

U.S. Country Commercial Guides



Costa Rica 2020

Table of Contents

<i>Doing Business in Costa Rica</i>	4
Market Overview	4
Market Challenges	5
Market Opportunities	5
Market Entry Strategy	6
 <i>Leading Sectors for U.S. Export and Investment</i>	7
Agriculture	7
Automotive Parts, Accessories and Service Equipment	18
Construction Equipment	22
Cosmetics	25
Franchising	29
Solar Energy Products	31
 <i>Customs, Regulations and Standards</i>	34
Trade Barriers	34
Import Tariffs	34
Import Requirements and Documentation	36
U.S. Export Controls	37
Temporary Entry	38
Labeling & Marking Requirements	37
Prohibited & Restricted Imports	39
Customs Regulations	39
Standards for Trade	41
Trade Agreements	45
 <i>Selling U.S. Products and Services</i>	46
eCommerce	49
Distribution & Sales Channels	49
Selling Factors and Techniques	56
Trade Financing	61

Protecting Intellectual Property.....	62
Selling to the Public Sector	64
<i>Business Travel.....</i>	70
<i>Investment Climate Statement.....</i>	80
<i>Political and Economic Environment.....</i>	82

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Doing Business in Costa Rica

Market Overview

Costa Rica, the oldest continuous democracy in Latin America, will celebrate the bicentennial of its independence in 2021. In recent years, Costa Rica has achieved moderate economic growth (2.1 percent in 2019), though the impact of the global Covid 19 pandemic has affected economic expansion, with mid-2020 World Bank estimates that the economy will contract by about 3% in 2020. U.S.-Costa Rican trade flows have been relatively less impacted by the pandemic-induced economic slowdown than with other U.S. trade partners. While U.S. exports globally were down 14% in 2020 (January – November), compared with 2019 levels; sales to Costa Rica declined 8%. Costa Rica’s exports to the U.S. actually increased by 4% in 2020 (January – Nov.), while U.S. imports globally were off 7.6%.

Costa Rica’s well-educated labor force; focus on English-language instruction; relatively low levels of corruption; geographic proximity to the United States and attractive free trade zone incentives offer strong appeal to many 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 business climate included government support for Costa Rica’s continuing export and investment promotion efforts; a successful campaign to become an OECD member (the OECD invited Costa Rica to become its 38th member in 2020); completion of Costa Rica’s major new Atlantic Coast container terminal; 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, stifling internal bureaucracy, the high cost of energy, the state of basic infrastructure and the impact of the global COVID 19 pandemic. Over the next several years, plans are in place for major upgrades involving rail, ports, airports, highways and water systems. The World Bank’s “Ease of Doing Business 2020” ranked Costa Rica 74 out of 190 countries world-wide in terms of conditions for opening and doing business.

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 were to 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 half 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 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 or, 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, necessitate cuts in government expenditures and/or an increase in taxes. 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 regard 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. As a result of these efforts, Costa Rica was removed from the U.S. Trade Representative's 2020 Special 301 Report due to concrete steps Costa Rica took to address unlicensed software use in the central government and to implement an online recordation system to improve border enforcement.

Market Opportunities

Costa Rica's proximity to the United States helps facilitate exports from the United States. 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. Before pandemic travel restrictions were imposed in 2020, there were direct flights to 15 U.S. cities from Costa Rica on a number of U.S. carriers.

Within Central America, Costa Rica is a strong ally for 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 the prevalence of the use of the English language in country are viewed as key advantages for U.S. firms doing business in Costa Rica.

Despite a growing Chinese 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 over \$12,000 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. most consumer products and industrial goods enter Costa Rica 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 have captured a 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. American products and services enjoy an excellent reputation, and Costa Rica is an attractive market for many 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 with 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, 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 the 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.

