

U.S. Country Commercial Guides



Costa Rica 2019

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Doing Business in Costa Rica

Market Overview

Costa Rica is the oldest continuous democracy in Latin America with moderate economic growth rates (3.3 percent in 2018). The country's relatively well-educated, labor force focuses on English-language instruction, relatively low levels of corruption, geographic proximity, living conditions, and attractive free trade zone incentives also offer strong appeal to exporters and investors. In recent decades, the Costa Rican government has focused on attracting investment from relatively high-tech manufacturers, such as electronics and medical devices, as well as continued development of the dynamic tourism sector.

The current administration of Carlos Alvarado, which began its four-year term on May 8, 2018, belongs to the same political party as the previous administration of Luis Guillermo Solís. The Solís administration's contributions to Costa Rica's already-strong business climate included government support for Costa Rica's continuing export and investment promotion efforts, sustained and concerted effort in furthering Costa Rica's aspiration to become an OECD member, near-completion of Costa Rica's major new Atlantic Coast container terminal (due to open in mid-2019), implementation of significant financial-sector laws and regulations against money laundering, and avoidance of major labor unrest.

Current domestic issues include Costa Rica's persistent fiscal deficit, internal bureaucracy, the high cost of energy, and the state of basic infrastructure. Over the next several years, plans are in place for major upgrades involving rail, ports, airports, highways and water systems. The World Bank's "Doing Business 2018" ranked Costa Rica 61 out of 190 countries world-wide.

Costa Rica ratified the Central American Free Trade Agreement (CAFTA-DR) with the United States in 2009. This free trade agreement eliminated most of the tariffs for non-agricultural imports and has made both trade and investment in the region more attractive to U.S. companies. The remaining tariffs on virtually all U.S. agricultural products will be eliminated by 2020. CAFTA-DR member countries have further promised increased transparency in customs dealings, anti-corruption measures in government contracting and procurement, and strong legal protections for U.S. investors.

The United States is Costa Rica's largest trade and investment partner. Approximately 53% of all Foreign Direct Investment, and 40% of all imports are of U.S. origin. There are no restrictions on capital flows in or out of Costa Rica nor on portfolio investment in publicly traded companies, but companies are subject to local taxes. Foreigners can own property with no title restrictions, although special care must be taken to comply with laws governing coastal areas.

Market Challenges

Much of Costa Rica's basic infrastructure – especially ground transportation and water treatment - needs major upgrading. The country's worsening fiscal deficit situation places additional limitations on Costa Rica's ability to finance needed infrastructure projects. Public-private partnerships as well as concessions continue to face numerous legal and procedural challenges that have delayed, in some cases, canceled major initiatives. Costa Rica's often slow and cumbersome bureaucracy poses a challenge to doing business throughout the country.

Costa Rica is facing fiscal deficit issues which have the potential to impact the country's credit rating and necessitate cuts in government expenditures. This represents a challenge in the face of Costa

Rica's need to make further infrastructure investments in ports, rail, roads and bridges. Other international competitors, primarily from Asia, have repeatedly approached Costa Rican authorities with attractive financing options for specific infrastructure improvements.

Costa Rica boasts that, on average, greater than 98% of the energy supply is from renewable sources. Despite this achievement, energy costs are notably higher than comparable rates in the United States. Costa Rican laws, regulations and practices are generally transparent and foster competition, except in sectors controlled by a state monopoly, where competition is explicitly excluded. With regards to environmental regulations, the Costa Rican organization that reviews environmental impact statements has been historically slow to issue its findings, often causing delays for investors in completing projects.

In recent years, the government has placed efforts on improving enforcement of intellectual property laws throughout the country. Nevertheless, Costa Rica remains on the watch list within the U.S. Trade Representative's 2018 Special 301 Report.

Market Opportunities

Costa Rica's proximity to the United States is a major opportunity for U.S. exporters. With ports of entry on both the Pacific and Caribbean coasts, U.S. exporters can typically ship product to Costa Rica in less than a week and can easily travel to meet with sales representatives, distributors or end-user clients within the same day. There are now direct flights to 15 U.S. cities from Costa Rica on major U.S. carriers.

Within Central America, Costa Rica is a very strong ally with the United States. Costa Rican citizens are very accustomed to doing business with the United States, and many U.S. products command strong brand recognition. The large American expat population and wide acceptance of the English language in the country are viewed as key advantages for U.S. firms doing business in Costa Rica.

Despite a growing Asian presence in certain markets, Costa Rican citizens value conducting business with a neighboring partner with reputation for providing quality products with strong after-sales service. Costa Rica's per capita GDP of \$12,032 is among the highest in the region, a figure on par with that of Mexico and Panama. The country's strong middle class enjoys a high degree of purchasing power, and has an ability to choose higher value, international products. Further, under CAFTA-DR U.S. consumer products and industrial goods enter Costa Rica completely duty free.

Market prospects are excellent in a variety of sectors, including building products, construction equipment, hotel and restaurant equipment, solar energy, franchising, cosmetics, auto parts and service equipment, electric vehicles and related equipment, pharmaceuticals, packaging, education, and tourism to the United States. Within many of these sectors, U.S. firms enjoy a very strong share of the market.

Market Entry Strategy

Companies should consider their own resources, previous export or business experience abroad, and long-term business strategy before entering the Costa Rican market. Nevertheless, U.S. products and services enjoy an excellent reputation, and Costa Rica is an attractive market for U.S. companies. One of the most common market entry options is finding a local agent or distributor. Other approaches include licensing, franchising, and identifying local partners for market knowledge and contacts.

The U.S. Department of Commerce, United States Foreign Commercial Service (USFCS) offers customized solutions to help U.S. companies, including small- and medium-sized enterprises, succeed in Costa Rica. Given the regional nature of this market, this will often include consideration of market opportunities in other Central America countries as well. USFCS stands ready to help U.S. companies develop comprehensive market entry or expansion plans, also learn about export- and customs-related requirements, obtain export financing, and identify potential partners, agents, and distributors through business matchmaking programs, trade shows, and trade missions led by senior U.S. Government officials. For U.S. companies that purchase our Gold Key Service, USFCS can facilitate one-on-one meetings with: pre-screened buyers; potential customers or end-users; experienced professional services providers; and key government officials. Furthermore, by engaging USFCS, U.S. companies can learn how to leverage high-level bilateral policy discussions. With these tools, explained in greater detail, in this Country Commercial Guide, U.S. companies will be better positioned to take advantage of opportunities in Costa Rica and throughout Central America.

In addition, the U.S. Department of Agriculture's Foreign Agricultural Service (FAS) provides equivalent-level trade services at no cost for U.S. companies interested in exporting agricultural, fishery, and forestry products through their Agricultural Trade Offices. FAS works with USDA agencies and other U.S. food safety-related agencies (the United States Food and Drug Administration) to coordinate the U.S. response to newly arising sanitary, phytosanitary, and technical barriers to trade, such as identifying and resolving challenges posed by new procedures introduced at port or acquiring, translating, and coordinating the U.S. response to draft regulations that could affect U.S. exports.

Political and Economic Environment

For background information on the political and economic environment of the country, please visit the [U.S. Department of State website](#).

Selling U.S. Products and Services

Using an Agent to Sell U.S. Products and Services

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

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:

- Can 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 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 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.

Finding a Partner

The U.S. Commercial Service (USCS), a division of the U.S. Department of Commerce, helps U.S. companies in identifying potential business opportunities in Costa Rica. Information can be provided via the FCS website, and/or counseling sessions over the telephone, via e-mail or videoconference, or by office appointment. For a complete list of USCS services, please see [export.gov's Costa Rica webpage](#). Please view [export.gov's U.S. offices webpage](#) to find the U.S. Export Assistance Center (USEAC) office nearest to you.

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 Commercial Service 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 USCS-generated list of local companies. To request these services, U.S. firms should e-mail csoiocountry-costarica@trade.gov

Whichever 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. In addition, the company should 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 Costa Rican 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. The U.S. company can also contact [Dun & Bradstreet for Latin America](#).

Costa Rican firms wishing to represent U.S. companies may request exclusive representation in the local market. American firms should consider this issue carefully to decide if they want to retain the right to sell to other representatives/importers in the Costa Rican 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 found on the FCS website, [export.gov's Business Service Providers directory](#), and 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.

Agricultural Sector

The United States is the single most important agricultural partner for Costa Rica due to its geographical proximity, 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, some of these include: Mexico (since 1995), Chile (2002), Canada (2002), CARICOM (2005), Panama (2008), the People's Republic of China (2011), Peru (2013), Singapore (2013), the EU (2013), and Colombia (2014). Costa Rica is a member of the Central American Common Market, which sets low to zero duties for most agricultural products. After a long process that started in October 2007, Costa Rica approved the "Association Agreement" with the European Union in October 2013.

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, unless they use the tariff rate quotas set up under the CAFTA-DR agreement. For 2018 the CAFTA-DR quotas are 63,000 metric tons for rough rice and 8,250 metric tons for milled rice.

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 (both rough and milled) with zero duties.

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. Exporters of animal origin products other than those mentioned in the previous sentence are required to register with the Animal Health Service (SENASA) prior to exporting their products. Exports of U.S. consumer-oriented products such as snacks, meats, processed fruits and vegetables, and dairy products, have grown steadily since the approval of CAFTA-DR in 2009.

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 Laura Calzada at Laura.Calzada@fas.usda.gov

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 the contract with representatives and distributors and be prepared to work within the agreed upon guidelines. The approved CAFTA-DR agreement makes provisions for a new damage compensation method in the Law of Representatives of Foreign Firms. When compensation for damages is claimed based on one of the provisions of the law, the financial damages suffered or that could be incurred must be 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 signing by a competent qualified attorney familiar with Costa Rican law.

Establishing an Office

In the study, "Doing Business 2018," although Costa Rica's overall ranking was 61 out of 190 countries, the World Bank ranked Costa Rica in 125th place in the world (119th in 2016) for the ease of starting a business. The process of establishing an office still takes an average 22 days and 9 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, country of origin, the legal name of the business, purpose of the company, amount of initial capital and the way this capital will be used, time limits for payments, domicile of the company, and any other agreements made by the founders.

An excerpt of the registration is then published digitally in "*La Gaceta*," the official legal journal in Costa Rica. Payment on initial equity is usually nominal and must be paid 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's website](#) has instructions specifically for companies interested in establishing a company in Costa Rica.

Franchising

Franchising is a collaboration system between two different businesses, legally independent, united by a contract through which the franchisor gives the franchisee the right to exploit, under some pre-established conditions, a specific business (brand, commercial formula, production, and others). The franchisor is the owner of the brand and marketing rights. The franchisor adopts a franchise system to expand their activity in the market.

Franchising was spurred on by the rise of tourism in Costa Rica. Recently the market for new franchises has intensified, despite some market saturation in the fast food sector. The first franchise to enter the market was McDonald's in 1970, others such as Pizza Hut quickly followed. Carls' Junior, Smashburger and Starbucks are the most recent arrivals to the Central Valley, where most of the Costa Rican population lives. Certain franchises have been unsuccessful in Costa Rica, either because of the economic conditions at the time or due to poor copyright protection.

In 2018, There are 349 franchised brands distributed countrywide, this shows an increase of 9% from last year. Franchises provide approximately 31,741 jobs in Costa Rica. Roughly 24 percent of these franchise concepts are local, while the remaining 76 percent are foreign-owned (of foreign franchises, 54 percent are U.S. owned). Costa Rica stands out in Central America. due to its strategically dominant geographic position in the region.

As of 2017, there are approximately 94 food franchises operating in Costa Rica, constituting nearly 27 percent of all franchises in the country. Specialized services represent another 20% of the franchise industry.

Local companies like GetNuts, Cosechas, Maridos de Alquiler and others are starting to franchise their businesses in order to expand both nationally and internationally. This success is in part due to the support of the Costa Rican Chamber of Commerce, which promotes and organizes national and regional franchising trade fairs such as *Expo Franquicia*. The Chamber of Commerce, along with the Interamerican Bank of Development, the National Center of Franchising (CENAF), and the system Bank for Development, has helped finance enterprises to franchise their structure.

Price is a major competitive factor in this sector, as is delivery of food products. Costa Ricans are very price-conscious 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 remain limited by their personal budgets.

Another 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 must have the financial resources to enter and develop the market, along with 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 becomes apparent, for example, in developing local sources of supply, expediting government approval and licensing, and in gaining access to prime locations for franchise sites.

Opportunities exist for the 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 records 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 and 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. PriceSmart 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.

For roughly 70% of international companies, it takes four years to reach a return on investment (ROI). In contrast, 68% of domestic franchises reach a ROI in only two years. Franchising allows foreign companies to partner with domestic franchisees, leading to faster ROI. Additionally, the franchise model minimizes risk, optimizes sources, and maximizes benefits for those involved. Benefits will also be seen in advertising, as individual franchises will seek to promote their business locally, in addition to preexisting corporate advertising.

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. Franchisor support makes up for their lack of industry knowledge, which is critical for their success.

Potential franchisees do not always attend franchise shows. For this reason, 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 contact ten or so different franchisors in that market segment for comparison purposes.

The second most popular way for potential franchisees to find 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 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. Karol Fallas at kfallas@camara-comercio.com

www.camara-comercio.com

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

Direct Marketing

Direct marketing has enjoyed limited success in Costa Rica. The country does not have a developed postal system with defined street names and numbers, so it is difficult to obtain client lists or reliable addresses. Direct marketing via email, phone, and text messaging just began a few years ago but is gaining popularity. There are no Costa Rican laws that specifically regulate direct marketing. Instead, the general laws which apply to advertising and public relations agencies are used to regulate direct marketing. Companies use websites and Facebook pages (Facebook is widely used by Costa Ricans of many demographics). Recently there has been an increase in the use of email and mobile subscription to promote sales by sending e-coupons.

International e-commerce stores such as Amazon and Wish have become very popular among local consumers. This continues to generate business for companies that handle associated logistics and other e-commerce collateral services.

Joint Ventures/Licensing

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

Selling to the Government

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 published in the official newspaper, [La Gaceta](#). During 2018 Costa Rica government acquired good and services by US \$ 2,319 billion.

In 2010, the Government of Costa Rica created an electronic platform for public procurement called Mer-Link. Mer-Link is a technological platform for public purchases. Its virtual purchasing model allows government entities to purchase products and services electronically. In 2016 Costa Rica government announced that it

was migrating to the Sistema de Compras Públicas (SICOP) in March 2017. Mer-Link/ SICOP has partially published the requirements of more than 140 government entities (of the more than 300 entities). However, the system is still not being used to its full capacity. The government office in charge of managing this system (Gobierno Digital) is strongly encouraging government entities to utilize the electronic platform. Local and foreign companies that wish to participate in this electronic method of public procurement may do so online at www.sicop.go.cr. Early 2019, local government announced the full integration to SICOP of three of the largest state-owned enterprises, the Costa Rican [Institute of Electricity and Telecommunications \(ICE\)](#), 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.) [CCSS' website](#) publishes their requirements for all public hospitals (10), clinics (500) and “EBAIS” (Small medical units with basic equipment-1000) and the National Institute of Insurance (INS).

Certain purchases are made directly from suppliers that have been pre-qualified and pre-registered with government entities. However, public procurement still lacks transparency. There are plans to migrate the system, making SICOP the primary platform used for public procurement; but it is unclear when, or if, this complete system migration will occur.

Foreign companies may establish a representative through a Power of Attorney for a specific tender. This representative does not need to be from Costa Rica. 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 competitive offers 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) are available through the Commercial Section at the U.S. Embassy in San Jose or through a U.S. Export Assistance Center. These options are an excellent economic strategy for identifying potential partners or representatives in Costa Rica. (See “Web Resources” at the conclusion of this chapter.)

The Costa Rican General Comptrollers Authority administers the Public Procurement law. The law establishes financial limits for determining the administrative procedures the Government entities or ministries must observe when issuing the necessary tenders for goods or services. The following is a chart with the latest economic limits for 2019 (in U.S. Dollars):

Table 1 – 2019 Costa Rica U.S. Tender Limits

Budget Brackets	Annual Budget	Public Tenders	Abbreviated Tenders
	(U.S. \$)	(U.S. \$)	(U.S. \$)

	More than	More than	From	To
A	125,864,910	1,695,222	244,481	1,695,222
B	84,019,770	1,459,638	75,848	1,459,638
C	42,009,884	1,023,064	68,253	1,023,064
D	20,988,468	730,313	60,691	730,313
E	4,200,989	511,202	53,097	511,202
F	2,098,847	438,056	45,502	438,056
G	1,258,650	292,092	37,940	292,092
H	420,098	219,110	22,751	219,110
I	125,864	145,963	15,156	145,963
J		73,031	7,742	73,031
Instituto Costarricense de Electricidad (ICE)		11,918,552	157,600	11,918,552
Junta Administrativa del Servicio Eléctrico de Cartago (JASEC)		1,127,615	43,986	1,127,615
Instituto Costarricense de Ferrocarriles (INCOFER)		513,871	39,110	513,871

*Exchange rate used as of April 2019: US\$1=Costa Rican Colones 607

(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 the 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 by registered suppliers from the possibility of appealing to the Comptroller's Office. The procuring entity must handle any complaints from 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 [United States Trade Representative's CAFTA webpage](#).

Five important government entities follow the above-mentioned guidelines: the telecommunications/electricity institute, 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 are the most important Costa Rican Government buyers/contractors and have traditionally been the largest generators of public tenders in Costa Rica. Recently National Railway Institute has been included in these guidelines

CS Costa Rica encourages U.S. manufacturers and exporters of goods and services 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 have contract with a local representative who can lead the registration process with corresponding government entities. Registration will allow the procurement departments of government institutions to invite foreign firms to bid on tenders and to be considered for direct purchases.

Advocacy

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies.

