

U.S. Country Commercial Guides



Costa Rica

2017

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Doing Business in Costa Rica

Market Overview

- Costa Rica's stable government, democratic traditions, and commercial promotion efforts have made it a leader in the region for international business and tourism. Costa Rica boasts ports on the Pacific and Caribbean coasts and two international airports, one in the Central Valley serving San Jose metropolitan area and one in Liberia, close to major tourist developments along the Guanacaste coast. Dutch-based APM Terminals is expected to open a port on the Caribbean coast in mid-2018. A major new hydroelectric project "Reventazon" opened in 2016. Costa Rica has a network of free trade zones throughout the country, and the number of international companies investing in Costa Rica continues to increase.
- The United States remains Costa Rica's largest trading partner and Costa Rica's largest foreign direct investor. In 2016, the U.S. had a US\$1.6 billion trade surplus with Costa Rica. Foreign direct investment in Costa Rica reached US\$2.85 billion in 2015. Nearly 53% of that investment came from the United States.
- Costa Rica ratified the Central American Free Trade Agreement (CAFTA-DR) with the U.S. in 2009. This free trade agreement eliminated most of the tariffs for non-agricultural imports immediately and has made both trade and investment in the region more attractive to U.S. companies.
- The Costa Rican labor force is relatively well-educated compared to other countries in Central America. The country claims a literacy rate of 97-98 percent, and English is widely spoken particularly among the young and in Costa Rica's tourism industry.
- In recent years due to rising government debt, the major credit rating agencies – Standard & Poor's, Moody's and Fitch – have downgraded Costa Rica's risk ratings. The country is currently debating major fiscal reform legislation to cut the large budget deficits that cause the burgeoning debt.

- Costa Rica announced its intention to become an OECD member in 2013 and since then has been actively working with the OECD toward accession. In 2015, Costa Rica released its roadmap to accession and is currently working with over 20 OECD committees to adopt policy changes that will bring Costa Rica's practices and laws into compliance with the OECD. Costa Rica has taken an important step on the road to OECD membership by completing the process to become a member of the OECD Anti-Bribery Convention. Costa Rica will become the 43rd Party to the OECD Anti-Bribery Convention on July 2017, 60 days after the deposit of its instrument of accession.
- There are no controls on capital flows in or out of Costa Rica or 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 transport and water/sewage – needs major upgrading. Private-public partnerships as well as concessions continue to face numerous legal and procedural challenges that have delayed, or in some cases, canceled key infrastructure projects. In late 2016 a new regulation that allows Private-Public Alliances was issued.
- Costa Rica's often slow and cumbersome bureaucracy poses a challenge to doing business in the country. The World Bank's "Doing Business 2017" ranked Costa Rica 62 of 190, and in 2016 ranked 58 out of 189.
- Although Costa Rica has historically placed a high priority on education and has a relatively skilled work force, the country needs more English-language and other languages such as Portuguese, Mandarin and French speakers, as well as more graduates and programs in Science, Technology, Engineering and Math (STEM). Costa Rica also seeks to curb growing high school drop-out rates. Costa Rica updated and expanded its English instruction throughout the country with a new curriculum that was introduced in 2017.

- Costa Rican laws, regulations and practices are generally transparent and foster competition, except in the sectors controlled by a state monopoly, where competition is explicitly excluded. With regards to environmental regulations, the Costa Rican organization that reviews environmental impact statements has been slow to issue its findings, causing delays for investors in completing projects.
- While Costa Rica's Digital Government improved product registration times significantly with the process's digitalization, product registration remains a challenge and companies should expect delays.
- In recent years, the government has worked to improve enforcement of intellectual property laws in the country. However, Costa Rica remains on the [U.S. Trade Representative's 2017 Special 301 Report](#).

Market Opportunities

- Costa Rica's proximity to the United States is a major opportunity for U.S. exporters. With ports of entry on both coasts, U.S. exporters from the West, Gulf, and East Coasts can have products in Costa Rica in less than a week and can easily travel to meet with sales representatives, distributors or end-user clients within the same day. There are now direct flights to 15 U.S. cities from Costa Rica and the U.S. carriers United, American, Southwest, Delta, Alaska, Jet Blue and Spirit airlines have direct flights to the U.S. from both international airports in Costa Rica.
- Costa Rica's GDP per capita in 2016 was \$11,749, similar to that of Mexico and Panama. Costa Rica has a strong middle class with purchasing power.
- Market prospects are excellent in the following sectors: building products, hotel and restaurant equipment, solar energy, franchising and cosmetics. Prospects are also good for auto parts and service equipment, pharmaceuticals, construction equipment, packaging, education, and tourism to the U.S.

Market Entry Strategy

- Costa Rica has few market entry challenges. U.S. products and services enjoy an excellent reputation, making Costa Rica a good market for U.S. companies.
- One of the most common market entry options is to appoint an agent or distributor. Another option is to find a local partner who can provide market knowledge and contacts. Other businesses have been successful via licenses or franchises.
- The U.S. Commercial Service in Costa Rica advises U.S. companies on how best to enter the market and offers a range of services to assist U.S. companies find a local partner or promote through the local partner products already being commercialized or soon to be launched in the market. The U.S. Commercial Service can also assist with due diligence on a prospective local company partner.
- To learn more about how we can assist your business in Costa Rica and about our local business service providers offering translation, transportation, legal and other services, please visit [export.gov's Costa Rica webpage](#).

Political and Economic Environment

Political Environment

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

Selling U.S. Products and Services

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

Costa Rican law provides two main forms of representation: a representative 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 the purpose of resale. Generally, a distributor signs a distribution agreement with the manufacturer and carries a stock of inventory. A distribution agreement may be exclusive or non-exclusive. It is not uncommon to find a representative or a distributor representing multiple product lines, or operating on a regional basis in Central America.

The Costa Rican Commercial Code allows a U.S. company to participate in public tenders directly without a local Costa Rican representative. The only requirement is that the official representing the U.S. company must have a

Power of Attorney that is certified by a Costa Rican Consulate in the United States. However, the process of bidding on public tenders is usually a tedious process and best accomplished through engaging the services of a qualified Costa Rican representative.

Finding a Partner

The U.S. Commercial Service (USCS), a division of the U.S. Department of Commerce, offers assistance to U.S. companies in identifying potential business opportunities in Costa Rica. Information can be provided via the FCS website, and/or counseling sessions over the telephone, via email 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), and the EU (2013). 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. Costa Rica signed free trade agreements with Colombia and Canada that are pending approval by the Legislative Assembly.

Most grains are imported into Costa Rica in bulk, limiting the import market to a few major players. There are two wheat mills (*Molinos de Costa Rica and Fábrica de Harinas de Centroamerica*), which account for the purchase of all wheat imports. Two groups of private sector importers buy almost all of the yellow corn and soybean imports. Rice is generally imported by a group of producers and millers grouped under the name CONARROZ (National Rice Corporation). Rice importers outside of this group must pay higher duties, unless they use the tariff rate quotas set up under the CAFTA-DR agreement. The quotes allow a small volume of milled rice to be imported duty free.

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.

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

Negotiating an Agreement with a Costa Rican Company

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

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

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

The appearance guarantee shall consist of a deposit in cash or in securities payable to the order of the court.

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

Establishing an Office

In the study, "Doing Business 2017," although Costa Rica's overall ranking was 62 out of 190 countries, the World Bank ranked Costa Rica in 125st place in the world (119th in 2016) for the ease of starting a business. The process of establishing an office still takes an average 22 days and 9 procedures, including the one mentioned below.

The first step in establishing a business in Costa Rica is to obtain the assistance of a Public Notary, the only professional authorized by law to register a company. In Costa Rica, almost all lawyers can act as a Public Notary. Companies must be listed in the Costa Rican Mercantile Registry in order to be a legal, authorized entity. Upon registration, all information related to the new company and the persons who will manage the company must be submitted. This information includes full name, nationality, occupation, marital status, country of origin, the legal name of the business, purpose of the company, amount of initial capital and the manner in which 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

In September 2016, there were approximately 92 food franchises operating in Costa Rica, 29 percent of the total handoff all franchises. Specialized services represent 28% of the total as well. Franchises provide approximately 29,914 jobs in Costa Rica.

There are 321 franchised brands distributed countrywide, an increase of 13.39% over the previous year; about 24 percent of these franchise concepts are local, while the remaining 76 percent are foreign-owned (of these, 63 percent are U.S. franchises). According with Manuel Gallástegui, founder of the Iberoamerican Federation of Franchise, Costa Rica stands out due to its strategic geographical and dominant position in Central America.

Local companies like GetNuts, Cosechas, Maridos de Alquiler and another eleven more are starting to franchise their business and expand quickly 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, and more recently with 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. Costa Ricans are very price-conscious and savvy shoppers. They are generally aware of what items cost in the U.S. and how the same or similar items are priced in Costa Rica. While they are willing to pay slightly more for the perceived quality of an American product, they are still limited by their personal budgets.

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

Opportunities exist for 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 record that many franchises offer. Effective franchise marketing normally entails sensitivity to the local culture, such as adding local foods to the menu or translating manuals/catalogs into Spanish. Given Costa Rica's small size, an exclusive territorial contract is often preferred. Some successful franchise operations involve investor groups who have purchased master franchise rights for the entire Central American region. 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.

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 is critical to their success and tends to make up for their lack of prior industry knowledge.

The internet is the number one source of information for local potential franchisees seeking new franchises. Potential franchisees will usually analyze the local market and determine the franchise concepts that are most attractive for the local market by using their personal knowledge of popular and successful franchises in the U.S. market. They will then typically contact ten or so different franchisors in that market segment for comparison purposes.

The second most popular way potential franchisees make contact with franchisors is when a particular franchisor comes to Costa Rica looking for potential investors/franchisees and contacts them directly. Although it is

often difficult to identify business people who have an interest in franchising, and the necessary business experience and resources to develop and manage new franchise concepts, the Commercial Section of the U.S. Embassy can assist with introductions and information on strategies used to reach potential franchisees. Advertisements in major local media are also an important means of reaching a wide range of potential franchisees.

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

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

*For additional information on Expo Franquicia, please contact Ms. Scarlett Massey at smassey@camara-comercio.com or visit the [Costa Rican Chamber of Commerce's Missions and Fairs webpage](#).

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

Direct Marketing

Direct marketing has enjoyed limited success in Costa Rica. Since the country does not have a postal/ mailing system with defined street names and numbers, it is difficult to obtain client lists or reliable addresses. Direct marketing through text messages, emails and telephone calls began a few years ago and it is gaining popularity. There is no law that regulates direct marketing. In the absence of a specific law, the general law that applies to advertising and public relations agencies also regulates the direct marketing method of selling. Over the years companies have evolved to have websites and fan pages on Facebook (which is widely used by Costa Ricans of many demographics). Lately there is an increase in the use of e-coupons to promote sales under subscription.

Joint Ventures/Licensing

Licensing is not widespread in Costa Rica. Traditionally, foreign companies have exported to Costa Rica or set up manufacturing/assembly operations in the country, either independently or through joint venture arrangements. Foreigners may legally own Costa Rican companies or equity, 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), joint ventures, wholly-owned subsidiaries, or locally incorporated companies. Bona fide investments are encouraged and promoted actively by the Costa Rican Government.

Selling to the Government

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

Government entities generally acquire their goods and services through public tenders, which are normally published in the official newspaper, [La Gaceta](#), and other major newspapers. Certain purchases are made directly from suppliers that have been pre-qualified and pre-registered with government entities. The Costa Rican [Institute of Electricity and Telecommunications \(ICE\)](#), one of the largest state-owned enterprises, publishes the majority of the tenders for their requirements of products and services through their website. All tenders can be accessed via [ICE's website](#).

The Costa Rican Institute of Social Security (Caja Costarricense de Seguro Social-CCSS) is the second largest government entity that requires products and services for their operations (drugs, pharmaceuticals, medical equipment, supplies, etc.) [CCSS' website](#) publishes their requirements for all the public hospitals (10), clinics (500) and “EBAIS” (Small medical units with basic equipment-1000).

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. At present Mer-Link partially publishes the requirements of more than 170 government entities (of the more than 300 entities), including ICE and CCSS. However, the system is not being used to its full capacity. The government office in charge of managing this system (Gobierno Digital) is strongly encouraging government entities to utilize this electronic platform. Local and foreign companies that wish to participate in this electronic method of public procurement may do so through [Mer-Link's website](#).

In 2016 Costa Rica government announced that it was migrating to the [Sistema de Compras Públicas \(SICOP\)](#). Because of current bureaucratic conflict and delayed system migration, however, there is not one clear platform for

public procurement as of mid-2017. This uncertainty makes both SICOP and Merlink viable options for public procurement as they both have identical, up-to-date postings. However, public procurement still significantly lacks transparency. If the slated system migration does occur, SICOP will be the main 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 can be a Costa Rican citizen/company or a foreign resident. A general Power of Attorney can also be given to an individual or company to represent the foreign company in various tenders for a specified period of time.

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

Foreign companies may bid directly on government tenders in Costa Rica. However, when competing for government contracts, there is a significant advantage in having a strong local partner or representative. The local representative should be established, reputable, well-known and respected in business circles, and knowledgeable about Costa Rican business culture and practices.

As noted earlier, the Gold Key Service (GKS) and the International Partner Search (IPS) are available through the Commercial Section at the U.S. Embassy in San Jose or through a U.S. Export Assistance Center. The options are an excellent and economical strategy for identifying a potential partner or representative in Costa Rica. (See “Web Resources” at the conclusion of this chapter.)

The Costa Rican General Comptrollers Authority 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 2017 (in U.S. Dollars):

Table 1: 2017 Cota Rica U.S. Tender Limits

Annual Budget	Public Tenders	Abbreviated Tenders	
(US Dollars)	(US Dollars)	(US Dollars)	
More than	More than	From	To
126,516,464	1,703,640	245,754	1,703,640
84,402,080	1,469,671	76,291	1,469,671
42,114,385	1,027,730	68,666	1,027,730
21,091,854	734,662	61,023	734,662
4,211,438	514,211	53,414	514,211
2,109,185	440,728	45,771	440,728
1,265,165	293,934	38,163	293,934
421,144	220,451	22,894	220,451
126,516	146,967	15,251	146,967
	73,466	7,452	73,466

*Exchange rate used as of July 2017: US\$1=Costa Rican Colones 570

(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.

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 proceed with the registration process with the government entities. Registration will allow the procurement departments of government institutions to invite those foreign firms to bid on tenders and to be considered for direct purchases.

Distribution & Sales Channels

Costa Rica has a high level of penetration of U.S. goods and service in the local marketplace. The retail distribution sector closely follows U.S. practices. Purchasing power is concentrated near the capital: 73 percent of the country's 4.8 million consumers live in the Great Metropolitan Area, also known as the Central Valley. Costa Ricans are accustomed to large shopping centers and malls that house retail stores, kiosks, food courts, theaters, and supermarkets.