Leading Sectors for U.S. Export and Investment

Agriculture

Corn

Overview

Unit: Metric Tons

	2018	2019	2020 (estimated)	2021 (estimated)
Total Market Size	899,000	950,265	907,000	925,000
Total Local Production	10,000	9,000	7,000	5,000
Total Exports	0	0	0	0
Total Imports	889,000	941,265	900,000	920,000
Imports from the U.S.	887,937	832,678	820,000	850,000
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 \$192.7 million in 2019 up from \$174.9 million in 2018. Total import volume increased 5.9 percent during the same period. Import volume is expected to decrease during 2020 as a result of lower economic growth, higher unemployment, and reduced incomes related to the effects of the COVID-19 pandemic. 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. After maintaining close to 100 percent market share for several years, the U.S. now faces competition from South America. Brazil exported 103,425 MT to Costa Rica in 2019.

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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

Camara de Industriales de Alimentos Balanceados

ciabcr@racsa.co.cr

Foreign Agricultural Service

agsanjose@fas.usda.gov

Soybeans

Overview

Unit: Metric Tons

	2018	2019	2020 (estimated)	2021 (estimated)
Total Market Size	312,663	260,960	265,000	290,000
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	312,663	260,960	265,000	290,000
Imports from the U.S.	312,659	260,922	265,000	290,000
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 declined 16.5 percent in 2019. Import value also declined from \$126.1 million in 2018 to \$97.2 million in 2019. Soybean imports are expected to increase slightly in 2020, and to resume stronger growth in 2021. 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 it 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 \$34.7 million in 2018 and \$29.2 million in 2019.

Opportunities

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

Web Resources

Camara de Industriales de Alimentos Balanceados

ciabcr@racsa.co.cr

Foreign Agricultural Service

agsanjose@fas.usda.gov

Wheat

Overview

Unit: Metric Tons

	2017	2018	2020 (estimated)	2021 (estimated)
Total Market Size	256,000	273,546	275,000	280,000
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	256,000	273,546	275,000	280,000
Imports from the U.S.	114,356	87,028	100,000	110,000
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 increased 6.85 percent to 273,546 MT in 2019. Total import value reached \$70.5 million in 2019 as compared to \$68.8 million. The value of wheat imports from the United States reached \$21.9 million, down from 30.5 million in 2018. Canada has become a strong competitor in the wheat market in the last few years, taking market share from the United States. Canadian wheat exports to Costa Rica increased from 141,644 MT in 2018 to 186,518 MT in 2019. 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. However, during times of crisis, local consumers usually increase their consumption of bread and pasta, which should result in continued wheat export growth. No wheat is produced locally.

Web Resources

Molinos de Costa Rica, S.A.

fortos@mocrisa.com

Fabrica de Harinas de Centroamerica, S.A.

www.molinosmodernos.com

Foreign Agricultural Service:

agsanjose@fas.usda.gov

Fresh Fruits

Overview

Unit: Million U.S. \$

	2018	2019	2020 (estimated)	2021 (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*	2,126	2,016	1,900	2,000
Total Imports	86.7	71.3	65.0	72.0
Imports from the U.S.	19.5	14.4	12.0	15.0
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 \$71.3 million in 2019, 17.8 percent lower than in 2018. The United States exported \$14.4 million as compared to \$19.5 million the previous year. The leading fruit imports from the United States were apples (\$7.3 million), grapes (\$3.8 million), pears (\$1.8 million), peaches and nectarines (\$1.1 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 \$20.1 million worth of fresh fruits in 2019 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). Imports of fruits are forecast to decline during 2020 as a result of the challenging economic conditions caused by the COVID-19 pandemic.

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 (Corporacion 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. \$

	2018	2019	2020 (estimated)	2021 (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	133.2	121.5	115	125
Imports from the U.S.	62.5	52.1	45	50
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 \$121.5 million in 2019, 8.8 percent lower than in 2018. The United States exported \$52.1 million in 2019, or 16.6 percent lower than the previous year. Imports of processed fruits and vegetables may decline further during 2020 as a result of the current economic conditions described earlier in the report. 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 (\$11.7 million), China (\$10.2 million), Guatemala (\$8.4 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. \$

	2018	2019	2020 (estimated)	2021 (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	171.6	157.4	150	160
Imports from the U.S.	45.1	44.5	40	45
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 declined 8.3 percent to \$157.4 million during 2019. U.S. exports of snack foods to Costa Rica totaled \$44.5 million in 2019, 1.3 percent lower than 2018. Import growth in this category is forecast to decline in 2020, but it is likely to resume growth in 2021.