The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Click here for more information: <https://2016.export.gov/advocacy/>

Multilateral Development Banks and Financing Government Sales

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). Please refer to the Project Financing Section in Trade and Project Financing for more information. A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#).

The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Distribution & Sales Channels

U.S. goods and services have a high level of penetration in the Costa Rican marketplace. Purchasing power is concentrated near the capital: 73 percent of the country's 5 million consumers live in the San Jose Metropolitan Area, also known as the Central Valley. The retail distribution sector closely follows U.S. practices. 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 have proliferated, due in part to increased competition from large retail chains such as PriceSmart and Walmart. There are currently five large department store chains, six supermarket chains, and countless small and medium-sized family-owned businesses. U.S.-owned Walmart is the single largest chain, controlling all Mas X Menos, Hipermas, MaxiMercados, and Pali Stores in Costa Rica and the rest of Central America. Other well-known

retailers are Automercados, Perimercados and Megasuper. Rural areas are generally served by "*pulperias*", or family-owned general stores.

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

Distribution channels do not vary significantly among food and 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 readily available in Costa Rica, as the country exports fresh and frozen foods to other Central American and Caribbean countries. Private firms import processed consumer foods, while several wholesalers are dedicated to importing agricultural products. Many companies incur additional costs due to delays at Customs in clearing goods. The food product distribution chain to supermarkets smaller stores is well developed. Some of the larger supermarket chains import directly. However, U.S. firms must consider the need to adapt packaging and labeling requirements to comply with local regulations and registration processes for most consumer goods.

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 possibly even 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, one representative/distributor is often sufficient to cover the entire country.

Selling Factors and Techniques

Purchases by Costa Ricans are generally 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, except for gasoline and diesel at the pump, and public services such as bus fares, electricity rates, and taxi fares. Costa Rica's GDP is \$60.8 billion (2018) and the population is approximately 5 million. To achieve large volume sales, Costa Rica should be considered as a base from which to sell to the larger region of Central America. Costa Rica serves as a regional sales headquarters for Central American and Caribbean markets for several U.S. firms.

Sales catalogs, brochures, and labeled product ingredients, must be translated into Spanish. Payment terms for purchases above \$4,000 are generally carried out through binding 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 standard practice.

Business in Costa Rica 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. exporters should be prepared to travel to Costa Rica periodically, and to follow up with their customers and representatives regularly with phone calls and emails. A patient sales approach is preferred to a "hard sell."

eCommerce

E-commerce continues to increase 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 the 4G structure. The country already enjoys over 179% cell-phone penetration, a high level of educational attainment (99% literacy rate), and a tradition of political stability.

E-commerce has excellent potential in Costa Rica. “Black Friday” in Costa Rica began in 2010. Thousands of buyers still take advantage of the day and purchase online from virtual stores in the United States. E-commerce has spurred the creation of companies where consumers can purchase merchandise from U.S. retailers and transport it to the local market. Delivery times may vary depending on the merchandise and all products imported are subject to local import duties and the local custom regulations on labeling and registration if applicable. E-commerce within the country is an unexploited opportunity since customers still prefer to purchase directly at retail locations.

A trend in e-purchases is buying from wish.com, a Chinese website offering low prices and sent directly to Costa Rican households. The Costa Rican Postal Service (Correos de Costa Rica), has opened new office to deal with a backlog of deliveries due to the overwhelming amount of orders received from Asia.

During 2018, Amazon started shipping directly to Costa Rica, therefore many Costa Ricans are by-passing the Miami-based PO Box services, saving some money and time.

The country passed legislation paving the way for the use digital signatures and certificates. More companies are obtaining digital signatures; they are still not yet commonly used.

The CAFTA-related Intellectual Property Rights law might improve enforcement of Internet-related works. Recent studies have indicated that Internet access still lags in rural areas. 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 a contrast to the relatively open ISP market in the rest of the region. Under CAFTA, Internet service has been opened to competition, but internet speeds are still very low, ranking 98 of 128 monitored countries.

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

- Almafamat de Costa Rica S.A.
- Anditel International AI, S.A.
- Blue Sat Servicios Administrados de Telecomunicaciones S.A.
- Cable Arenal del Lago S.A.
- Cable Caribe S.A.
- Cable Visión de Costa Rica CVCR, S.A.
- Cable Zarcero S.A (Mega Cable)
- Call My Way S.A.
- Claro Costa Rica CR
- Cooperativa de Electrificación Rural de Guanacaste R.L. (COOPEGUANACASTE) Cooperativa de Electrificación Rural de San Carlos R.L. (Coopelesca R.L.)
- Cooperativa de Electrificación Rural Los Santos R.L (COOPESANTOS R.L)
- E-Diay S.A.
- Empresa de Servicios Públicos de Heredia (ESPH)
- GT Guatuso Trust INC. S.A.
- IBW Comunicaciones S.A. (JAPI)
- Instituto Costarricense de Electricidad
- Liberty Latin America (Cabletica)
- Millicom Cable Costa Rica, S.A. (TIGO)
- Netsys C.R. S.A.
- OBCR Orange Business Costa Rica S.A.
- Radiográfica Costarricense S.A.

- Red Punto Com Technologies S.A.
- Redes Inalámbricas de C.R. (REICO)
- San Carlos Wireless S.A.
- Telecable Económico T.V.E. S.A.
- Telefónica de Costa Rica TC S.A.
- Xarxes Networking S.R.L.

Access to Internet was influenced by use of mobile devices. According to the Costa Rica's Superintendence of Telecommunications (Sutel), internet penetration reached 171% by the end of 2018.

According to the Sutel there are estimated 474,000 subscriptions users of (land) Internet services in Costa Rica, representing only about 10.4% of the total population. The wireless fixed internet service experienced a -22 % decrease between 2014 and 2015 (latest figures available).

During 2019, two major events occurred; Liberty Latin America bought Cabletica and increased the internet speeds creating real competition with the other ISP's. The cost today of a 35 Mbps connection is roughly US\$40 per month in Costa Rica as an average. The second interesting event is related to the government using the Telecom social funds to give free internet in many parks all over Costa Rica.

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. The Costa Rican public and private banks offer their clients a variety of services through the Internet. There are a number of websites specializing in marketing products and services via the internet that have emerged. As well as consumer trading sites, including Mercado Libre, a subsidiary of eBay, Clasificados, Rematico.com, Craig List Costa Rica and Locompreaqui.com. The Costa Rican government invested in the new system Mer-Link, an e-bidding website, developed by the South Korean Government now part of another system. The Apple Store is operating in Costa Rica, as well as the Netflix on-demand video store.

eCommerce Web Resources

[Banco Nacional](#)

[Clasificados](#)

[CR Autos](#)

[Craigslist Costa Rica](#)

[ICT \(Costa Rica Tourism Institute\)](#)

[Mercado Libre \(eBay\)](#)

[Rematico](#)

[Scotiabank Costa Rica](#)

[Facebook Marketplace](#)

[Uber Eats](#)

[Go Pato](#)

[OXL](#)

Trade Promotion and Advertising

Costa Rican newspapers are one of the best ways to promote sales. *Diario Extra*, popular mass-market has the largest general circulation, *La Nación* is still the most influential newspaper while the weekly *El Financiero* and daily *La República* are primarily business-focused. *Diario La Teja* and *Prensa Libre* are popular mass-market newspapers, and online outlet *CR Hoy* has seen explosive growth to one million unique visitors a month.

Depending on the target market, advertising is also effective through magazines and online. Organizations such as the Costa Rican-American Chamber of Commerce (AmCham), the Chamber of Commerce of Costa Rica, and other specialized business associations offer possible targeted options for advertising. Please refer to the following links for further information. All sites will be in Spanish unless otherwise noted.

Television Stations:

[Channels 4, 6 & 11 \(Repretel\)](#)

[Channels 7 & 33 \(Teletica Canal 7\)](#)

[Channel 44 \(Multimendios\)](#)

Radio Stations

[Radio Columbia](#)

[Radio Eco News](#)

[Radio Monumental](#)

Print Media:

[Diario Extra](#)

[Periodico El Financiero](#)

[Periódico La Nación](#)

[Periódico La Republica](#)

Online Media:

[CR Hoy](#)

[Prensa Libre](#)

[The Tico Times \(English\)](#)

Economic Publications:

[AMCHAM Business Guide](#)

[Summa Magazine](#)

Other Organizations:

[Chamber of Foreign Commerce \(CRECEX\)](#)

[Costa Rica Chamber of Commerce](#)

Costa Rican Investment Promotion Agency (CINDE)

[Costa Rican-American Chamber of Commerce](#)

[U.S. Commercial Service Costa Rica](#)

Promotora del Comercio Exterior (PROCOMER)

[U.S. Embassy in Costa Rica](#)

Trade Promotion:

In addition to the U.S. Department of Commerce's export promotion programs, CS Costa Rica 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 \(Hotel and Restaurant Show\)](#)

Expo Casa (Design, real estate, financial and Decoration Show)

[ExpoConstrucción \(Construction Show\)](#)

[Expo-Ferretera \(Hardware Show\)](#)

[Expo-Telecom \(Telecommunications Show\)](#)

[ExpoVino \(Wine Show\)](#)

Pricing

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.

* Under CAFTA, more than 80 percent of all U.S. non-agricultural goods and more than 50 percent of agricultural products imported to Costa Rica are duty-free as of January 1, 2009. Products that did not become duty-free at that time continue to have their duties reduced per schedule, as agreed under CAFTA. However, products are still subject to local taxes such as Consumption Tax-DAI- and Value Added Tax.

The Costa Rican Government established a "*Canasta Básica*", a market basket of consumer products considered essential for the traditional household such as: foods, household cleaning supplies, school uniforms, shoes, 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. The most recent changes to the "*Canasta Básica*" were done in March 2019.

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.

Sales Service/Customer Support

Product support and after-sales service is usually provided through a local representative with the support of the U.S. exporter. The support 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 to determine the most cost-effective and efficient product support arrangements.

Protecting Intellectual Property

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 “international copyright” that will automatically protect an author’s writings throughout the world. Protection against unauthorized use in a particular country depends on the national laws of that country. Most countries do offer copyright protection to foreign works under certain conditions, and these conditions are 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 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 U.S. 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 [CS Costa Rica office at the U.S. Embassy’s website](#) provides a list of local lawyers.

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 U.S. Government can provide a political resolution to a legal problem may find that their rights have been revoked. In no instance, U.S. Government advice should be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advised 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, whether to allow your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will not list partners’ names as the IP owner which can result in failing to transfer the rights should the partnership end. Projects and sales in Costa Rica require constant attention.

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:

- Biotechnology Innovation Organization (BIO)
- International Anti-Counterfeiting Coalition (IACC)

- International Intellectual Property Alliance (IIPA)
- [International Trademark Association \(INTA\)](#)
- National Association of Manufacturers (NAM)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- [The Coalition against Counterfeiting and Piracy](#)
- [The U.S. Chamber of Commerce](#)

IP Resources

A large amount of information on protecting IP is 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 visit [StopFakes.gov's website](#).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the [U.S. Patent and Trademark Office \(USPTO\)](#) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the [U.S. 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 [STOPfakes.gov's webpage](#).
- For US small and medium-size companies, the Department of Commerce offers a [SME IP Advisory Program](#).
- For information on obtaining and enforcing intellectual property rights and market-specific IP toolkits visit [STOPfakes.gov's webpage](#). This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. and 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.

Due Diligence

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 Commercial Service at the U.S. Embassy offers a background report service called the International Company Profile (ICP). The profile 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

Obtaining competent local legal representation is a critical step in starting a business, buying or selling real estate, applying for resident status, or making any type of significant investment in Costa Rica. Costa Rica's legal system (based on Roman law) is considerably different from the United States legal system (with its roots in English common law).

The language differences present opportunities for serious miscommunications, 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. For more information on legal, accounting, product registration, transportation, or

storage services, please see the [Business Service Providers Section](#) of the English version of the CS Costa Rica's website. (<https://2016.export.gov/costarica/businessserviceproviders/index.asp>)

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

Web Resources

U.S. Government:

U.S. Commercial Service: <https://www.buyusa.gov/>

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

U.S. Consular Section: <https://cr.usembassy.gov/embassy/sanjose/sections-offices/consular-section/>

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

U.S. Food and Drug Administration: <http://www.fda.gov>

CAFTA-DR:

U.S. Trade Representative:

<https://ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>

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

U.S. Department of Agriculture: <http://www.fas.usda.gov/data/cafta-dr-free-trade-agreement>

Investment Promotion Services:

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

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

CINDE : <https://www.cinde.org/en>

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

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

International Chamber of Commerce: <http://www.icccostarica.com>

Leading Sectors for U.S. Export and Investment

Agriculture

Corn

Overview

Unit: Metric Tons

	2017	2018	2019 (estimated)	2020 (estimated)
Total Market Size	858,000	899,000	907,000	915,000
Total Local Production	10,000	10,000	7,000	5,000
Total Exports	0	0	0	0
Total Imports	848,000	889,000	900,000	910,000
Imports from the U.S.	786,613	887,937	890,000	900,000
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 reached a value of \$174.9 million in 2018, up from \$162.6 million in 2017. Total import volume increased 4.8 percent during the same period. The volume is expected to continue increasing to satisfy a growing population and economy. Most corn imported by Costa Rica is yellow corn used in animal feed production. A smaller volume of white corn is imported for tortilla and corn flower production. The U.S. competes with South America in the Costa Rican market, although it has been able to maintain the largest share of the market. Brazil exported 60,300 MT to Costa Rica in 2017. Lower prices offered by South American suppliers occasionally results in a loss of market share.

Sub-Sector Best Prospects

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 as a result of lower domestic production.

Opportunities

The market for corn is expected to grow in the future as a result of growing local demand for animal feed. Local corn production is very small, and the local poultry and dairy sectors continue to drive import growth.

Web Resources

Cámara de Industriales de Alimentos Balanceados
ciabcr@racsa.co.cr

Foreign Agricultural Service
agsanjose@fas.usda.gov

Soybeans

Overview

Unit: Metric Tons

	2017	2018	2019 (estimated)	2020 (estimated)
Total Market Size	309,960	312,663	315,000	320,000
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	309,960	312,663	315,000	320,000
Imports from the U.S.	309,901	312,659	315,000	320,000
Exchange Rate: 1 USD				

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

Data Sources:

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

The volume of soybean exports to Costa Rica increased marginally in 2018. Import value declined slightly from \$127.6 million in 2017 to \$126.1 million in 2018. The U.S. has maintained almost 100 percent market share since 2016. South American exporters occasionally enter the market depending on prices and other market conditions. Soybean meal imports have increased over the last few years; soybeans are imported mainly for meal. Soybean oil is sold primarily in the local market and is also 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

Imports of soybean meal from the United States reached a record level in 2018. Soybean meal exports amounted to \$39.7 million as compared to \$19.5 million the year before.

Opportunities

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

Web Resources

Cámara de Industriales de Alimentos Balanceados

ciabcr@racsa.co.cr

Foreign Agricultural Service

agsanjose@fas.usda.gov

Wheat

Overview

Unit: Metric Tons

	2017	2018	2019 (estimated)	2020 (estimated)
Total Market Size	280,000	256,000	260,000	270,000
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	280,000	256,000	260,000	270,000
Imports from the U.S.	134,552	114,356	120,000	130,000
Exchange Rate: 1 USD				

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

Data Sources:

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 declined 8.6 percent to 256,000 MT in 2018. Total import value reached \$68.8 million in 2018, down from \$70.9 million in 2017. The value of wheat imports from the United States reached \$30.5 million, down from \$33.7 million in 2017. Canada continues to compete with the U.S. for market share. Canadian wheat exports to Costa Rica declined from 145,332 MT in 2017, to 141,644 MT in 2018. Canada has become a strong competitor in the wheat market 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.

Web Resources

Molinos de Costa Rica, S.A.

ftortos@mocrisa.com

Fábrica de Harinas de Centroamérica, S.A.

www.molinosmodernos.com

Foreign Agricultural Service:

agsanjose@fas.usda.gov

Fresh Fruits

Overview

Unit: Million U.S. \$

	2017	2018	2019 (estimated)	2020 (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*	2,099	2,126	2,000	2,100
Total Imports	87.0	86.7	88.0	90.0
Imports from the U.S.	18.6	19.5	21.0	23.0
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 \$86.7 million in 2018, slightly lower than the \$87.0 million imported in 2017. The United States exported \$19.5 million, up from \$18.6 million, an increase of 4.8 percent from the previous year. The leading fruit imports from the United States were apples (\$10.2 million), grapes (\$4.0 million), pears (\$1.9 million), peaches and nectarines (\$1.2 million). Chile enjoys duty free access to the Costa Rican fruit market and is thus a major competitor with the U.S.

The United States and Chile export almost the same products to Costa Rica, but during different seasons. Chile exported \$26.1 million worth of fresh fruits in 2018 to Costa Rica. 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

The best prospects under this category are grapes, apples, pears, peaches and nectarines, plums and cherries. There are market opportunities for kiwis and avocados as well.

Opportunities

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

Web Resources

Frutas del Mundo (Corporación INTERFRUTD)

www.interfrutd.com

Fruta Internacional, S.A.

frutaint@racsa.co.cr

<http://www.frutainternacional.com>

Foreign Agricultural Service

agsanjose@fas.usda.gov

Processed Fruits and Vegetables

Overview

Unit: Million U.S. \$

	2017	2018	2019 (estimated)	2020 (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	143.8	133.2	135	140
Imports from the U.S.	57.2	62.5	64	67
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 \$133.2 million in 2018, 7.4 percent lower than in 2017. The United States exported \$62.5 million in 2018, a 9.3 percent increase from the previous year. 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 (\$12.2 million), China (\$9.9 million), Guatemala (\$8.8 million), and Mexico (\$6.2 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. Increased competition is expected following free trade agreements with China, the European Union, Peru, and Colombia. Central American countries also enjoy duty-free access to the Costa Rican market.

Sub-Sector Best Prospects

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

Opportunities

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.