Franchise outlets, smaller mixed-use commercial centers and hypermarket-type operations 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 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 "*pulperías*", or 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 for food/agricultural products. Some products (for example, fresh fruits and frozen foods) require technical knowledge regarding handling due to their shelf-life requirements and need for refrigeration. Such facilities are available in Costa Rica as the country exports 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, however, have incurred additional costs due to delays at Customs in clearing goods. The food product distribution chain to supermarkets and to medium and small-sized stores is well developed. Some of the larger supermarket chains import directly. However U.S. firms must consider the need to adapt packaging and labeling 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/or establish a local sales office. A local representative is critical for those companies wishing to sell to private sector companies or to government institutions. Since Costa Rica is a small market, one representative/distributor is often sufficient to cover the country.

Selling Factors and Techniques

Similar to the U.S., purchases by Costa Ricans generally are based on price, quality, technical specifications, convenience, and the availability of local product support or after-sales service. The Costa Rican Government does not play a role in determining product prices, with the exception of gasoline and diesel at the pump, and on public services such as bus fares, electricity rates, and taxi fares, among others. Costa Rica's GDP is roughly \$51.6 billion (2015) and the population is approximately 4.8 million people. To achieve large volume sales, Costa Rica should be considered as a base from which to sell to the larger region of Central America. Costa Rica serves as a regional sales headquarters for Central American and Caribbean markets for a number of US firms.

Sales catalogs and brochures, as well as labeling product ingredients, must be translated into Spanish. Products must be competitive in both quality and price. Payment terms for purchases above \$4,000 are generally carried out through 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 a typical practice.

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

eCommerce

Ecommerce 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 new 4G structure. The country already enjoys over 156% cell-phone penetration, a high level of educational attainment (99% literacy rate), and a tradition of political stability.

Ecommerce 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.

The latest trend in ecommerce 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 a backlog of deliveries due to the overwhelming amount of orders received during the last months.

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 up to competition, but internet speeds are still very low, with the average broadband 3.2 Mb/s as opposed to 12.6 Mb/s in the U.S.

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
- 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.
- Televisora de Costa Rica S.A. (Cabletica)
- 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 151% by the end of 2013. According to the latest available statistics, Costa Rica had a total of 3.5 million people using Internet services through mobile devices or smartphones in 2013.

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).

The cost today of an 8 Mbps connection is roughly US\$40 per month in Costa Rica and provided by the government institution (ICE). The price contrasts with the cost in the international markets, where fiber optics of up to 100 Mbps can cost of US\$15 per month.

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

eCommerce Web Resources

[Banco Nacional](#)

[Buscomi](#)

[Cine Express](#)

[Citibank Costa Rica](#)

[Clasificados](#)

[CR Autos](#)

[Craigslist Costa Rica](#)

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

[Lo Compre Aquí](#)

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

[Rematico](#)

[Scotiabank Costa Rica](#)

Trade Promotion and Advertising

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

Depending on the target market, advertising is also effective through magazines or online. Organizations such as the Costa Rican-American Chamber of Commerce (AmCham), the Chamber of Commerce of Costa Rica, and other specialized chambers/ 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 \(Teletica Canal 7\)](#)

Radio Stations

[Radio Columbia](#)

[Radio Eco News](#)

[Radio Monumental](#)

Print Media:

[Diario Extra](#)

[Periodico El Financiero](#)

[Periódico La Nación](#)

[Periódico La Republica](#)

Online Media:

[CR Hoy](#)

[Prensa Libre](#)

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

Economic Publications:

[AMCHAM Business Guide](#)

[Summa Magazine](#)

Other Organizations:

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

[Costa Rica Chamber of Commerce](#)

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

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

[Global Markets Costa Rica \(former U.S. Commercial Service\)](#)

[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 \(Houseware Show\)](#)

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

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

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

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

[Visit USA \(Travel and Tourism to the U.S.\)](#)

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 into Costa Rica became duty-free immediately, on January 1, 2009. Those remaining products that did not become duty-free at that time have continued to have their duties reduced per schedule, as agreed under CAFTA. However products are 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 goods, school uniforms, shoes and supplies, basic construction products, agricultural chemicals, tools and medicines. The prices of these products are monitored to reflect current economic conditions. The "*Canasta*" is reviewed regularly and changed almost every year to reflect changes in popular consumption. The most recent changes to the "*Canasta Básica*" were done in February 2014.

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

Sales Service/Customer Support

Product support and after-sales service is usually provided through a local representative with the support of the U.S. exporter. The support is extremely

important for both Costa Rican Government institutions and private purchasers.

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

Protecting Intellectual Property

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

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Costa Rican market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Costa Rica. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Costa Rican law. The [CS Costa Rica office at the U.S. Embassy's website](#) provides a list of local lawyers.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been revoked. In no instance 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 or U.S.-based. These include:

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

IP Resources

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

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit [StopFakes.gov's website](#).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the [U.S. Patent and Trademark Office \(USPTO\)](#) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the [U.S. Copyright Office](#) at: **1-202-707-5959**.

- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [STOPfakes.gov's webpage](http://STOPfakes.gov).
- 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](http://STOPfakes.gov). This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

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 does offer the background report known as International Company Profile (ICP) service. The profile can also link interested companies to well-known local private sector credit-reporting services that can provide background and credit reports on companies in Costa Rica, as noted in Chapter 3, under “Using an Agent or Distributor.”

Local Professional Services

Obtaining competent local legal representation is critical when one is planning to start a business, buy or sell real estate, apply for resident status, or make any type of significant investment in Costa Rica. Costa Rica's legal system (based on Roman law) considerably different than the United States (with its roots in English common law). The language differences present opportunities for serious miscommunications and misunderstandings, sometimes with serious consequences. U.S. companies should retain the services of a bilingual attorney to avoid potential communication failures. In Costa Rica, many local attorneys have been trained in the U.S. and are experienced in both U.S. and local law. For more information, please see the Business Service Providers Section of the [English version of the CS Costa Rica's website](#).

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

Web Resources

U.S. Government:

[List of Costa Rica Business Service Providers](#)

[U.S. Commercial Service](#)

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

[U.S. Food and Drug Administration](#)

[U.S. Foreign Agricultural Service](#)

CAFTA-DR:

[U.S. Department of Agriculture CAFTA-DR](#)

[U.S. Department of Commerce CAFTA-DR](#)

[U.S. Trade Representative](#)

Investment Promotion Services:

[Costa Rican Chamber of Commerce](#)

[Costa Rican Chamber of Industries](#)

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

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

[International Chamber of Commerce Costa Rica](#)

[Promotora del Comercio Exterior-PROCOMER](#)

Leading Sectors for U.S. Export and Investment

Agriculture - Corn

Overview

Table 2: Costa Rica Corn Production Data (Metric Tons)

Year	2015	2016	2017 (estimated)	2018 (estimated)
Total Market Size*	749,000	839,000	850,000	860,000
Total Local Production	12,000	10,000	10,000	10,000
Total Exports	0	0	0	0
Total Imports	737,000	829,000	840,000	850,000
Imports from the U.S.	623,000	669,356	700,000	720,000
Exchange Rate**	530	570	690	720

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports);** Projected exchange rate for 2018 and 2019; Data Source: Customs Department, Costa Rican Ministry of Finance

Costa Rica's total corn imports decreased in value to \$129.9 million in 2016 from \$155.1 million in 2015, despite the import volume rising by 7.4%. The volume is expected to continue to increase as a result of population and economic growth. The majority of corn imported by Costa Rica is yellow corn for animal feed production. A smaller volume of white corn is imported for tortilla and corn flower production. The U.S. competes with South America in the Costa Rican market, although it maintains a high market share. Paraguay exported 90,000 metric tons and Brazil exported 53,000 metric tons to Costa Rica in 2016. A combination of lower price and good quality offered by South American suppliers has occasionally resulted in loss of market share.

Leading Sub-Sectors

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

Opportunities

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 increased as a result of lower domestic production

Web Resources

Chamber of Industrials of Balanced Foods

Email: ciabcr@racsa.co.cr

[USDA Foreign Agricultural Service Costa Rica](#)

Laura Calzada - Marketing Specialist;

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Agriculture - Fresh Fruit

Overview

Table 3: Costa Rica Fresh Fruit Production Data (Millions of U.S. Dollars)

Year	2015	2016	2017 (projected)	2018 (projected)
Total Market Size*	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports**	1,828	2,043	2,100	2,120
Total Imports	77.7	77.5	80.0	82.0
Imports from the U.S.	25.9	21.1	25.0	26.0
Exchange Rate***	530	570	690	720

* Includes exports of bananas, pineapples and melons (the three largest categories of fruits exported); **Total Market Size = (Total Local Production + Total Imports) – (Total Exports); ***Projected exchange rate for 2018 and 2019; Data Source: Customs Department, Costa Rican Ministry of Finance

Costa Rica's imports of fresh fruit reached \$77.5 million in 2016 as compared to \$77.7 million in 2015. The United States exported \$21.1 million, a decline of 18.5 percent from the previous year. The leading fruit imports from the United States were apples (\$9.7 million), grapes (\$7.0 million), peaches, nectarines and prunes (\$2.9 million), and pears (\$2.1 million). Chile is a major competitor in the fruit market since that country enjoys duty free access to the Costa Rican market for fruits.

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

Leading Sub-Sectors

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

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

[Fruta Internacional, S.A.](#)

Email: frutaint@racsa.co.cr

[Frutas del Mundo \(Interfrutd\)](#)

[USDA Foreign Agricultural Service Costa Rica](#)

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Agriculture - Processed Fruits and Vegetables

Overview

Table 4: Costa Rica Processed Fruits and Vegetables Production Data (Millions of U.S. Dollars)

Year	2015	2016	2017 (projected)	2018 (projected)
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	106.8	108.0	110.0	112.0
Imports from the U.S.	49.4	49.8	51.0	53.0
Exchange Rate**	530	570	690	720

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports) ** Projected exchange rate for 2018 and 2019; Data Source: Customs Department, Costa Rican Ministry of Finance

According to information from the Costa Rican Customs Department, total imports of processed fruits and vegetables totaled \$108.0 million in 2016, marginally higher than in 2015. The United States exported \$49.8 million in 2016, almost unchanged from the previous year. Products that generate strong import demand are frozen french fries, processed tomato products, mixed fruits, mixed vegetables, yellow and sweet corn, peas, and processed beans. The main competitors of the United States in the Costa Rican processed fruit and vegetable market are Canada (\$15.3 million), Guatemala (\$10.5 million), China (\$8.0 million), and Mexico (\$4.9 million). The FTAs with Chile, Canada and China have created more competition for the United States in these product categories. Increased competition is expected as a result of free trade agreements with China, the European Union, Peru, and Colombia. Central American countries also enjoy duty-free access to the Costa Rican market.

Leading Sub-Sectors

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

[USDA Foreign Agricultural Service Costa Rica](#)

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Agriculture - Rice

Overview

Table 5: Costa Rica Rice Production Data (Metric Tons)

Year	2015	2016	2017 (projected)	2018 (projected)
Total Market Size*	275,000	285,896	290,000	295,000
Total Local Production	135,000	122,000	130,000	135,000
Total Exports	0	0	0	0
Total Imports	140,470	163,896	160,000	160,000
Imports from the U.S.	88,195	84,376	85,000	90,000
Exchange Rate**	530	570	690	720

*Market size and local production (metric tons) are marketing years (July-June) for 2015/2016, etc. Imports are calendar years. Data is milled rice equivalent. Total Market Size = (Total Local Production + Total Imports) – (Total Exports); ** Projected exchange rate for 2018 and 2019; Data Sources: [National Rice Corporation \(CONARROZ\)](#) & Customs Department, Costa Rican Ministry of Finance

Rice imports from the United States reached 84,376 metric tons valued at \$30.5 million in 2016. Total imports increased in 2015 because of adverse weather conditions in the main growing region of Guanacaste. The majority of rice imported by Costa Rica is rough rice, but there is also a CAFTA-DR tariff rate quota for milled rice. The Costa Rican government imposed a higher duty through a safeguard measure on milled rice imports in order to limit imports from South America, which had grown in the past few years. The safeguard measure is being phased out and will be removed in 2019. The higher duty (safeguard measure) also applies to imports of out-of-quota milled rice from the U.S. Strong competition from Brazil, Uruguay and Argentina in both rough and milled rice has reduced the market share enjoyed by the U.S. in the past.

Leading Sub-Sectors

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

Opportunities

Under CAFTA-DR, tariff rate quotas of 62,000 metric tons of rough rice and 8,000 metric tons of milled rice from the United States for 2016 will allow for higher imports of grain.

Web Resources

[National Association of Industry of the Costa Rican Rice Sector \(ANINSA\)](#)

Email: Info@aninsa.com

[National Rice Corporation \(CONARROZ\)](#)

Email: conarroz@racsa.co.cr

[USDA Foreign Agricultural Service Costa Rica](#)

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Agriculture - Snacks

Overview

Table 6: Costa Rica Snack Production Data (Millions of U.S. Dollars)

Year	2015	2016	2017 (projected)	2018 (projected)
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	157.7	160.5	162.0	165.0
Imports from the U.S.	44.6	47.7	49.0	52.0
Exchange Rate**	5370	570	690	720

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports) ** Projected exchange rate for 2018 and 2019; Data Source: Customs Department, Costa Rican Ministry of Finance

Total imports of snack foods increased 1.8 percent to \$160.5 million during 2016. U.S. exports of snack foods to Costa Rica totaled \$47.7 million in 2016, a 6.95 percent increase compared to 2015. Imports of snacks have grown rapidly during the last 5 years.

Imports of snack foods from the United States are expected to increase to \$49 million in 2017 as a result of higher economic growth and as tariffs on these products continue to decline under the terms of CAFTA-DR.

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

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

Leading Sub-Sectors

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

Opportunities

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

Web Resources

[Costa Rican Food Industry Chamber \(CACIA\)](#)

[USDA Foreign Agricultural Service Costa Rica](#)

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Agriculture - Soybeans

Overview

Table 7: Costa Rica Soybean Production Data (Metric Tons)

Year	2015	2016	2017 (estimated)	2018 (estimated)
Total Market Size*	304,358	306,135	310,000	315,000
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	304,358	306,135	310,000	315,000
Imports from the U.S.	304,358	306,126	310,000	315,000
Exchange Rate**	530	570	690	720

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports) ** Projected exchange rate for 2018 and 2019; Data Source: Customs Department, Costa Rican Ministry of Finance

After a sharp increase in imports during 2015, soybean imports remained almost unchanged in 2016. Import value declined from \$131.9 million in 2015 to \$128.7 million as a result of the lower average price of soybeans. The U.S. was able to maintain almost a 100 percent market share in 2015 and 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 as well. Soybeans are imported mainly for meal. Soybean oil is sold primarily in the local market and occasionally exported to Central America. There is only one oilseed crusher in Costa Rica, INOLASA, located near the Pacific port of Caldera (where all bulk grains arrive).

Leading Sub-Sectors

Imports of soybean meal increased over the past few years reaching a record level from the U.S. in 2015. Meal imports from the U.S declined 14 percent to \$19.7 million in 2016.