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. Costa Rica exports snack products 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 most snack categories is already at zero, thus providing increased market access to U.S. products.

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)

	2019	2020	2021 (estimated)	2022 (estimated)*
Total Market Size	210	160	155	n/a
Total Local Production	85	80	75	n/a
Total Exports	183	188	140	n/a
Total Imports	308	268	220	n/a
Imports from the U.S.	81	74	60	n/a
Exchange Rate	603	580	585	n/a

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.

*An estimation for 2022 will not be conducted this time, as major uncertainty was the main factor as world economy is supposed to be largely impacted after Covid 19 pandemic.

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. During 2020, China was for the first time, the number one exporter of Auto Parts to Costa Rica. It is difficult to follow any trends as world trade will certainly change during the pandemic and after it.

Total imports in this sector decreased as there is a general slowdown in the Costa Rican economy with the new government and new taxes in place. Most people kept their vehicles as the new car trend is still down during 2019, due to additional taxes imposed to the local entrepreneurs that were already carrying a heavy load, as compared with taxes with most world economies. Imports from last year to this one decreased 13%, and it is expected to continue to fall during 2021.

Even though Costa Rica is the perfect market for auto parts, with bad road infrastructure, crowded streets due to the large auto park and lots of wear and tear due to unending traffic, this market is also a mature one and it offers all types of brands, quality of products, services. It is important to take into consideration that the Costa Rican market is mostly a price-driven market, but there is always a niche for quality products from the United States.

The surge on the imports of used low cost vehicles from South Korea and China during the last decades, led to a growing increase in auto parts imports directly from Asia or through a distributor in the U.S.

Covid 19: The sales of new vehicles have slowed down during 2020 due to the Covid 19 pandemic, and a large part of the of the population has been working from home in the Great Metro Area of San Jose. La Nacion newspaper reports a 30% drop during the first four months of the pandemic as compared to the same months in 2019.

Leading Sub-Sectors

The number of cars in Costa Rica has more than doubled since 2010 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 2004 models.

Used Vehicles

Some of the cars on Costa Rican roads are imported as “used” from the United States, as they have extras that are not standard in new cars found in Costa Rica, as well as a lower price tag. This trend is decreasing due to good promotion of new vehicles and better 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. (During 2020, the event was cancelled a week before it opened due to the pandemic).

Additionally, during 2019, a new regulation put 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 either not US brands or 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. Chinese-made products are the low-end 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). Since 2018, former Costa Rican President Solis 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 the regulations in place to implement the law. Currently, out of the roughly 1.2 million automobiles in Costa Rica, only 1,200 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 are being opening in other areas such as electric vehicle chargers, battery replacement batteries and servicing for electric vehicles.

Web Resources

CS Costa Rica Commercial Specialist Roy Fernandez
Roy.Fernandez@trade.gov

CS Costa Rica (U.S. Department of Commerce):
<http://www.export.gov/costarica>

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

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

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

Movilidad Electrica(Oganization) – 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	2016	2016	2017	2018	2019	2020 (estimated)	2021 (estimated)
Total Market Size*	82	82	91	72	57	46	42
Total Local Production	13	13	12	10	11	10	8
Total Exports	8	8	7	6	6	4	4
Total Imports	77	77	87	68	52	40	38
Imports from the U.S.	30	30	22	19	17	15	12

*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 pandemic came up estimates project growth in 2020 are to decline and a slow recuperation is expected in 2021 and subsequent periods.

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 was expected to continue improving for the remainder of 2019 (latest information available is 2018) however pre-pandemic estimations were indicating a decrease of around - 11% due to reductions in government investment mainly in water and sewer, highways execution delays and other infrastructure projects

originally taken as priority in the new government administration. However, during 2020, because of the pandemic, this sector, suffered another decrease estimated at -8.7% from 2019..