Web Resources

Foreign Agricultural Service
agsanjose@fas.usda.gov

Snacks

Overview

Unit: Million U.S. \$

	2017	2018	2019 (estimated)	2020 (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	170.3	171.6	173	178
Imports from the U.S.	46.8	45.1	46	48
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 0.8 percent to \$171.6 million during 2018. U.S. exports of snack foods to Costa Rica totaled \$45.1 million in 2018, 3.6 percent lower than 2017. Imports of snacks have grown rapidly during the last 5 years.

Imports of snack foods from the United States are expected to increase to \$48 million in 2019 due to lower tariffs and the expected level of economic growth.

Although the U.S. is facing increased competition in this sector after the signing of free trade agreements with Chile, Canada, Mexico, China, the European Union, and Colombia, prospects for U.S. exports in this sector remain very good. Competing products are imported mainly from Mexico and Central America (Guatemala and El Salvador), but also from Colombia, Peru, Chile, and Europe on a smaller scale.

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

Sub-Sector Best Prospects

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

Opportunities

Under CAFTA, the tariff on snacks will decline over time to zero, thus providing increased market access to U.S. products. Some snack categories are already at zero, others will reach zero in the coming years.

Web Resources

CACIA (Costa Rican Food Industry Chamber)

<http://www.cacia.org>

Foreign Agricultural Service

agsanjose@fas.usda.gov

Automotive Parts, Accessories and Service Equipment

Overview

Table 2: Costa Rica Automotive Parts Manufacturing Data (Millions of U.S. Dollars)

	2018	2019	2020	2021
			(estimated)	(estimated)
Total Market Size	246	210	220	221
Total Local Production	88	85	90	92
Total Exports	194	183	185	188
Total Imports	352	308	315	317
Imports from the U.S.	98	81	83	85
Exchange Rate	575	603	610	620

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 manufacturers

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. Projected exchange rate for 2019 and 2020.

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, seat covers and tires. Major U.S. competitors in this sector are China, Japan, Mexico, South Korea, in that order.

During 2019, China for the first time is in first place alongside the U.S., both with 26% of the market of Auto Parts imports into Costa Rica.

Total imports in this sector decreased in conjunction with a general slowdown in the Costa Rican economy. Most people have kept their existing vehicles due to economic uncertainty. Imports from last year decreased 21%, however it is expected to grow again through 2020-2021 as the economy recovers.

Even though Costa Rica is an attractive market for auto parts, with poor road infrastructure and heavy traffic, it offers a wide selection of options. It is mostly a price-driven market.

The surge on the imports of used low cost vehicles from Asian countries over the last years led to a growing increase in auto parts imports from China. Industry sources indicate that U.S. share of the import market is expected to decline as competitive pressures rise.

Leading Sub-Sectors

The number of cars in Costa Rica has more than doubled since 2006 to an automotive park of 1,794,658 vehicles registered up to Feb. 2018.

1,166,042 (65%) corresponds to automotive vehicles; 589,037 motorcycles (33%), 20,918 Micro Buses (1%) and 9,661 Buses (0.5%).

The average age of a Costa Rican car is 16 years with 2003 models.

Used Vehicles

Most used vehicles imported to Costa Rica come from the United States. The attractiveness of buying a used car previously used in the United States is closely related to how cars in the US have many features that new cars sent to Costa Rica are lacking. Additionally, the purchasing price is very competitive and due to the good driving conditions in US roads, most cars still have lots of miles to roll in Costa Rica.

Lately, new cars have been increasing their participation in the automotive market in Costa Rica, with support from the local banking system with financing for 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.

Additionally, during 2019, a new regulation in place by the Costa Rican customs requires checking VINs and is not allowing many cars that have been used as police cars, rentals and others. The Association of Importers of Used Vehicles (CCA) has been against this regulation as is not only stopping the imports of totaled cars but of many other categories of titles that do not cause any danger to Costa Rican users.

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 successful U.S. sales of these products. In recent years, Chinese-made products have emerged as an alternate option for the Costa Ricans when importing auto parts

Electric Vehicles and Chargers

Costa Rica is the first Latin American country to sign a law incentivizing the purchase of electric vehicles (EV). On January 25 of last year, Costa Rican President Solís signed a law to promote the adoption of electric vehicles through many tax breaks and other incentives. The Ministry of Environment and Energy (MINAE) put regulations in place to implement the law. Currently, out of the roughly 1.3 million automobiles in Costa Rica, only 750 are 100 percent electric. The government projects that this number will grow because of the law's incentives and that by 2035 Costa Rica will have over 100,000 electric cars on the streets.

The new law establishes many incentives for the purchase of EVs. The law waives many taxes and duties for imported EVs based upon the value of the vehicle. The exemptions will be applied on a progressive basis, such that a vehicle that costs \$40,000 would get the full exemption for the first \$30,000 and the intermediate exemption on the remaining \$10,000. Press reports estimate that EV buyers could save between \$5,000 and \$10,000 based upon these incentives. Beyond the initial tax benefits, EV owners will also benefit from tax exemptions for replacement parts, free parking at public parking meters, and the vehicles will not be subject to driving restrictions to reduce traffic. Any companies that decide to manufacture EVs in Costa Rica will be able to import assembly and production equipment tax free.

Opportunities

Since the ratification of CAFTA-DR, U.S. suppliers are now 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 were gradually reduced to zero import taxes over a period of 10 years.

Opportunities will be opening in other areas such as electric vehicle chargers, battery replacement batteries and servicing for electric vehicles.

Web Resources

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Association of Importers of Auto Parts – ACIRA
ajsauma@autosasa.com
echacon@europartesvega.com

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

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

Movilidad Electrica (Organization) – Electric Mobility Advocate
info@costaricalimpia.org

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

Construction Equipment

Overview

Table 3: Costa Rica Construction Equipment Manufacturing Data (Millions of U.S. Dollars)

Year	2015	2016	2017	2018	2019 (estimated)	2020 (estimated)
Total Market Size*	84	82	91	72	79	83
Total Local Production	12	13	12	10	12	12
Total Exports	6	8	7	6	8	8
Total Imports	78	77	87	68	75	79
Imports from the U.S.	27	30	22	19	22	23

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports); Data Source: Costa Rican Customs Directorate

The world economic downturn in the late 2000's brought a dramatic halt to a previously flourishing construction sector. In recent years the sector has begun to recover, and estimates project growth in 2020 after a slow period in late 2018 and early 2019

Leading Sub-Sectors

The construction equipment with market potential in Costa Rica includes tractors, backhoes, shovel loaders, asphalt and concrete mixers, and dump trucks. U.S. construction equipment enjoys an excellent reputation in the Costa Rican market due to its high quality, the availability of spare parts, maintenance and repair services through dealerships, competitive pricing, and reliable ocean and air shipping services.

The building materials market has been shifting toward local materials, and imports continue to fall. The higher cost of imported building materials has fueled the increase in local production.

Opportunities

In 2017 there was a marked increase in imported construction equipment. Construction of roads and highways during the pre-electoral period compensated for the decline of residential construction which fell 17% during 2017, resulting in an overall decline of 2.2% last year for the construction sector.

Despite a drop in 2017, the construction industry has been growing at a steady pace. According to the CFIA (The Costa Rican Association of Engineers and Architects), in 2014 the construction industry grew by 8.1%. In 2015, the total area under construction grew 12%. In 2016 construction area increased by 13%, primarily due to residential and commercial increases. The construction sector increased by 10.3% during 2018 supported in private sector construction dynamism. The performance of the sector is expected to continue

improving for the remainder of 2019 due to increased government investment mainly in highways and other infrastructure projects taken as priority in the new government administration.

The United States is the second largest supplier of construction equipment to the Costa Rican market. 2018 import figures show that U.S. construction equipment constitutes \$19 million of the total \$72 million, a 19% market share. For 2019, U.S. imports to Costa Rica are expected to reach \$22 million, which will represent a 29% market share. Major third-country competitors are Brazil (30% market share), China (9% market share), Japan, South Korea, Sweden, the U.K., Italy and Germany.

Opportunities exist across a range of residential construction sub-sectors in Costa Rica. 2019 residential construction is projected to increase due to new financing opportunities offered by public and private banks. This will increase the overall performance of the construction sector in Costa Rica. Construction credits have emigrated from U.S. dollar loans to local currency due to the risk of devaluation as result of changes during 2018.

A good opportunity for U.S. companies in Costa Rica is the *Expo-Construcción* trade fair, which takes place in mid-February every year. The coming 2020 fair will host several international companies, generating both global and regional appeal. For additional information contact Mr. Mauricio Obando at the Chamber of Construction at: camara@construccion.co.cr

Concessions Overview: A Demand Pull-through for Construction Equipment

The Government of Costa Rica uses the Public Works Concession Law for the development of large infrastructure projects. These projects include: roads, highways, bridges, airport modernization, port improvement, rehabilitation of the railroad system, and water-wastewater systems, among other projects. The projects are offered to private local and foreign companies and consortiums through a public bidding process under the BOT (build-operate-transfer) concession scheme, as stipulated in the Public Works Concession Law.

A goal of the Alvarado administration (2018-present) has been to revise the concession law to correct its loopholes in which companies can overcharge the Costa Rican government for design, construction, and operation of different projects. In late 2017 the Costa Rican government issued a new regulation that allows Public- Private Alliances. This is expected to be widely supported, increasing investment in different infrastructure projects.

The Costa Rican Government, with COCESNA (Regional Aviation Authority), has started the process of building a new airport in Orotina, to serve the Greater San Jose Metropolitan Area. Construction was expected to start in 2022. Meanwhile, the government and current Juan Santamaría International (SJO) administrator, AERIS, will invest to improve current infrastructure to facilitate increasing tourism and cargo needs in the main international airport of Costa Rica. New Alvarado administration have changed priority on this project however many sectors like tourism and exporters have stated their concerns to delay this investment.

The concession tender to build a new port in Moin (Limon Province) was issued in 2010. This port project has an estimated total cost of \$1 billion, and construction began in 2015. Although the project was granted to the Dutch-based based company APM Terminals, U.S. companies have been able to participate in subcontracts on this project. The new port terminal began operations in February 2019. New initiatives to improve port capabilities have been announced for the Atlantic coast which includes a new cruise terminal for Limón.

The Ministry of Public Works and Transportation has announced that it will be using new public tenders for the construction of several roads. One such project is the planned improvement of the portion of the Pan-American highway from San José to San Ramón. The total cost is \$65.7 million. Funding will come from a trust

created jointly with Banco de Costa Rica. During May 2019 has been announced changes in the toll collections to allow this trust starting investments.

U.S. Foreign Commercial Service Costa Rica has implemented the Deal Team initiative to help U.S. companies interested in participating in these infrastructure opportunities by providing market intelligence and support to connect with other interested companies and U.S. financial agencies.

Web Resources

Cámara Costarricense de Hoteles (Costa Rican Chamber of Hotels)

Consejo Nacional de Concesiones (National Concessions Council)

[Costa Rican Chamber of Construction](#)

[Costa Rican Customs Directorate](#)

Ministry of Public Works and Transportation

[U.S. Commercial Service Costa Rica](#)

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Cosmetics

Overview

	2014	2015	2016	2017 Estimated	2018 Estimated
Total Market Size	197.61	211.86	219.11	236.06	253.47
Total Local Production	14.70	16.50	17.11	18.47	19.86
Total Exports	2.94	10.83	11.99	13.27	14.70
Total Imports	185.85	206.19	213.99	230.87	248.30
Imports from the U.S.	31.61	39.35	42.02	48.04	55.39
Exchange Rate: 1 USD	534	538	570	690	720

Data in millions of US Dollars

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

Data Sources:

Total Local Production: Industry sources

Total Exports: Industry sources

Total Imports: Costa Rican Customs Directorate

Imports from U.S.: Costa Rican Customs Directorate

This market study includes cosmetic products listed in chapters 33 and 34 of the Harmonized System. The products included in this study are the ones listed below:

Tariff Number	Description
3303.00.00.00	Perfume and Toilet Waters
3304.10.00.00	Lip Make-up Preparations
3304.20.00.00	Eye Make-up Preparations
3304.30.00.00	Manicure or Pedicure Preparations
3304.91.00.00	Beauty or Make-up Preparations
3305.10.00.00	Shampoos

3305.20.00.00	Permanent Waving or Straightening
3305.30.00.00	Hair Lacquers
3306.10.00.00	Dentifrices
3306.20.00.00	Dental Floss
3307.10.00.00	Pre-shave, Shaving or After-shave
3307.20.00.00	Deodorants and Antiperspirants
3307.30.00.00	Bath Salts and Other Bath Preparations
3401.11*	Soaps
3304.99.00.00	Other Make-up Preparations
3305.90.00.00	Other Capillary Preparations

According to Costa Rica's Ministry of Foreign Trade, imports of cosmetic products have increased in recent years. The consumer habits of Costa Ricans are becoming more complex due to an increased awareness of aging processes. Costa Ricans are investing more in premium products and services.

It is expected that this sector will continue to grow due to the Costa Rican population's demand for personal care products. U.S. imports of cosmetic products increased from 2016 to 2017, but Mexico continues to dominate the Costa Rican cosmetic market with 34% of total imports in 2017. Mexico is followed by the U.S. with 21% and Colombia with 16%. Guatemala and Colombia have also become important competitors within the Central American region, due to sustained development in the cosmetic sector and recent free trade agreements.

Within Costa Rica, mass consumption products account for 80% of the entire cosmetic product market. Premium and high-end products account for the other 20% of the market. Profit margins for high-end products are between 50% - 100% for distributors. Beauty salons' profit margins often exceed 100% for products used in hair treatments such as tints, keratin, etc. Roughly 70% of cosmetic sales are made within the Central Valley, in the greater San Jose Metropolitan Area. The remainder of cosmetic sales are made in rural areas, of which the top three locations are Guápiles, Perez Zeledón and Puntarenas.

The distribution channel for professional products includes approximately 4,000 beauty salons in the Greater Metropolitan Area (GMA). Around 200 of these salons sell high-end products while 3,000 are smaller spas that only sell mass consumption products. There are also approximately 1,000 professional spas of which 100 are premium spas, 200 are small spas, and 700 are independent estheticians. Professional products can also be found in pharmacies (approximately 1,000 in Costa Rica). Dermatologists and plastic surgeons recommend the products purchased in pharmacies. Mass consumption products are distributed in big box stores such as Walmart, PriceSmart, retail stores, discount stores, pharmacies and through catalogs.

The prices of perfumes vary according to brand. Premium perfumes such as Jean Paul Gautier and Gucci range from \$150-\$200. Mass consumption perfumes and splashes, usually generic brands that are

manufactured in China, range from \$12-\$20. Professional shampoos cost between \$50-\$80, while mass consumption shampoos cost between \$6-\$10. Mass consumption make-up products cost between \$4-\$10, while high-end and premium make-up products cost between \$20-\$70.

Even though Costa Rica has a high demand for cosmetic products, there are some disadvantages in terms of market accessibility. Costa Rica is a competitive market that is very price sensitive. Minimum quantities can be an issue due to the proportion of the Costa Rican sector and the market share of other countries' products. Product registration has been an obstacle for U.S. companies trying to access the Costa Rican cosmetics market. The main issue with product registration is the requirement by the Costa Rican Health Ministry to obtain a Certificate of Good Manufacturing Practices or License of Operation, which must be issued to the manufacturer by either the government or a trade association.

The registration process additionally requires a power of attorney (in Spanish) to allow a third party to sign in the name of the foreign company, and to specify a person who will be responsible for sanitary registration when importing and selling the product in Costa Rica. Finally, a clarification letter is required, certifying that the respective company is the manufacturer of the product that will be exported to Costa Rica. In some cases, the Ministry of Health will accept the Manufacturing License of Operation that is issued by the respective state's Municipal License emitting office, in place of the Good Manufacturers Practices document.

Sub-Sector Best Prospects

The local market has always been very receptive to purchasing from U.S. companies due to their excellent reputation, prestige, and quality guarantee. Statistics demonstrate how American-made makeup products, perfumes, and soaps have great recognition in the Costa Rican cosmetic market.

Makeups include eye makeup preparations, lip makeup, compact powders, mascara, and others. Perfumes include splashes and toilet waters. These categories along with soap are in high demand in the local market with prices depending upon the type of buyer.

Opportunities

Because Costa Rica's local production is not significant, most of the cosmetic products sold in the country are imported. Furthermore, the class distribution means that the top 20% of the population can afford premium products, whereas 80% of the population will only buy mass consumption products. It follows that 20% of the cosmetics market consists of premium products and the other 80% is made up of products for mass consumption.

Actual consumption patterns demonstrate a tendency to acquire a diversity of products such as oils, keratin, and capillary and facial treatments. This is a market opportunity among high-end products. This line of products is very attractive to suppliers and distributors due to the large profit margins. Meanwhile in the mass consumption market, there are opportunities because of the active commercialization of these types of products in Costa Rican discount stores.

Additionally, U.S. companies have an advantage to commercialize in Central America, especially Costa Rica, because of the benefits under the CAFTA-DR free trade agreement with the U.S. Under this agreement almost all cosmetic products import duties have been significantly reduced.

	With CAFTA	Without CAFTA
Perfumes and Toilet Waters	13%	29.95%
Make-Up	13%	29.95%

Soaps	14.81%	24.30%
Hair Products	46.9%	63.85%

Web Resources

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CS Costa Rica office: <http://www.export.gov/costarica>

Costa Rican Customs Directorate Website: www.hacienda.go.cr

Costa Rican Ministry of Health: <http://www.ministeriodesalud.go.cr/>

Franchising

Overview

General Distribution of Franchises in Costa Rica

Distribution	Quantity	Percentage
International	266	76%
National	83	24%
Total	349	100%

Data Sources:

Chamber of Commerce of Costa Rica

Based on a Costa Rican Chamber of Commerce study, the Costa Rican franchise sector has grown significantly in the last few years. In 2017, this sector grew 9 percent from 2016. As shown in the table above, there are a total of 349 franchises operating in the country, of which 266 are international and 83 are domestic. 54 percent of the foreign franchises present in Costa Rica come from the United States, representing a decrease of 9 percent from 2016. Increasing franchise development provides opportunities for small and medium sized companies to expand.