Opportunities

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

Web Resources

Chamber of Industrials of Balanced Foods

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[USDA Foreign Agricultural Service Costa Rica](#)

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Agriculture - Wheat

Overview

Table 8: Costa Rica Wheat Production Data (Metric Tons)

Year	2015	2016	2017 (projected)	2018 (projected)
Total Market Size*	251,232	267,000	270,000	275,000
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	251,232	267,000	270,000	275,000
Imports from the U.S.	143,196	163,744	165,000	170,000
Exchange Rate**	530	570	690	720

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports) ** Projected exchange rate for 2018 and 2019; Data Source: Customs Department, Costa Rican Ministry of Finance

Wheat imports increased 6.3 percent to 267,000 metric tons in 2016. Total import value reached \$67.1 million in 2016 as compared to \$76.9 million in 2015. The value of wheat imports from the United States reached \$42.1 million in 2016, slightly above the level reached in 2015 (\$41.8 million). Canada continues to compete against the United States for market share. Canada exported 103,201 metric tons in 2016 and 108,035 metric tons in 2015 to Costa Rica. The United States has traditionally supplied 100 percent of the market, but Canada has become a strong competitor in recent years. There are only two wheat mills in Costa Rica, Molinos de Costa Rica and FAHACASA. Export growth will largely depend on wheat prices as consumers are very sensitive to price increases. No wheat is produced locally.

Web Resources

Fábrica de Harinas de Centroamérica, S.A.

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Automotive Parts, Accessories and Service Equipment

Overview

Table 9: Costa Rica Automotive Parts Manufacturing Data (Millions of U.S. Dollars)

Year	2016	2017	2018 (estimated)	2019 (estimated)
Total Market Size*	323	287	318	331
Total Local Production	83	80	83	86
Total Exports	155	138	145	155
Total Imports	395	345	380	400
Imports from the U.S.	105	97	100	110
Exchange Rate**	530	570	690	720

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports);** Projected exchange rate for 2018 and 2019. Data Source: Costa Rican Customs Directorate

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

Total imports in this sector fell after a four year increase, due in part to the higher exchange rate. Also this year, the increase in traffic and two major bridge re-constructions caused more Costa Rican drivers to leave their cars in their garages, instead relying on public transport a few days a week. Imports from last year decreased 11%, but they are expected to grow in 2018. The total exports from Costa Rica came in large part from the local Bridgestone plant that expanded production and exports all over the world.

Both the illegal trade of auto parts and possible cases of sub invoicing (reported by the President of the Association of Importers of Auto Parts

(ACIRA)) contributed to the decline in reported imports. Both types of illegal activities are affecting trade, making auto parts imports less price-competitive, and creating an unfair playing field for auto parts sales in Costa Rica.

The surge in imports of used low cost vehicles from Asia during the last few years led to an increase in auto parts imports from China. Industry sources indicate that the U.S. share of the import market is expected to slowly decrease, but the total exports figure from the United States will increase in the following years.

Leading Sub-Sectors

The number of cars in Costa Rica has more than doubled since 2005 to an estimated 1,800,000 cars. The average age of a Costa Rican car is 16 years.

Some of the cars on Costa Rican roads are imported as “used” from the United States. The U.S. has a surplus of pre-owned, damaged, but repairable cars that have been through collisions, water damage etc. These cars are generally bought at auctions in the U.S., repaired in Costa Rica, and sold for cheaper as “used”. This trend is decreasing due to good promotion of new vehicles and better support from the local banking system to offer financing options for new cars. The 10-day automobile fair, Expo Auto, organized by the Chamber of New Car Importers (AIVEMA), has been very successful in past years and has helped new car dealers do business in Costa Rica.

Both the government and private sector are supporting the introduction of electric vehicles into the market. A bill in the Legislative Assembly seeks to incentivize electric car sales in Costa Rica. Electric distribution companies (including ICE) are also advocating for more electric cars in the market.

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

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

Opportunities

While it is likely that in the future, there will be increased opportunities in the hybrid and electric cars market, the regular auto parts market will remain important for many years to come. Electric chargers are being installed by different electric companies throughout the country as a way to push the availability of electric sources for newly imported electric cars.

Other opportunities are available for specialty equipment and equipment for cars, including Wheels and Accessories, Racing parts, Mobile Electronics and Auto Care Accessories.

Web Resources

Association of Importers of Auto parts – ACIRA

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Costa Rica Limpia – Electric Car Advocacy Organization

Email: info@costaricalimpia.org

Costa Rican Association of Importers of Vehicles –AIVEMA

Email: aivema@racsa.co.cr

[Costa Rican Customs Directorate, Ministry of Finance](#)

Costa Rican Importers of Used Vehicles –CCA

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

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Construction Equipment

Overview

Table 10: Costa Rica Construction Equipment Manufacturing Data (Millions of U.S. Dollars)

Year	2014	2015	2016	2017 (estimated)	2018 (estimated)
Total Market Size*	75	84	83	84	86
Total Local Production	10	12	13	13	14
Total Exports	12	6	8	8	8
Total Imports	77	78	77	78	80
Imports from the U.S.	33	27	26	31	32

*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 slowdown to a once flourishing construction sector. In recent years the sector has begun to recover, and estimates show projected growth in 2017 and 2018.

Leading Sub-Sectors

The construction equipment with market potential 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 and maintenance and repair services through dealerships, competitive pricing, and reliable ocean and air shipping services.

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

Opportunities

The market size for imported construction equipment in 2016 slightly increased compared to the previous year. Construction of new residential and commercial projects accounts for the 12% increase in construction last year; much of this construction comes from the private sector and offsets the decline in public investment.

Despite a drop in 2013, the construction industry is finally growing at a steady pace. During 2014, the construction industry grew by 8.1% according to the CFIA (The Costa Rican Association of Engineers and Architects). According to CFIA, during 2015, the total area under construction was 12% higher than the previous year. During 2016 construction area increased by 13% where residential and commercial represented the major increase. Expert sources confirm that for the first quarter of 2017 the construction sector experienced a 4 % growth. Furthermore, sources indicate, that the performance of the sector may improve more during the remainder of 2017 as result of the increased government investment in roads and the impact of the current construction of the new APM container terminal in Moin, Limón.

The United States is the largest supplier of construction equipment to the Costa Rican market. 2016 import figures show that U.S. construction equipment reached \$30 million out of the \$77 million total, representing a 39% market share. For 2017, U.S. imports to Costa Rica are expected to be \$31 million, which represent about a 40% market share of the Costa Rican market. Major third-country competitors are Brazil (14% market share), China (9% market share), as well as Japan, South Korea, Sweden, the U.K., Italy and Germany.

Opportunities exist across a range of construction sub-sectors in Costa Rica in the residential building sector. 2017 residential construction building is projected to increase due to the opportunities for financing offered by public and private banks. This will help to increase the overall performance of the construction sector in Costa Rica.

A good opportunity for U.S. companies in Costa Rica is the *Expo-Construcción* trade fair, which takes place in mid-February every year. During 2017 the fair will host international companies and will have a more regional appeal for Central American buyers. For additional information contact Mr. Mauricio Obando at the Chamber of Construction at: camara@construccion.co.cr

Concessions Overview: A Demand Pull-through for Construction Equipment

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

A goal of the Solis administration (2014-present) has been to revise the concession law to correct its loopholes in which companies overcharged the Costa Rican government for its design, construction, and operation of different projects. Recently the Costa Rican government issued a new regulation that allows Public- Private Alliances.

The Costa Rican Government, with Cocosna (Regional Aviation Authority), has started the process to develop the master plan for a new airport to serve the Greater San Jose Metropolitan Area in Orotina. Construction is expected to start in 2020. Meanwhile the government and the current Juan Santamaría International's (SJO) administrator AERIS will invest to improve current infrastructure to serve 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 Costa Rican Institute of Electricity (I.C.E.) is completing the design and bid documents for the construction of a hydroelectric project, "El Diquis," in the southern part of the country, for a capacity of 630 MW. The project has been stalled for some time, but the ICE insists on the importance of "El Diquis", calling it an 'essential' project. See the [June 2017 article in La Nacion](#) for more information on the project.

The Ministry of Public Works and Transportation has announced that it will be using new public tenders for the construction of several roads. One project is the construction of a peripheral road (*Circunvalacion Norte*) from la Uruca to Calle Blancos. Announced in 2015, this project includes three miles of road and two miles of aqueducts. The total cost is U.S. \$150 million and the

funding will come from the Central American Bank of Economic Integration (CABEI). The project is currently in the design stage, and the government is in the process of expropriating properties found along the aqueduct's route.

Finally, the Costa Rican Institute of Aqueducts and Sewage (ICAA) has published tenders for construction projects of the Greater San Jose Metropolitan Sewage System estimated at \$270 million. The largest part, which is 400 km. of tubing, is still pending.

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

Table 11: Costa Rica Cosmetics Manufacturing Data (Millions of U.S. Dollars)

Year	2014	2015	2016	2017 (estimated)	2018 (estimated)
Total Market Size*	197.61	211.86	219.11	236.06	253.47
Total Local Production	14.70	16.50	17.11	18.47	19.86
Total Exports	2.94	10.83	11.99	13.27	14.70
Total Imports	185.85	206.19	213.99	230.87	248.30
Imports from the U.S.	31.61	39.35	42.02	48.04	55.39

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

Table 12: Costa Rica Cosmetics Tariff Data

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. According to information given by the cosmetic industry, the consumer habits of the Costa Ricans are becoming more complex due to more awareness of aging processes. Costa Ricans are investing in more premium products such as hair treatments as well as facial and hair removal treatments.

It is expected that this sector will continue to grow due to the Costa Rican population's demand for personal care products. United States imports of cosmetic products increased from 2015 to 2016, but Mexico continues to dominate the Costa Rican cosmetic market. Both Guatemala and Colombia have become important competitors within the Central American region due to their sustained development of the cosmetic sector and free trade agreements.

Market distribution within Costa Rica is composed mainly of mass consumption products. The products represent about 80% of the cosmetic products in the local market. Premium and high-end products represent 20% of the total cosmetic sector. 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. In the greater San Jose metropolitan Area, within the Central Valley, 70% of the sales are here. The rest of the cosmetic sales are made in rural areas, of which the top three are Guapiles, Perez Zeledon and Puntarenas.

In the case of professional products, the distribution channel includes approximately 4,000 beauty salons in the Greater Metropolitan Area (GMA), of which 200 sell high-end products while 3,000 are small salons. Also, there are approximately 1,000 professional spas of which 100 are premium spas located in the GMA, 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. The 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 depending on the brand of the perfume. Premium perfumes such as Jean Paul Gaultier and Gucci are in the price range of \$150-\$200 while the mass consumption perfumes and splashes, usually generic brands that are manufactured in China are in the \$12-\$20 price range. Professional shampoos cost between \$50-\$80 while mass consumption shampoos are between \$6-\$10. Mass consumption make-up costs between \$4-\$10, while high-end and premium make-up products sell between \$20-\$70.

Even though Costa Rica has a high demand for cosmetic products, there are some disadvantages in terms of accessing the market. Costa Rica is a competitive market that is price sensitive. Product registration has been an obstacle for U.S. companies 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 before the Ministry of Health of Costa Rica needs 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 that will be responsible for any sanitary possibility when importing and selling the product in Costa Rica. In addition, a clarification letter is required stating the respective company is the manufacturer of the product that will be exported to Costa Rica. In some cases, the Ministry of Health has accepted the Manufacturing License of Operation that is issued by the respective state's Municipal License emitting office instead of the Good Manufacturers Practices document.

Leading Sub-Sectors

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

Make-up includes eye make-up preparations, lip make-up, compact powders, mascara, and others. Perfumes include splashes and toilet waters. These categories along with soap are very much in demand in the local market with prices depending upon the desired 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 can reasonably buy mass consumption products. Moreover, the cosmetics market consists of 20% premium cosmetics and 80% cosmetics for mass consumption.

The actual consumption demonstrates a tendency to acquire a diversity of hair 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 the suppliers and distributors because of the significant profit margins obtained. 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 in marketing in Central America, including Costa Rica, because of the benefits under CAFTA-DR free trade agreement with the U.S. Under this agreement almost all cosmetic products import duties have been significantly reduced.

Table 13: Costa Rica Cosmetics Import Duties Data

Cosmetics Product	with CAFTA	without CAFTA
Perfumes and Toilet Waters	13%	29.95%

Make-Up	13%	29.95%
Soaps	14.81%	24.30%
Hair Products	46.9%	63.85%

Web Resources

[Costa Rican Customs Directorate](#)

[Ministry of Health](#)

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

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Education in the United States

Overview

Table 14: Costa Rica-U.S. Student Travel Data

Year	2013-2014	2014-2015	2015-2016	2016-2017 (expected)	2017-2018 (expected)
Costa Rican students to the United States	1064	1118	1148	1263	1390

Data Source: [Institute of International Education Open Doors Report](#)

According to the Costa Rica Central Bank, in 2017 the population of Costa Rica will reach almost 4.8 million, with a GDP income of \$10,671 U.S. dollars in 2015. Costa Rica has become well-known worldwide for the quality of its human resources as a result of a strong investment in education in the past century. In 2014, Costa Rican education expenditure accounted for 7.6% of the GDP, the highest in the Central American Region. Also in 2016, the World Economic Forum ranked the country 35th worldwide, having one of the best high school educational systems in Latin America and also the highest number of International Baccalaureate Diplomas in Central America. Costa Rica boasts a literacy rate of almost 98%.

The Costa Rican Ministry of Public Education (MEP) oversees more than four thousand private and public elementary schools. In 2014, MEP reported almost 1,000 private and public high schools with a population of almost 400,000 students, and during the same year almost 209,000 entered university.

In the U.S. market, the states with the highest numbers of Costa Rican students are Texas, New York, California, Massachusetts, Florida, Louisiana, Georgia and Virginia. The main reasons why Costa Ricans choose the United States are geographic proximity, high quality education system, wide variety of higher education programs and the availability of intensive and short programs to learn or improve English skills. In addition, studying abroad presents an opportunity to be more competitive and increases the possibility

for better employment in national or multinational corporations. Costa Rica is home to more than 250 high-tech multinational companies.

Main competitor countries are Canada, Mexico, Spain, Germany, France, Taiwan, United Kingdom, Chile, and Argentina.

Leading Sub-Sectors

- Community College
- English Language Programs (from one month up to one year) for students, teachers, and adults
- Masters Programs
- Short summer programs
- Summer camps
- U.S universities with annual tuition fees lower than \$15,000

Opportunities

The U.S. Embassy and Education USA offices in Costa Rica are committed to work with the business community to promote professional development and increase the number of students studying in the U.S. The strong partnership between the Commercial Service, Consular Section and Education USA has created new opportunities for U.S. institutions.

There is more market potential for U.S. institutions with annual tuition fees lower than \$15,000. The U.S. Commercial Service, in conjunction with Education USA, organizes one educational fair every April for Community Colleges that comply with the tuition fees mentioned above. Additionally, CS Costa Rica organizes several outreach programs and structured services to provide follow up activities as part of the strategy to promote the community college system among students.

In September of each year, both organizations also promote a graduate program educational fair, targeting the professional community in Costa Rica.