The United States is the second largest supplier of construction equipment to the Costa Rican market. 2019 import figures show that U.S. construction equipment constitutes \$17 million of the total \$57 million, a 29% market share. For 2020, U.S. imports to Costa Rica are expected to reach \$15 million, which will represent a 29% market share. Major third-country competitors are Brazil, China, Japan, South Korea, Sweden, the U.K., Italy and Germany.

Opportunities exist across a range of residential construction sub-sectors in Costa Rica. 2020-2021 residential construction is projected to recuperate 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 that are coming from 2018. During 2020 permits submitted indicate 44% of the new construction would be residential

A good opportunity for U.S. companies in Costa Rica is the *Expo-Construcción* trade fair, which takes place in mid-February every year

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. But the current administration has deferred action on this project. 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.

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 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, that would include a new marina, commercial and free trade zone facilities.

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. In May 2019, the government 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. The Alvarado Administration stated its interest in promoting infrastructure projects to reactivate the economy post-pandemic and recognizes the contribution of this sector to the local economy.

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

	2015	2016	2017	2018	2019
Total Market Size	211.86	219.11	227.29	227.33	
Total Local Production	16.50	17.11	18.47	19.86	
Total Exports	10.83	11.99	12.29	13.77	15.15
Total Imports	206.19	213.99	221.11	221.24	226.09
Imports from the U.S.	39.35	42.02	43.48	41.89	43.81
Exchange Rate: 1 USD	538	570	574	582	587

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 the 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 2019 with a small decrease in 2018, but Mexico continues to dominate the Costa Rican cosmetic market with 26% of total imports in 2019. Mexico is followed by the U.S. with 20% and Colombia with 17%. Guatemala and Colombia have also become important competitors within the Central American region, due to sustained development in the cosmetic sector and 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 Guapiles, Perez Zeledon 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 \$100-\$200. Mass consumption perfumes and splashes, usually generic brands that are manufactured in China, range from \$14-\$20. Professional shampoos cost between \$40-\$80, while mass consumption shampoos cost between \$6-\$10. Mass consumption make-up products cost between \$5-\$30, while high-end and premium make-up products cost between \$30-\$100.

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 can be done in the website www.registrello.go.cr but it requires a digital signature. Additionally, registration 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%	28%
Make-Up	13%	28%
Soaps	13%	28%
Hair Products	43%	58%

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	280	78%
National	81	22%
Total	361	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 9 years. In 2019, this sector grew 141 percent from 2010, but just a 0.6% from 2018. As shown in the table above, there are a total of 361 franchises operating in the country, of which 280 are international and 81 are domestic, 42 percent of the foreign franchises present in Costa Rica come from the United States, representing a decrease of 12 percent from 2018. 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, which represents 53% of the total of the franchises identified. It should be noted that for 24% of franchises, contracts range from 5 to 9 years.

In the past few years, franchises have reached a total of 2.958 establishments throughout the country. This has generated a great deal of employment in Costa Rica. In 2019, the franchise sector produced 30.469 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, the food sector ranks the highest with 30% of the market, followed by specialized services with 28%. Fashion is the third largest sector of international franchises, making up 22% 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 is second 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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Commercial Service office Costa Rica:
<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

	2019	2020	2021 (estimated)	2022 (estimated)
Total Market Size	15.3	12.9	10.2	unk
Total Local Production	0.3	0.4	0.5	unk
Total Exports	0.4	0.7	0.3	unk
Total Imports	15	13.2	10	unk
Imports from the U.S.	3	3.1	2.5	unk
Exchange Rate: 1 USD	602	578	575	unk

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. Last year China accounted for 49% of the market; with the US second with a 23% share, up 3% from the previous year. Other smaller competitors included Germany (4%), Singapore (3%), Taiwan (3%), Mexico (3%) and Singapore (3%). There are also imports of solar products from Central America, but these are re-exports as most of these products' origin is from Asian countries. American market share continues to grow slightly every year, even in a depressed market that slowed down after a new VAT was implemented

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 major decrease due to the Covid 19 pandemic and will appear in the 2021 Country Commercial Guide.