For international franchises, the duration of the contract is typically greater than 10 years, in this situation is 62% of the total of the franchises identified. It should be noted that for 15% of franchises, contracts range from 5 to 9 years.

In the past few years, franchises have reached a total of 2,917 establishments throughout the country. This has generated a lot of employment in Costa Rica. In 2017, the franchise sector produced 31,741 new jobs. The franchise sector has greatly contributed to the Costa Rican economy, earning more than \$250 million in the last decade. Sales are as important as the impact of investments.

Sub-Sector Best Prospects

With regard to international franchise sectors, fashion ranks the highest with 39% of the market, followed by the food sector with 20%. Specialized service is the third largest sector of international franchises, making up 18% percent of the market. The remainder of the market is comprised of health, education, and commercial retail centers, among other types of franchises.

Generally, the main areas in which franchises are established are in western suburbs of San Jose, in cities such as Escazú and Santa Ana. Malls and other commercial centers are also the home to many franchises. This has led to the construction of new malls toward the East of San Jose.

Opportunities

Costa Rica takes second place after Guatemala in franchising sector growth within the Central American region. The Chamber of Commerce of Costa Rica and public banks support franchising. Both offer assistance with legal issues in addition to providing financing and consulting services.

Web Resources

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<http://www.export.gov/costarica>

VIII Study of Franchises in Costa Rica by the Chamber of Commerce of Costa Rica 2017:

www.centralamericadata.com/docs/EstudioFranquiciasCRNov2017.pdf

Solar Energy Products

Overview

Unit: Millions of US\$ Dollars

	2017	2018	2019	2020 (estimated)
Total Market Size	14.1	16.7	15.3	15.9
Total Local Production	0.3	0.4	0.3	0.4
Total Exports	0.2	0.7	0.4	0.5
Total Imports	14	17	15	16
Imports from the U.S.	3.9	4.1	3	3.5
Exchange Rate: 1 USD	576	610	602	615

Data in millions of US\$ Dollars.

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

Data Sources:

Total Local Production: Estimated. Industry sources

Total Exports: Costa Rican Customs Directorate

Total Imports: Costa Rican Customs Directorate

Imports from U.S.: Costa Rican Customs Directorate

Local production of energy equipment is limited to small products needed for solar panels and water installation, such as cables, metal tubing, some valves and metal water tanks. Chinese products currently account for 49% of the total market. The US is second with 20% of the market followed by several smaller competitors, mainly from Asia. These include Hong Kong (China) (8%), Singapore (3%), Taiwan (3%). There are also imports of solar products from Central America, but these tend to be re-exports from other Asian countries.

U.S. exports decreased from \$4.1 million to \$3 million, but the general total solar market decreased as well due to a general slowdown in Costa Rican economy.

Exports from Costa Rica are also of imported products from other countries. Most companies selling solar systems are assembled Asian solar panels with some U.S. made components.

Statistics are based on the following harmonized codes: 8419.19, 8541.40, 8541.90, 8502.40, 8535.21, and 8507.20.

Industry sources indicate that total imports in this sector are expected to have a minor increase in 2020 over the previous year to about US\$16 million. The Costa Rican government approved in 2016 a new regulation which allows individuals and companies to produce solar energy (up to 15% of the users per district) and sell up to 49% of their excess production back to the grid. The consensus within the solar energy products industry is that the sector will grow at an annual rate of 5-10 percent from 2020-2021

Sub-Sector Best Prospects

The following are the best prospects sub-sectors for the U.S. solar energy products:

- Components of Solar Water Heaters:
8419.19 - Storage water heaters, nonelectric
- Components of Solar Panels:
8502.40 - Electric rotary converters
8507.20 - Lead-acid storage batteries other than of a kind used for starting piston engines or as the primary source of power for electric vehicles
8535.21 - Automatic circuit breakers:
8541.40 - Photosensitive semiconductor devices; Light emitting diodes
8541.90 - Parts of diodes, Transistors or photosensitive semiconductor devices

As mentioned before, there is no significant local production of solar energy products in Costa Rica. The Costa Rican energy generation matrix for 2018 is composed of 74,4% Hydro, 12,7% Geothermal, 10,3% Wind, 1,88% Thermal, 0.7% Biomass and 0.01% Solar.

Most of these products do not pay import taxes, but taxes can also be exonerated by the end-user through the Costa Rican Ministry of Finance. High quality, reliability, durability, favorable prices, good maintenance service, and timely delivery are the main factors for increasing U.S. sales in the solar energy products sector.

Opportunities

Based on the projections made by the Costa Rican Ministry of Environment and Energy (MINAIE), the participation of solar energy in Costa Rica for 2030 will reach 1.3%, the hydroelectric market will increase to 80%, followed by geothermic energy that will account for a total of 10.6% of the total energy production. According to the Costa Rican Institute of Electricity (ICE) and the Costa Rican National Power and Light Company (CNFL), both government entities, the target market for solar energy in Costa Rica are households or companies that consume between 200kw/h and 3,000kw/h.

ICE and CNFL have been installing photovoltaic systems. ICE successfully ended a program to install energy photovoltaic systems for a total of 10MW back in 2015. By the end of 2013 it had 2,559 systems installed in homes, 649 systems installed for community activities, and 132 systems installed in conservation areas. A significant quantity of the solar energy panels that have been installed by ICE are located in rural areas where electric energy networks are hard to install.

Last year, Solar Energy International opened a training facility for Solar Energy products installation in Costa Rica: <https://www.solarenergy.org/sei-opens-first-international-solar-training-center-costa-rica-enroll-today/>

Web Resources

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

Costa Rican Association of Solar Energy -ACESOLAR
<http://www.acesolar.org>

Costa Rican Association of Energy Producers -ACOPE
<http://www.cope.com>

Public Services' Regulating Authority - ARESEP
<https://aresep.go.cr/>

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

Expo Solar 2018
<https://www.facebook.com/events/406328503161722/>

Customs, Regulations and Standards

Trade Barriers

There are no significant trade barriers affecting the entry of most goods and services into Costa Rica. The country continues to unify and lower its tariffs in compliance with its commitments to Central American neighbors, [World Trade Organization](#) obligations, and tariff reduction schedules under CAFTA-DR. Costa Rica is a member of the Cairns Group of agricultural exporters (group of countries seeking more market access and less customs protection for domestic agricultural production). This position has critics within Costa Rica's agricultural sector. Opponents of free agricultural trade occasionally attempt to block imports of some domestically sensitive items, such as rice, potatoes, and onions. The Ministry of Agriculture enforces strict sanitary controls on imports of agricultural products. For instance, the market for U.S. potatoes was closed in 2013 and reopened in 2016 after almost three years of negotiations.

The main issues related to non-tariff trade barriers are found in the process of registering pharmaceutical and cosmetic products. The Costa Rican government requires a Good Manufacturing Practices Certificate which is not issued in most states in the United States. The manufacturer needs to invest time finding the right entity that can add the information required by the Costa Rican government as part of the Free Sales Certificate. In certain cases, a U.S. company can be exempted by proving that their state of residence is unable to provide the certificate. There is an exception for members of the U.S. Council of Cosmetic Products, an association that only issues this certificate to their members.

Import Tariffs

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), took effect in Costa Rica on January 1, 2009 and immediately eliminated tariffs on 80 percent of U.S. exports.

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 intended for official use by central or local governments. Certain basic products (staple foods, school uniforms, etc.) are exempt .

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, with a five-year partial exemption on EV's); and some domestic appliances, such as domestic refrigerators (ranging from 30 to 40 percent).

Certain imports are also subject to Central Bank surcharges. The surcharges are generally paid on goods that are also manufactured in Costa Rica or in other parts of Central America, unless purchased by the Central Government or local municipalities. The goods would be tax exempt if purchased by local municipalities. The one-percent surcharge formerly imposed on raw materials for human consumption has been eliminated for imports from CAFTA-DR countries.

Duties and taxes are calculated as followed:

Table 17 – Costa Rica Import Tariffs Data

Import Requirements and Documentation

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 of Costa Rica](#) 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) and be registered with the Ministry of Health. Food products require registration when

Tariff	Tariff amount
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, ad valorem duty, and selective consumption tax.
Surcharge (Law 6966)	1%; One percent levied on the CIF (cost, insurance, freight) value only; (Eliminated for imports from CAFTA countries)

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, regulations require that imported biomedical equipment and materials be registered with the Ministry of Health. Under local sanitary registry regulations all dietary supplements and natural medicinal products should be registered with the Ministry of Health before being sold in Costa Rica. According to these regulations, all dietary supplemental products containing vitamins and minerals must meet a predetermined quantity of each ingredient that falls within the minimum-maximum quantities found in Tables 1 and 2. Table 1 (Annex 1 of the RTCA 436-2009) corresponds to 20% of the U.S. RDI, and Table 2 (Annex 2 of the RTCA 436-2009) is a table of values obtained from different regulatory agencies including IADSA, FNB and EC SCF.

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

Under CAFTA-DR, Costa Rica must apply the science-based disciplines of the WTO Agreement on Sanitary and Phytosanitary Measures. Costa Rica also guarantees equivalence to all factories inspected by USDA's Food Safety Inspection Service. As a result of the agreement, beef, pork and poultry products from federally inspected factories are allowed to enter the country. Costa Rica requires exporters of U.S. dairy products to register with the Animal Health Service Department of the Ministry of Agriculture and to submit questionnaires that require a substantial amount of company specific information. Also, Costa Rican Plant Health authorities are increasingly enforcing pesticide residue regulations by increasing the number of chemical molecules tested on different fresh fruits, vegetables, and grains. Increased testing has resulted in the rejection of shipments of rice, fruits and potatoes.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce's Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively "items") falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS's Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA's Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. [OTE's data portal](#) provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (*i.e.*, the item's classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at www.bis.doc.gov or by contacting the Office of Exporter Services at the following numbers:

Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322

Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347

Further information on export controls is available at:
<http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. Also, BIS has "Know Your Customer" guidance. BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Check a [current seminar schedule](#) for a list of upcoming seminars. BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR. The EAR is available on the BIS website. And on the e-CFR ([Electronic Code of Federal Regulations](#)) website.

The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The CSL is available here: <http://apps.export.gov/csl-search> or <https://developer.trade.gov/consolidated-screening-list.html>.

Temporary Entry

Temporary entry of raw materials, intermediate products, components used in goods intended for export, 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 statute, the government does not consider imported goods to have entered Costa Rican customs territory. The initial investment must be at least \$150,000 for an investment inside FTZ or \$2 million outside FTZ. The companies typically involved in Free Trade Zone regimes are: processing, trading, and service companies. Under the Regime of Active Finishing, duties on imports for exported goods 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 by applying to the Ministry of Foreign Trade (COMEX).

FTZ benefits have been extended through negotiations with WTO authorities.

Construction equipment, sound or film equipment, commercial samples of significant value, etc. may be granted temporary entry by customs. Temporary entry is contingent on the payment of 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. Hiring a customs broker for this process is highly recommended.

For more information please refer to [Export.gov's Costa Rica Business Service Provider list](#).

Labeling /Marking Requirements

There are no general requirements in Costa Rica for marking the origin of general merchandise. However, Costa Rican food labeling regulations incorporate the Codex Alimentarius standards 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 also 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. Exporters should check with their importers, who are ultimately responsible for complying with local regulations. In the case of dietary supplements, the label should comply with the requirements of food supplements regarding the information of vitamins and minerals.

Prohibited & Restricted Imports

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. Also, the import of used shoes is prohibited and recently used clothing has been subjected to labeling regulations. 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 was imported. The deposit is refunded upon re-export of the equipment.

Customs Regulations

Costa Rican customs procedures are complex and bureaucratic. Recent improvements, such as electronic "one stop" import and export windows, known as Single 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 the [Directorate General of Customs of Costa Rica's webpage](#).

In regard to documentation, Costa Rica only requires commercial invoices, bills of lading, and airway bills for the entry of goods. Mail shipments require only postal documentation. Bulk agricultural products require phytosanitary certificates. Imports of cosmetics, pharmaceutical, vitamin supplements, 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 upon presentation 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 more than six months for approval. However, the Ministry is working toward reducing this timeframe. Improvement in the registration process is expected during 2019. Gobierno Digital, the government office in charge of managing the electronic system for government purchases, has implemented a new electronic platform for digital registration of products. registrelo.go.cr

Since 2011, the Costa Rican Ministry of Health recognizes U.S. Food and Drug Administration (FDA) authorizations of medical devices without additional evaluation.

For imports from CAFTA countries, certification of the origin of the goods must be presented to Customs Authority. There is no specific format to present this information. The local importer can use any format available for this purpose. For more information, please see the Ministry of Foreign Trade of Costa Rica's [certification of origin webpage](#).

Violations of documentation laws carry heavy fines. Consequently, great care must be taken to avoid errors and infractions. All import processing should be carried out by a certified customs broker.

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

Phone: (506) 2522-9390

Fax: (506) 2522-9426

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:

Costa Rica Foreign Trade Corporation (PROCOMER)

Av. 3a. Calle 40

P.O. Box 1278-1007

San José, Costa Rica

Phone: (506) 2299-4700

Fax : (506) 2233-575

Additional information can also be obtained by contacting the Costa Rican Association of Free Trade Zones:

Costa Rica Free Trade Zone Association (AZOFRAS)

Plaza Mayor Rohrmoser, Segunda Etapa
Segundo Piso, Oficina # 1, Rohrmoser, Pavas
San Jose, Costa Rica

Phone: (506) 2520-1635

Contact: Mr. Alvaro Valverde P., Executive Director

Email: avalverde@azofras.com

Standards for Trade

Overview

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

Standards

The Costa Rican government accepts U.S. commercial and product standards. An accreditation system 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 April 2019, INTECO, the Costa Rican standards certification organization, reported that 70 companies have 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 190 companies have met ISO 9001 requirements, 19 are certified with ISO 18001 and 15 are certified with ISO 22000. Certification to 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.

Standards Organizations

[The Instituto de Normas Técnicas de Costa Rica \(INTECO\)](#) is an independent association that was started in 1987. It is a private, non-profit body with representatives from the public and private sectors of the Costa Rican economy.

INTECO seeks to consistently improve standards-related activities with the goal of promoting the quality of goods and services manufactured, produced or offered for sale within the country.

The Government of the Republic recognizes INTECO as the National Standards Body. INTECO began quality system registration activities in 1995, under agreement with AENOR. In 1999, INTECO introduced environmental management system registration, also under agreement with AENOR. The product certification service is offered to INTECO's clients independently.

NIST Notify U.S. Service

Costa Rica, as a Member of the World Trade Organization (WTO), is required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO all proposed technical regulations that could affect trade with other Member nations. 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 the [National Institute of Standards and Technology's webpage](#).

Conformity Assessment

The Instituto de Normas Tecnicas (INTECO) is the only entity accredited in Costa Rica that can certify that companies are following standards-related requirements:

Institute of Technological Norms of Costa Rica (INTECO)

San Pedro, Montes de Oca, Barrio Gonzalez Flores, de Muñoz y Nanne 400 m. Norte, contiguo al Laboratorio de Materiales de la Universidad de Costa Rica.

P.O. Box 10004-1000
San Jose, Costa Rica
Phone: (506) 2283-4522
Fax: (506) 2283-4831
Email: info@inteco.org

The Costa Rican organization in charge of accreditation of entities is the [Costa Rican Accreditation Entity \(ECA\)](#). The ECA's website contains a [page showing the full list](#) of Costa Rican testing organizations accredited by the ECA.

The Costa Rican Ministry of Health is responsible for the registration and authorization of import permits for food products, chemical products, cosmetics, vitamin supplements, 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. These ministries' addresses are:

[Ministry of Health of Costa Rica](#)

Department of Drugs and Narcotics
Records and Controls
P.O. Box 10123-1000
San José, Costa Rica
Phone: (506) 2223-0333, Ext. 224
Fax: (506) 2257-7827 or 2222-1420

Ministry of Agriculture and Livestock (MAG)

[State Phytosanitary Service](#)

P.O. Box 1521-1200
San José, Costa Rica
Phone: 506-2549-3400
Fax : 506-2260-8301
Email: centroinfo@sfe.go.cr

The Costa Rican Ministry of Science and Technology (MICIT) is the government agency that provides accreditation services to testing laboratories, calibration laboratories, inspection bodies, certification bodies and clinical laboratories, through [Costa Rican Accreditation Entity \(ECA\)](#), the standards certifying organization in Costa Rica. The Ministry and ECA may be contacted at the following addresses:

Ministry of Science and Technology (MICIT)

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

Costa Rican Accreditation Entity (ECA)

150 Norte de Edificio Torre La Sabana, Sabana Norte
Phone: 506-2258-2529, or 2258-0878, or 2258-0644

Fax: 506-2258-2529 ext.113

Email: gerencia@eca.or.cr

Publication of Technical Regulations

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 with 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](#)).