To enter the market, it is highly recommended that U.S. universities, community colleges and/or technical institutions seek partnerships or agreements with public or private universities to facilitate exchange programs for students and professors, recognition of credits and/or dual certification. It is important that the international recruiters travel to the market to meet face

to face with school counselors, parents, and higher education institution officers; participate in local recruitment fairs, trade missions, and outreach events in high schools, public venues, and universities to provide in-depth information about programs and the application processes.

Web Resources

[Association of International Baccalaureate Schools of Costa Rica \(ASOBITICO\)](#)

[Association of Private Education Centers \(ACEP\)](#)

[Expo Escuelas y Colegios](#)

[Education USA Costa Rica](#)

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

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Franchising

Overview

Table 15: Costa Rica Franchise Distribution Data

Distribution	Quantity	Percentage
International	245	76%
National	66	24%
Total	321	100%

Data Source: [Chamber of Commerce of Costa Rica](#)

Based on a Costa Rican Chamber of Commerce study, the Costa Rican franchise sector has become more prominent in the last few years with strong growth. In 2016, this sector grew 13.3 percent from 2015. As shown in the table above, there are a total of 321 franchises operating in the country, of which 245 are international and 66 are national. Also, 63 percent of the foreign franchises present in Costa Rica come from the United States. Increasing franchise development provides opportunities for small and medium companies to expand.

The average duration of an international franchise contract is between five and ten years. 47% of the local franchises operate with contracts in this range. In the past few years, the franchises have reached a total of 1,900 establishments throughout the country. Additionally, the franchising sector in Costa Rica generates employment. In total, the franchises have produced 29,914 jobs. The franchising sector has definitely contributed to the Costa Rican economy, reaching more than \$250 million in the last decade. Sales are equally as important as the impact of the investments.

Leading Sub-Sectors

With regards to international franchise sectors, fashion ranks the highest with 32% of the market, followed by the food sector with 24%. The hotel industry is the third largest sector of international franchises, with 14% percent. The remainder corresponds to beauty and personal care, decoration, learning, entertainment, car rentals, 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. Also, malls and

other commercial centers are the home to many franchises. This has led to the construction of new malls toward the East of San Jose.

Opportunities

Costa Rica takes second place after Guatemala in franchising sector growth within the Central American region. Additionally, the Chamber of Commerce of Costa Rica and public banks support franchising. Both offer assistance with legal issues as well as financing and consulting.

Web Resources

[Chamber of Commerce of Costa Rica 2015 Franchise Statistics](#)

[Chamber of Commerce of Costa Rica 2015 Study of Franchises](#)

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

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Solar Energy Products

Overview

Table 16: Costa Rica Solar Energy Manufacturing Data (Millions of U.S. Dollars)

Year	2015	2016	2017	2018 (estimated)
Total Market Size*	9.6	11	14.1	15
Total Local Production	0	0.2	0.3	0.3
Total Exports	0.7	0.4	0.2	0.3
Total Imports	10.3	11	14	15
Imports from the U.S.	3.7	3.6	3.9	4.5

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports); Data Source: 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. There is one major competitor to the U.S. in this sector, China (53%). Other smaller competitors are Mexico (2%), Australia (2%), Taiwan (2%) and Vietnam (2%). There are also imports of solar products from Central America. However these are re-exports since most of the products' origin is from Asian countries. Imports from the U.S. have increased to \$3.9 million in 2016, representing a 28% market share.

Most companies in the market sell solar systems assembled from Chinese solar panels, with some U.S.-made components.

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

Industry sources forecast that total imports in this sector will increase to about US\$15 million in 2017, a six percent increase from the previous year. The Costa Rican government approved in 2016 a new regulation which allows individuals and companies to produce solar energy and sell up to 49% of their excess production back to the grid. The consensus forecast within the solar energy products industry is that the sector will grow at an annual rate of 10+ percent from 2018–2021.

Leading Sub-Sectors

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

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

There is no significant local production of solar energy products in Costa Rica. Most of these products do not pay import taxes. The main factors for increasing U.S. sales in the solar energy products sector are high quality, reliability, durability, favorable prices, good maintenance service, and timely delivery.

Opportunities

Based on the projections made by the Costa Rican Ministry of Environment and Energy (MINA E), the predictions for 2030 are as follows: solar energy will reach 1.3%, the hydroelectric market will increase to 80%, and geothermal energy that will account for 10.6% of the total energy production. There is internal discussion in the MINA E of more aggressive investment in solar and wind power. Separately, IDB analysis suggests by 2024, Costa Rica could reliably integrate up to 800 MW each of wind and solar energy. 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 is households or companies that consume between 200kw/h and 3,000kw/h.

ICE and CNFL are installing photovoltaic systems. By the end of 2013, CNFL had 111 users of photovoltaic energy systems with a total of 385.3kW installed energy. ICE successfully ended a program to install energy photovoltaic systems for a total of 10MW in 2015. By the end of 2013 ICE had 2,559 systems installed in homes, 649 systems installed for community activities,

and 132 systems installed in conservation areas. A significant quantity of the solar energy panels that were installed by ICE are located in rural areas where electric energy networks are difficult to install.

For more information, see [The Tico Times' 2016 article](#) on Costa Rica's solar energy sector.

Web Resources

[Chamber of Industries of Costa Rica 2016 National Energy Congress](#)

[Costa Rican Association of Energy Producers \(ACOPE\)](#)

[Costa Rican Association of Solar Energy \(ACESOLAR\)](#)

[Costa Rican Association of Solar Energy \(ACESOLAR\) Expo Solar 2017](#)

[Costa Rican Customs Directorate, Ministry of Finance](#)

[Public Services' Regulating Authority \(ARESEP\)](#)

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

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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 its Central American neighbors, [World Trade Organization](#) obligations, and tariff reduction schedule 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 its critics within Costa Rica's agricultural sector. Opponents of free agricultural trade occasionally attempt to block imports of some domestically sensitive items, such as rice, potatoes, and onions. The Ministry of Agriculture enforces strict sanitary controls on imports of agricultural products. For instance, the market for U.S. potatoes was closed in 2013 and reopened in 2016 after almost three years of negotiations.

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

Import Tariffs

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

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

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

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

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

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

Duties and taxes are calculated as followed:

Table 17: Costa Rica Import Tariffs Data

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)

Import Requirements and Documentation

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

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

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

Pharmaceuticals, drugs, cosmetics, medical devices and some chemical products, such as solvents, agricultural inputs and precursor chemicals used to produce narcotic drugs, must have import permits (valid for five years) and be registered with the Ministry of Health. Food products require registration when 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 in order to be 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 in 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 agreed to apply the science-based disciplines of the WTO Agreement on Sanitary and Phytosanitary Measures. Costa Rica also agreed to guarantee equivalence to all factories inspected by USDA's Food Safety Inspection Service. As a result of the agreement, beef, pork and poultry products from federally inspected factories are allowed to enter the country. Costa Rica requires exporters of U.S. dairy products to register with the Animal Health Service Department of the Ministry of Agriculture and to submit questionnaires that require a substantial amount of company specific information. Also, Costa Rican Plant Health authorities are increasingly enforcing pesticide residue regulations by increasing the number of chemical molecules tested on different fresh fruits, vegetables, and grains. Increased testing has resulted in the rejection of shipments of rice, fruits and potatoes.

U.S. Export Controls

Certain U.S. products are subject to export controls, mainly those considered sensitive for security reasons in the United States. For more information, see the link to the Bureau of Industry and Security (BIS), Department of Commerce at [Buyusa.gov's webpage](#).

A Frequently Asked Questions Guide to Export Licensing Requirements for Commercial Items can be found on the [Bureau of Industry and Security's website](#).

Temporary Entry

Temporary entry of raw materials, intermediate products, and components used in goods intended for export, and the machinery, equipment, spare parts, and tools used to produce exported goods, are available for firms registered to operate within a free trade zone (FTZ) or under the "Regime of Active Finishing." Under the free trade zone statute, the government does not consider imported goods to have entered Costa Rican customs territory. The initial investment must be at least US\$150,000 for an investment in FTZs or US\$2 million outside FTZ parks. The companies typically involved in Free Trade Zone regimes are: processing, trading, and service companies. Under the Regime of Active Finishing, duties on imports for exported goods are suspended for six months for materials and components, and five years for

equipment, tools, and parts. These terms can be renewed. Either regime is available to foreign or domestic investors by applying to the Ministry of Foreign Trade (COMEX).

FTZ benefits have been extended through negotiations with WTO authorities.

Construction equipment, sound or film equipment, commercial samples of significant value, etc. may be granted temporary entry by customs.

Temporary entry is contingent on the payment of an amount equal to the duties that would have been paid if the items were imported.

The amount is refunded when the item is re-exported. Hiring a customs broker for this process is highly recommended.

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

Labeling /Marking Requirements

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

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

Prohibited & Restricted Imports

The Government of Costa Rica prohibits importing used tires without rims because mosquitoes carrying yellow fever or dengue fever breed in water accumulated in rimless tires. Also, the import of used shoes is prohibited and

recently used clothing is subject 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](#).

With regards 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 approval of quantitative-qualitative analysis certificates, good manufacturing practices and free-sale certificates, which must be provided by the foreign exporter. The registration process for pharmaceuticals has become very slow, in many cases taking up more than six months or more to approve the request. However, the Ministry is working toward reducing this timeframe. Improvement in the registration process is expected during 2017. [Gobierno Digital](#), the government office in charge of managing the electronic system for government purchases, is working with the Ministry of Health to utilize this new electronic platform for digital registration of products.

Regarding medical devices, since 2011, the Costa Rican Ministry of Health recognizes U.S. Food and Drug Administration (FDA) authorizations of

medical devices to be sold in the U.S. market as permissible for sale in Costa Rica without additional evaluation.

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

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)

Mr. Alvaro Valverde P.

Executive Director

Plaza Mayor Rohrmoser, Segunda Etapa

Segundo Piso, Oficina # 1, Rohrmoser, Pavas

San Jose, Costa Rica

Phone: (506) 2520-1635

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 May 2017, INTECO, the Costa Rican standards certification organization, reported that 63 companies had been granted ISO 14001 certification for environmental responsibility. Certified companies currently include banana producers, hotel operators in ecologically sensitive areas and other agribusinesses. INTECO also reported that 160 companies had met ISO 9001 requirements, 17 were certified with ISO 18001 and 2 were 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 constituted 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 a view to 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 countries. Notify U.S. is a free, web-based email 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 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) are 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](#)

Dirección General

La Uruca

San José, Costa Rica

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

Email: direccion@imprensa.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 – Agricultural Specialist;

Email: Victor.Gonzalez@fas.usda.gov

Trade Agreements

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

Web Resources

Government of Costa Rica:

[Imprensa Nacional](#)

[Ministry of Agriculture and Livestock \(MAG\)](#)

[Ministry of Health](#)

[Ministry of Science and Technology \(MICIT\)](#)

Costa Rican Standards Organizations:

[Costa Rican Accreditation Entity \(ECA\)](#)

[Institute of Technical Norms of Costa Rica](#)

United States Government:

[American National Standards Institute \(ANSI\)](#)

[United States Department of Agriculture \(USDA\)](#)

Investment Climate Statement

Executive Summary

Costa Rica is the oldest continuous democracy in Latin America with moderately strong economic growth rates (four percent in 2016) and low inflation (less than one percent in 2016) providing a stable investment climate. The country's relatively well-educated labor force, focus on English-language instruction, 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 accession process to the Organization for Economic Co-operation and Development (OECD), begun in June 2015, further benefitted the investment climate through its broad review of government policy and actions and concrete proposals to improve perceived areas of deficit. Nevertheless, the Costa Rican investment climate is threatened by a high and persistent government fiscal deficit capable of squeezing domestic credit and forcing government budget cuts, a complex and often inefficient bureaucracy, and basic infrastructure – ports, roads, water systems – in need of major upgrading. Organized crime, drug trafficking, and money laundering are also growing challenges, despite strong government efforts to counter these forces.

Costa Rica's continued popularity as an investment destination is well illustrated by strong yearly inflows of foreign direct investment (FDI) as recorded by the Costa Rican Central Bank, reaching USD 2.88 billion in 2014 (5.7 percent of GDP) and 2.85 billion in 2015 (5.1 percent of GDP). In recent decades, the Costa Rican government through its investment promotion agency CINDE focused on attracting relatively high-tech manufacturers, such as medical device makers, and service companies that demand skilled labor, introduce new technologies and often run robust corporate social responsibility (CSR) programs. In addition, the Costa Rican Tourism Board (ICT) attends to potential investors in the very dynamic tourism sector.

Costa Rica's high-tech and tourism sectors are legitimate "clusters" of economic growth in which each new exporter; service provider, sector employee, or university course of study adds depth to the sector as a whole and makes it more attractive for new entrants. Costa Rica has had remarkable success in the last two decades in establishing and promoting an ecosystem of export-oriented technology companies, suppliers of input goods and services, associated public institutions and universities, and a trained and experienced

workforce. A similar transformation took place in the tourism sector, now characterized by a plethora of smaller enterprises handling a steadily increasing flow of tourists eager to visit despite Costa Rica’s relatively high prices. Costa Rica is doubly fortunate in that these two sectors positively reinforce each other as they both require and encourage English language fluency, openness to the global community, and Costa Rican government efficiency and effectiveness.

Table 18: Costa Rica Investment Climate Data

Measure	Year	Index/Rank
TI Corruption Perceptions Index	2016	41 of 176
World Bank’s Doing Business Report “Ease of Doing Business”	2016	62 of 190
Global Innovation Index	2016	45 of 128
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD 1,521
World Bank GNI per capita	2015	USD 10,400

Openness To, and Restrictions Upon, Foreign Investment Policies Toward Foreign Direct Investment

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

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

Limits on Foreign Control and Right to Private Ownership and Establishment

Costa Rica recognizes and encourages the right of foreign and domestic private entities to establish and own business enterprises and engage in most forms of remunerative activity. The exceptions are in sectors that are reserved for the state (legal monopolies) or that require participation of at least a certain percentage of Costa Rican citizens or residents (electrical power generation, transport services, professional services, and aspects of broadcasting). Properties in the Maritime Zone (from 50 to 200 meters above the mean high-tide mark) may only be leased from the state and with residency requirements. In the areas of medical services, telecommunications, finance and insurance, state-owned entities dominate but that does not preclude private sector competition. Costa Rica does not have an investment screening mechanism for inbound foreign investment, beyond those applied under anti-money laundering procedures.

Other Investment Policy Reviews

Costa Rica's investment policy reviews in recent years tend to be positive but qualified by a list of problems that need immediate attention, for example underfinanced infrastructure, lax intellectual property rights (IPR) enforcement, slow environmental permitting, and a persistent and growing government budget deficit. The OECD completed a comprehensive investment policy review in September 2013 and is [available on the organization's website](#). In 2014, Costa Rica became the 45th country to adhere

to the OECD Declaration on International Investment and Multinational Enterprises. OECD accession talks for Costa Rica began in 2015; within that context the OECD in February 2016 published its [Economic Assessment of Costa Rica](#).

