baxter
Boston Scientific
Chiquita
Citibank
Conair
Del Monte
Emerson Electric
General MicroCircuits
Hewlett-Packard
Hospira
IBM
Intel
Kimberly-Clark
McDonalds
Merck
Microvention
National Instruments
Pfizer
Price Smart
Procter and Gamble
Scott Paper
Standard Fruit Company (Dole)
Star Tek
St. Jude Medical
Sykes
Vanity Fair
Wal-Mart
Western Union

Many of the U.S. companies investing in Costa Rica are members of the American Costa Rican Chamber of Commerce and can be found by visiting, www.amcham.co.cr

Web Resources

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Government of Costa Rica

www.bccr.fi.cr

www.hacienda.go.cr

www.comex.go.cr

www.procomer.com

www.cinde.org

www.inec.go.cr

United States Government

www.opic.gov

www.exim.gov

www.trade.gov

www.census.gov

Chambers of Commerce

www.amcham.co.cr

www.costaricahomepages.com/business_and_economy/chambers

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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Bank letters of credit are the most common and secure method of payment in international trade, including in Costa Rica. Letters of credit are strongly recommended for Costa Rica, particularly in situations where the business relationship between the U.S. exporter and the local importer is still developing. Small transactions are often handled through advance payment via bank transfers or sight drafts. The free convertibility of the colon and the absence of controls on remittance facilitate the management of open account relationships in cases where credit risk is deemed to be minimal.

How Does the Banking System Operate

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The Costa Rican financial system is composed of the Central Bank, three state-owned commercial banks (see list below), 11 private commercial banks, one workers' bank, one state-owned mortgage bank, two mutual house-building companies, five private finance companies, 31 savings and loans cooperatives and a large number of entities and individuals engaged in money exchange and transfer, all under supervision of the Central Bank and the national council for the supervision of the financial system (CONASSIF). In addition, both state and private commercial banks and the state insurance company run a number of investment and retirement funds or trusts. Please refer to Chapter 6 "Investment Climate" under the subtopic "Efficient Capital Markets and Portfolio Investment" for further information on the banking system.

Foreign-Exchange Controls

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Please refer to Chapter 6 "Investment Climate" under the subtopic "Conversion and Transfer Policies" for information on foreign-exchange controls.

U.S. Banks and Local Correspondent Banks

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All commercial banks in Costa Rica have correspondent relationships with major U.S. banks.

State-owned Commercial Banks:

Banco Nacional de Costa Rica

Banco de Costa Rica

Banco Credito Agricola de Cartago (Bancredito)

Banks Created by Public Law:

Banco Hipotecario de la Vivienda (home building)

Banco Popular y de Desarrollo Comunal (workers' bank)

Private Commercial Banks (As of January 2011):

Banco BAC San Jose www.bac.net/bacsanjose

Banco BCT www.bct.fi.cr

Banco Cathay www.bancocathay.com

Citibank, S.A. www.latam.citibank.com/corporate/lacrc/spanish/index.htm

Banco CMB (Costa Rica) S.A. [same as above]

Banco de Soluciones – Bansol www.bansol.fi.cr

Banco General (Costa Rica) www.bgeneral.fi.cr/bgespanol/acerca/contacto.htm

Banco Davivienda (Costa Rica) www.davivienda.cr

Banco Improsa www.improbank.com

Banco Lafise www.lafise.fi.cr

Banco Promérica www.promerica.fi.cr

Scotiabank, S.A. www.scotiabankcr.com

Note: Citibank and Banco CMB both belong to Citibank Financial Group but are currently separate financial entities within Costa Rica.

Project Financing

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Government institutions in Costa Rica obtain much of their project funding from multilateral development banks, such as the Inter-American Development Bank (IDB) and the World Bank (IBRD), and from the two banks' equity investment affiliates, the Inter-American Investment Corporation (IIC) and International Finance Corporation (IFC). The Central American Bank for Economic Integration (CABEI) and the Venezuelan Petroleum Fund (consisting of accumulated interest paid on loans to buy oil from Venezuela) are other sources of project financing in the region. The Export-Import Bank of the United States (Ex-Im Bank), the Overseas Private Investment Corporation (OPIC), and the World Bank's Multilateral Investment Guarantee Agency (MIGA) are open for business in Costa Rica. Ex-Im Bank provides financing for the purchase of U.S. machinery, equipment and products and can be an important financing source for U.S. equipment used in major projects. OPIC provides direct loans to smaller U.S. enterprises, loan guarantees for larger projects, equity investment funds to start or expand overseas investment projects involving U.S. participation, and political risk insurance to protect against currency inconvertibility, expropriation, and political violence.

Government procurement and projects financed by the multilateral development banks usually require a public tendering process, pre-feasibility studies, and environmental impact assessments in accordance with Costa Rican law and the relevant bank's regulations. Successful U.S. bidders usually have local representation to ensure compliance with strictly interpreted procedures. Disbursements of loans from the multilateral development banks to the Costa Rica Government are sometimes delayed by the requirement that the legislature ratify the loans, difficulties in obtaining local currency counterpart funds required by the banks, and prolonged administrative processes.

The design and construction of the new Port of Moin in the Caribbean Province of Limon, a one-billion U.S. dollar project, has been granted in a 30-years concession to the Holland company APM Terminals. The Government hopes to bring private investment into other areas currently monopolized by the state, such as port facilities and toll road construction. Investors will be expected to obtain financing in large measure based upon their own creditworthiness and the projected cash flow of their projects. More information regarding mayor projects can be found in the Embassy of the United States in Costa Rica website: <http://costarica.usembassy.gov/infrastructure.html>

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Export-Import Bank of the United States: <http://www.exim.gov>

- Country Limitation Schedule: <http://www.exim.gov/tools/countrylimitationschedule>

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.ustda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation:
<http://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc>

U.S. Agency for International Development: <http://www.usaid.gov>

Embassy of the United States in Costa Rica website for mayor projects:
<http://costarica.usembassy.gov/infrastructure.html>

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Business Customs

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Costa Rican business executives place great importance on personal contact with their foreign suppliers. If possible, appointments should take place at the hosts' facilities instead of a hotel room. A business suit is appropriate for most business meetings.