The Imprenta Nacional may be contacted at:

[Imprenta Nacional](#)

Direccion General

La Uruca

San José, Costa Rica

Phone: (506) 2296-9570, Ext.: 113 or 130

Email: direccion@imprenta.go.cr

Contact Information

[U.S. Commercial Service Costa Rica](#)

Ricardo Cardona - Senior Commercial Specialist

Email: Ricardo.Cardona@trade.gov

[USDA Foreign Agricultural Service Costa Rica](#)

Víctor González – Senior Agricultural Specialist;

Email: Victor.Gonzalez@fas.usda.gov

Trade Agreements

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

Web Resources

Government of Costa Rica:

www.micit.go.cr/

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

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

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

Costa Rican Standards Organizations:

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

<https://www.inteco.org/>

United States Government:

www.ansi.org

<https://www.usda.gov/>

Investment Climate Statement

Executive Summary

Costa Rica is the oldest continuous democracy in Latin America with moderate but falling economic growth rates (4.2 percent in 2016, 3.4 percent in 2017, 2.7 percent in 2018) and moderate inflation (2 percent in 2018) providing a stable investment climate. The country’s relatively well-educated labor force, relatively low levels of corruption, physical location, living conditions, dynamic investment promotion board, and attractive free trade zone incentives also offer strong appeal to investors. Costa Rica’s continued popularity as an investment destination is well illustrated by strong yearly inflows of foreign direct investment (FDI) as recorded by the Costa Rican Central Bank, reaching an estimated USD 2.7 billion in 2017 (4.7 percent of GDP) and USD 2.1 billion in 2018 (3.6 percent of GDP).

Costa Rica’s technology and tourism sectors serve as “clusters” of economic growth in which each new exporter, service provider, sector employee, or university course of study adds depth to the sector as a whole and makes it more attractive for new entrants. Costa Rica has had remarkable success in the last two decades in establishing and promoting an ecosystem of export-oriented technology companies, suppliers of input goods and services, associated public institutions and universities, and a trained and experienced workforce. A similar transformation took place in the tourism sector, now characterized by a plethora of smaller enterprises handling a steadily increasing flow of tourists eager to visit despite Costa Rica’s relatively high prices. Costa Rica is doubly fortunate in that these two sectors positively reinforce each other as they both require and encourage English language fluency, openness to the global community, and Costa Rican government efficiency and effectiveness. Costa Rica’s ongoing accession to the Organization for Co-operation and Development (OECD) has also pushed the country to address its economic weaknesses through executive decrees and legislative reforms in a process that began in 2015.

The Costa Rican investment climate is nevertheless threatened by a high and persistent government fiscal deficit capable of squeezing domestic credit and forcing government budget cuts, a complex and often inefficient bureaucracy, high energy costs, and basic infrastructure – ports, roads, water systems – in need of major upgrading. The Costa Rican business sector is feeling particularly buffeted in 2018 and 2019 by an unusual number of new requirements or challenges, stemming from the government’s anti-money laundering (AML) initiatives and continued efforts to address the fiscal imbalance through increased taxes. On the AML side, companies must register their beneficial ownership in a dedicated database, banks will soon be using a single centralized Know-Your-Customer database to vet companies and individuals, and companies in industries identified as susceptible to money laundering activity will have their own registry and heightened reporting requirements. All retail businesses must now accept credit cards or other alternative digital payment and all income tax reporting entities must now issue electronic invoices through a system controlled by the tax authority. On the fiscal front, tax calculations change in a number of ways in 2019, including a sales tax previously applied just to goods replaced by a Value Added Tax (VAT) of up to 13 percent that applies to services as well; modified tax brackets; an increase in the tax of dividends from cooperatives; and an expansion and increase of the capital gains tax.

Table 1: Key Metrics and Rankings

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2018	48 of 180	http://www.transparency.org/research/cpi/overview

World Bank's Doing Business Report	2018	67 of 190	http://www.doingbusiness.org/en/rankings
Global Innovation Index	2018	54 of 126	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (USD M USD, stock positions)	2017	19,924	http://data.imf.org/CDIS
World Bank GNI per capita (USD)	2017	11,120	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

Costa Rica actively courts foreign direct investment (FDI), placing a high priority on attracting and retaining high-quality foreign investment. There are some limitations to both private and foreign participation in specific sectors, as detailed in the following section.

The Foreign Trade Promotion Corporation (PROCOMER) as well as the Costa Rican Investment and Development Board (CINDE) lead Costa Rica's investment promotion efforts. CINDE has had great success over the last several decades in attracting and retaining investment in specific areas, currently services, advanced manufacturing, life sciences, light manufacturing, and the food industry. In addition, the Tourism Institute (ICT) attends to potential investors in the tourism sector. CINDE and ICT are strong and effective guides and advocates for their client companies, prioritizing investment retention and maintaining an ongoing dialogue with investors.

Limits on Foreign Control and Right to Private Ownership and Establishment

Costa Rica recognizes and encourages the right of foreign and domestic private entities to establish and own business enterprises and engage in most forms of remunerative activity. The exceptions are in sectors that are reserved for the state (legal monopolies – see #7 below “State Owned Enterprises, first paragraph) or that require participation of at least a certain percentage of Costa Rican citizens or residents (electrical power generation, transport services, professional services, and aspects of broadcasting). Properties in the Maritime Zone (from 50 to 200 meters above the mean high-tide mark) may only be leased from the state and with residency requirements. In the areas of medical services, telecommunications, finance and insurance, state-owned entities dominate, but that does not preclude private sector competition. Costa Rica does not have an investment screening mechanism for inbound foreign investment, beyond those applied under anti-money laundering procedures. U.S. investors are not disadvantaged or singled out by any control mechanism or sector restrictions; to the contrary, U.S. investors figure prominently among the various major categories of FDI.

Other Investment Policy Reviews

The OECD accession process for Costa Rica beginning in 2015 has produced a series of changes by Costa Rica and recommendations by the OECD; within that context the OECD in April 2018 published the “OECD Economic Surveys Costa Rica 2018.” <http://www.oecd.org/countries/costarica/oecd-economic-surveys-costa-rica-2018-eco-surveys-cri-2018-en.htm> .

In the same context, the OECD offers a number of recent publications relevant to investment policy: <http://www.oecd.org/countries/costarica/>. As of April 2019, Costa Rica has passed 12 of the 22 technical bodies required for OECD accession, with the Investment Committee being one of the ten that remain.

Business Facilitation

Costa Rica’s single-window business registration website, crearempresa.go.cr , brings together the various entities – municipalities and central government agencies – which must be consulted in the process of registering a business in Costa Rica. A new company in Costa Rica must typically register with the National Registry (company and capital registry), Internal Revenue Directorate of the Finance Ministry (taxpayer registration), National Insurance Institute (INS) (basic workers’ comp), Ministry of Health (sanitary permit), Social Security Administration (CCSS) (registry as employer), and the local Municipality (business permit). Crearempresa is rated 17th of 32 national business registration sites evaluated by “Global Enterprise Registration” (www.GER.co), which awards Costa Rica a relatively lackluster rating because Crearempresa has little payment facility and provides only some of the possible online certificates.

Traditionally, the Costa Rican government’s small business promotion efforts have tended to focus on participation by women and underserved communities. The women’s institute INAMU, vocational training institute INA, MEIC, and the export promotion agency PROCOMER through its supply chain initiative have all collaborated extensively to promote small and medium enterprise with an emphasis on women’s entrepreneurship. In 2019, INA will launch a network of centers to support small and medium-sized enterprises based upon the U.S. Small Business Development Center (SBDC) model.

The World Bank’s “Doing Business” evaluation for 2018, <http://www.doingbusiness.org>, states that business registration takes nine steps in 22.5 days. Notaries are a necessary part of the process and are required to use the Crearempresa portal when they create a company. Women do not face explicitly discriminatory treatment when establishing a business.

Outward Investment

The Costa Rican government does not promote or incentivize outward investment. Neither does the government discourage or restrict domestic investors from investing abroad.

Bilateral Investment and Taxation Treaties

Costa Rica has bilateral investment treaties (BITs) in force with Argentina, Canada, Chile, China, the Czech Republic, France, Germany, South Korea, the Netherlands, Paraguay, Qatar, Spain, Switzerland, Taiwan and Venezuela. Treaty texts are on the COMEX website (<http://www.comex.go.cr/Tratados>). The investment chapter of CAFTA-DR includes all aspects of a BIT thereby making a separate BIT with the United States unnecessary. United Nations Conference on Trade and Development (UNCTAD) (<http://investmentpolicyhub.unctad.org/IIA/IiasByCountry#iiaInnerMenu>) features a parallel list of both signed investment treaties and those entered into force.

Costa Rica has in-force free trade agreements (FTA) with five groupings of countries. The Central American Free Trade Agreement CAFTA-DR is with the United States, Nicaragua, Honduras, El Salvador, Guatemala, and

Dominican Republic. The European Union Association Agreement with Central America is with all EU members, Guatemala, Honduras, El Salvador, Nicaragua, and Panama. The European Free Trade Association (EFTA) free trade agreement is with Iceland, Liechtenstein, Norway, Switzerland, Panama and Guatemala. The free trade agreement with the Caribbean nations of CARICOM is with Trinidad and Tobago, Guyana, Barbados, Belize, and Jamaica. With Costa Rica's March 2019 ratification of the South Korea Central American Free Trade Agreement between South Korea, Costa Rica, El Salvador, Honduras, Nicaragua and Panama, that FTA is now in force between Costa Rica and South Korea. Costa Rica also has individual FTAs with Canada, Mexico, Panama, Colombia, Peru, Chile, China, and Singapore. Costa Rica in recent years has slowed the pace at which it has negotiated and signed new free trade agreements.

Costa Rican and U.S. tax authorities currently coordinate under the terms of two agreements, a Taxation Information Exchange Agreement (TIEA) signed in 1989, and a U.S.-Costa Rica intergovernmental agreement titled "Agreement between the Government of the United States of America and the Government of the Republic of Costa Rica to Improve International Tax Compliance and to Implement FATCA" signed in December 2013 and expected to enter-into-force (EIF) during 2019. Costa Rica has active bilateral or regional tax information exchange agreements with 16 other jurisdictions, in addition to a number of signed agreements that are not yet in force; see the Global Forum on Transparency and Exchange of Information for Tax Purposes for the full list: <http://www.eoi-tax.org/jurisdictions/CR#agreements>. Of those 16 agreements, two (Germany, Spain) are "Double Tax Conventions" that address overlapping tax obligations in addition to simple information exchange. Costa Rica is also a party to the OECD "Convention on Mutual Administrative Assistance in Tax Matters," which entered into force in August 2013: http://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf.

In accordance with its international commitments to address the use of corporate tax havens, the Costa Rican government in 2013 adopted a new set of transfer pricing rules, followed by their implementation regulations [DGT-R-44-2016 published by the internal revenue department (DGT) of the Finance Ministry] in September 2016. Large transnational companies must declare and justify the transfer-pricing methods they are using in a manner consistent with international norms.

Legal Regime

Transparency of the Regulatory System

Costa Rican laws, regulations, and practices are generally transparent and foster competition in a manner consistent with international norms, except in the sectors controlled by a state monopoly, where competition is explicitly excluded. Publicly-traded companies adhere to International Accounting Standards Board standards under the supervision of SUGIVAL, the stock and bond market regulator.

Rule-making and regulatory authority is housed in any number of agencies specialized by function (telecom, financial, health, environmental) or location (municipalities, port authorities). Tax, labor, health, and safety laws, though highly bureaucratic, are not seen as unfairly interfering with foreign investment. It is common to have Professional Associations that play a regulatory role. For example, the Coffee Institute of Costa Rica (ICAFE), a private sector organization, promotes standardization of production models among national producers, roasters and exporters, as well as setting minimum market prices.

Costa Rica is a member of UNCTAD's international network of transparent investment procedures (<http://www.businessfacilitation.org>). Within that context, the Ministry of Economy compiled the various procedures needed to do business in Costa Rica: <https://costarica.eregulations.org/>. Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name, and contact details of the entities and persons in

charge of procedures, required documents and conditions, costs, processing time, and legal basis justifying the procedures.

Accounting, legal, and regulatory procedures are transparent and consistent with international norms. The Costa Rican College of Public Accountants (Colegio de Contadores Publicos de Costa Rica -CCPA) is responsible for setting accounting standards for non-regulated companies in Costa Rica and adopted full International Financial Reporting Standards. For more, see the international federation of accountants IFAC: <https://www.ifac.org/about-ifac/membership/country/costa-rica>.

Regulations must go through a public hearing process when being drafted. Draft bills and regulations are made available for public comment through public consultation processes that will vary in their details according to the public entity and procedure in question, generally giving interested parties sufficient time to respond. The standard period for public comment on technical regulations is 10 days. As appropriate, this process is underpinned by scientific or data-driven assessments.

Regulations and laws, both proposed and final, for all branches of government are published digitally in the government registry “La Gaceta”: <https://www.imprentanacional.go.cr/gaceta/>. The Costa Rican American Chamber of Commerce (AmCham - <http://amcham.co.cr>) and other business chambers closely monitor these processes and often coordinate responses as needed.

The government has mechanisms to ensure laws and regulations are followed. The Comptroller General’s Office conducts operational as well as financial audits and as such provides the primary oversight and enforcement mechanism within the Costa Rican government to ensure that government bodies follow administrative processes. Each government body’s internal audit office and, in many cases, the customer-service comptroller (*Contraloria de Servicios*) provide additional support.

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 (Contraloria General de la Republica), 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 (Procuraduria General) is frequently a participant in its role as the government’s attorney.

The review and enforcement mechanisms described above have kept the regulatory system relatively transparent and free of abuse but have 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. The Legislative Assembly generally provides sufficient 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 within one month, although the court may take longer.

International Regulatory Considerations

While Costa Rica does consult with its neighbors on some regulations through participation in the Central American Integration System SICA (http://www.sica.int/sica/sica_breve.aspx), Costa Rica’s lawmakers and regulatory bodies habitually refer to sample regulations or legislation from OECD members and others. Costa Rica’s commitment to the OECD accession process accentuated this traditional use of best-practices and

model legislation. Costa Rica regularly notifies all draft technical regulations to the WTO Committee on Technical Barriers in Trade (TBT).

Legal System and Judicial Independence

Costa Rica uses the civil law system. The fundamental law is the country's political constitution of 1949, which grants the unicameral legislature a particularly strong role. Jurisprudence or case law does not constitute legal precedent but can be persuasive if used in legal proceedings. For example, the Chambers of the Supreme Court regularly cite their own precedents. 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 (*Procuraduria General*) works within the Ministry of Justice and Peace in the Executive branch. Judgments and awards 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.

The Costa Rican Judicial System is comprised of the civil, administrative, and criminal court structure. 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, including municipal governments, which grant construction permits, can issue permits or requirements that may contradict the decisions of other independent agencies, causing significant project delays.

Costa Rica'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.

The legal process to resolve cases involving squatting on land can be especially cumbersome. Land registries are at times incomplete or even contradictory. Buyers should retain experienced legal counsel to help them determine the necessary due diligence regarding the purchase of property.

Laws and Regulations on Foreign Direct Investment

Costa Rican websites are useful to help navigate laws, rules and procedures including that of the investment promotion agency CINDE, <http://www.cinde.org/en> (labor regulations), the export promotion authority PROCOMER, <http://www.procomer.com/> (incentive packages), and the Health Ministry, <https://www.ministeriodesalud.go.cr/> (product registration and import/export). In addition, the State Litigator's office (<http://www.pgrweb.go.cr/scij/>) compiles relevant laws.

Competition and Anti-Trust Laws

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 Superintendence, 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 is considered to be underfunded and weak; the OECD has repeatedly emphasized the need to reform COPROCOM in order to assure regulatory independence and sufficient operating budget. The

government's draft law to strengthen COPROCOM and give it more autonomy has faced considerable opposition.

Expropriation and Compensation

The three principal expropriating ministries in recent years have been the Ministry of Public Works – MOPT (highway rights-of-way), the Costa Rican Electrical Institute – ICE (energy infrastructure), and the Ministry of Environment and Energy – MINAE (National Parks and protected areas). Expropriations generally conform to Costa Rica's laws and treaty obligations, but there are allegations of expropriations of private land without prompt or adequate compensation.

Article 45 of Costa Rica's Constitution stipulates that private property can be expropriated without proof that it is done for public interest. The 1995 Law 7495 on expropriations further stipulates that expropriations require full and prior payment. The law makes no distinction between foreigners and nationals. 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 two-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; (e) provision that upon full deposit of the calculated amount the government may take possession of land despite the former owner's dispute of the price; and (f) provisions providing for both local and international arbitration in the event of a dispute. The expropriations law was amended in 1998, 2006, and 2015 to clarify and expedite some procedures, including those necessary to expropriate land for the construction of new roads.

There is no discernible bias against U.S. investments, companies, or representatives during the expropriations process. Costa Rican public institutions follow the law as outlined above and generally act in a way acceptable to the affected landowners. However, there are currently several cases in which landowners and government differ significantly in their appraisal of the expropriated lands' value; in those cases, judicial processes took years to resolve. In addition, landowners have, on occasion, been 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.

Dispute Settlement

ICSID Convention and New York Convention

In 1993, Costa Rica became a member state to the convention on International Center for Settlement of Investment Disputes (ICSID Convention). Costa Rica paid the awards resulting from unfavorable ICSID rulings, most recently in 2012 regarding private property belonging to a German national within National Park boundaries.

Costa Rica is a signatory of the convention on the Recognition and Enforcement of Arbitral Awards (1958 New York Convention). Consequently, within the Costa Rican legal hierarchy the Convention ranks higher than local laws although still subordinate to the Constitution. Costa Rican courts recognize and enforce foreign arbitral awards. Judgments of foreign courts are recognized and enforceable under the local courts and the Supreme Court.

Investor-State Dispute Settlement

Disputes between investors and the government grounded in the government's alleged actions or failure to act – termed investment disputes – may be resolved administratively or through the legal system.

Under Chapter 10 of the CAFTA-DR agreement, Costa Rica legally obligated itself to answer investor arbitration claims submitted under ICSID or UNCITRAL and accept the arbitration verdict. To date there have been two claims by U.S. citizen investors under the provisions of CAFTA-DR. Extensive documentation for both cases is filed on the Foreign Trade Ministry (COMEX) website: <http://www.comex.go.cr/tratados/cafta-dr/>, under “*documentos relevantes*”. No local court denies or fails to enforce foreign arbitral awards issued against the government.