The World Trade Organization (WTO) completed its most recent trade policy review in September 2013 and is available on the [organization's webpage](#).

Business Facilitation

Costa Rica's single-window business registration website, [Crear Empresa \(Create Business\)](#), brings together the various entities – municipality and central government agencies – that must be consulted in the process of registering a business in Costa Rica. A new company in Costa Rica must typically register with the National Registry (company and capital registry), Internal Revenue Directorate of the Finance Ministry (taxpayer registration), National Insurance Institute (INS) (basic workers' comp), Ministry of Health (sanitary permit), Social Security Administration (CCSS) (registry as employer), and the local Municipality (business permit).

The World Bank's [2017 "Doing Business" evaluation](#) states that business registration takes a total of 9 steps in 22.5 days, where most of those steps are simultaneous or take one day, while the municipal business license might take 15. Notaries are a necessary part of the process and are required to use the [Crear Empresa](#) portal when they create a company.

Outward Investment

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

Bilateral Investment Agreements and Taxation Treaties

Costa Rica has bilateral investment treaties (BITs) in force with Argentina, Canada, Chile, the Czech Republic, France, Germany, South Korea, the Netherlands, Paraguay, Qatar, Spain, Switzerland, Taiwan, and Venezuela. The investment chapter of CAFTA-DR includes all aspects of a BIT thereby making a separate BIT with the United States unnecessary. According to the [United Nations Conference on Trade and Development \(UNCTAD\)](#), Costa Rica's other in-force trade treaties with an investment component are with Mexico, Peru, Singapore, China, Panama, CARICOM, Canada, and Chile.

Costa Rican and U.S. tax authorities currently coordinate under the terms of two agreements, a Taxation Information Exchange Agreement (TIEA) signed in 1989 and a U.S.-Costa Rica intergovernmental agreement titled “Agreement between the Government of the United States of America and the Government of the Republic of Costa Rica to Improve International Tax Compliance and to Implement FATCA” signed in December 2013 but not yet in force. Costa Rica has active bilateral or regional tax information exchange agreements with 15 other countries, in addition to a number of signed agreements that are not yet in force; see the [Global Forum on Transparency and Exchange of Information for Tax Purposes](#)’ webpage for the full list. Costa Rica is also a party to the OECD ["Convention on Mutual Administrative Assistance in Tax Matters,"](#) with Entry-Into-Force in August 2013.

The Costa Rican government in 2013 adopted a new set of transfer pricing rules, followed by their implementation regulations [DGT-R-44-2016 published by the internal revenue department (DGT) of the Finance Ministry] in September 2016, which require full implementation by subject companies by June 2017. Large transnational companies must declare and justify the transfer-pricing methods they are using in a manner consistent with international norms. Costa Rica is a member of the “Base Erosion and Profit Shifting” (BEPS) Inclusive Framework and established a commission in August 2016 to define a framework for implementation of the minimum BEPS standards to stop harmful tax practices and treaty abuse, adhere to country-by-country reporting and reform dispute resolution in transfer pricing.

Legal Regime

Transparency of the Regulatory System

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

Rule-making and regulatory authority is housed in any number of agencies specialized by function (telecom, financial, health, environmental) or location (municipalities, port authorities). Tax, labor, health, and safety laws, though highly bureaucratic, are not seen as unfairly interfering with foreign investment. When applying environmental regulations, the Costa Rican organization that reviews environmental impact statements has been slow in

issuing its findings, causing delays for investors in completing projects. The Association of Engineers and Architect's review of all building plans, Costa Rica's most prominent example of a regulatory process managed by a nongovernmental organization or private sector association, has not been the subject of U.S. investor discrimination complaints. Costa Rica is a member of [UNCTAD's international network](#) of transparent investment procedures. Within that context, the Ministry of Economy compiled the [various procedures needed to do business](#) in Costa Rica. Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name, and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time and legal bases justifying the procedures.

Accounting, legal, and regulatory procedures are transparent and consistent with international norms. The Costa Rican College of Public Accountants (CCPA) is responsible for setting accounting standards for non-regulated companies in Costa Rica and adopted full International Financial Reporting Standards. For more, see the [International Federation of Accountants' \(IFAC\) Costa Rica webpage](#).

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

Regulations and laws, both proposed and final, for all branches of government are published digitally in the government registry [La Gaceta](#) . The [Costa Rican American Chamber of Commerce \(AmCham\)](#) and other business chambers closely monitor these processes and often coordinate responses as needed.

There are several independent avenues for appealing regulatory decisions, and these are frequently pursued by persons or organizations opposed to a public sector contract or regulatory decision. The avenues include the Comptroller General (Contraloría General de la República), the Ombudsman (Defensor de los Habitantes), the public services regulatory agency (ARESEP),

and the constitutional review chamber of the Supreme Court. The State Litigator's office (Procuraduria General) is frequently a participant in its role as the government's attorney.

A similarly transparent process applies to proposed laws. The Legislative Assembly generally provides ample opportunity for supporters and opponents of a law to understand and comment upon proposals. To become law, a proposal must be approved by the Assembly by two plenary votes. The signature of ten legislators (out of 57) is sufficient after the first vote to send the bill to the Supreme Court for constitutional review within one month, although the court may take longer.

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

No major regulatory system or enforcement reforms have been announced in the past year. The review and enforcement mechanisms described above have kept the regulatory system relatively transparent and free of abuse, but have also rendered the system for public sector contract approval exceptionally slow and litigious. There have been several cases in which these review bodies have overturned already-executed contracts, thereby interjecting uncertainty into the process. Bureaucratic procedures are frequently long, involved and can be discouraging to new investors.

International Regulatory Considerations

While Costa Rica does consult with its neighbors on some regulations through participation in the [Central American Integration System \(SICA\)](#), Costa Rica's lawmakers and regulatory bodies habitually refer to sample regulations or legislation from more developed countries, notably the United States and Europe. Costa Rica's commitment to the OECD accession process accentuated this traditional use of best-practices and model legislation.

Costa Rica appears to be notifying all draft technical regulations to the WTO Committee on Technical Barriers in Trade (TBT), notifying 13 technical regulations in 2016. The notified regulations spanned a range of areas including organic foods, synthetic chemicals, energy efficiency requirements,

labelling of used clothes, steel specifications and tire specifications. The comment periods for four of those regulations were extended at the request of one or more WTO members.

Legal System and Judicial Independence

Costa Rica uses the civil law system. The fundamental law is the country's Political Constitution of 1949, which grants the unicameral legislature a particularly strong role. Jurisprudence or case law does not constitute legal precedent but can be persuasive if used in legal proceedings. The civil and commercial codes govern commercial transactions. The courts are independent, and their authority is respected. The roles of public prosecutor and government attorney are distinct: the Chief Prosecuting Attorney or Attorney General (Fiscal General) operates a semi-autonomous department within the judicial branch while the government attorney or State Litigator (Procuraduria General) works within the Ministry of Justice and Peace in the Executive branch. Judgments and awards of foreign courts and arbitration panels may be accepted and enforced in Costa Rica through the exequatur process. The Constitution specifically prohibits discriminatory treatment of foreign nationals.

The Costa Rican Judicial System is made up of the Civil, Administrative, and Criminal Court structure. The judicial system generally upholds contracts, but caution should be exercised when making investments in sectors reserved or protected by the Constitution or by laws for public operation. Investments in state-protected sectors under concession mechanisms can be especially complex due to frequent challenges in the constitutional court of contracts permitting private participation in state enterprise activities. Furthermore, independent government agencies, including municipal governments which grant construction permits, can issue permits or requirements that may contradict the decisions of other independent agencies, causing significant project delays.

Costa Rica's commercial code details all business requirements necessary to operate in Costa Rica. The laws of public administration and public finance contain most requirements for contracting with the state.

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

Monetary judgments can be made in USD but paid in the local Costa Rican currency.

The legal process to resolve cases involving squatting on land can be especially cumbersome. Land registries are at times incomplete or even contradictory. The Public Registry of Costa Rica is very effective with nationwide information on-line and in real time. However, rural records or the Cadastral Plans (Planos Catastrados) can be outdated and create land and boundary conflicts. Potential buyers should confirm the validity of their land title. Expropriation and related legal proceedings concerning lands within the Leatherback Turtle National Park boundary have been ongoing since 2004 and are involved in Investor-State Dispute Settlement. Buyers should retain experienced legal counsel to help them

Laws and Regulations on Foreign Direct Investment

In the past year Costa Rica passed no major laws, regulations or judicial decisions affecting foreign direct investment. Costa Rican websites useful to help navigate laws, rules and procedures include that of the investment promotion agency [CINDE](#) (labor regulations), the export promotion authority [PROCOMER](#) (incentive packages), and the [Ministry of Health](#) (product registration and import/export). In addition, the [Costa Rican Legal Information System's website](#) compiles relevant laws.

Competition and Anti-Trust Laws

Several public institutions are responsible for consumer protection as it relates to monopolistic and anti-competitive practices. The [Commission for the Promotion of Competition \(COPROCOM\)](#), a semi-autonomous agency housed in the Ministry of Economy, Industry and Commerce, is charged with investigating and correcting anti-competitive behavior across the economy. Costa Rica's Superintendence of Telecommunications (Sutel), shares that responsibility with COPROCOM in the Telecommunications sector. Both agencies are charged with defense of competition, deregulation of economic activity, and consumer protection. COPROCOM is considered to be underfunded and weak; the [February 2016 OECD "Economic Assessment of Costa Rica"](#) emphasizes the need to reform COPROCOM in order to assure regulatory independence and sufficient operating budget. The government is working on a legislative proposal to create a competition tribunal in consultation with the OECD.

Of interest to any company seeking to sell Information and Communications Technology goods and services to government entities, an ongoing case

brought before COPROCOM August 2016 pits the software chamber CAMTIC against the Ministry of Finance and the Heredia Public Services Company ESPH. The Ministry awarded a USD 8.5 million contract to ESPH to develop the Ministry's "digital invoice" system; CAMTIC characterizes this as an abuse of the administrative law that allows non-competitive award of contracts to public entities like ESPH when functionaries of the awarding entity certify the award to be an efficient use of public funds.

COPROCOM and Sutel together in September 2016 resolved in favor of the practice of mobile phone providers Claro and Movistar offering roaming privileges without an associated roaming charge to their Costa Rican clients travelling in the Central American region. The state-owned telecoms provider ICE filed a case against that practice characterizing it as an anti-competitive practice.

Expropriation and Compensation

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

Article 45 of Costa Rica's Constitution stipulates that private property can be expropriated without proof that it is done for public interest. The 1995 Law 7495 on expropriations further stipulates that expropriations require full and prior payment. The law makes no distinction between foreigners and nationals. Provisions include:

- (a) Return of the property to the original owner if it is not used for the intended purpose within ten years or, if the owner was compensated, right of first refusal to repurchase the property back at its current value;
- (b) A requirement that the expropriating institution complete registration of the property within six months;
- (c) A two-month period during which the tax office must appraise the affected property;

(d) A requirement that the tax office itemize crops, buildings, rental income, commercial rights, mineral exploitation rights, and other goods and rights, separately and in addition to the value of the land itself;

(e) Provision that upon full deposit of the calculated amount the government may take possession of land despite the former owner's dispute of the price; and

(f) Provisions providing for both local and international arbitration in the event of a dispute. The expropriations law was amended in 1998, 2006, and 2015 to clarify and expedite some procedures, including those necessary to expropriate land for the construction of new roads.

There is no discernible bias against U.S. investments, companies, or representatives during the expropriations process. Costa Rican public institutions follow the law as outlined above and generally acted in a way acceptable to the affected landowners. However, there are currently several cases in which landowners and government differ significantly in their appraisal of the expropriated lands' value; in those cases, judicial processes took years to resolve. In addition, landowners have on occasion been prevented from developing land which has not yet been formally expropriated for parks or protected areas; the courts will eventually order the government to proceed with the expropriations but the process can be long.

Dispute Settlement

ICSID Convention and New York Convention

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

Costa Rica is a signatory of the convention on the Recognition and Enforcement of Arbitral Awards (1958 New York Convention). Consequently, within the Costa Rican legal hierarchy the Convention ranks higher than local laws although still subordinate to the Constitution.

Investor-State Dispute Settlement

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

Under chapter 10 of CAFTA-DR entered into force (EIF) January 2009, Costa Rica legally obligated itself to answer investor arbitration claims submitted under ICSID or UNCITRAL and accept the arbitration verdict. To date there are two claims by U.S. citizen investors under the provisions of CAFTA-DR: Aven et al versus Costa Rica and Spence, Berkowitz et al versus Costa Rica. Extensive documentation for both cases is filed on the [Foreign Trade Ministry's \(COMEX\) website](#). No local court denies or fails to enforce foreign arbitral awards issued against the government.

In some coastal areas of Costa Rica there is a history of extrajudicial action against foreign investors: invasion and occupation of private property by squatters who are often organized and sometimes violent. The Costa Rican police and judicial system have at times failed to deter or to peacefully resolve such invasions. It is not uncommon for squatters to take over the parcels of land from which they were evicted, requiring expensive and potentially dangerous vigilance over the land.

International Commercial Arbitration and Foreign Courts

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

International Arbitration, proceedings may be held in English and foreign attorneys are authorized to serve as arbitrators. The following arbitration centers are in operation in Costa Rica:

- [Centro de Conciliación y Arbitraje](#) – Costa Rican Chamber of Commerce
- [Centro de Resolución de Conflictos](#) – Costa Rican Association of Engineers and Architects
- [Centro Internacional de Conciliación y Arbitraje](#) – Costa Rican American Chamber of Commerce (AMCHAM)
- [Centro de Arbitraje y Mediación/Centro Iberoamericano de Arbitraje \(CIAR\)](#) – Costa Rican Bar Association.

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

Costa Rican courts recognize and enforce foreign arbitral awards. Judgments of foreign courts are recognized and enforceable under the local courts and the Supreme Court.

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

The most frequently heard complaint about Costa Rican court process is that litigation can be long and costly. U.S. companies cite the unpredictability of outcomes as a source of rising judicial insecurity in Costa Rica. The legal system is significantly backlogged, and civil suits may take several years from start to finish. Some U.S. firms and citizens satisfactorily resolved their cases through the courts, while others see proceedings drawn out over a decade without a final resolution. Commercial arbitration has consequently become an increasingly common dispute resolution mechanism.

Bankruptcy Regulations

The Costa Rican bankruptcy law, addressed in both the commercial code and the civil procedures code, is similar to corresponding U.S. law, according to local experts. Title V of the civil procedures code outlines creditors' rights and the processes available to register outstanding credits, administer the liquidation of the bankrupt company's assets, and pay creditors according to their preferential status. The Costa Rican system also allows for successive alternatives to full bankruptcy: "convenion preventivo" or arrangement with creditors; "administracion por intervencion" or administration through judicial intervention; "reorganizacion con intervencion judicial" or reorganization through judicial intervention; and finally bankruptcy. As in the United States, penal law will also apply to criminal malfeasance in some bankruptcy cases.