Handshaking is the common greeting used by visiting businesspersons. Gifts are exchanged only on special occasions.

The U.S. company representative should have business cards, proposals, and other material printed in both English and Spanish. Titles are important and should be included on business cards. At least initially, you should address a person directly by using his or her title only. A Ph.D. or a physician is called Doctor just as in the United States. For persons who do not have professional titles, it is common to show respect by calling a gentleman "Señor" (plus his first name) and a lady "Señora" (plus her first name). Children and subordinates refer to adults in this manner, and it is a sign of courtesy for people doing business with each other to refer to each other in this way unless otherwise requested by the person you are addressing.

Business negotiations proceed much more slowly than North American culture, and a direct approach may not be viewed as favorably as one that is more indirect and political. Impatience is widely viewed as a weakness and can sometimes lower one's credibility.

Men should wear a conservative, dark suit. In warmer climates, a jacket is optional. Women can wear a dress or skirt and blouse for formal business meetings, but it is far more common for women to wear pants to work. Costa Ricans are much more formal and serious than other Latin Americans. Therefore, you should keep jackets on during business meetings.

Travel Advisory

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Safety and Security

There have been no recent acts of terrorism in Costa Rica. Visitors to Costa Rica may experience the effects of civil disturbances such as work stoppages and strikes. Although infrequent, these acts can create inconveniences for visitors. On both the Caribbean and Pacific coasts, currents are swift and dangerous, and there are few lifeguards or signs warning of dangerous beaches. Every year ten to fifteen American citizens drown in Costa Rica due to riptides or sudden drop-offs while in shallow water. Extreme caution is advised. Adventure tourism is popular in Costa Rica, and many companies offer white-water rafting, bungee jumping, jungle canopy tours, deep sea diving, and other outdoor attractions. Americans are urged to use caution in selecting adventure tourism companies. The government of Costa Rica regulates and monitors the safety of adventure tourism companies; enforcement of safety laws is overseen by the Ministry of Health. Registered tourism companies with operating permits must meet safety standards and have insurance coverage. The safety regulations enforced in Costa Rica are not the same as safety regulations enforced in the United States.

For the latest security information, Americans traveling abroad should regularly monitor the State Department's Internet web site at <http://travel.state.gov>, where the current Worldwide Caution Travel Alert, Travel Warnings and Travel Alerts can be found.

Crime

Over one and a half million foreign tourists, the majority American, visit Costa Rica annually. All are potential targets for criminals, primarily thieves looking for cash, jewelry, credit cards, electronic items and passports. U.S. citizens are encouraged to exercise the same level of caution they would in major cities or tourist areas throughout the world. Local law enforcement agencies have limited capabilities and do not act according to U.S. standards. Travelers should minimize driving at night, especially outside urban areas.

Americans should avoid areas with high concentrations of bars and nightclubs, especially at night, and steer clear of deserted properties or undeveloped land. For safety reasons, the Embassy does not place its official visitors in hotels in the San Jose city center, but instead puts them at the larger hotels in the outlying suburbs. Americans should walk or exercise with a companion, bearing in mind that crowded tourist attractions and resort areas popular with foreign tourists are common venues for criminal activities. Travelers should ignore any verbal harassment, and avoid carrying passports, large amounts of cash, jewelry or expensive photographic equipment. Tourists are encouraged to carry photocopies of the passport data page and Costa Rican entry stamp on their persons, and leave the original passport in a hotel safe or other secure place.

Travelers should purchase an adequate level of locally valid theft insurance when renting vehicles, park in secured lots whenever possible, and never leave valuables in their vehicle. The U.S. Embassy receives several reports daily of valuables, identity documents, and other items stolen from locked vehicles, primarily rental vehicles. Thefts from parked cars occur in downtown San Jose, at beaches, in the airport and bus stations, gas stations, parking lots, and at national parks and other tourist attractions.

Travelers should use licensed taxis, which are red with medallions (yellow triangles containing numbers) painted on the side. Licensed taxis at the airport are painted orange. All licensed taxis should have working door handles, locks, seatbelts and meters (called "marias"); passengers are required to use seatbelts. When traveling by bus, avoid putting bags or other personal belongings in the storage bins. At all times have your belongings in your line of sight or in your possession.

Thieves usually work in groups of two to four. A common scam has one person drop change in a crowded area, such as on a bus, and when the victim tries to assist, a wallet or other item is taken. Another common scam involves the surreptitious puncturing of tires of rental cars, often near restaurants, tourist attractions, airports, or close to the car rental agencies themselves. When the travelers pull over, "good Samaritans" quickly appear to change the tire - and just as quickly remove valuables from the car, sometimes brandishing weapons. Drivers with flat tires are advised to drive, if at all possible, to the nearest service station or other public area, and change the tire themselves, watching valuables at all times.

In 2006, the government of Costa Rica established a Tourist Police force, and units were established in popular tourist areas throughout the country. The Tourist Police can assist with the reporting of a crime, which can be difficult for victims due to language barriers and the requirement that only investigative police can accept crime reports.

Visa Requirements

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Entry/Exit Requirements

For entry into Costa Rica, U.S. citizens must present a valid passport and a roundtrip/outbound ticket. Some U.S. airlines may not permit passengers to board flights to Costa Rica without such a ticket. Passports should be in good condition; Costa Rican immigration will deny entry if the passport is damaged in any way. Costa Rican authorities generally permit U.S. citizens to stay up to ninety days; to stay beyond the period granted, travelers must submit an application for an extension to the Office of Temporary Permits in the Costa Rican Department of Immigration. Tourist visas are usually not extended except under special circumstances, and extension requests are evaluated on a case-by-case basis. There is a departure tax for short-term visitors. Tourists who stay over ninety days may experience a delay at the airport when departing and will have to pay a fine. Persons who overstayed previously may be denied entry to Costa Rica. Persons traveling to Costa Rica from some countries in South America and sub-Saharan Africa must provide evidence of a valid yellow fever vaccination prior to entry. The South American countries include Bolivia, Brazil, Colombia, Ecuador and Venezuela.