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. A new bill in the Costa Rican Congress would open solar equipment production for competition against the incumbent energy producer I.C.E. <https://revistasumma.com/costa-rica-podra-dar-pasos-firmes-en-materia-energetica-con-proyecto-de-ley/>

Sub-Sector Best Prospects

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

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.

As mentioned previously, there is no significant local production of solar energy products in Costa Rica. The Costa Rican energy generation matrix for 2020 is composed of : 75% Hydro, 12% Geothermal, 10% Wind, 2% Thermal, 0.7% Biomass and 0.3% Solar.

Opportunities

Based on projections made by the Costa Rican Ministry of Environment and Energy (MINAE), solar energy in Costa Rica for 2030 will reach 1.3% of total electricity generated. The hydroelectric sector is

expected to increase to an 80% share; followed by geothermic energy which could 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 a few years back. ICE installed 2,559 systems in homes, 649 systems for community activities, and 132 systems in conservation areas. A significant quantity of the solar energy panels installed by ICE are in rural areas where electric energy networks can be hard to install.

Since 2018, Solar Energy International operates 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>

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 provide 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.

Beginning in 2014, U.S. producers of dietary supplements expressed concerns regarding Costa Rican product registration and technical regulations related to nutritional and dietary supplements. Because the United States does not regulate dietary supplements as pharmaceuticals, U.S. manufacturers of these products generally do not have the certification and product analysis that is required for products to be sold in Costa Rica under the Central American Technical Regulation for Natural Medicines.

**The Ministry of Health has extended expiration of all its registrations due from April until December due to the Covid 19 emergency.*

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. 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. Under CAFTA-DR, however, 100 percent of U.S. originating consumer and industrial goods have entered Costa Rica duty free since January 1, 2015. Nearly all textile and apparel goods that meet the Agreement's rules of origin also enter Costa Rica duty free and quota free. In addition, more than half of U.S. agricultural exports currently enter Costa Rica duty free under the Agreement.

Costa Rica eliminated its tariffs on substantially all U.S. agricultural products. Costa Rica is scheduled to eliminate remaining tariffs on chicken leg quarters by 2022, and on certain rice and dairy products by 2025. For certain agricultural products (rice, pork, dairy, and poultry), tariff-rate quotas (TRQs) permit duty-free access for specified quantities during the tariff phase-out period, with the duty-free amount expanding during that period. Costa Rica’s CAFTA-DR commitments provide for liberalizing trade in fresh potatoes and onions through continual expansion of a TRQ, rather than by the reduction of the out-of-quota tariff.

Import Taxes, Including Value-Added Taxes, Purchase Taxes, Uplifts and Surcharges, and Provincial Taxes

Duties and taxes are calculated as followed:

Table 17 – Costa Rica Import Tariffs Data

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).

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)

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.

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

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-Shipments 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 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 US 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.

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.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counseling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which 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 and comply with the EAR. BIS officials conduct site visits, 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 non-U.S. party to a transaction to determine whether the party 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 transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end-use and end-user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end-users/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 application 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, and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry-specific topics. Interested parties can check [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. 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) and is updated as needed. 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 eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

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](#).

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. Gobierno Digital, the government office in charge of managing the electronic system for government purchases, has implemented an 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 Mts. 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

Government of Costa Rica:

www.micit.go.cr/

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

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

Costa Rican Standards Organizations:

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

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

United States Government:

www.ansi.org

<http://www.usda.gov>

Trade Agreements

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

and <https://www.trade.gov/free-trade-agreements>

Selling U.S. Products and Services

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

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 enough to cover the entire country.

Establishing an Office

In the study, "Doing Business 2020," although Costa Rica's overall ranking was 74 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 23 days and 10 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 2019, There were 361 franchised brands distributed countrywide, this shows an increase of 0.6% from 2018, the last year records are available. Franchises provide approximately 30.469 jobs in Costa Rica. Roughly 22 percent of these franchise concepts are local, while the remaining 78 percent are foreign-owned (of foreign franchises, 42 percent are U.S. owned). Costa Rica stands out in Central America due to its strategically dominant geographic position in the region.