In some coastal areas of Costa Rica, there is a history of invasion and occupation of private property by squatters who are often organized and sometimes violent. 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 were evicted, requiring expensive and potentially dangerous vigilance over the land.

International Commercial Arbitration and Foreign Courts

The right to solve disputes through arbitration is guaranteed in the Costa Rican Constitution. For years, the practical application was regulated by the Civil Procedural Code, which made it ineffective with no arbitration cases until 1998, the year the local arbitration law #7727 was enacted. A 2011 law on International Commercial Arbitration (Law 8937), drafted from the UNCITRAL model law (version 2006), brought Costa Rica to a dual arbitration system, with two valid laws, one law for local arbitration and one for international arbitration. Under the local act, arbitration has to be conducted in Spanish and only attorneys admitted to the local Bar Association may be named as arbitrators. All cases brought before an arbitration panel, under the rules of local arbitration centers, must be resolved within 155 days after the complaint is served to the defendant; if the case does not fall under such arbitration centers’ rules then the award must be rendered within two months of final statements of the parties. Parties can withdraw their case or reach an out-of-court settlement before the arbitral tribunal delivers an award. If the award meets the review criteria, the losing party has the option to request that the Costa Rican Supreme Court examine the award, but only on procedural matters and never on the merits. Under the UNCITRAL Law for International Arbitration, proceedings may be held in English and foreign attorneys are authorized to serve as arbitrators. The following arbitration centers are in operation in Costa Rica:

- Centro de Conciliación y Arbitraje. Costa Rican Chamber of Commerce
- Centro de Resolución de Controversias. Costa Rican Association of Engineers and Architects
- Centro Internacional de Conciliación y Arbitraje. Costa Rican American Chamber of Commerce (AMCHAM)
- Centro de Arbitraje y Mediación/Centro Iberoamericano de Arbitraje (CIAR). Costa Rican Bar Association.

Beyond such arbitration options, law #7727 also facilitates courts’ enforcement of conciliation agreements reached under the law. Some universities and municipalities operate “Casas de Justicia” (Justice Houses) open to the public and offering mediation and conciliation at no cost. Law #8937 empowered local arbitration centers, beginning with that pertaining to the Engineers and Architects’ Association, to implement Dispute Board regulations, as a method to address construction disputes.

Outcomes in local courts do not appear to favor state-owned enterprises (SOEs) any more or less than other actors. SOEs can sign arbitral agreements but must follow strict public laws to obtain the permissions necessary and follow correct procedures, otherwise the agreement could be voided. Once SOEs find themselves in arbitration, they are subject to the same standards and treatment as any other actor.

The most frequently heard complaint about Costa Rican court process is that litigation can be long and costly. U.S. companies cite 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 several years from start to finish. Some U.S. firms and citizens satisfactorily resolved their cases through the courts, while others see proceedings drawn out over a decade without a final resolution. Commercial arbitration has consequently become an increasingly common dispute resolution mechanism.

Bankruptcy Regulations

The Costa Rican bankruptcy law, addressed in both the commercial code and the civil procedures code, is similar to corresponding U.S. law, according to local experts. 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. The Costa Rican system also allows for successive alternatives to full bankruptcy: "convenio preventivo" or arrangement with creditors; "administracion por intervencion" or administration through judicial intervention; "reorganizacion con intervencion judicial" or reorganization through judicial intervention; and finally, bankruptcy. As in the United States, penal law will also apply to criminal malfeasance in some bankruptcy cases. In the World Bank's "resolving insolvency" ranking within the 2018 "Doing Business" report, Costa Rica ranked #134 of 190 (<http://www.doingbusiness.org/rankings>).

Industrial Policies

Investment Incentives

Four investment incentive programs operate in Costa Rica: the free trade zone system, an inward-processing regime, a duty drawback procedure, and the tourism development incentives regime. These incentives are available equally to foreign and domestic investors, and include tax holidays, training of specialized labor force, and facilitation of bureaucratic procedures. Costa Rica's Foreign Trade Promotion Authority (PROCOMER) is in charge of the first three programs and companies may choose only one of the three. As of early 2019, 453 companies are in the free trade zone regime, 90 in the inward processing regime, and 10 in duty drawback.

The Costa Rican Tourism Board (ICT) administers the tourism incentives; over 1,000 tourism firms are declared as such with access to incentives of various types depending on the firm's operations (hotels, rent-a-car, travel agencies, airlines and aquatic transport). The free trade zone regime is based on the 1990 law #7210, updated in 2010 by law #8794 and attendant regulations, while inward processing and duty drawback derive from the General Customs Law #7557. Tourism incentives are based on the 1985 law #6990, most recently amended in 2001.

The inward-processing regime suspends duties on imported raw materials of qualifying companies and then exempts the inputs from those taxes when the finished goods are exported. The goods must be re-exported within a non-renewable period of one year. Companies within this regime may sell to the domestic market if they have registered to do so and pay applicable local taxes. The drawback procedure provides for rebates of duties or other taxes that were paid by an importer for goods subsequently incorporated into an exported good. Finally, the tourism development incentives regime provides a set of advantages, including duty exemption – local and customs taxes – for construction and equipment to tourism companies, especially hotels and marinas, which sign a tourism agreement with ICT.

Foreign Trade Zones/Free Ports/Trade Facilitation

Individual companies are able to create industrial parks that qualify for free trade zone (FTZ) status by meeting specific criteria and applying for such status with PROCOMER. Companies in FTZs receive exemption from virtually all taxes for eight years and at a reduced rate for some years to follow. Established companies

may be able to renew this exemption through additional investment. 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. Call centers, logistics providers, and software developers are among the companies that may benefit from FTZ status but do not physically export goods. Such service providers have become increasingly important participants in the free trade zone regime.

PROCOMER and CINDE are traditionally proactive in working with FTZ companies to streamline and improve law, regulation and procedures touching upon the FTZ regime. Current initiatives include a proposal suggested by the OECD to eliminate the current requirement that service firms in FTZ regime may sell no more than 50 percent into the local market, and a proposal to work with the Customs agency to simplify the procedures that FTZ companies must follow to recycle or donate materials.

Performance and Data Localization Requirements

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. However, the Costa Rican agencies involved in investment and export promotion do explicitly focus on categories of foreign investor who are likely to encourage technology transfer, local supply chain development, employment of local residents, and cooperation with local universities. The export promotion agency PROCOMER operates an export linkages department focused on increasing the percentage of local content inputs used by large multinational enterprises; one recent program is dedicated to helping small and medium-sized enterprises (SME) obtain international certifications such as ISO9000.

Costa Rica does not have excessively onerous visa, residence, work permit, or similar requirements designed to inhibit the mobility of foreign investors and their employees, although the procedures necessary to obtain residency in Costa Rica are often perceived to be long and bureaucratic. Existing immigration measures do not appear to have inhibited foreign investors' and their employees' mobility to the extent that they affect foreign direct investment in the country. The government is responsible for monitoring so that foreign nationals do not displace local employees in employment, and the Immigration Law and Labor Ministry regulations establish a mechanism to determine in which cases the national labor force would need protection. However, investors in the country do not generally perceive Costa Rica as unfairly mandating local employment. The Labor Ministry prepares a list of recommended and not recommended jobs to be filled by foreign nationals. Costa Rica does not have government/authority-imposed conditions on any permission to invest.

Costa Rica does not require Costa Rican data to be stored on Costa Rican soil. With entry into force of law #8968 – Personal Data Protection Law and its corresponding regulation – in 2014, companies must notify the Data Protection Agency (PRODHAB) of all existing databases from which personal information is sold or traded. The notification requirement applies in some cases to employee databases maintained, used, or accessed by third parties. Databases pay an annual registration fee.

Costa Rica does not require any IT providers to turn over source code or provide access to encryption. The regulation associated with law #8968 did originally mandate that PRODHAB be given "super-user" privileges in databases registered with the agency, but that requirement was never acted upon and was reversed by a new regulation effective December 2016.

Costa Rica does not impose measurements that prevent or unduly impede companies from freely transmitting customer or other business-related data outside the economy/country's territory. The measures that do apply under the data privacy law and regulation are equally applicable to data managed within the country.

Protection of Property Rights

Real Property

The laws governing investments in land, buildings, and mortgages are generally transparent. Secured interests in both chattel and real property are recognized and enforced. Mortgage and title recording are mandatory and the vast majority of land in Costa Rica has clear title. 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. In addition, squatters do have rights under Costa Rican law such that legally purchased and registered property if left unoccupied long enough and under certain circumstances may revert to the person occupying the land rather than the registered owner. 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 ranked 47th of 190 for ease of “registering property” within the World Bank 2018 Doing Business Report.

Foreigners are subject to the same land lease and acquisition laws and regulations as Costa Ricans with the exception of concessions within the Maritime Zone (Zona Maritima Terrestre – ZMT). 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 and a few beaches such as Jaco. 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, is the Maritime Zone and 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. Concessions in this zone cannot be given to foreigners or foreign-owned companies.

Intellectual Property Rights

Costa Rica’s legal structure for protecting intellectual property rights (IPR) is quite strong, but enforcement is sporadic and does not always get the attention and resources required to be effective. As a result, infringement of IPRs is relatively common in both physical and online markets. 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).

The Ministry of Foreign Trade (COMEX) and Costa Rica’s National Registry agreed in 2017 to amend the country’s treatment of geographic indicators (GI) to require that any GI identify a generic term in a compound name. On February 27, 2019, through Executive Decree 41572-JP-COMEX, Costa Rica’s updated GI decree entered into force.

Online piracy is another major concern for the country with poor enforcement of online IPR infractions and lengthy notice and takedown procedures. On February 8, 2019, Costa Rica passed and published in La Gaceta, Executive Decree #41557-COMEX-JP with modifications to the existing regulation on Internet Service Providers -ISP’s- (Executive Decree #36880-COMEX-JP) that significantly shorten the 45 days previously allowed for notice and takedown of pirated online content. Amendments of Articles 12 and 13 of the regulation effectively create an expeditious safe harbor system for ISP’s in Costa Rica without requiring new legislation or changes to the General Law of Public Administration.

During 2018, the Registry of Industrial Property implemented a series of tools to support the services provided by the Patent Office. As of December 3, 2018, the Patent Office began accepting electronic filing of international applications through ePCT-filing. Since 2016, Costa Rica has been a member of the Cooperation Systems on Aspects of Operational Information and Industrial Property (PROSUR), and as part of its activities has implemented a pilot program of Accelerated Patent Procedure, PPH by its acronym in Spanish.

While Costa Rica is not listed in the Notorious Market Report, it is and has been listed in the USTR's Special 301 Watch List since 1995. However, the 2018 Special 301 Report noted that Costa Rica has taken steps to increase intra-government coordination on IP matters resulting in a significant increase in the number of criminal investigations and prosecutions. The Costa Rican government does not release official statistics on the seizure of counterfeit goods, but the Chamber of Commerce compiles the following from Costa Rican government sources: <http://observatorio.co.cr/>. Costa Rica's Economic Crimes Prosecutor investigated 75 cases as of September 2018, on pace for a similar number to the 99 cases investigated in 2017. As in years past, prosecutors ultimately dismissed a number of cases due to lack of interest, collaboration, and follow-up by the representatives of trademark rights holders. The Costa Rican government continues to publish statistics on IPR criminal enforcement at <http://www.comex.go.cr/estadisticas-y-estudios/otras-estadisticas/>.

Costa Rica has made less progress on implementing a systematic solution to ensure that government entities use licensed software. Only one person currently compiles and tracks the data, stalling the effort to fully monitor compliance.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Contact at Mission:

Attention: Investment Climate Statement

Economics Section

Embassy San Jose, Costa Rica

2519-2000

SanJoseEcon@state.gov

Country/Economy resources:

- Costa Rican American Chamber of Commerce (AmCham): <http://www.amcham.co.cr/>
- The U.S. Embassy in Costa Rica (Consular Section) maintains an extensive list of legal service providers, including some firms engaged in intellectual property law. This list does not represent an endorsement on the part of the U.S. government: <http://costarica.usembassy.gov/attorney.html>).
- The Department of Commerce also maintains a list of Business Service Providers that includes law firms specializing in IPR, under the Business Service Provider tab at: <http://redirect.state.sbu/?url=www.export.gov/costarica>.
- Observatory of Illicit Trade: <http://observatorio.co.cr/>

Financial Sector

Capital Markets and Portfolio Investment

The Costa Rican government's general attitude towards foreign portfolio investment is cautiously welcoming, seeking to facilitate the free flow of financial resources into the economy while minimizing the instability that might be caused by the sudden entry or exit of funds. The securities exchange (Bolsa Nacional de Valores) is small and is dominated by trading in bonds. Stock trading is of limited significance and involves less than 20 of the country's larger companies, resulting in an illiquid secondary market. There is a small secondary market in commercial paper and repurchase agreements. The Costa Rican government has recently explicitly welcomed foreign institutional investors purchasing significant volumes of Costa Rican dollar-denominated government debt in the local market. The securities exchange regulator SUGEVAL is generally perceived to be effective.

Costa Rica accepted the obligations of IMF Article VIII, agreeing not to impose restrictions on payments and transfers for current international transactions or engage in discriminatory currency arrangements, except with IMF approval. There are no controls on capital flows in or out of Costa Rica or on portfolio investment in publicly-traded companies. However, law #9227 adopted in 2014 allows the Central Bank, in coordination with the executive branch, to discourage short-term investments through the imposition of taxes on interest earned by foreign non-residents on Costa Rican bonds and also provides for a special reserve requirement of up to 25 percent of the value of those bonds. The Central Bank has never used the powers given it by law #9227, and within the context of OECD-recommended reforms the Costa Rican government has committed to abrogating it. Some capital flows are subject to a withholding tax (see section on Foreign Exchange and Remittances).

Within Costa Rica, credit is largely allocated on market terms, although long-term capital is scarce. Favorable lending terms for USD-denominated loans compared to colon-denominated loans have made USD-denominated mortgage financing popular and common. Foreign investors are able to borrow in the local market; they are also free to borrow from abroad, although withholding tax may apply.

Money and Banking System

Costa Rica's financial system boasts a relatively high financial inclusion rate, estimated by the Central Bank at 75 percent (the percentage of adults over the age of 15 holding a bank account). As part of an ongoing financial inclusion campaign, the Costa Rican government in early 2016 began allowing non-resident foreigners to open what are termed "simplified accounts" in Costa Rican financial institutions. Resident foreigners have full access to all banking services.

The banking sector is healthy. Non-performing loans have risen over the past year but remained low at 2.14 percent of total loans as of December 2018; the state-owned banks had a higher 3.12 percent average. The country hosts a large number of smaller private banks, credit unions, and factoring houses, although the four state-owned banks are still dominant, accounting for just under 50 percent of the country's financial system assets. Consolidated total assets of the country's public commercial banks were approximately USD 27 billion in December 2018, while consolidated total assets of the eleven private commercial and cooperative banks were over USD 20 billion. Combined assets of all bank groups (public banks, private banks and others) were approximately USD 58.1 billion as of December 2018.

Costa Rica's Central Bank performs the functions of a central bank while also providing support to the four autonomous financial superintendencies (Banking, Securities, Pensions and Insurance) under the supervision of the national council for the supervision of the financial system (CONASSIF). The Central Bank developed and operates the financial system's transaction settlement mechanism "SINPE." In addition to managing all

transaction settlement between banks, SINPE allows all financial institutions to offer clients the opportunity to transfer money to and from accounts with any other account in the financial system. Such direct bank transfer has become a common means of payment in the country.

Foreign banks may establish operations in the country under the supervision of the banking regulator SUGEF and as such are subject to the same regulatory burden as locally owned banks. The Central Bank has a good reputation and has had no problem in maintaining sufficient correspondent relationships. Costa Rica is steadily improving its ability to ensure the efficacy of anti-money laundering and anti-terrorism finance and was removed from intensive monitoring by the Financial Action Task Force in 2017. The Costa Rican financial sector in broad terms appears to be satisfied to date with the available correspondent banking services.

Cyber currencies are currently legal in Costa Rica, but Costa Rica's Central Bank has taken a cautious approach to them in general, warning Costa Ricans that such currencies do not enjoy any formal backing. The financial authorities have also noted that cyber currencies are a potential avenue for money laundering.

Foreign Exchange and Remittances

Foreign Exchange

No restrictions are imposed on expatriation of 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 (see below). When such remittances are paid to a parent company or related legal entity, transfer pricing rules and certain limitations apply.

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. Dollar bonds and other dollar instruments may be traded legally. Euros are increasingly available in the market. Costa Rica has a floating exchange rate regime in which the Central Bank is ready to intervene, if necessary, to smooth any exchange rate volatility.

Remittance Policies

Costa Rica does not have restrictions on remittances of funds to any foreign country; however, all funds remitted are subject to applicable withholding taxes that are paid to the country's tax administration. The default level of withholding tax is 30 percent with royalties capped at 25 percent, dividends at 15 percent, professional services at 25 percent from July 1 2019, transportation and communication services at 8.5 percent, and reinsurance at 5.5 percent (different withholding taxes also apply for other types of services). By Costa Rican law, in order to pay dividends, procedures need to be followed that include being in business in the corresponding fiscal year and paying all applicable local taxes. Those procedures for declaring dividends in effect put a timing restriction on them. Withholding tax does not apply to payment of interest to multilateral and bilateral banks that promote economic and social growth, and companies located in free trade zones pay no dividend withholding tax. Both Spain and Germany have double-taxation tax treaties with Costa Rica, lowering the withholding tax on dividends paid by companies from those countries.

Sovereign Wealth Funds

Costa Rica does not have a Sovereign Wealth Fund.