The most authoritative and up-to-date information on Costa Rican entry and exit requirements, including visa information, may be obtained from the Consular Section of the Embassy of Costa Rica at 2114 "S" Street, NW, Washington, DC 20008, telephone (202) 234-2945/46, fax (202) 265-4795, e-mail consulate@costarica-embassy.org, web site <http://www.costarica-embassy.org>, or from the Costa Rican consulates in Atlanta, Chicago, Houston, Los Angeles, Miami, New Orleans, New York, San Juan (Puerto Rico), San Francisco, and Tampa. The Costa Rican immigration agency maintains a website at: <http://www.migracion.go.cr>. It is advisable to contact the Embassy of Costa

Rica in Washington or one of Costa Rica's consulates in the United States for specific information regarding customs requirements before shipping any items.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Business visitors are advised to plan their trips as far in advance as possible. Applicants for U.S. visas should go to the following links:

State Department Visa Website: <http://travel.state.gov/visa/>

Consular Section in the U.S Embassy in Costa Rica:
<http://costarica.usembassy.gov/service.html>

U.S Embassy in San Jose, Costa Rica: <http://sanjose.usembassy.gov>

Telecommunications

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ICE (Instituto Costarricense de Electricidad) has been Costa Rica's traditional monopoly provider of telecommunications, Internet and electricity services. Telephone coverage is extensive. The dominant cellular systems in Costa Rica were for many years TDMA and GSM. However, TDMA services were discontinued beginning 2011. U.S. visitors have experienced difficulty in using their GSM phones in Costa Rica, due to differences in the frequency band used in each country.

In 2008, ICE opened a public bid for the acquisition of a cellular network of 950,000 cellular lines based on third-generation wireless technology (3G). The entity awarded the tender to the Chinese company Huawei in the amount of US\$235 million. After several connection inconveniences, ICE has had the system operating since 2010.

With the entering into force of CAFTA-DR in January 2009, competition is now being introduced into the wireless and Internet sectors. During November 2011, the two new cellular phone competitors to ICE, Mexico-based America Movil, known locally as "Claro," and Spanish provider, Telefonica, known locally as "Movistar", launched their services. Both companies participated in mid-December 2010 in an international public bid for the concession of the use and exploitation of radio spectrum and for providing cellular telecommunications services. This bidding process was done through the new Costa Rican telecommunications regulator SUTEL (Superintendencia de Telecomunicaciones), which is part of the Costa Rican Regulatory Authority for Public Services (ARESEP: Autoridad Reguladora de Servicios Publicos).

The first of the new Internet service providers (ISP) went into operation in early March 2010.

Service providers of voice communication over Internet connections (VOIP) for overseas calls are licensed and regulated under the new telecommunications regime.

The accessibility and use of the Internet is growing rapidly in the country as the state of technology improves, going from 22 percent in 2005 to 45 percent in 2009, 56 percent in 2011, and estimated at 61 percent in August of 2012, according to the office of the Costa Rican Vice Minister of Telecommunications (MINAET). RACSA-ICE is the main

provider of Internet services in Costa Rica. There are also internet providers via cable such as Tigo and Cabletica and internet providers via satellite such as American Data.

Internet usage for cellular phones is being introduced in urban areas. Internet cafes are very popular (especially in San José), and wireless connectivity in hotels and restaurants continues to expand, particularly in the Central Valley. Since 2008, RACSA, a subsidiary of ICE, offer 20,000 WiMax connections in Santa Ana, San Jose, Alajuela, Desamparados, Heredia and Cartago. ICE plans to expand the program to the additional Central Valley locations of Curridabat, San Isidro de Coronado, Santo Domingo, San Isidro de Heredia, Barreal de Heredia, Alajuela, Ciudad Colon and Paraiso in Cartago. However, in many rural areas Internet connectivity can be limited and slow.

For more information, visit www.ice.go.cr of the Instituto Costarricense de Electricidad (ICE) and SUTEL-ARESEP at <http://www.sutel.go.cr/>

Transportation

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According to the World Economic Forum's (WEF) Global Competitiveness Report 2010-2013, both Costa Rica's road infrastructure and its overall transportation infrastructure rank lowest in Central America and ranks 131 out of 144 countries. The road system requires constant maintenance and often receives only intermittent, short term fixes, causing strain to both vehicle and driver. There are more than 7,000 kilometers (4,400 miles) of principal highways and roads, and some 16,000 kilometers (9,600 miles) of rural roads. However, some roads can only be driven with a 4-wheel drive vehicle. Signage is often lacking and sometimes confusing. Outside downtown areas of San Jose and Heredia, few areas have formal addresses; the directions are the addresses.

Costa Rica has more than 500 kilometers (300 miles) of railway track, but little of it is currently in use. Only recently was limited service established within the populous Central Valley region. Used trains were bought in Spain to provide new service from Belen, Heredia to San Jose, and are already being used from downtown Heredia to San Jose. By April of 2013, the train is expected to reach Cartago from San Jose. All overland cargo, except bananas from the Pacific ports and the Caribbean sector, is transported via truck.

There are also more than 100 small private landing fields serving approximately 300 registered aircraft. Twenty international passenger airlines (including Delta, American, America West, Frontier, Continental, Spirit Air, U.S. Airways, and JetBlue) and fifteen cargo airlines (including Fedex and UPS) serve San Jose's principal airport, the Juan Santamaría International Airport.

The Liberia International Airport (Daniel Oduber) began its international operations in 1995 to serve the Guanacaste beach resort area. While the airport has been upgraded to meet the recent tourism boom in the Guanacaste/Gulf of Papagayo beach areas on the Pacific Coast, more needs to be done to accommodate the rising number of visitors in recent years and projections of more to come. In 2008, the Government opened a tender to expand the visitor terminal there. In October 2009, the Costa Rican aviation authority granted ADC & HAS (Houston Airport System), a Canadian/USA entity, the

right to operate the airport for a period of 20 years. The airport re-inaugurated in January 2012 and is paying a penalty for late delivery to the Costa Rican government.