As of 2019, there are approximately 122 food franchises operating in Costa Rica, constituting nearly 34 percent of all franchises in the country. Specialized services represent another 27% of the franchise industry.

Local companies like Cosechas, Crepíssima, Florex, Get Nuts, Hamburguesía, Propiedades.net, Maridos de alquiler/Esposas de alquiler, Multivex, 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 55% of international companies, it takes five years or more to reach a return on investment (ROI). In contrast, 61% of domestic franchises reach a ROI in only two years or less. 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. Also, the use of other social media marketing networks like WhatsApp, Marketplace (Facebook) and custom-made apps are gaining popularity during pandemic. Currently, it is more common to receive coupons or advertising in cell phones with internet access. Local restaurants have increased offering of delivery options to carry products during the pandemic in addition to some department stores. Telemarketing is mainly used by financial institutions

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.

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 the section titled “Using an Agent or Distributor.”

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 170% 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.

Amazon started during 2018 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 2019.

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 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 SICOP (former 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.

Due to the pandemic, local news articles estimate (based on local trade associations) that online sales channel for retail sector grows from 0.3% in 2019 to 13% during the first half of 2020.

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](#)

Selling Factors and Techniques

Purchases by Costa Ricans generally are based on price, quality, technical specifications, convenience, and the availability of local product support or after-sales service. The Costa Rican Government does not play a role in determining product prices, 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 \$61.8 billion (2019) 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, virtual meetings (after pandemic) and emails. A patient sales approach is preferred to a "hard sell."

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* is popular mass-market newspaper, 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 \(Multimendios\)](#)

[Channel 42 \(Extra TV\)](#)

[Channel 13 \(State Owned\)](#)

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 \(English\)](#)

[AM Costa Rica \(English\)](#)

[Q Costa Rica \(English\)](#)

[Costa Rica Star \(English\)](#)

[El Observador](#)

[Amelia Rueda \(ameliarueda.com\)](#)

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 July 2020 when a group of products were included as eligible for VAT (generally 13% with some exceptions)

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.

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.

U.S. Trade Representative:

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

Investment Promotion Services:

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

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 Industries: <http://www.cicr.com>

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

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

Trade 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.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

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, 22 savings and loans, two entities engaged in money exchange and transfer, and five Solidarity Associations (beginning January 1, 2021), all under supervision of the Superintendency of Financial Entities SUGEF, which is in turn a semi-autonomous unit of the Central Bank. In addition, both state and private financial entities 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 (BNCR) www.bncr.fi.cr

Banco de Costa Rica (BCR) www.bancobcr.com

Banks Created by Public Law:

Banco Hipotecario de la Vivienda (home mortgage bank) www.banhvi.fi.cr

Banco Popular y de Desarrollo Comunal (workers' bank) www.bancopopular.fi.cr

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

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) www.prival.com

Scotiabank de Costa Rica www.scotiabankcr.com

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 or companies that may assist with registrations.

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 should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always 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 and 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.

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

Selling to the Public Sector

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](#). From January 2010 to December 2019 Costa Rica government acquired good and services by US \$ 4,247 billion. During 2019 total contracts were \$ 1,054 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, the Costa Rican government announced that it was migrating to the Sistema de Compras Públicas (SICOP) which is expected to be used by the entire public sector procurement by the end of 2021. Local and foreign companies that wish to participate in this electronic method of public procurement may do so online at www.sicop.go.cr. In early 2019, the Costa Rican government announced the full integration to SICOP of the largest state-owned enterprises, 1) the Costa Rican [Institute of Electricity and Telecommunications \(ICE\)](#), 2) 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 its requirements for all public hospitals (10), clinics (500), "EBAIS" (Small medical units with basic equipment-1000), and 3) 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 – 2020 Costa Rica U.S. Tender Limits (Including Public Works)