State-Owned Enterprises

Costa Rica's state-owned enterprises (SOEs) are commonly known by their abbreviated names. They include monopolies in petroleum-derived fuels (RECOPE), lottery (JPS), railroads (INCOFER), local production of ethanol (CNP/FANAL), water distribution (AyA), and electrical distribution (ICE, CNFL, JASEC, ESPH). SOEs have market dominance in insurance (INS), telecommunications (ICE, RACSA, JASEC, ESPH), and finance (BNCR, BCR, BanCredito, Banco Popular, BANHVI, INVU, INFOCOOP). They have significant market participation in parcel and mail delivery (Correos), and ports operation (INCOP and JAPDEVA). Six of those SOEs hold significant economic power with revenues exceeding 1 percent of GDP: ICE, RECOPE, INS, BNCR, BCR and Banco Popular. Audited returns for each SOE may be found on each company's website, while basic revenue and costs for each SOE are available on the General Controller's Office "Sistema de Planes y Presupuestos" <https://www.cgr.go.cr/02-consultas/consulta-pp.html>. The Costa Rican government does not currently hold minority stakes in commercial enterprises.

No Costa Rican state-owned enterprise currently requires continuous and substantial state subsidy to survive. Many SOEs turn a profit, which is allocated as dictated by law and boards of directors. Financial allocations to and earnings from SOEs may be found in the "Sistema de Informacion de Planes y Presupuestos (SIPP)" within the General Controller's Office (CGR) site:

<https://cgrweb.cgr.go.cr/pr02/f?p=150220:2:::NO::>

U.S. investors and their advocates cite some of the following ways in which Costa Rican SOEs competing in the domestic market receive non-market-based advantages because of their status as state-owned entities.

- Electricity generated privately must be distributed through the public entities (including rural electricity cooperatives not strictly classified as SOEs) and is limited to 30 percent of total electrical generation in the country: 15 percent to small privately-owned renewable energy plants and 15 percent to larger "build-operate-transfer" (BOT) operations.
- Telecoms and technology sector companies have called attention to the fact that government agencies overwhelmingly choose SOEs as their telecom services providers despite a full assortment of private-sector telecom companies. The information and telecommunications business chamber (CAMTIC) has been advocating for years against what its members feel to be unfair use by government entities of a provision (Article 2) in the public contracting law that allows non-competitive award of contracts to public entities when functionaries of the awarding entity certify the award to be an efficient use of public funds. CAMTIC asserts that since 2016, the government has used Article 2 in 135 separate instances for a total contracted amount of over USD 400 million in information and communications technology (ICT) goods and services.
- The state-owned insurance provider National Insurance Institute (INS) has been adjusting to private sector competition since 2009 but in 2018 still registered 72 percent of total insurance premiums paid; 13 insurers are now registered with insurance regulator SUGESE: (<https://www.sugese.fi.cr/SitePages/index.aspx>). New market entrants point to unfair advantages enjoyed by the state-owned insurer INS, including a strong tendency among SOE's to contract their insurance with INS.

Costa Rica is not a party to the WTO Government Procurement Agreement (GPA) although it is registered as an observer. Costa Rica strives to adhere to the OECD Guidelines on Corporate Governance for SOEs (www.oecd.org/daf/ca/oecdguidelinesoncorporategovernanceofstate-ownedenterprises.htm).

Privatization Program

Costa Rica does not have a privatization program and the markets that have been opened to competition in recent decades – banking, telecommunications, insurance and Atlantic Coast container port operations – were opened without privatizing the corresponding state-owned enterprise(s).

Responsible Business Conduct

Corporations in Costa Rica, particularly those in the export and tourism sectors, generally enjoy a positive reputation within the country as engines of growth and practitioners of Responsible Business Conduct (RBC). The Costa Rica government actively highlights its role in attracting high-tech companies to Costa Rica; the strong RBC culture that many of those companies cultivate has become part of that winning package. Large multinational companies commonly pursue RBC goals in line with their corporate goals and have found it beneficial to publicize RBC orientation and activities in Costa Rica. Many smaller companies, particularly in the tourism sector, have integrated community outreach activities into their way of doing business. There is a general awareness of RBC among both producers and consumers in Costa Rica.

The Costa Rican government maintains and enforces laws with respect to labor and employment rights, consumer protection and environmental protection. Costa Rica has no mineral extraction industry with its accompanying issues. Costa Rica encourages foreign and local enterprises to follow generally accepted RBC principles such as the OECD Guidelines for Multinational Enterprises (MNE) and maintains a national contact point for OECD MNE guidelines within the Ministry of Foreign Trade (see <http://www.oecd.org/investment/mne/ncps.htm>).

Some Costa Rican government agencies took the principles of public-private partnership to heart by working with private companies in addressing specific social issues. For example, since 2003 the Foundation Paniamor (www.paniamordigital.org) is the designated lead agency in Costa Rica guiding the network of 428 (through December 2018) tourism-related businesses which are signatories to the “Code of Conduct” an initiative of the Costa Rican Tourism Board (ICT). The purpose of this code is to organize and direct the private sector’s work against the sexual commercial exploitation of children and adolescents.

Corruption

Resources to Report Corruption

Costa Rica has laws, regulations, and penalties to combat corruption. Though the resources available to enforce those laws are limited, Costa Rica’s institutional framework is strong, such that those cases that are prosecuted are generally perceived as legitimate. Anti-corruption laws extend to family members of officials, contemplate conflict-of-interest in both procurement and contract award, and penalizes bribery by local businessmen of both local and foreign government officials. 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 saw several publicized cases of firms prosecuted under the terms of the U.S. Foreign Corrupt Practices Act.

Costa Rica ratified the Inter-American Convention Against Corruption in 1997. This initiative of the OECD and the Organization of American States (OAS) obligates subscribing nations to implement criminal sanctions for corruption and implies a series of follow up actions: <http://www.oas.org/juridico/english/cri.htm>. Costa Rica also ratified the UN Anti-Corruption Convention in March 2007, has been a member of the Open Government Partnership (OGP) since 2012, and as of July 2017 is a party to the OECD Convention on Combatting Bribery of Foreign Public Officials.

The Costa Rican government has encouraged civil society interest in good governance, open government and fiscal transparency, with a number of NGO’s operating unimpeded in this space. While U.S. firms do not identify 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.

Resources to Report Corruption

Contact within government Anti-Corruption Agency:

Name: Armando López Baltodano

Title: Procurador Director de la Area de la Etica Publica, PGR

Organization: Procuraduría General de la Republica (PGR)

Address: Avenida 2 y 6, Calle 13. San Jose, Costa Rica.

Telephone Number: 2243-8330, 2243-8394

Email Address: RocioCHT@PGR.go.cr

Contact at "watchdog" organization:

Evelyn Villarreal F.

Asociación Costa Rica Íntegra

Tel: (506) 8355 3762

Email 1: evelyn.villarreal@cr.transparency.org

Email 2: crintegra.vice@gmail.com

Political and Security Environment

Since 1948, Costa Rica has not experienced significant domestic political violence. 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 for a few hours as a way of pressuring the government to address grievances; the traditional government response has been to react slowly, thus giving the grievances time to air. This practice on the part of peaceful protesters can cause logistical problems.

Crime increased in Costa Rica in recent decades and U.S. citizen visitors and residents are frequent victims. While petty theft is the main problem, criminals show an increased tendency to use violence. Please see the State Department's Travel Advisory page for Costa Rica for the latest information- <https://travel.state.gov/content/travel/en/traveladvisories/traveladvisories/costa-rica-travel-advisory.html>

Labor Policies and Practices

The Costa Rican labor force is relatively well-educated. The country boasts an extensive network of publicly-funded schools and universities while Costa Rica's national vocational training institute (INA) and private sector groups provide technical and vocational training. According to the National Statistics Institute (INEC), as of December 2018, informal employment rose significantly from 41 percent in 2017 to 44.9 percent of total employment in 2018; 37.7 percent of the economically active population in the nonagricultural sector is in the informal economy. The overall unemployment rate was 12 percent in 2018 while youth unemployment (between 15 and 24) reached 31.7 percent that year.

Several factors influenced Costa Rica's labor market during 2018, including deceleration of the economy stemming from nation-wide public sector strikes, a drop in consumer confidence which reduced consumption, and the conflict in Nicaragua, which affected regional trade. The Labor Ministry

described the labor market in 2018 as a paradox: while the unemployment rate rose, the number of individuals employed also rose. Costa Rica has invested heavily in education and training, but the government recognizes it needs to focus on getting better results from its investment. The government announced in November 2018 the creation of the National Qualifications Framework for Vocational Education and Training, a strategy to organize vocational education and to standardize and raise the quality of education.

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. In August 2018, the government announced an "Alliance for Bilingualism," a public-private initiative to increase English teaching in the country. Several public and private institutions are also 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 Foreign Language and maintains an active program. While the presence of numerous multinational companies operating shared-services and call centers draw down the supply of speakers of fluent business and technical English, the pool of job candidates with English and technical skills in the Central Valley is sufficient to meet current demand.

The government does not keep track of shortages or surpluses of specialized labor skills. Foreign nationals have the same rights, duties, and benefits as local employees. The government is responsible for monitoring that foreign nationals do not displace local employees in employment. Labor law provisions apply equally across the nation, both within and outside free trade zones. The Immigration Law and the Labor Ministry regulations establish a mechanism to determine in which cases the national labor force would need protection. The Labor Ministry prepares a list of recommended and not recommended jobs to be filled by foreign nationals.

There are no restrictions on employers adjusting employment to respond to fluctuating market conditions. The law does not differentiate between layoffs and dismissal without cause. There are concepts established in the law related to unemployment and dismissals such as the mandatory savings plan (*Fondo de Capitalización Laboral*), as well as the notice of termination of employment (*preaviso*) and severance pay (*cesantía*). Costa Rican labor law requires that employees released without cause receive full severance pay, which can amount to close to a full year's pay in some cases. Although there is no insurance for workers laid off for economic reasons, employers may establish voluntarily an unemployment fund.

Costa Rican labor law and practice allows some flexibility in alternate schedules but is nevertheless based on a 48-hour week made up of 8-hour days. Workers are entitled to one day of rest after six consecutive days of work. The labor code stipulates that the workday may not exceed 12 hours. Use of temporary or contract workers for jobs that are not temporary in nature in order to lower labor costs and avoid payroll taxes does occur, particularly in construction and in agricultural activities dedicated to domestic (rather than export) markets. No labor laws are waived to attract or retain investment—all labor laws apply in all Costa Rican territory, including free trade zones.

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 developed in the public sector, including state-run enterprises. "Permanent committees of employees" informally represent employees in some enterprises of the private sector and directly negotiate with employers; these negotiations are expressed in "direct agreements," which have a legal status. Based on 2018 statistics, 90.4 percent of government employees are union members as compared to 3.2 percent in the private sector. In 2018, the

Labor Ministry reported 112 collective bargaining agreements, 80 with public sector entities and 32 within the private sector, covering 10.1 percent of the working population. The Ministry reported a total of 155 “direct agreements” in different sectors (agriculture, industry and transportation) during 2018. The government continued in 2018 with the renegotiation of collective labor agreements in the public sector that began in 2016.

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. A 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 participation in permanent committees and/or solidarity associations provides for better labor relations compared to firms with workers represented only by unions. However, some labor unions allege that private businesses use permanent committees and solidarity associations to hinder union organization while permanent workers’ committees displace labor unions on collective bargaining issues in contravention of internationally recognized labor rights.

The Ministry of Labor has a formal dispute-resolution body and will engage in dispute-resolution when necessary; labor disputes may also be resolved through the judicial process. The Ministry of Labor regulations establish that conciliation is the mechanism to solve individual labor disputes, as defined in the Alternative Dispute Resolution Law (No. 7727 dated 9 December 1997). The Labor Code and ADR Law establish the following mechanisms: dialogue, negotiation, mediation, conciliation, and arbitration. The Labor Law promotes alternate dispute resolution in judicial, administrative and private proceedings. The law establishes three specific mechanisms: arbitration to resolve individual or collective labor disputes (including a Labor Ministry’s arbitrator roster list); conciliation in socio-economic collective disputes (introducing private conciliation processes); and arbitration in socio-economic collective disputes (with a neutral arbitrator or a panel of arbitrators issuing a decision). The Labor Ministry also participates as mediator in collective conflicts, facilitating and promoting dialogue among interested parties. The law provides for protection from dismissal for union organizers and members and requires employers found guilty of anti-union discrimination to reinstate workers fired for union activities.

The law provides for the right of workers to conduct legal strikes, but it prohibits strikes in public services considered essential (police, hospitals and ports). Strikes affecting the private sector are rare and do not pose a risk for investment. Public sector labor unions paralyzed government services with strikes in September 2018 to protest against a fiscal reform bill that became law in December 2018. The government enforced the law by lifting blockades and clearing port entrances to guarantee the free transit of citizens and goods. Labor courts declared most of the strikes in the public sector illegal and most workers returned to work after four weeks (except for teachers’ union, which continued to strike for three months).

Child and adolescent labor is uncommon in Costa Rica. The government has implemented a strategy to eliminate any remaining child labor by 2020 through programs to encourage school attendance, awareness campaigns on social media, increased inspections by the Labor Ministry, and improvements to child care in targeted areas. Between 2011 and 2016, employment by minors under 15 fell by 76 percent from 34,494 to 8,071, or 1.1 percent of the population, according to Department of Labor reporting.

Chapter 16 of the U.S.-Central American Free Trade Agreement (CAFTA-DR) obliges Costa Rica to enforce its laws that defend core international labor standards. The government, organized labor, employer organizations, and the International Labor Organization signed a memorandum of understanding to launch a Decent Work Program for the period 2019-2023, which aims to improve labor conditions and facilitate employability for vulnerable groups through government-labor-business tripartite dialogue.

In December 2018, the government enacted a law to cut the fiscal deficit which amends and regulates legal provisions on public sector employment. There are several bills pending before the National Assembly, including a reform to provisions regulating strikes, a bill expanding the list of essential services in which employees are prohibited from striking, and a bill facilitating internships, apprenticeships, and vocational education.

OPIC and Other Investment Insurance Programs

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. company is a participant.

In Costa Rica, OPIC's 2018 portfolio exposure totaled USD 151 million across 15 projects in financial services, real estate/construction, and utility sectors. OPIC continues to be active in Costa Rica. For more information, see OPIC's master list of projects by year: <https://www.opic.gov/opic-action/all-project-descriptions>. Costa Rica is a member of the Multilateral Investment Guarantee Agency, a member of the World Bank group.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*	USG or international statistical source	USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year Amount
Host Country Gross Domestic Product (GDP) (\$M USD)	2018	\$60,126	2017 \$57,286 www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*	USG or international statistical source	USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2017	\$19,924	2017 \$19,924 IMF CDIS data available at http://data.imf.org/CDIS

Host country's FDI in the United States (\$M USD, stock positions) 2017 \$117 2017 \$117 IMF CDIS data available at <http://data.imf.org/CDIS>

Total inbound stock of FDI as % host GDP 2017 63.2% 2017 62.5% UNCTAD data available at <https://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Country-Fact-Sheets.aspx>

Table 3: Sources and Destination of FDI

* For 2017 GDP in dollars with National Accounts exchange rate, the Costa Rican Central Bank (BCCR) is “Host Country Statistical Source”.

<http://indicadoreseconomicos.bccr.fi.cr/indicadoreseconomicos/Cuadros/frmVerCatCuadro.aspx?idioma=1&CodCuadro=percent202999>

* For 2017 US FDI stock in Costa Rica, and Costa Rican FDI stock in the US, the Costa Rican Central Bank (BCCR) is “Host Country Statistical Source”

* For “Total Inbound Stock of FDI as percent host GDP”, local statistical source is BCCR. GDP for 2017 was USD 58,174.6 million; total Inbound FDI stock in 2017 was USD 36,742.7.

Table 3: Sources and Destination of FDI

Costa Rica’s open and globally integrated economy receives FDI principally from the United States followed by Europe and Latin America. Costa Rica’s outward FDI is more regionally focused on its neighbors Nicaragua, Guatemala and Panama, with the United States and Colombia following.

Direct Investment from/in Counterpart Economy Data - 2017

From Top Five Sources/To Top Five Destinations (*US Dollars, Millions*)

Inward Direct Investment			Outward Direct Investment		
Total Inward	36,743	100%	Total Outward	3,023	100%
USA	19,924	54%	Nicaragua	955	32%
Spain	2,490	7%	Guatemala	907	30%
Mexico	1,872	5%	Panama	650	22%

Netherlands	1,443	4%	USA	117	4%
Switzerland	1,395	4%	Colombia	70	2%

"0" reflects amounts rounded to +/- USD 500,000.

Stock Positions. IMF's Coordinated Direct Investment Survey (CDIS) site: (<http://data.imf.org/CDIS>)

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	1,816	100%	All Countries	1,017	100%	All Countries	799	100%
USA	924	50.9%	USA	492	48.4%	USA	432	54.1%
Ireland	356	19.6%	Ireland	354	34.8%	UK	85	10.6%
Luxembourg	151	8.3%	Luxembourg	143	14.1%	Sweden	74	9.3%
UK	89	4.9%	China PR	3	.3%	Mexico	25	3.1%
Sweden	74	4.1%	Canada	3	.3%	Australia	20	2.5%

Contact for More Information

Attention: Investment Climate Statement
Economics Section
Embassy San Jose, Costa Rica
2519-2000

SanJoseEcon@state.gov

Web Resources

Government of Costa Rica

[Costa Rica Foreign Trade Corporation \(PROCOMER\)](#)

[Costa Rican Central Bank \(BCCR\)](#)

[Costa Rican Investment Promotion Agency \(CINDE\)](#)

[Ministry of Commerce and Foreign Trade \(COMEX\)](#)

[Ministry of Treasury](#)

[National Statistics Institute \(INEC\)](#)

United States Government

[Export-Import Bank of the United States](#)

[Overseas Private Investment Corporation](#)

[Trade.gov](#)

[U.S. Census Bureau](#)

Chambers of Commerce

[Costa Rican American Chamber of Commerce \(AmCham\)](#)

[Costa Rica Chambers of Tourism, Business and Industry Directory](#)

Trade and Project Financing

Methods of Payment

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 remittances encourage open account relationships in cases where credit risk is deemed minimal. Credit rating agencies in Costa Rica include the private company, Equifax and the government entity SUGEF. Both are primarily for personal credit records. Major credit/debit cards used in the market are: Master Card, Visa and American Express.