Regional airports offer regularly scheduled domestic flights to Golfito, La Fortuna, Liberia, Samara, Tambor, Tortuguero, Puerto Jimenez, Punta Islita, Nosara, Quepos, Tamarindo as well as flights to Granada, Nicaragua and Bocas del Toro, Panama. There are two major airlines flying domestically in Costa Rica: Sansa: <http://www.flysansa.com/> and Nature Air: <http://www.natureair.com/>

There is good taxi and public bus service in the capital city of San Jose. Official taxis are red and are the recommended means of travel for business visitors. Visitors should ensure that the taxi driver is using the meter. The official taxis have the name of the taxi company written on a yellow box on the top of the car.

Car rental service is also available from Avis, Hertz, and other well-known companies (http://export.gov/costarica/businessserviceproviders/index.asp?bsp_cat=95101000). Visitors are allowed to drive with their normal driver's license for three months.

Costa Rica's air safety oversight program is rated Category One. Costa Rica is in compliance with international aviation safety standards for oversight of Costa Rica's air carrier operations. For further information, travelers may contact the Department of Transportation in the U.S. at 1-866-835-5322, or visit the FAA website <http://www.dot.gov/>. The U.S. Department of Defense (DOD) separately assesses some foreign air carriers for suitability as official providers of air services. For information regarding the DOD policy on specific carriers, travelers may contact the Department of Defense at (703) 697-7288.

Language

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Costa Rica is a Spanish-speaking country, although English is often taught in schools and used widely in business circles.

Other native languages still spoken by indigenous people are; Bribri, Maleku, Ngäbe (Guaymí) and Cabecar. Creole-English language (or Mekatelyu) is spoken on the Caribbean Coast.

Note: In Costa Rica people address each other with "Usted" and "Vos" (a local version of Tú). It is normal for foreigners to use the international "Tu".

Health

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Quick Health Summary for Costa Rica:

The National Healthcare System

All Costa Rican employers must cover workers and their dependents in the public healthcare system of clinics and hospitals administered by the Costa Rican Social Security Fund (Caja Costarricense de Seguro Social, or CCSS). There is private healthcare, as well. A good number of doctors in both the national health system and

private clinics are fluent in English, and many have had training abroad. Medical office staff and nurses are less likely to speak English. Specialists are available in almost all branches of medicine.

Hospitals and Providers

Top-tier public hospitals such as Hospital Mexico, the San Juan de Dios Hospital, and Calderon Guardia and Children's Hospital are located in San Jose and receive referrals from public hospitals throughout the country. These hospitals' capacity is impacted by inadequate infrastructure and personnel shortages, but they are important resources for trauma and for managing mass casualty situations.

Private hospitals in San Jose seem more like U.S. hospitals and are used frequently by foreign residents and visitors. Hospital CIMA San Jose and Hospital Clínica Bíblica are U.S. Joint Commission International (JCI) accredited. Hospital Hotel Clinica Catolica is also a high-quality private hospital. The Consulate at the US Embassy in San Jose, while not able to make recommendations, maintains a list of specialized English-speaking medical practitioners. In areas outside of San Jose, medical care is more limited than in the capital city.

Doctors and hospitals often expect immediate cash payment for health services. U.S. medical insurance is not always valid outside the United States. Supplemental medical insurance with specific overseas coverage, including provision for medical evacuation, has proven useful in emergencies.

For those with long-term stays in the metropolitan San Jose area, subscription to a private ambulance service is a way to access quality ambulance service with English-speaking personnel in case of an emergency. The Embassy currently subscribes to Emergencias Medicas ambulance service.

Food

- The better restaurants are careful to maintain their reputations; thus, cleanliness and good food are the norm. Few food intoxications occur in restaurants.
- It is recommended that all meats be eaten well cooked. In general, it is not advisable to eat raw fish and shellfish.
- Raw fruits and vegetables should be peeled or washed well. Lettuce should be rinsed, soaked in a Clorox and water solution (1tbsp. bleach per gallon of water), and then re-soaked in clean water to remove the Clorox taste. Local peanuts should not be eaten, as they may contain aflatoxins.
- Dairy products are very good in Costa Rica. Those that are packaged and sold in groceries are pasteurized.

Water

- Tap water is potable in the area of the capital city, as a general rule. However, pipe breakages during earthquakes or tremors have caused episodes of water contamination. Also, of concern is that aquifers may not be adequately protected from eventual contamination.
- Tap water is not fluoridated, but the local salt has iodine and fluoride.

- Tap water and ice below the elevation of the capitol area come from many sources, and some of them may not supply water that consistently meets US standards for potable water.
- Bottled water is easily obtained.

Air Quality

- Metropolitan San Jose area air quality is reduced by vehicle emissions.
- The rainy season, from May to November, is favorable to molds, and the dry season, from December to April, is dusty. The pollen count is relatively high, year-round, due to the abundance and variety of flowering plants and grasses.

Transmissible Diseases

- Mosquitoes are responsible for Dengue Fever transmission and also, in low-lying areas, for Malaria transmission. Screens in windows and doors reduce mosquito entry. Eliminate any standing water to reduce mosquito breeding. Use repellent outdoors. Long sleeves and pants also offer protection.
- Rabies in dogs and cats is not a significant threat in Costa Rica.
- Fungal skin infections are common because of the humidity.
- AIDS and sexually transmitted disease epidemiology and prevalence patterns are similar to those seen in the USA.
- Intestinal parasites such as giardia and blastocystis hominis are common, but amoebic dysentery and severe diarrhea are uncommon. Good hand washing can help protect you from outbreaks of viral gastroenteritis.
- Upper and lower respiratory illnesses are fairly common.
- By law, proof of vaccination against Yellow Fever will be required upon entry to Costa Rica for those who arrive from Bolivia, Venezuela, Brazil, Peru, Colombia, Ecuador or Angola, Benin, Burkina Faso, Cameroon, Democratic Republic of Congo, Gabon, Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leona and Sudan.