<i>Budget Brackets</i>	<i>Annual Budget</i>	<i>Public Tenders</i>	<i>Abbreviated Tenders</i>	
	<i>(U.S. \$)</i>	<i>(U.S. \$)</i>	<i>(U.S. \$)</i>	
	<i>More than</i>	<i>More than</i>	<i>From</i>	<i>To</i>
A	127,841,845	1,719,934	248,105	1,719,934
B	85,172,982	1,482,702	77,051	1,482,702
C	42,668,863	1,037,891	69,341	1,037,891
D	21,301,483	741,516	61,647	741,516
E	4,266,886	519,110	53,954	519,110
F	2,130,148	444,811	46,227	444,811
G	1,278,418	296,540	38,517	296,540
H	426,689	222,405	23,130	222,405
I	127,842	148,270	15,404	148,270
J		74,152	7,743	74,152
Instituto Costarricense de Electricidad (ICE)		11,041,237	159,802	11,041,237

Junta Administrativa del Servicio Eléctrico de Cartago (JASEC)		1,177,785	44,662	1,177,785
Instituto Costarricense de Ferrocarriles (INCOFER)		1,132,107	34,745	1,132,107

*Exchange rate used as of October 2020 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 (Proveeduría 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, the 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.

Web Resources

U.S. Government:

U.S. Commercial Service: <https://trade.gov/costarica/>

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:

Financing of Projects

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. USFDC (Former 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 has finished transitioning 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.

In recent years 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

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

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

DFC: Development Financing Corporation: <https://www.dfc.gov>

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

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

USDA Commodity Credit Corporation:

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

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

BIDS: Business Information Database System: <http://bids.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](#)

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, one may refer to the other person with his 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, in-person or virtual conferences, 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 set your meetings during the morning. 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 businessmen are very friendly, it is not customary to invite people home, 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.

**Not recommended during Covid 19 pandemic.*

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 <https://travel.state.gov/content/travel.html>, where current Worldwide Caution, Travel Warnings and Travel Alerts can be found.

Crime

Prior to the pandemic, 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.

Temporary Restrictions Due to Covid-19:

On September 1, 2020, the Government of Costa Rica initiated a gradual reopening of its air and sea borders to U.S. tourists and other foreign nationals. (Land borders remained closed as of October 1, 2020.) U.S. tourists are allowed to enter Costa Rica but must meet a series of health related requirements, including, submitting an online epidemiological form, and purchasing health insurance to cover any COVID-19 related medical treatment or quarantine while in Costa Rica. As the requirement for U.S. tourists entering Costa Rica and specific health related entry requirements are evolving along with the COVID-19 pandemic, it is recommended all travelers wishing to visit Costa Rica visit the website of the Costa Rican Embassy in Washington, D.C. for a list of the most up to date entry requirements and restrictions. Regulations for return entry to the United States continue to evolve as well. Potential visitors should also sign up for the Department of State's Safe Traveler Enrollment Program (STEP) at travel.state.gov to receive notices from the U.S. Embassy in Costa Rica containing important health and safety information related to visiting Costa Rica. Recent messages to U.S. citizens visiting and living in Costa Rica can be found at the U.S. Embassy in Costa Rica website at cr.usembassy.gov.

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:

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

Consular Section in the U.S Embassy in Costa Rica: <https://cr.usembassy.gov/u-s-citizen-services/>

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

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

Telecommunications/Electric

ICE (Instituto Costarricense de Electricidad)

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). However, this acquisition was not completed. In July 2020 Telefónica announced an agreement to sell their business in Costa Rica to Liberty Latin America this transaction is subject to regulatory approval expected by the mid-2021.

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 are growing rapidly as technology improves, going from 2.1 million internet subscriptions in 2011, to 5.6 million in 2018, as per the latest Report of Sutel (June 2019). This same report highlights how access to internet has been expanded for users of mobile internet. The report states that fixed internet subscriptions are at 16.7% of the population and 73% of households. The report also states that 57% of the total mobile subscriptions have internet, reaching 95% 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 \(WEF\) 2019 Global Competitiveness Report](#), Costa Rica's road infrastructure ranks 88 out of 141 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 relief the traffic congestion in the Central Valley, but due to Covid 2019 pandemic's economic problems with the balance of payments and tax collection, there is little interest from the Costa Rican Congress to approve loans to purchase the train. A few modern train cars were bought and will be brought from China to help expand the train reach in the Great Metro Area and surrounding cities.