Industrial Policies

Investment Incentives

Four investment incentive programs operate in Costa Rica: the free trade zone system, an inward-processing regime, a duty drawback procedure, and the tourism development incentives regime. These incentives are available equally to foreign and domestic investors and include tax holidays, training of specialized labor force, and facilitation of bureaucratic procedures. Costa Rica's Foreign Trade Promotion Authority (PROCOMER) is in charge of the first three programs and companies must choose one or the other; as of early 2017 over 394 companies are in the free trade zone regime, almost 90 in the inward processing regime, and 10 in duty drawback. The Costa Rican Tourism Board (ICT) administers the tourism incentives; over 1,000 tourism firms are declared as such with access to incentives of various types depending on the firm's operations. The free trade zone regime is based on the 1990 law #7210, updated in 2010 by law #8794 and attendant regulations, while inward processing and duty drawback derive from the General Customs Law #7557. Tourism incentives are based on the 1985 law #6990, most recently amended in 2001.

The inward-processing regime suspends duties on imported raw materials of qualifying companies and then exempts the inputs from those taxes when the finished goods are exported. The goods must be re-exported within a non-renewable period of one year. Companies within this regime may sell to the domestic market if they have registered to do so and pay applicable local taxes. The drawback procedure provides for rebates of duties or other taxes

that were paid by an importer for goods subsequently incorporated into an exported good. Finally, the tourism development incentives regime provides a set of advantages, including duty exemption for some purchases, to tourism operators who sign a tourism agreement with ICT.

Foreign Trade Zones/Free Ports/Trade Facilitation

Individual companies are able to create industrial parks that qualify for free trade zone (FTZ) status by meeting specific criteria and applying for such status with PROCOMER. Companies in FTZs receive exemption from virtually all taxes for eight years and at a reduced rate for some years to follow. Established companies may be able to renew this exemption through additional investment. In addition to the tax benefits, companies operating in FTZs enjoy simplified investment, trade, and customs procedures, which provide a convenient way to avoid Costa Rica's burdensome business licensing process. Call centers, logistics providers, and software developers are among the companies that may benefit from FTZ status but do not physically export goods. Such service providers have become increasingly important participants in the free trade zone regime.

Performance and Data Localization Requirements

Costa Rica does not impose requirements that foreign investors transfer technology or proprietary business information or purchase a certain percentage of inputs from local sources. However, the Costa Rican agencies involved in investment and export promotion do explicitly focus on categories of foreign investor who are likely to encourage technology transfer, local supply chain development, employment of local residents, and cooperation with local universities. The export promotion agency PROCOMER operates an export linkages department focused on increasing the percentage of local content inputs used by large multinational enterprises; one recent program is dedicated to helping small and medium enterprises (SME) obtain international certifications such as ISO9000.

Costa Rica does not have excessively onerous visa, residence, work permit, or similar requirements designed to inhibit the mobility of foreign investors and their employees. While the procedures necessary to obtain residency in Costa Rica are traditionally long and very bureaucratic, immigration officials believe that an immigration law that took effect in March 2010 and Costa Rica's accession to the Apostille Convention, in effect as of December 2011, make the process less burdensome. Existing immigration measures do not appear to have inhibited foreign investors' mobility to the extent that they affect

foreign direct investment in the country. Costa Rica does not have government/authority-imposed conditions on any permission to invest.

Costa Rica does not require Costa Rican data to be stored on Costa Rican soil. With entry into force of law #8968 – Personal Data Protection Law and its corresponding regulation – in 2014, companies must notify the [Data Protection Agency \(PRODHAB\)](#) of all existing databases containing the personal information of individuals outside the company. The notification requirement likewise applies to employee databases maintained, used, or accessed by third parties. Data bases pay an annual registration fee.

Costa Rica does not require any IT providers to turn over source code or provide access to encryption. Until recently the regulation associated with law #8968 did mandate that PRODHAB be given “super-user” privileges in databases registered with the agency, but that requirement was never acted upon and has been reversed by a new regulation effective December 2016. The new regulation was developed through an extensive consultative process and appears to meet with industry approval.

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

Protection of Property Rights

Real Property

The laws governing investments in land, buildings, and mortgages are generally transparent. Secured interests in both chattel and real property are recognized and enforced. Mortgage and title recording are mandatory and the vast majority of land in Costa Rica has clear title. However, there are continuing problems of overlapping title to real property and fraudulent filings with the National Registry, the government entity that records property titles. In addition, squatters do have rights under Costa Rican law such that legally purchased and registered property if left unoccupied long enough and under certain circumstances may revert to the person occupying the land rather than the registered owner. Potential investors in Costa Rican real estate should also be aware that the right to use traditional paths is enshrined in law and can be used to obtain court-ordered easements on land bearing private title; disputes over easements are particularly common when

access to a beach is an issue. While title guaranty is not a service traditionally used in the country, several reputable companies offer title guaranty and related services.

Foreigners are subject to the same land lease and acquisition laws and regulations as Costa Ricans with the exception of concessions within the Maritime Zone (Zona Maritima Terrestre – ZMT). Almost all beachfront is public property for a distance of 200 meters from the mean high tide line, with an exception for long-established port cities and a few beaches such as Jaco and Playa Grande. The first 50 meters from the mean high tide line cannot be used for any reason by private parties. The next 150 meters, also owned by the state, is the Maritime Zone and can only be leased from the local municipalities or the Costa Rican Tourism Institute (ICT) for specified periods and particular uses, such as tourism installation or vacation homes. Concessions in this zone cannot be given to foreigners or foreign-owned companies.

Intellectual Property Rights

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

Costa Rica's Customs agency, housed under the Finance Ministry, confirms that no statistics on the seizure of counterfeit goods are made public. In December 2014, the Costa Rican-American Chamber of Commerce (AmCham) launched a website, [Mercado Ilegal \(Illegal Market\)](#), which allows for the

reporting of tips on counterfeit merchandise. The anonymous tips are then shared with the Finance Ministry for action and enforcement.

In 2017, Costa Rica remained on the Watch List in the United States Trade Representative's (USTR) annual Special 301 Report. The USTR has noted that Costa Rica continues to improve in many areas of IPR enforcement and is working to identify specific IPR accomplishments that can help Costa Rica earn its way off of the Special 301 Watch List.

For additional information about treaty obligations and points of contact at local IP offices, please see [WIPO's country profiles webpage](#).

Resources for Rights Holders

Contact at Mission:

Rebecca Espinoza-Benson

Economic Specialist

Embassy San Jose

506-2519-2000

Email: SanJoseTradeLeads@state.gov

Country/Economy Resources

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

[U.S. Department of Commerce List of Business Service Providers](#)

[U.S. Embassy in Costa Rica \(Consular Section\) List of Legal Service Providers](#)

Financial Sector

Capital Markets and Portfolio Investment

The Costa Rican government's general attitude towards foreign portfolio investment is cautiously welcoming, seeking to facilitate the free flow of financial resources into the economy while minimizing the instability that might be caused by the sudden entry or exit of funds. The securities exchange (Bolsa Nacional de Valores) is small and is dominated by trading in government bonds. Stock trading is of limited significance and involves less than 20 of the country's larger companies, resulting in an illiquid secondary market. There is a small secondary market in commercial paper and

repurchase agreements. The securities exchange regulator SUGEVAL is generally perceived to be effective.

Costa Rica accepted the obligations of IMF article VIII, agreeing not to impose restrictions on payments and transfers for current international transactions or engage in discriminatory currency arrangements, except with IMF approval. There are no controls on capital flows in or out of Costa Rica or on portfolio investment in publicly-traded companies. However, a law adopted in 2013 allows the Central Bank, in coordination with the executive branch, to discourage short-term investments through the imposition of taxes on interest earned by foreign non-residents on Costa Rican bonds and also provides for a special reserve requirement of up to 25 percent of the value of those bonds. Government officials said this instrument will be used very carefully and selectively. Some capital flows are subject to a withholding tax (see section on Foreign Exchange and Remittances).

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

Money and Banking System

Costa Rica's financial system boasts a relatively high financial inclusion rate, with 65 percent of adults over the age of 15 holding a bank account. As part of an ongoing financial inclusion campaign, the Costa Rican government in early 2016 began allowing non-resident foreigners to open what are termed "simplified accounts" in Costa Rican financial institutions. Resident foreigners have full access to all banking services.

The banking sector is healthy, with non-performing loans as of June 2016 reported as 1.3 percent of total loans; the state-owned banks had a higher but still healthy 1.8 percent average. The country hosts a large number of smaller private banks, credit unions, and factoring houses, although the four public banks are still dominant, accounting for well over 50 percent of the country's financial system's assets. Consolidated total assets of the country's public commercial banks were approximately USD 27.5 billion in June 2016, while consolidated total assets of the eight private commercial banks were almost USD 15 billion and consolidated total assets of the credit unions and lending houses were over USD five billion, for combined assets of all bank groups

(public banks, private banks and others) of approximately USD 47.5 billion as of June 2016.

Costa Rica's Central Bank performs the functions of a central bank while also providing support to the four autonomous financial superintendencies (Banking, Securities, Pensions and Insurance) under the supervision of the national council for the supervision of the financial system (CONASSIF). Foreign banks may establish operations in the country under the supervision of the banking regulator SUGEF and as such are subject to the same regulatory burden as locally owned banks. Costa Rican banks are reported to have lost some correspondent banking relationships over the past three years, while representatives of the financial sector continue to worry that Costa Rica's current struggles to comply with the recommendations of the Financial Action Task Force (FATF) may result in additional losses. However, to date the Costa Rican financial sector appears to be satisfied with the available correspondent banking services.

Foreign Exchange and Remittances

Foreign Exchange

No restrictions are imposed on capital gains, royalties, or capital except when these rights are otherwise stipulated in contractual agreements with the government of Costa Rica. However, Costa Rican sourced rents and benefits remitted overseas, including royalties, are subject to a withholding tax (see below).

There are no restrictions on receiving, holding, or transferring foreign exchange. There are no delays for foreign exchange, which is readily available at market clearing rates and readily transferable through the banking system. Dollar bonds and other dollar instruments may be traded legally. Euros are increasingly available in the market. Costa Rica's current floating exchange rate regime represents an eight-year transition from a crawling peg (1983-2006), through a crawling band regime to the current regime announced January 31, 2015. The Central Bank pledged to intervene, if necessary, to smooth any exchange rate volatility; the Bank has sufficient international reserves for such actions.

Remittance Policies

Costa Rica does not have restrictions on remittances of funds to any foreign country; however, all funds remitted are subject to applicable withholding

taxes that are paid to the country's tax administration. The default level of withholding tax is 30 percent with royalties capped at 25 percent, dividends at 15 percent professional services at 15 percent transportation and communication services at 8.5 percent and reinsurance at 5.5 percent (different withholding taxes also apply for other types of services). By Costa Rican law, in order to pay dividends, procedures need to be followed that include being in business in the corresponding fiscal year and paying all applicable local taxes. Those procedures for declaring dividends in effect put a timing restriction on them. Exceptions to the withholding tax include payment of interest to multilateral and bilateral banks that promote economic and social growth, which pay no withholding tax, and companies located in free trade zones, which pay no dividend withholding tax plus other tax benefits. Both Spain and Germany have double-taxation tax treaties with Costa Rica, lowering the withholding tax on dividends paid by companies from those countries.

The Law for Development Banking, which took effect in May 2015, eliminated a provision allowing foreign banks registered with the Central Bank of Costa Rica to be exempt from withholding taxes. The change is designed to motivate banks to either register as financial entities within Costa Rica or stop lending to Costa Rican businesses. Industry observers indicate that some foreign banks have reduced their level of business activities due to the new tax treatment.

Sovereign Wealth Funds

Costa Rica does not have a Sovereign Wealth Fund.

State-Owned Enterprises

Costa Rica's state-owned enterprises (SOEs) are commonly known by their abbreviated names. They include monopolies in petroleum-derived fuels (RECOPE), lottery (JPS), railroads (INCOFER), local production of ethanol (CNP/FANAL), water distribution (AyA and the "Asadas"), and electrical distribution (ICE, CNFL, JASEC, ESPH); market dominance in insurance (INS), telecommunications (ICE, RACSA, JASEC, ESPH), and finance (BNCR, BCR, BanCredito, Banco Popular, BANHVI, INVU, INFOCOOP); significant market participation in parcel and mail delivery (Correos), and ports operation (INCOP and JAPDEVA). The Costa Rican government does not currently hold minority stakes in commercial enterprises.

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

Eight of Costa Rica's state-owned enterprises have revenues of close to 1 percent or more of GDP: in the financial sector, (where they are major players in their respective markets), energy (the first two non-financial firms listed below) and the state lottery monopoly (Junta de Proteccion Social or "JPS"). All eight of these agencies are 100 percent owned by the Costa Rican state, are governed by independent boards of directors and have independently audited accounts.

Table 19: Costa Rica State Owned Enterprises (SOE) Data

Millions of USD (\$)	Revenue 2015 (Millions USD)**	Assets (Millions USD)***	Occupied Positions 2015****
Financial SOEs			
Insurance Institute (INS)	3,150	3,564	2,320
Banco Nacional (BNCR)	1,015	11,396	4,975
Banco Costa Rica (BCR)	675	8,405	3,807
Banco Popular	600	4,629	3,533
Mortgage Bank (BAHNVI)	480	218	122
Non-Financial SOEs			
Electricity Institute (ICE)	3,300	10,359	15,008

Petroleum Refinery (RECOPE)	2,485	1,619	1,697
State Lottery (JPS)	455	106	442

* Annual Costa Rican nominal GDP is roughly \$58 billion, so 1% of GDP is \$580 million.

** 2015 revenue by company from the General Controllers Office SIPP system, converted to dollars at 540 colons/\$ and rounded.

*** Total assets of each SOE from audited accounts on the institution's respective website. Dated December 31 2016 except for Banco Popular (2014), JPS (2014) and ICE (2015).

**** Occupied Positions in 2015 are non-vacant personnel slots in each institution at the end of 2015; Data Source: [Ministry of Treasury Figures of Public Employment](#)

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

- Electricity generated privately must be distributed through the public entities (including rural electricity cooperatives not strictly classified as SOEs) and is limited to 30 percent of total electrical generation in the country: 15 percent to small privately-owned renewable energy plants and 15 percent to larger “build-operate-transfer” (BOT) operations.
- Telecoms and technology sector companies have called attention to the fact that government agencies overwhelmingly choose SOEs as their telecom services providers despite a full assortment of private-sector telecom companies.
- State-owned banks enjoy de-facto deposit insurance which is not available to private banks. As in the telecom sector (above), government entities generally prefer to work with government-owned banks. A development bank structure began functioning in 2009 and mandates that 17 percent of resources from private banks' checking and savings accounts be destined to SMEs. While a private bank may develop its own program of development lending or cede the funds to an administering bank, mandated conditions including a very narrow lending margin and a regulatory requirement that standard risk metrics apply to these loans have limited the private banks' ability to avoid the 17 percent charge. Despite these barriers, credit is generally allocated on market terms, although the state-owned commercial

banks are expected to participate actively in activities deemed to be of public interest.