Other Health Risks

Sunburn and skin damage from excessive UV rays can be avoided by avoiding long exposure to sun during the middle of the day. Sunlight is gentler in the early morning and late afternoon.

Pedestrians and bike riders account for a high percentage of traffic deaths every year. Driver carelessness and lack of adequate sidewalks/bikelanes are common factors.

For additional health information:

http://www.cdc.gov/travel/destinationCostaRica.aspx#mal_risk

Local Time, Business Hours, and Holidays

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Local time for Costa Rica is minus 6 hours Greenwich Mean Time (-6 GMT). Costa Rica is one hour behind Eastern Standard Time (EST), and two hours behind Eastern Daylight Time (EDT). Costa Rica does not have daylight savings time.

Typical working hours are 8:00 AM to 12:00 PM and 1:00 PM to 5:00 PM. Most businesses are open with a continuous working schedule. Generally, the Costa Rican Government offices have a continuous working schedule from 8:00 AM to 4:00 PM. Most public banks are open from 9:00 AM to 3:00 PM, while private banks are usually open until 6:00 P.M.

U.S and Costa Rican Holidays (CY 2013)

January 1	Tuesday	New Year's Day (U.S.)
January 21	Monday	Dr. Martin Luther King, Jr's Birthday(U.S.)
February 18	Monday	President's Day (U.S.)
March 28	Thursday	Holy Thursday(C.R.)
March 29	Friday	Good Friday(C.R.)
April 11	Thursday	Juan Santamaria (C.R.)
May 1	Wednesday	Labor Day(C.R.)
May 27	Monday	Memorial Day(U.S.)
July 4	Thursday	Independence Day (U.S.)
July 25	Thursday	Anexion of Guanacaste(C.R.)
August 2	Friday	Our Lady of Los Angeles(C.R.)
August 15	Thursday	Mother's Day(C.R.)
September 2	Monday	Labor Day (U.S.)
September 13	Friday	Independence Day (C.R.)
October 14	Monday	Columbus Day (U.S.)
November 11	Monday	Veteran's Day(U.S.)
November 28	Thursday	Thanksgiving Day(U.S.)
December 25	Wednesday	Christmas Day (C.R., U.S.)

Business trips to Costa Rica should not be scheduled immediately before or immediately after local holidays. Costa Rican residents tend to take vacations during school holidays, for example, from mid-December to late January, and during the month of July (mid-term vacations are the first two weeks of July). Securing business appointments during these times can be difficult. The Embassy is closed on U.S. and Costa Rican holidays.

Temporary Entry of Materials and Personal Belongings

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Costa Rican laws require checked luggage to be screened and travelers to fill out customs declarations declaring the value of any item in their possession, including fruits, vegetables, meat and by-products, biological products such as vaccinations, serums, etc. The head of a family may make a joint declaration for all members residing in the same household and traveling together to Costa Rica.

No customs duties are charged on personal luggage, which includes a series of items for personal, professional, non-commercial use. For more information, please visit the web page of the Instituto Costarricense de Turismo (ICT): www.visitcostarica.com

Web Resources

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U.S. Embassy in San Jose, Costa Rica: <http://sanjose.usembassy.gov/>

Center for Disease Control and Prevention's International:
<http://wwwnc.cdc.gov/travel/destinations/costa-rica.htm>

U.S Department of Transportation:
http://www.faa.gov/air_traffic/publications/ifim/country_info/PDF/CR.pdf

State Department Visa Website: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1093.html

United States Visas: http://travel.state.gov/visa/immigrants/immigrants_1340.html

Consular Section in the U.S Embassy in Costa Rica:
<http://costarica.usembassy.gov/service.html>

Costa Rican Embassy (Washington, DC): <http://costarica-embassy.org/>

Instituto Costarricense de Turismo: www.visitcostarica.com

Authorized Telecommunication companies:
<http://sutel.go.cr/Ver/Contenido/lista-de-operadores-autorizados/72>

Current conversion:
<http://www.xe.com/currencyconverter/convert/?Amount=1&From=USD&To=CRC>

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Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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1. U.S. EMBASSY COMMERCIAL, AGRICULTURAL AND TRADE RELATED CONTACTS

U.S. Department of Commerce-U.S. Commercial Service
3440 San José Place
Washington DC 20521-3440
Tel: (506) 2519-2000 ext. 2203 / 2207 / 2263 / 2271/ 2295 / 2299 or 2220-2454
Fax: (506) 2231-4783
E-mail: san.josecr.office.box@trade.gov
Website: www.buyusa.gov/costarica/en

Ms. Abby Daniell, Commercial Director
Mr. Victor Cambronero, Senior Commercial Specialist
Mr. Roy Fernández, Commercial Assistant
Ms. Gabriela Lucke, Commercial Assistant
Mr. Emilio Cordoba, Administrative Commercial Assistant

U.S. Department of Agriculture
Foreign Agricultural Service (FAS)
3440 San José Place
Washington DC 20521-3440
Tel: (506) 2519-2000 Ext. 2333
Fax: (506) 2519-2475
E-mail: agsanjose@fas.usda.gov
Website: www.fas.usda.gov/

Mr. Stephen Huete, Agricultural Counselor
Ms. Kelly Stagne, Agricultural Attaché
Mr. Víctor González, Agricultural Specialist
Ms. Ileana Ramírez, Agricultural Marketing Specialist
Ms. Rosie Murillo, Administrative Assistant
Ms. Cynthia Smith-Palliser, Marketing Assistant
Mr. Ricardo Mora, Clerk Messenger

U.S. Department of State-Political / Economic Section
3440 San José Place
Washington DC 20521-3440
Tel: (506) 2519-2000