There are 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 Santamaria 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. Omnitaxi is an app 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 fully recognized as a legal operation by the government. During 2019, the Chinese app Didi began operating in this market as well.

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 Aeropuerto'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. In 2019 the country was downgraded from Category One to Category Two due tonon-compliance with international aviation safety standards for oversight of Costa Rica's air carrier operations. Costa Rica continues working with the FAA to resolve outstanding issues and hopes to return to Category One status in 2021. 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

Covid -19 has impacted Costa Rica as it has the rest of the world. Please consult the Embassy San Jose web page for the latest updates on the pandemic in Costa Rica.

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.. 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 Clinica Biblica 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 Clinica 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.

Costa Rica is competing with other countries such as Brazil, Mexico, India, and Malaysia in the medical tourism arena, but has some advantage due to closer proximity in many cases to the United States and Canada, the principal sources of medical tourists.

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

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.

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.

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>

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:

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

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 23: Costa Rica 2020 Holidays

Date	Holiday
January 1, 2021	New Year's Day
April 1 2021	Holy Thursday
April 2, 2021	Good Friday
April 121, 2021	Juan Santamaria Day
May 3, 2021	Labor Day
July 26, 2021	Guanacaste Day
August 2, 2021	Lady of Los Angeles Day
August 16, 2021	Mother's Day
Septmeber 13, 2021	Independence Day
November 29, 2021	Abolition of the Military Day
December 25, 2021	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 item in their possession, including fruits, vegetables, meat and by-products, biological products such as vaccinations, serums, etc. The head of a family may make a joint declaration for all members residing in the same household and traveling together to Costa Rica.

No customs duties are charged on personal luggage, which includes a series of items for personal, professional, non-commercial use. For more information, please visit the [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>

*Includes Covid 19 advisory

Investment Climate Statement

The U.S. Department of State Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State [Investment Climate Statement](#) website.

Executive Summary

Costa Rica is the oldest continuous democracy in Latin America with moderate economic growth rates 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 at an estimated USD 2.5 billion in 2019 (4.1 percent of GDP).

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, with 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. A 2019 study of the free trade zone (FTZ) economy commissioned by Costa Rica's investment promotion agency CINDE shows an annual 9 percent growth from 2014 to 2018, with the net benefit of that sector reaching 7.9 percent of GDP in 2018. This sector has been booming while the overall economy has been slowing for years.

The Costa Rican investment climate is threatened by a high and persistent government fiscal deficit, underperformance in some key areas of government service provision, including health care and education, high energy costs, and deterioration of basic infrastructure – ports, roads, and water systems. The ongoing COVID-19 world recession is also a major wildcard and has devastated the Costa Rican tourism industry, which accounts for over 6 percent of GDP. Furthermore, the government has very little budget flexibility to address the economic fallout and is struggling to find ways to mandate debt relief, unemployment response, and other policy solutions. On the plus side, the Costa Rican government is competently managing the crisis despite its tight budget and Costa Rican exports may prove resilient: the portion of the export sector that manufactures medical devices, for example, is facing relatively good economic prospects and companies providing services exports are specialized in virtual support for their clients in a world that is forced to move in that direction. Moreover, Costa Rica's successful accession to the Organization for Co-operation and Development (OECD) exerted a positive influence by pushing the country to address its economic weaknesses through executive decrees and legislative reforms in a process that began in 2015. Also in the plus column, the export and investment promotion agencies PROCOMER and CINDE have done an excellent job of protecting the Free Trade Zones (FTZs) from new taxes by highlighting the benefits of the regime, promoting local supply chains, and using the FTZs as examples for other sectors of the economy. Nevertheless, Costa Rica's political and economic leadership faces a difficult balancing act over the coming years as the country must simultaneously exercise budget

discipline as it faces COVID-19 driven turmoil and an ever-increasing demand for improved government-provided infrastructure and services.

Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.