- The state-owned insurance provider National Insurance Institute (INS) has been adjusting to private sector competition since 2009 but in 2015 still registered 81 percent of total insurance premiums paid; 13 insurers are now registered with insurance regulator [SUGESE](#). Although the insurance regulator SUGESE has won praise for successfully managing the market transition, new market entrants continue to point to unfair advantages enjoyed by the state-owned insurer INS, largely derived from INS's great size and incumbency.

Costa Rica is not a party to the Government Procurement Agreement (GPA) within the framework of the WTO. Costa Rica strives to adhere to the [OECD Guidelines on Corporate Governance for SOEs](#).

Privatization Program

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

Responsible Business Conduct

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

The Costa Rican government maintains and enforces laws with respect to labor and employment rights, consumer protection and environmental protection. Costa Rica has no mineral extraction industry with its accompanying issues. Costa Rica encourages foreign and local enterprises to follow generally accepted RBC principles such as the OECD Guidelines for

Multinational Enterprises (MNE) and [maintains a national contact point for OECD MNE](#) guidelines within the Ministry of Foreign Trade.

Some Costa Rican government agencies took the principles of public-private partnership to heart by working with private companies in addressing specific social issues. For example, since 2003 the [Foundation Paniamor](#) is the designated lead agency in Costa Rica guiding the network of 389 tourism-related businesses who are signatories to the “Code of Conduct” an initiative of the Costa Rican Tourism Board (ICT). The purpose of this code is to organize and direct the private sector’s work against the sexual commercial exploitation of children and adolescents. Paniamor is a grantee under the U.S. government-funded Central America Regional Security Initiative (CARSI), and for the past ten years worked with the Asociacion Empresarial para el Desarrollo (AED) which leads the national mandate to promote strategic social investment among Costa Rican businesses. This resulted in programs directly supported by this private sector consortium.

Corruption

Costa Rica has laws, regulations, and penalties to combat corruption, though the resources available to enforce those laws are limited. These laws extend to family members of officials and contemplate conflict-of-interest in both procurement and contract award. A series of high-profile corruption cases in the past two decades involving directors of state-owned enterprises as well as two ex-presidents helped emphasize that even senior officials may be prosecuted on corruption charges. Allegations of lower-level corruption are common, and some prosecutions have resulted.

The Attorney General (Fiscal General de la Republica), State Litigator (Procuraduria General de la Republica), Comptroller General (Contraloria General de la Republica), and ombudsman (Defensoría de los Habitantes) work together in an effort to combat corruption. The Comptroller General, the Organization of Judicial Investigation (OIJ), and the public prosecutors' office investigate allegations of corruption. The Comptroller General is responsible for approving or rejecting public contracts, auditing results, and detecting instances of corruption.

Costa Rica ratified the [Inter-American Convention against Corruption](#) in 1997. This initiative of the OECD and the Organization of American States (OAS) obligates subscribing nations to implement criminal sanctions for corruption and implies a series of follow up actions. Costa Rica also ratified the UN Anti-

Corruption Convention in March 2007. As part of its OECD Action Plan, Costa Rica is in the process of ratifying the OECD Anti-Bribery Convention.

In addition to these existing structures and safeguards, the Costa Rican government is implementing several initiatives centered on greater transparency in government. As a member of the Open Government Partnership (OGP), Costa Rica has been developing websites for many of its government offices with data sets of interest to civil society.

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

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

Resources to Report Corruption

Contact within government Anti-Corruption Agency

Lic. Ronald Víquez Solís

Attorney General of the Public Ethics Office

Attorney General of the Republic (PGR)

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

Phone: 2243-8330, 2243-8335

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Contact within Civil Society

Evelyn Villarreal

Costa Rica Integra

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Political and Security Environment

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

Crime increased in Costa Rica in recent decades and U.S. citizen visitors and residents are frequent victims. While petty theft is the main problem, criminals show an increased tendency to use violence.

Labor Policies and Practices

The Costa Rican labor force is relatively well-educated compared to other countries in Central America. The country boasts an extensive network of publicly-funded schools and universities while Costa Rica's national vocational training institute (INA) and private sector groups provide technical and vocational training. The 2011 national census established that foreign nationals constitute more than 12 percent of the employed population. According to the National Statistics Institute (INEC), as of December 2016, the informal economy accounts for about 44.7 percent of total employment; 42.8 percent of the economically active population in the nonagricultural sector is in the informal economy. Youth unemployment reached 23.8 percent in 2016.

The rapid growth of Costa Rica's service, tourism, and technology sectors has stimulated demand for English-language speakers and prompted the Costa Rican government to declare English language and computer literacy to be a national priority at all levels of education. Several public and private institutions are also active in Costa Rica's drive to English proficiency, including the 60-year-old U.S.-Costa Rican binational center (the Centro Cultural Costarricense Norteamericano), which offers general and business English courses to as many as 5,000 students annually, and receives U.S. government funding. In 2010, the Peace Corps initiated a program in

Teaching English as a Foreign Language and maintain an active program. While the presence of companies such as Procter & Gamble, Western Union, and a growing number of call center operators and business process outsourcing (BPO) companies drew down the supply of speakers of fluent business and technical English, the pool of job candidates with English and technical skills in the Central Valley is sufficient to meet current demand.

Foreign nationals have the same rights, duties and benefits as local employees. The government is responsible for monitoring that foreign nationals do not displace local employees in employment. The Immigration Law and the Labor Ministry regulations establish a mechanism to determine in which cases the national labor force would need protection. The Labor Ministry prepares a list of recommended and not recommended jobs to be filled by foreign nationals.

There are no restrictions on employers adjusting employment to respond to fluctuating market conditions. The law does not differentiate between layoffs and dismissal without cause. There are concepts established in the law related to unemployment and dismissals such as the mandatory savings plan (“Fondo de capitalización laboral”), as well as the notice of termination of employment (“preaviso”) and severance pay (“cesantía”). Costa Rican labor law requires that employees released without cause receive full severance pay, which can amount to close to a full year’s pay in some cases.

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

Costa Rican law guarantees the right of workers to join labor unions of their choosing without prior authorization. Unions operate independently of government control and may form federations and confederations and affiliate internationally. The vast majority of unions developed in the public sector, including state-run enterprises. “Permanent committees of employees” informally represent employees in some enterprises of the

private sector and directly negotiate with employers; these negotiations are expressed in “direct agreements,” which have a legal status. Based on 2016 statistics, 79 percent of government employees are union members as compared to three percent in the private sector. In 2016, the Labor Ministry reported 107 collective bargaining agreements, 78 with public sector entities and 29 within the private sector. The Ministry in 2016 reported a total of 162 “direct agreements” in different sectors (agriculture, industry and transportation). The Supreme Court struck down some clauses of collective labor agreements with public sector agency workers that were so generous it deemed them unfair to workers in other public sector institutions.

In the private sector, many Costa Rican workers join “solidarity associations,” under which employers provide easy access to saving plans, low-interest loans, health clinics, recreation centers, and other benefits. A 2011 law solidified that status by giving solidarity associations constitutional recognition comparable to that afforded labor unions. Solidarity associations and labor unions coexist at some workplaces, primarily in the public sector. Business groups claim that worker representation by solidarity associations provides for better labor relations compared to firms with workers represented only by unions. However, labor unions allege that private businesses use solidarity associations to hinder union organization in contravention of internationally recognized labor rights while permanent workers’ committees displaced labor unions on collective bargaining issues.

The Ministry of Labor has a formal dispute-resolution body and will engage in dispute-resolution when necessary; labor disputes may also be resolved through the judicial process. The Ministry of Labor regulations establish that conciliation is the mechanism to solve individual labor disputes, as defined in the Alternative Dispute Resolution Law (No. 7727 dated 9 December 1997). The Labor Ministry also participates as mediator in collective conflicts, facilitating and promoting dialogue among interested parties. The law provides for protection from dismissal for union organizers and members and requires employers found guilty of anti-union discrimination to reinstate workers fired for union activities. However, the labor courts are backlogged and the legal process can be lengthy.

The law provides for the right of workers to conduct legal strikes, but it prohibits strikes in public services considered essential (police, hospitals and ports). Strikes affecting the private sector are rare and do not pose a risk for investment. A strike in a private sector company occurred during the past year and lasted a couple of days after the employer allegedly did not uphold

previous agreements reached regarding basic employees' rights. The Ministry of Labor mediated in the negotiations between employers and labor union representatives.

In 2016, President Solís signed a new Labor Code of Procedures (Law No. 9343), which enters into force on July 26, 2017. The law is intended to streamline labor procedures in the courts, including those related to antiunion discrimination, as well as reform provisions regarding freedom of association and trade union rights. The new law should shorten labor disputes by introducing oral arguments in courts and establishing a range of alternative dispute resolution mechanisms outside the courts. Other changes include updated definitions of whether a strike is legal or illegal and how the authorities respond; prohibition of discrimination and expansion of individual rights for the poor and pregnant; and procedural improvements including expanded precautionary measures, sanctions, and a ten-year statute of limitations. This new law, if fully implemented, will largely address International Labor Organization (ILO) reservations to Costa Rican labor law and practice.

OPIC and Other Investment Insurance Programs

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

In Costa Rica, OPIC's 2016 portfolio exposure totaled USD 123.7 million across 13 projects in the small-and-medium enterprise (SME) lending, real estate/construction, and energy sectors. OPIC continues to be active in Costa Rica, committing to several new SME and agricultural lending projects in 2016 and 2017. For more information, see [OPIC's master list of projects by years webpage](#).

U.S. investors should be aware that OPIC, in accordance with statutory requirements, may not support projects that would result in the closing of a U.S. operation, the reduction of a U.S. workforce, or be in a sector that has experienced significant U.S. job loss in the past decade. Costa Rica is a member of the Multilateral Investment Guarantee Agency, a member of the World Bank group.

In the event that OPIC should pay an inconvertibility claim, the local currency accepted by OPIC would be made available, pursuant to the bilateral agreement providing for the OPIC program, to fund the U.S. Embassy in Costa Rica. U.S. Embassy yearly expenses in local currency are calculated to be roughly USD 10 million.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

In the chart below, the local statistical source for 2016 GDP is Costa Rica’s central bank, matched with World Bank data from a year earlier. The FDI statistics are compiled using distinct criteria. The Costa Rican Central Bank FDI statistics are compiled using the “directional principle” of FDI accounting while the BEA uses different measurement techniques.

Table 20: Key Macroeconomic Data, U.S. FDI in Costa Rica

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)*	2016	\$57.43	2015	\$54.14	World Bank ; Costa Rican Central Bank (BCCR)
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)**	2015	\$1,047	2015	\$1,521	BEA ; Costa Rican Central Bank (BCCR)

Host country's FDI in the United States (\$M USD, stock positions)	N/A	N/A	N/A	N/A	BEA ; Costa Rican Central Bank (BCCR)
Total inbound stock of FDI as % host GDP	2015	1.9%	2015	2.8%	N/A

* For 2016 GDP in dollars with National Accounts exchange rate, data is posted in early March.

** For 2015 Yearly US FDI in partner country, previous year's data is posted March 31 of every year.

Table 21: Costa Rica Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	30,647	100%	Total Outward	2,813	100%
United States	17,205	56.1%	Nicaragua	934	33.2%
Spain	2,195	7.2%	Guatemala	904	32.1%
Mexico	1,647	5.4%	Panama	515	18.3%
United Kingdom	1,202	3.9%	United States	114	4.1%
Switzerland	1,026	3.3%	Puerto Rico	109	3.9%
"0" reflects amounts rounded to +/- USD 500,000.					

The above chart sourced from the [IMF's Coordinated Direct Investment Survey \(CDIS\) webpage](#) shows that the United States accounts for roughly half of the Foreign Direct investment into Costa Rica while the remainder comes from a variety of other countries. Costa Rica's outward investment is strongly

biased towards investment in Costa Rica’s neighbors Nicaragua, Panama and Guatemala. The United States is also a notable recipient of Costa Rican outward direct investment.

Table 22: Costa Rica Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	1,589	100%	All Countries	156	100%	All Countries	1,433	100%
United States	690	43%	United States	133	85%	United States	557	39%
Ireland	239	15%	China (PR)	8	5%	Ireland	239	17%
Luxembourg	120	8%	UK	6	4%	Luxembourg	118	8%
Panama	81	5%	Luxembourg	3	2%	Panama	80	6%
U.K.	71	4%	Brazil	1	0%	U.K.	64	4%

The above chart sourced from the IMF’s [Coordinated Portfolio Investment Survey \(CPIS\) webpage](#) shows that the United States accounts for close to half of portfolio investment in Costa Rica.

Contact for More Information on the Investment Climate Statement

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Web Resources

Government of Costa Rica

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

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

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

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

[Ministry of Treasury](#)

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

United States Government

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

[Overseas Private Investment Corporation](#)

[Trade.gov](#)

[U.S. Census Bureau](#)

Chambers of Commerce

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

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

Trade and Project Financing

Methods of Payment

Bank letters of credit are the most common and secure method of payment in international trade, including in Costa Rica. Letters of credit are strongly recommended for Costa Rica, particularly in situations where the business relationship between the U.S. exporter and the local importer is still developing. Small transactions are often handled through advance payment via bank transfers or sight drafts. The free convertibility of the colon and the absence of controls on remittances encourage open account relationships in cases where credit risk is deemed minimal. Credit rating agencies in Costa Rica include the private company, Equifax and the government entity SUGEF. Both are primarily for personal credit records. Major credit/debit cards used in the market are: Master Card, Visa and American Express.

Banking Systems

The Costa Rican financial system is composed of the Central Bank, three state-owned commercial banks (see list below), 10 private commercial banks, one workers' bank, one state-owned mortgage bank, two mutual house-building companies, five non-bank finance companies, 25 savings and loans cooperatives and three entities engaged in money exchange and transfer, all under supervision of the Central Bank and the national council for the supervision of the financial system (CONASSIF). In addition, both state and private commercial banks and the state insurance company run a number of investment and retirement funds or trusts.

Please refer to Chapter 6 “Investment Climate” under the subtopic “Efficient Capital Markets and Portfolio Investment” for further information on the banking system.

Foreign-Exchange Controls

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.