Fax: (506) 2519-2435
Website: <http://www.usembassy.or.cr/>
Mr. Roy Perrin, Counselor Political, Economic and Narcotics Affairs
Mr. Jason McInerney, Second Secretary, Economic Officer
Ms. Joan Flynn, Economic Officer
Mr. Kevin Ludeke, Economic Specialist
Ms. Rebecca Hyleman, Economic Specialist

2. AMCHAM (Local American Chamber of Commerce)

CAMARA COSTARRICENSE-NORTEAMERICANA DE COMERCIO--AMCHAM
(COSTA RICAN-AMERICAN CHAMBER OF COMMERCE (AMCHAM))
US Mailing Address:
1576 P.O. Box 025216
Miami, FL 33102-5216
International mailing address:
Apartado 4946-1000
San José, Costa Rica
Tel: (506) 2220-2200
Fax: (506) 2220-2300
E-mail: chamber@amcham.co.cr
Website: <http://www.amcham.co.cr/>
Contact: Ms. Catherine Reuben, Executive Director

3. COUNTRY TRADE AND INDUSTRY ASSOCIATIONS IN KEY SECTORS

COALICION DE INICIATIVAS PARA EL DESARROLLO (CINDE)
(CINDE/COSTA RICAN INVESTMENT PROMOTION AGENCY)
Apartado 178-1255
Escazú, Costa Rica
Tel: (506) 2201-2800
Fax: (506) 2201-2867
Website: <http://www.cinde.org.cr/>
Contacts: Ms. Gabriela Llobet, Director General, globet@cinde.org
Mr. Irvin Soto, Promotion Inversion Director, isoto@cinde.org

CAMARA DE COMERCIO DE COSTA RICA
(COSTA RICAN CHAMBER OF COMMERCE)
Apartado 1114-1000
San José, Costa Rica
Tel: (506) 2221-0005 or 2221-0124
Fax: (506) 2223-1157
E-mail: Ms. Ligia Cascante, Executive Director Assistant asistentede@camara-comercio.com
Website: <http://www.camara-comercio.com/>
Contact: Mr. Arnoldo André Tinoco, President

CAMARA DE REPRESENTANTES DE CASAS EXTRANJERAS (CRECEX)
(CHAMBER OF REPRESENTATIVES OF FOREIGN FIRMS)

Apartado 3738-1000

San José, Costa Rica

Tel: (506) 2253-0126

Fax: (506) 2234-2557

E-mail: crecex@crecex.com

Website: <http://www.crecex.com/>

Contacts: Mr. José Manuel Quirce Lacayo, President

Mr. Luis Fernando Monge Rojas, Executive Director

CAMARA DE INDUSTRIAS DE COSTA RICA
(COSTA RICAN CHAMBER OF INDUSTRIES)

Apartado 10003-1000

San José, Costa Rica

Tel: (506) 2202-5600

Fax: (560) 2234-6163

E-mail: cicr@cicr.com

Website: www.cicr.com

Contacts: Mr. Juan Ramón Rivera, President

Ms. Martha Castillo, Executive Vicepresident

CAMARA NACIONAL DE AGRICULTURA Y AGRO-INDUSTRIA
(NATIONAL CHAMBER OF AGRICULTURE AND AGRO-INDUSTRY)

Apartado 1671-1000

San José, Costa Rica

Tel: (506) 2280-1569 or 2225-8245

Fax: (506) 2280-0969

E-mail: camaradeagricultura@cnaacr.com

Website: www.cnaacr.com

Contacts: Mr. Alvaro Sáenz Saborío, President

Mr. Martín Calderón Chaves, Executive Director

ASOCIACION DE CAMARAS COSTARRICENSES DE HOTELES
(ASOCIATION OF COSTA RICAN CHAMBER OF HOTELS)

Apartado 8422-1000

San José, Costa Rica

Tel: (506) 2220-0575

Fax: (506) 2220-1116

Website: www.costaricanhotels.com

Contact: Mr. Flora Ayub Robles, Executive Director

Email: fayub@camaradehoteles.com

CAMARA COSTARRICENSE DE RESTAURANTES Y AFINES
COSTA RICAN CHAMBER OF RESTAURANTS

Apartado 142-1002

San José, Costa Rica

Tel: (506) 2222-2579 or 2222-0728
Fax: (506) 2233-2892
Email: info@cacore.cr
Website: www.cacorestaurantes.com
Contact: Mr. Alejandro Madrigal, Executive Director

**CAMARA COSTARRICENSE DE LA CONSTRUCCION
(COSTA RICAN CHAMBER OF CONSTRUCTION)**

Apartado 5260-1000
San Jose, Costa Rica
Tel: (506) 2253-5757
Fax: (506) 2221-7952
Website: www.construccion.co.cr
Contact: Mr. Gonzalo Delgado, President
Email: camara@construccion.co.cr

**CAMARA COSTARRICENSE DE TECNOLOGIA DE INFORMACION Y
COMUNICACION (CAMTIC)**

(COSTA RICAN CHAMBER OF INFORMATION TECHNOLOGY)

Apartado 2101-2050 San Pedro
San José, Costa Rica
Tel: (506) 2283-2205
Fax: (506) 2280-4961
E-mail: info@camtic.org
Website: www.camtic.org
Contacts: Mr. Alexander Mora, President
Mr. Otto Rivera, Executive Director

4. COUNTRY GOVERNMENT OFFICES/AGENCIES

**DIRECCIÓN GENERAL DE ADUANAS
(COSTA RICAN CUSTOMS OFFICE)**

Address: Ave 1 y 3, calle 1era. Costado Este Ministerio de Educación.
Edificio La Llacuna, Avenida Central y Primera, Calle Cinco, piso 10
San Jose, Costa Rica
Tel: (506) 2522-9390
Fax: (506) 2522-9429
E-mail: lopezcm@hacienda.go.cr
Website:
<https://www.hacienda.go.cr/Msib21/Espanol/Direccion+General+de+Aduanas/BIENVENIDA.htm>
Contact: Mr. Gerardo Bolaños Alvarado, General Director