Banking Systems

The Costa Rican financial system is composed of two state-owned commercial banks, 11 private commercial banks, one workers' bank, one state-owned mortgage bank, two mutual housing finance companies, five non-bank finance companies, 25 savings and loans, and two entities engaged in money exchange and transfer, all under supervision of the Superintendence of Financial Entities SUGEF, which is in turn a semi-autonomous unit of the Central Bank. 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

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

All commercial banks in Costa Rica have correspondent relationships with major U.S. banks. For a full list of each bank's correspondent relationships see:

<https://www.sugef.fi.cr/servicios/reportes/EntidadesSujetasFiscalizacionGeneral.aspx>

State-owned Commercial Banks:

Banco Nacional de Costa Rica

Banco de Costa Rica

Banks Created by Public Law:

Banco Hipotecario de la Vivienda (home building)

Banco Popular y de Desarrollo Comunal (workers' bank)

Private Commercial Banks:

Banco BAC San Jose www.bac.net

Banco BCT www.corporacionbct.com

Banco Cathay de Costa Rica www.bancocathay.com

Banco CMB (Costa Rica) www.citibank.co.cr (in process of transfer to Scotiabank)

Banco Davivienda (Costa Rica) www.davivienda.cr

Banco General (Costa Rica) www.bgeneral.fi.cr

Banco Improsa www.improsa.com

Banco Lafise www.lafise.com

Banco Promérica de Costa Rica www.promerica.fi.cr

Prival Bank (Costa Rica)

Scotiabank de Costa Rica www.scotiabankcr.com

Project Financing

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. OPIC is beginning transition to the U.S. International Development Finance Corporation (USDFC) as result of the BUILD act, consolidating the capabilities of OPIC and USAID to drive economic growth and support investment in developing countries.

Recently the Costa Rican Congress approved a bill that will allow Costa Rica to acquire a loan of US\$465 million from the Chinese government to finance the construction of a 107 km highway in the Limón Province, known as Ruta 32. Chinese state-owned China Harbour Engineering Company (CHEC) is responsible for the project's completion. Meanwhile, five Costa Rican road construction companies (Codocsa, Desarrollos Mega, Pedregal, Productos de Concreto y Traesa) announced that they can develop this project for a better price than the one offered by the Chinese company.

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 Rican 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.

Multilateral Development Banks (World Bank, Inter-American Development Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the World Bank and the Inter-American Development Bank. These institutions lend billions of dollars to developing countries for projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the [Commercial Liaison Offices to the World Bank](#) and to the [Commercial Liaison Office to the Inter-American Development Bank](#).

Web Resources

[Commercial Liaison Offices to the World Bank](#)

Commercial Liaison Office to the Inter-American Development Bank

Web Resources

Business Information Database System (BIDS)

Export-Import Bank of the United States

Export-Import Bank of the United States - Country Limitation Schedule

Overseas Private Investment Corporation (OPIC)

[SBA - Office of International Trade](#)

U.S. Agency for International Development (USAID)

[U.S. Trade and Development Agency](#)

[USDA Commodity Credit Corporation](#)

Business Travel

Business Customs

Costa Ricans are friendly and service-oriented people. As such, Costa Rican business executives place great importance on personal contact with their foreign suppliers. If possible, meetings should take place at the hosts' facilities and not in a hotel room. A business suit is appropriate for most business meetings; the use of a tie is optional.

Handshakes are the common greeting used by visiting businesspersons.

Being on time to a meeting is expected, but you might have to wait for the Costa Rican counterparts, as punctuality is a flexible concept, and being 15 minutes late is not seen as late but just being a little behind.

The U.S. company representative should have business cards, proposals, and other material printed in both English and Spanish. At first, a company looking to do business in Costa Rica should address a person directly by using his or her last name. Only after several meetings, may one refer to the other person with his/her first name.

Business negotiations proceed much slower than in North American culture. Sometimes Costa Ricans prefer a more indirect and political approach to business as opposed to direct business tactics. Impatience is widely viewed as a weakness and can sometimes lower one's credibility. Talking about family is viewed positively and becoming "friends" will likely be good for business.

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 a little more formal than other Latin Americans.

Telephone calls continue to be the number one way to set up appointments, although an email may also do the trick. Be sure to follow up with an e-calendar meeting request after an agreement is reached over the phone.

Keep in mind, the rainy season lasts from late April to November. If you don't want to be stuck in traffic and rain, you should consider coming to Costa Rica during another time of year, or at least try to set your meetings during the morning when rains are less frequent. Be sure to take local holidays into consideration as most businesses will close, and the ones that remain open might not have the decision-makers available.

Although Costa Rican businesspeople are very friendly, it is not customary to invite people home, and not until a deep business and personal relationship has developed.

Meetings during breakfast or lunch time are not customary. Evening dinners or after-office meetings tend to be more social and less business oriented.

Travel Advisory

Safety and Security

There have been no recent acts of terrorism in Costa Rica. Though infrequent, visitors to Costa Rica may experience the effects of civil disturbances, such as work stoppages and strikes. On both the Caribbean and Pacific coasts, ocean currents can be swift and dangerous, and there are few lifeguards or signs warning of dangerous beaches. Every year, 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. Some tour operators take risks, and government regulation and oversight of firms that organize sporting activities may not always adhere to international standards and best practices. U.S. citizens have died in Costa Rica while participating in adventure sports. Use caution and common sense when engaging in ALL adventure sports, such as bungee jumping, sky diving, hiking, rappelling, climbing, whitewater rafting, kayaking, etc. Make sure your medical insurance covers your sport.

Never participate in adventure sports alone. Always carry identification and let others know where you are at all times. Before kayaking and rafting, check river conditions and wear a life jacket and helmet. Even popular rafting locations such as the Rio Naranjo near Quepos can become extremely dangerous in flash flood conditions. When hiking, rappelling, or climbing, carry a first aid kit and know the location of the nearest rescue center. Observe all local or park regulations and exercise caution in unfamiliar surroundings.

For the latest security information, Americans traveling abroad should regularly monitor the State Department's Internet web site at <http://travel.state.gov>, where current Worldwide Caution, 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 officers can have more limited response capabilities and may follow protocols differing from their U.S. counterparts. Travelers should minimize driving at night, especially outside urban areas.

U.S. citizens should exercise caution when in 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. U.S. citizens 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 activity. Travelers should ignore verbal harassment and avoid overt displays of wealth -- to include large amounts of cash, jewelry, or expensive photographic equipment. In lieu of their original passport document, tourists are encouraged to carry photocopies of their passport data page and Costa Rican entry stamp on their persons, leaving the original 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 regular reports of valuables, identity documents, and other items stolen from locked vehicles, especially 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, to limit risk of theft, 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 typically 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 traveler pulls over, a "good Samaritan" quickly appears to change the tire - and just as quickly removes valuables from the car, sometimes brandishing weapons. Drivers with flat tires are advised to drive to the nearest service station or other public area if possible, and change the tire themselves, watching valuables at all times.

In 2006, the government of Costa Rica established a specialized Tourist Police force, with units patrolling 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

Entry/Exit Requirements

For entry into Costa Rica, U.S. citizens must present a valid passport and a roundtrip/outbound ticket. A visa is not required for U.S. citizens traveling with a valid U.S. passport. Some U.S. airlines may not permit passengers to board flights to Costa Rica without a return 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 90 days. To stay beyond the period granted, travelers must apply 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, which is typically included in the cost of a traveler's airfare. Tourists who stay beyond the designated exit date may experience a delay at the airport when departing and will have to pay a fine. Individuals with prior overstays may further be denied entry to Costa Rica. Persons traveling to Costa Rica from certain countries in South America and sub-Saharan Africa must provide evidence of a valid yellow fever vaccination prior to entry. It is advisable to contact the Embassy of Costa Rica in Washington, D.C., or one of Costa Rica's Consulates in the United States for information on specific countries considered at risk.

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) 499 2991, fax (202) 265-4795, e-mail concr-us-wa@rree.go.cr, 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/content/visas/english.html>.

Consular Section in the U.S Embassy in Costa Rica:

<http://costarica.usembassy.gov/visas.html>.

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

Telecommunications/Electric

ICE (Instituto Costarricense de Electricidad) is Costa Rica's most powerful provider of telecommunications, internet and electricity services. Telephone coverage is extensive throughout the country.

In 2011, the two new cellular phone competitors of ICE, Mexico-based America Movil, known locally as "Claro," and Spanish provider, Telefonica, known locally as "Movistar", launched their services.

During February 2019 Tigo (Millicom International) announced an agreement to acquire Telefónica-Movistar operations in Costa Rica (also Nicaragua and Panama). The acquisition is subject to regulatory approval expected by the end of 2019.

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 as technology improves, going from 2.1 million internet subscriptions in 2011, to 5.5 million in 2017, as per the latest Report of Sutel (June 2018). This same report highlights how access to internet has been expanded for users of mobile internet. The report states that fixed internet subscriptions are still at 15% of the population and 50% of households. The report also states that 54% of the total mobile subscriptions have internet, reaching 97% of population. ICE is the main provider of internet services in Costa Rica.

Internet usage for cellular phones is prevalent in urban areas. Internet cafes are available in some areas (especially in San José), and Wi-Fi in hotels and restaurants is increasingly common, particularly in the Central Valley. However, in many rural areas internet connectivity can be limited and slow.

During the first quarter of 2014, fourth-generation wireless technology (4G) was introduced in Costa Rica and is available in major urban areas. Mobile penetration reached 179% in 2017

For more information, visit either [ICE's website](#) or [Sutel's webpage](#).

Transportation

According to the latest [World Economic Forum's \(WEF\) 2017 Global Competitiveness Report](#), Costa Rica's road infrastructure ranks 67 out of 138 countries. The road system often receives only intermittent, short term fixes, causing strain to both the vehicle and driver. Commuting times have been increasing year by year. There are more than 7,000 kilometers (4,400 miles) of main highways and roads, and roughly 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 descriptive directions serve as addresses.

Costa Rica has more than 500 kilometers (300 miles) of railway track, but little of it is currently in use. Limited service operates within the populous Central Valley region, primarily for weekday commuters. All overland cargo, except bananas from the Pacific ports and the Caribbean sector, is transported via truck.

A rapid commuter train serving the Great Metro Area of San Jose is under discussion, with the goal to relieve traffic congestion in the Central Valley, but this still lacks detailed planning and enabling legislation. A few modern cars were just bought from China to help expand the train reach in the Great Metro Area and surrounding cities.

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

A second international airport operates in Liberia, known as Daniel Oduber Airport (LIR). It supports mainly seasonal flights (December to April) to the northern Guanacaste beach resort area.

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. Costa Rica's largest domestic airline is [Sansa](#).

There are reliable taxi and public bus services 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. Easy Taxi and Saytaxi are apps that may be used to e-hail cabs in Costa Rica. The official taxis have the name of the taxi company written on a yellow box on the top of the car. In 2016, Uber started operating in San Jose, but it is not recognized as a legal operation by the government. The Costa Rican government is planning to regulate its operation.

When parking downtown San Jose, it is usually easy to find a corner parking meter to pay with credit card, or via the app e-parkcr. In the district of San Pedro, the app needed is Parso. In other cities like Heredia, paper strips sold by the Municipality need to be filled out and left inside the car.

Orange taxis from the company Taxis Unidos operate at the SJO Airport (Juan Santamaria) with bilingual drivers and good, reliable service. Online reservations are available at [Taxi Puerto's website](#).

Car rental service is also available from [Avis](#), [Hertz](#), [Dollar](#), [Thrifty](#) and other well-known companies. Visitors are allowed to drive with their normal driver's license for three months.

Costa Rica's air safety oversight program is rated Category Two. The country was just downgraded from Category One in the last review, as it is not 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 via the [FAA's website](#). 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

Costa Rica is a Spanish-speaking country, although English is often taught in schools and used widely in business circles. All official documents issued by the Costa Rican government are in Spanish.

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

Summary

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.

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). Hospital Clínica Bíblica and CIMA Hospital 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 and in Lindora, just west of San Jose, has an Association for Ambulatory Healthcare (AAAHC) accreditation, and is the newest hospital. The hospital provides services to U.S. veterans and accepts medical insurance under the Foreign Medical Program (FMP) and Tricare. Hospital Metropolitano is associated with a U.S. company. Sanford Health.

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, 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 trained in the United States. Several North American insurance firms are looking into the prospects of 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 stein and wrinkle removal through laser application); plastic surgery (liposuction and face lifting); and dentistry (several procedures). There is a Medical Tourism Association in Costa Rica, PROMED. The Association is a not-for-profit membership organization dedicated to promoting the growth and prosperity of medical tourism; recognize leaders providing high quality international patient care and medical tourism services. PROMED advises, offers training and information targeted to the medical tourism, wellness and retirement living markets located in Costa Rica. More information about the organization can be found on PROMED’s website.

There are several construction projects of new hospitals and the expansion of existing hospitals. The CCSS plans to start the construction on the new tower of the Calderon Guardia Hospital (Torre Este del Hospital Calderon Guardia) in 2015. 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 and is expected to be completed in 2018. 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, there has been growth in the number of clinics outside of the Central Valley. In the Guanacaste Province, CIMA built a hospital in Liberia, The Clinica Biblica Hospital has opened a facility in the Papagayo area. Metropolitano has a clinic in Huacas, located in the center of the Guanacaste Peninsula. Guanacaste is the province in northwest Costa Rica which attracts the greatest portion of tourists to visit Costa Rica each year and has an international airport with direct flights from the U.S. Metropolitano also has a clinic in Quepos, which in the south, on the pacific side.

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. Many 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, San Juan de Dios Hospital, Calderon Guardia and Children's Hospital are located in San Jose and receive referrals from public hospitals throughout the country. These hospitals' capacities are 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 are 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 Clinica Catolica and Hospital Metropolitano (San Jose and Lindora) also offer high-quality private medical service. The Consulate at the U.S. 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 much more limited than in the capital city.

Doctors and hospitals often expect immediate cash payment for health services. Patients then must seek reimbursement from their insurer. Not all U.S. Health Insurance policies cover health care outside the USA. Supplemental medical insurance or policies with overseas coverage, including provision for medical evacuation, can be 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

- Most higher-end restaurants are careful to maintain their reputations; thus, cleanliness and high-quality food can be expected. Few food poisonings occur in restaurants.

- It is recommended that all meats be eaten well cooked. In general, it is not advisable to eat raw fish or 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. Hydroponic lettuce does not need the Clorox soak. Do not eat locally grown peanuts as they are not tested for, and may contain, aflatoxins.
- Dairy products are very good in Costa Rica. Those that are packaged and sold in grocery stores are pasteurized.

Water

- Tap water is typically potable in the capital city. However, pipe breakages during earthquakes or tremors have caused episodes of water contamination. Another 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 U.S. standards for potable water.
- Bottled water is easily obtained.

Air Quality

- Metropolitan San Jose area air quality is impacted by vehicle emissions and occasionally smoke from burning in rural areas. In addition, the Turrialba and Poas volcanoes episodically emit ash, sulphur dioxide and aerosols that cause irritation to skin, eyes and airways.
- 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 an abundance and variety of flowering plants and grasses.

Transmissible Diseases

- Mosquitoes are responsible for Dengue Fever, Chikungunya and Zika transmission. Malaria transmission is very rare but could occur in low-lying areas; especially near the border with Nicaragua. No Malaria prophylaxis is required. Use repellent outdoors. Repellents with 25-30% Deet or 20% Picaradin are most effective according to Consumer Reports (9/2017). Screens in windows and doors reduce mosquito entry. Eliminate standing water to reduce mosquito breeding. Long sleeves and pants also offer protection. For the most recently updated information on mosquito-transmitted disease, please visit <http://www.cdc.gov/zika/index.html> , <http://www.cdc.gov/dengue/> and <http://www.cdc.gov/chikungunya>
- 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 respiratory illnesses are common.
- By law, proof of vaccination against Yellow Fever will be required upon entry to Costa Rica for those arriving 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 prevented 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 clear signage, adequate sidewalks and bike lanes are common problems.

For additional health information:

<https://wwwnc.cdc.gov/travel/destinations/traveler/none/costa-rica>

Local Time, Business Hours, & Holidays

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. Most public and private banks have some weekend hours.

Table 22: Costa Rica 2019 Holidays

Date	Holiday
January 1, 2019	New Year's Day
April 11, 2019	Juan Santamaria Day
April 18, 2019	Holy Thursday
April 19, 2019	Good Friday
May 1, 2019	Labor Day
July 25, 2019	Guanacaste Day
August 2, 2019	Lady of Los Angeles Day
August 15, 2019	Mother's Day
September 15, 2019	Independence Day
October 12, 2019	Cultural Day
December 25, 2019	Christmas Day

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), also the week prior, during, and after Holy Thursday and Good Friday. 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

Costa Rican law requires checked luggage to be screened, and travelers declare at customs the value of any items 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 [Costa Rican Institute of Tourism's website](#).

Web Resources

U.S. Embassy in San Jose, Costa Rica:

<https://cr.usembassy.gov/>

Center for Disease Control and Prevention's International:

<http://wwwnc.cdc.gov/travel/destinations/traveler/none/costa-rica>

State Department Visa Website:

<https://travel.state.gov/content/visas/en.html>

Consular Section in the U.S Embassy in Costa Rica:

<https://cr.usembassy.gov/visas/>

Costa Rican Embassy (Washington, DC):

<http://costarica-embassy.org/>

Instituto Costarricense de Turismo:

www.visitcostarica.com

Current conversion:

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