State-owned Commercial Banks:

Banco Crédito Agrícola de Cartago (Bancredito)

Banco de Costa Rica

Banco Hipotecario de la Vivienda (home building)

Banco Nacional de Costa Rica

Banco Popular y de Desarrollo Comunal (workers' bank)

Banks Created by Public Law:

Private Commercial Banks:

[Banco BAC San Jose](#)

[Banco BCT](#)

[Banco Cathay de Costa Rica](#)

Banco CMB (Costa Rica)

[Banco Davivienda \(Costa Rica\)](#)

[Banco General \(Costa Rica\)](#)

[Banco Improsa](#)

[Banco Lafise](#)

[Banco Promérica de Costa Rica](#)

[Prival Bank \(Costa Rica\)](#)

[Scotiabank de Costa Rica](#)

Project Financing

Government institutions in Costa Rica obtain much of their project funding from multilateral development banks, such as: the Inter-American Development Bank (IDB) and the World Bank (IBRD), and from the two banks' equity investment affiliates, the Inter-American Investment Corporation (IIC) and International Finance Corporation (IFC). The Central American Bank for Economic Integration (CABEI) and the Venezuelan Petroleum Fund (consisting of accumulated interest paid on loans to buy oil

from Venezuela) are other sources of project financing in the region. The Export-Import Bank of the United States (Ex-Im Bank), the Overseas Private Investment Corporation (OPIC), and the World Bank's Multilateral Investment Guarantee Agency (MIGA) are open for business in Costa Rica. Ex-Im Bank provides financing for the purchase of U.S. machinery, equipment and products and can be an important financing source for U.S. equipment used in major projects. Ex-Im Bank has most recently provided financing for a wind energy project in the Guanacaste Province, the northwest province of Costa Rica. 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. Currently the Costa Rican Congress approved a bill that will allow Costa Rica to acquire a loan of US\$465 million from the Chinese government to finance the construction of a 107 km highway in the Limón Province, known as Ruta 32. Chinese state-owned China Harbour Engineering Company (CHEC) is responsible for the project's completion. Meanwhile, five Costa Rican road construction companies (Codocsa, Desarrollos Mega, Pedregal, Productos de Concreto y Traesa) announced that they can develop this project for a better price than the one offered by the Chinese company.

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

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

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

funded projects, and advocate on behalf of American bidders. Learn more by contacting the [Commercial Liaison Offices to the World Bank](#) and to the [Commercial Liaison Office to the Inter-American Development Bank](#).

Web Resources

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

[Commercial Liaison Office to the Inter-American Development Bank](#)

Web Resources

[Business Information Database System \(BIDS\)](#)

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

[Export-Import Bank of the United States - Country Limitation Schedule
Overseas Private Investment Corporation \(OPIC\)](#)

[SBA - Office of International Trade](#)

[U.S. Agency for International Development \(USAID\)](#)

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

[USDA Commodity Credit Corporation](#)

Business Travel

Business Customs

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

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

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

Business negotiations proceed much more slowly than 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” might be as a result, 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 more formal than other Latin Americans.

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 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, ten to fifteen American citizens drown in Costa Rica due to riptides or sudden drop-offs while in shallow water. Extreme caution is advised. Adventure tourism is popular in Costa Rica, and many companies offer white-water rafting, bungee jumping, jungle canopy tours, deep sea diving, and other outdoor attractions. The government of Costa Rica regulates and monitors the safety of registered adventure tourism companies. Registered tourism companies with operating permits must meet safety standards and have insurance coverage. However, safety regulations in Costa Rica may not necessarily be the same as those in the United States; therefore U.S. citizens are strongly advised to use caution and thoroughly research adventure tourism companies.

For the latest security information, Americans traveling abroad should regularly monitor the [State Department's Travel Alerts and Warnings webpage](#), where current Worldwide Caution, Travel Warnings and Travel Alerts can be found.

Crime

Over one and a half million foreign tourists, the majority American, visit Costa Rica annually. All are potential targets for criminals -- primarily thieves looking for cash, jewelry, credit cards, electronic items and passports. U.S. citizens are encouraged to exercise the same level of caution they would in major cities or tourist areas throughout the world. Local law enforcement officers may 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 areas for criminal activity. Travelers should ignore verbal harassment, and avoid overt displays of wealth such as: 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. Visitors should leave 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 locations such as: locked vehicles, especially rental vehicles. Thefts from parked cars occur in downtown San Jose, at beaches, at the airport, bus stations, gas stations, parking lots, 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. Uber service is available in the Central Valley area. 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. For instance a common scam is one person drops change in a crowded area, such as on a bus, and when the victim tries to assist, a wallet or another item is taken. Another common scam used is popping the 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 steals valuables from the car. At times thieves carry weapons. Drivers with flat tires are advised to drive, if possible, to the nearest service station or another public area and change the tire themselves, watching valuables at all times.

Costa Rica has a specialized Tourist Police force with units patrolling popular tourist areas throughout the country. The Tourist Police can assist with reporting 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. In addition, Costa Rican authorities generally permit U.S. citizens to stay up to 90 days. To stay beyond the period granted, travelers must submit an application for an extension to the Office of Temporary Permits in the Costa Rican Department of Immigration. Tourist visas are usually not extended except under special circumstances, and extension requests are evaluated on a case-by-case basis. There is a departure tax for short-term visitors, 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 advised 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 and for specific information regarding customs requirements before shipping any items.

The most authoritative and up-to-date information on Costa Rican entry and exit requirements, including visa information, can be obtained from the [Consular Section of the Embassy of Costa Rica](#) at 2114 "S" Street NW, Washington, DC 20008; phone: (202) 499 2991; fax: (202) 265-4795; Email: concr-us-wa@rree.go.cr 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. Information related to immigration can be found on [Costa Rica's General Direction of Migration and Alien Affairs website](#).

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:

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

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

[U.S. State Department Visa webpage](#)

Telecommunications/Electric

ICE (Instituto Costarricense de Electricidad) has been Costa Rica's traditional monopoly provider of telecommunications, internet and electricity services. In the country telephone coverage is extensive. U.S. visitors have experienced difficulty in using their GSM phones in Costa Rica, due to differences in the frequency band used in each country.

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

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

The accessibility and use of the internet is growing rapidly in the country as technology improves, going from 2.1 million internet subscriptions in 2011, to 5.4 million in 2015, as per the latest Report of Sutel (May 2016). This same report highlights how access to internet has been expanded for users of mobile internet. The report states that fixed internet subscriptions are still at 12% of the population and 39% of households. The report states that 65% of the total mobile subscriptions have internet, reaching 101% 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 continues to expand, particularly in the Central Valley. RACSA, a subsidiary of ICE, has offered 20,000 WiMax connections in Santa Ana, San Jose, Alajuela, Desamparados, Heredia and Cartago. ICE plans to expand the program to the additional Central Valley locations of Curridabat, San Isidro de Coronado, Santo Domingo, San Isidro de Heredia, Barreal de Heredia, Alajuela, Ciudad Colon and Paraiso in Cartago. However, in many rural areas internet connectivity can be limited and slow.

During the first quarter of 2014, fourth-generation wireless technology (4G) was introduced in the wireless and internet sectors and is available in the major urban areas.

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

Transportation

According to the [World Economic Forum's \(WEF\) 2016 Global Competitiveness Report](#), Costa Rica's road infrastructure ranks 67 out of 138 countries. The road system often receives only intermittent, short term fixes, causing strain to both the vehicle and driver. Commuting times have been increasing year by year. There are more than 7,000 kilometers (4,400 miles) of main highways and roads, and roughly 16,000 kilometers (9,600 miles) of rural roads. However, some roads can only be driven with a 4-wheel drive vehicle. Signage is often lacking and sometimes confusing. Outside downtown areas of San Jose and Heredia, few areas have formal addresses; the descriptive directions serve as addresses.

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

A rapid commuter train serving the Great Metro Area of San Jose is under discussion, with the goal to relief the traffic congestion in the Central Valley, but this still lacks detailed planning and enabling legislation.

There are also more than 100 small private landing fields serving approximately 300 registered aircrafts. Twenty international passenger airlines (including Delta, American, America West, Frontier, United, Spirit Air, U.S. Airways, JetBlue, Alaskan Airlines and Southwest) and fifteen cargo airlines (including Fedex and UPS) serve San Jose's principal airport, the Juan Santamaría International Airport (SJO). New direct flights from Europe will start operating to SJO in 2017 from Zürich and Amsterdam. Currently flights are available from Madrid, London and Paris.

Daniel Oduber Airport (LIR), an international airport in Liberia, 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 airlines include [Sansa](#) and [Nature Air](#).

There are reliable taxi and public bus services in the capital city of San Jose. Official taxis are red and are the recommended means of travel for business visitors. Visitors should ensure that the taxi driver is using the meter. Easy Taxi and Saytaxi are apps that may be used to e-hail cabs in Costa Rica. The official taxis have the name of the taxi company written on a yellow box on the top of the car. In 2016, Uber started operating in San Jose. There are plans for a Spanish-owned app Cabify to begin operating soon.

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

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

Costa Rica's air safety oversight program is rated Category One. The country is in compliance with international aviation safety standards for oversight of Costa Rica's air carrier operations. For further information, travelers may contact the Department of Transportation in the U.S. at 1-866-835-5322, or 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: Bribrí, Maleku, Ngäbe (Guaymí) and Cabecar. Creole-English language (or Mekatelyu) is spoken on the Caribbean Coast.

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

Health

Summary

Costa Rica has a socialized healthcare system identified as the Costa Rican Social Security System (Costarricense de Seguro Social: CCSS, or "Caja," as it

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

The CCSS hospitals have approximately 6,000 beds, while there are approximately 223 beds in three private clinics/hospitals. The “Caja” buys approximately 90% of the medical equipment in Costa Rica. There are several private hospitals and clinics in the country, mainly in the Central Valley. Hospital Clínica Bíblica (HCB) is the largest followed by CIMA Hospital, owned by the International Hospital Corporation (headquartered in Dallas, Texas), and Hospital Hotel La Católica (HCC). Hospital 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 accredited by the Association for Ambulatory Healthcare (AAAH), is the newest hospital. The hospital provides services to U.S. veterans and accepts medical insurance under the Foreign Medical Program (FMP) and Tricare.

The number of small, private clinics is growing constantly, as the population is demanding quicker and better health services. The largest private clinics in Costa Rica are 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, often known as “medical tourism.”

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

According to information provided by one of the private hospitals, foreigners mainly from United States and Canada, travel to Costa Rica to seek medical/surgical treatment in the following areas: orthopedics (hip, shoulder

and knee replacement); surgery (bariatric surgery and gastric bandages placement); dermatology (skin stein and wrinkle removal through laser application); plastic surgery (liposuction and face lifting); and dentistry (several procedures). There is a Medical Tourism Association in Costa Rica, PROMED. The Association is a not-for-profit membership organization dedicated to promoting the growth and prosperity of medical tourism; recognize leaders providing high quality international patient care and medical tourism services. PROMED advises, offers training and information targeted to the medical tourism, wellness and retirement living markets located in Costa Rica. More information about the organization can be found on [PROMED's website](#).

There are several construction projects of new hospitals and the expansion of existing hospitals. The CCSS plans to start the construction on the new tower of the Calderon Guardia Hospital (Torre Este del Hospital Calderon Guardia) in 2015. The tower is planned to have a total area of 23,000 square meters (about 247,000 square feet), six floors, 204-bed capacity, 34 incubators, surgery, neonatology, gynecology, obstetrics and radiologic services, and will require medical equipment and devices for its operation. Total cost of the project is approximately US\$120 million, and is expected to be completed in 2018. The CCSS is also designing a new hospital to be built in Cartago Province. No further information has been provided on the project.

In the private sector, CIMA Hospital has just built a new hospital in Liberia, Guanacaste Province. The project is part of the Pacific Plaza development and costs an estimated \$15 million. The Clinica Biblica Hospital has also opened a new facility in the Papagayo area. Clinica Biblica has also plans to open an outpatient clinic in Santa Ana in the near future. 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.

National Healthcare System

All Costa Rican employers must cover workers and their dependents in the public healthcare system of clinics and hospitals administered by the Costa Rican Social Security Fund (Caja Costarricense de Seguro Social, or CCSS). In addition there is private healthcare. Most doctors in both the national health system and private clinics are fluent in English, and many trained abroad. Medical office staff and nurses are less likely to speak English. Specialists are available in almost all branches of medicine.

Hospitals and Providers

Top 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. Public hospitals suffer from inadequate infrastructure and personnel shortages, but provide important resources for trauma and mass casualty situations.

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

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

For those with long-term stays in the San Jose metropolitan 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 the Emergencias Médicas private ambulance service.

Food

- The more upscale restaurants are careful to maintain their reputations; thus, cleanliness and properly prepared food is the norm. Few food contaminations occur in restaurants.
- It is recommended that all meats are eaten well cooked. In general, it is not advised to eat raw fish or shellfish.
- Raw fruits and vegetables should be peeled or washed well. Lettuce should be rinsed, soaked in a Clorox and water solution (1tbsp. bleach per gallon of water), and then re-soaked in clean water to remove the Clorox taste. Local peanuts should not be eaten, as they may contain aflatoxins.

- Dairy products are safe in Costa Rica. Those that are packaged and sold in groceries are pasteurized.

Water

- Tap water is drinkable in the capital city area, as a general rule. 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 US standards for drinkable water.
- Bottled water is easily obtained.

Air Quality

- The San Jose metropolitan area air quality is reduced by vehicle emissions, and occasionally by smoke from fires in rural areas. In addition, the nearby Turrialba and Poas volcanoes since 2016 have episodically emitted 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 the abundance and variety of flowering plants and grasses.

Transmissible Diseases

- Mosquitoes are responsible for Dengue fever, Chikungunya and Zika virus transmission in the entire country, and also, more rarely in low-lying areas, for malaria transmission. Screens in windows and doors reduce mosquito entry. Eliminate any standing water to reduce mosquito breeding. Use repellent outdoors. Long sleeves and pants also offer protection. For the most recent updated information on mosquito-transmitted disease, please visit the CDC's [Zika virus](#), [Dengue fever](#), and [Chikungunya](#) webpages.
- Rabies in dogs and cats is not a significant threat in Costa Rica.

- Fungal skin infections are common because of the humidity.
- AIDS and sexually transmitted disease have a similar prevalence to those seen in the USA.
- Intestinal parasites such as giardia and *Blastocystis hominis* are common, but amoebic dysentery and severe diarrhea are uncommon. Good hand washing can help protect you from outbreaks of viral gastroenteritis.
- Upper and lower respiratory illnesses are fairly common.
- By law, proof of vaccination against Yellow Fever will be required upon entry to Costa Rica for those who arrive from Bolivia, Venezuela, Brazil, Peru, Colombia, Ecuador or Angola, Benin, Burkina Faso, Cameroon, Democratic Republic of Congo, Gabon, Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leona and Sudan.

Other Health Risks

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

Pedestrians and bike riders account for a high percentage of traffic deaths every year. Driver carelessness and lack of clear signage, adequate sidewalks and bike lanes are common factors.

For additional health information please visit the [CDC's Costa Rica webpage](#).

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 2017 Holidays

Date	Holiday
January 2, 2017	New Year's Day
April 11, 2017	Juan Santamaría Day
April 13, 2017	Holy Thursday
April 14, 2017	Good Friday
April 16, 2017	Easter Sunday
May 1, 2017	Labor Day
July 25, 2017	Guanacaste Day
August 2, 2017	Lady of Los Angeles Day
August 15, 2017	Mother's Day
Septmeber 15, 2017	Independence Day
October 12, 2017	Cultural Day
December 25, 2017	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

[Center for Disease Control and Prevention – Costa Rica Travelers' Health Information](#)

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

[Costa Rican Embassy in Washington, D.C.](#)

[Costa Rican Institute of Tourism \(ICT\)](#)

[U.S. dollar to Costa Rican colón Exchange Rate](#)

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

[U.S. State Department Visa Information](#)