**MINISTERIO DE COMERCIO EXTERIOR
(MINISTRY OF COMMERCE AND FOREIGN TRADE - COMEX)**
Apartado 1278-107

Centro Colón, Costa Rica
Tel: (506) 2299-4700
Fax: (506) 2233-5755
E-mail: jazmin.perez@comex.go.cr
Website: <http://www.comex.go.cr/>
Contacts: Ms. Anabel González, Minister
Mr. Fernando Ocampo, Vice Minister

LABORATORIO COSTARRICENSE DE METROLOGIA
(LABELING AND STANDARDS DEPARTMENT)
Apartado 1736-2050
San Jose, Costa Rica
Tel: (506) 2225-6544, 2283-6580, 2224-5130
Fax: (506) 2283-5133
E-mail: metrologia@lacomet.go.cr
Website: www.lacomet.go.cr
Contact: Ms. Ing Ileana Hidalgo, Director

CONSEJO NACIONAL DE PRODUCCION - CNP
(NATIONAL PRODUCTION COUNCIL)
Apartado 2205-1000
San Jose, Costa Rica
Tel: (506) 2257-9355/ (506) 2255-4729
Fax: (506) 2255-4729
E-mail: presidenc@cnp.go.cr
Website: www.cnp.go.cr
Contact: Mr. Wiliam Barrantes, Executive President

MINISTERIO DE AGRICULTURA Y GANADERIA
(COSTA RICAN MINISTRY OF AGRICULTURE)
Apartado 10094-1000
San Jose, Costa Rica
Tel: (506) 2231-5311 or 2231 2344
Fax: (506) 2232-2103
E-mail: despachoministra@mag.go.cr
Website: www.mag.go.cr/
Contact: Dra. Gloria Abraham P.

DIRECCION DE SERVICIO FITOSANITARIO DEL ESTADO
(DEPARTMENT OF PHYTO-SANITARY SERVICES)
Apartado 1521-1200
San José, Costa Rica
Tel: (506) 2549-3400
Fax: (506) 2549-3599
E-mail: mgonzalez@sfe.go.cr
Website: <http://www.protecnet.go.cr/>
Contact: Ms. Magda González, Directora

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE)
(COSTA RICAN INSTITUTE OF ELECTRICITY AND TELECOMMUNICATION)
Apartado 10032-1000
San Jose, Costa Rica
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Fax: (506) 2220-1555
Website: <http://www.grupoice.com>
Contacts: Mr. Teófilo de la Torre, Executive President
Ms. Gabriela Carvajal., Assistant, e-mail: gcarvajalp@ice.go.cr
Mr. Ronald Vargas, Assistant.

MINISTERIO DE CIENCIA Y TECNOLOGIA (MICIT)
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San Jose, Costa Rica
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Fax: (506) 2257-8765 or 2257-8895
E-mail: micit@micit.go.cr:
Website: <http://www.micit.go.cr/>
Contact: Mr. Alejandro Cruz, Minister

INSTITUTO COSTARRICENSE DE AQUEDUCTOS Y ALCANTARILLADOS (AYA)
(COSTA RICAN INSTITUTE OF AQUEDUCTS AND SEWAGE)
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Pavas, Costa Rica
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Email: calderony@aya.go.cr
Website: <http://www.aya.go.cr/>
Contact: Ms. Yesenia Calderón Solano, Executive President

MINISTERIO DE OBRAS PÚBLICAS Y TRANSPORTES (MOPT)
(MINISTRY OF PUBLIC WORKS AND TRANSPORTATION (MOPT))
Apartado 10176-1000
San Jose, Costa Rica
Tel: (506) 2523-2000 Ext. 2600-2803
Fax: (506) 2255-0242
Website: <http://www.mopt.go.cr/>
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Mr. Rodrigo Rivera Fournier, Vice Minister of Transportation,

CONSEJO NACIONAL DE CONCESIONES
(NATIONAL CONCESSIONS COUNCIL)
Apartado 1808-1002

San Jose, Costa Rica
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E-mail: erodriguez@cnc.go.cr
Website: www.cnc.go.cr
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DIRECCION GENERAL DE AVIACION CIVIL
(COSTA RICAN CIVIL AVIATION DIRECTORATE -DGAC)
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Fax: (506) 2231-2107
Website: <http://www.dgac.go.cr/>
Contact: Mr. Jorge Fernández, General Director, jfernandez@dgac.go.cr

INSTITUTO COSTARRICENSE DE TURISMO
(COSTA RICAN TOURISM INSTITUTE-ICT)
Apartado 777-1000
San Jose, Costa Rica
Tel: (506) 2299-5800
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E-mail: info@visitcostarica.com
Website: <http://www.visitcostarica.com>
Contact: Mr. Allan Flores Moya, Minister

MINISTERIO DE SALUD
(MINISTRY OF HEALTH)
Apartado 10123-1000
San Jose, Costa Rica
Tel: (506) 2233-0683 or 2223-0333
Fax: (506) 2255-2594
Email: corralesdaisy@gmail.com
Website: www.ministeriodesalud.go.cr
Contact: Dra. Daisy Corrales Díaz, Minister

MINISTERIO DEL AMBIENTE Y ENERGÍA (MINAET)
(MINISTRY OF THE ENVIRONMENT AND ENERGY)
Apartado 10104-1000
San Jose, Costa Rica
Tel: (506) 2233-4533 Ext. 162, or 2233-9534
Fax: (506) 2257-0697
Email: ministrominae@minae.go.cr
Website: <http://www.minae.go.cr>
Contact: Mr. René Castro, Minister

MINISTERIO DE JUSTICIA
(MINISTRY OF JUSTICE)
Apartado 5685-1000
San Jose, Costa Rica
Tel: (506) 2280-7776 or 2280-9054
Fax: (506) 2234-7959
Website: www.mj.go.cr
E-mail: ministro@rnp.go.cr
Contact: Mr. Fernando Ferraro, Minister

MINISTERIO DE HACIENDA
(MINISTRY OF FINANCE)
San Jose, Costa Rica
Tel: (506) 2284-5245 / 2284-5157 or 2284-5000
Fax: (506) 2255-4874
E-mail: herreroaf@hacienda.go.cr
Website: <http://www.hacienda.go.cr/>
Contact: Mr. Édgar Ayales., Minister

MINISTERIO DE ECONOMIA, INDUSTRIA Y COMERCIO (MEIC)
(MINISTRY OF ECONOMY, INDUSTRY AND COMMERCE)
Apartado 10216-1000
San Jose, Costa Rica
Tel: (506) 2549-1400 Ext. 888 or 2291-1889
Fax: (506) 2235-5251
E-mail: ministra@meic.go.cr
Website: <http://www.meic.go.cr/>
Contact: Ms. Mayi Antillón, Minister

PROMOTORA DE COMERCIO EXTERIOR
(COSTA RICAN FOREIGN TRADE CORPORATION -PROCOMER)
Apartado 1278-1007
Paseo Colón, Costa Rica
Tel: (506) 2299-4700 or 2299-4870
Fax: (506) 2233-4655 or 2233-5755
E-mail: info@procomer.com
Website: <http://www.procomer.com/>
Contact: Mr. Jorge Sequeira, General Manager

5. IN-COUNTRY MARKET RESEARCH FIRMS

CAMARA COSTARRICENSE-NORTEAMERICANA DE COMERCIO--AMCHAM
COSTA RICAN-AMERICAN CHAMBER OF COMMERCE (AMCHAM)
USA Mailing Address:
1576 P.O. Box 025216
Miami, FL 33102-5216
Within Costa Rica:

Apartado 4946-1000
San José, Costa Rica
Tel: (506) 2220-2200
Fax: (506) 2220-2300
E-mail: chamber@amcham.co.cr
Website: <http://www.amcham.co.cr/>
Contact: Ms. Catherine Reuben, Executive Director

CONSULTORES DE CREDITO INTERNACIONALES
(COSTA RICAN CORRESPONDENT OF DUN & BRADSTREET INC.)
Apartado 1103-1000 San José
Tel: (506) 2232-0443
Fax: (506) 2231-0929
E-mail: racsos@ice.co.cr
Contact: Ing. Oscar Solera Castro, General Manager- D&B Correspondent

6. MULTILATERAL FINANCE ORGANIZATIONS IN COSTA RICA

INTER-AMERICAN DEVELOPMENT BANK (IDB)
San José, Costa Rica
Tel: (506) 2588-8700
Fax: (506) 2288-7028
E-mail: bidcostarica@iadb.org
Website: <http://www.iadb.org/>
Contact: Mr. Fernando Quevedo, Representative

BANCO CENTROAMERICANO DE INTEGRACION ECONOMICA – (CABEI)
(CENTRAL AMERICA DEVELOPMENT BANK -BCIE)
Apartado 10276-1000
San José, Costa Rica
Tel: (506) 2207-6500
Fax: (506) 2253-2161
Contact: Ms. Hazel Cepeda, Regional Project Analyst
E-mail: hcepeda@bcie.org

7. MULTILATERAL DEVELOPMENT BANK OFFICES WITHIN THE U.S.

INTER-AMERICAN DEVELOPMENT BANK
Commercial Service Liaison Office
1300 New York Ave, N.W
Washington, D.C. 20577, USA
Tel: (202) 623-1000
Fax: (202) 623-3096
Website: <http://www.iadb.org/>

EXPORT-IMPORT BANK OF THE UNITED STATES (EXIM)

811 Vermont Avenue, N.W.
Washington, D.C. 20571
Tel: (202) 565-3946
Fax: (202) 565-3380
Website: <http://www.exim.gov/>
Contact: Ms. Xiomara Creque, Loan Officer
E-mail: xiomara.creque@exim.gov

OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)
1100 New York Avenue, N.W.
Washington, D.C. 20527
Tel: (202) 336-8651
Fax: (202) 336-7949
Website: <http://www.opic.gov/>
Contact: Ms. Alison J. Germak, Public Information Center
Email: alison.germak@opic.gov

U.S. TRADE AND DEVELOPMENT AGENCY (TDA)
Regional Director for Latin America
1000 Wilson BLVD, Suite 1600
Arlington, VA 22209-3901
Tel: (703) 875-4357
Fax: (703) 875-4009
Website: <http://www.tda.gov/>
Contact: Mr. Keith Eischeid, Country Manager, Mexico and Central America
E-mail: keischeid@ustda.gov

THE WORLD BANK
1818 H Street, N.W.
Washington, D.C. 20433 USA
Tel: (202) 473-1000
Fax: (202) 477-6391
Website: <http://www.worldbank.org/>

8. CONTACTS IN WASHINGTON, DC

TRADE INFORMATION CENTER (TIC)
Tel: 1-800-USA-TRADE (1-800-872-8723)
Fax: (202) 482-4473
U.S. Department of Commerce
Room 7424 - HCHB
14th and Constitution Avenue, N.W.
Washington, D.C. 20230
E-mail: tic@ita.doc.gov
Website: <http://www.ita.doc.gov/tic>

U.S. Department of Commerce-Market Access and Compliance (MAC)
Mr. Mark Siegelman, Desk Officer
Desk Officer for Costa Rica, Room H3033
14th & Constitution Ave., N.W.
Washington, D.C. 20230
Tel: (202) 482-0704
Fax: (202) 482-0464
E-mail: mark_siegelman@trade.gov

U.S. Department of State
Mr. Frank DeParis, Costa Rica Desk Officer
2201 C Street, N.W.
Washington, D.C. 20520
Tel: (202) 647-3519
Fax: (202) 647-2597
Website: <http://www.state.gov/>

U.S. Department of Agriculture
Trade Assistance and Promotion Office
Foreign Agricultural Service
Stop 1052
Washington, D.C. 20250-1052
Tel: (202) 720-7420
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Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.**

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://export.gov/costarica/>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRADE.**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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