Doing Business in Costa Rica:

2014 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Costa Rica

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Market Overview

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- The United States is Costa Rica's main trading partner, accounting for about 40% of Costa Rica's total imports. According to U.S. Census Bureau trade data, the U.S. had a US$4.7 billion trade deficit with Costa Rica in 2013, as compared with a deficit of US $4.8 billion in 2012, US$4.0 billion in 2011, US$3.5 billion in 2010, a deficit of US$897 million in 2009, and surpluses of US$1.7 billion in 2008, US$639 million in 2007, US$288 million in 2006, and US$183 million in 2005.

- Foreign direct investment in Costa Rica climbed steadily from the year 2000 ($408 million) to 2008 (over $2 billion), falling back over the last three years to 2006 levels of roughly $1.5 billion. New foreign direct investment in Costa Rica from all countries was US$1billion in 2013 down from US$1.6 billion in 2012, US$1.56 billion in 2011, US$1.46 billion in 2010, US$ 1.35 billion in 2009, US$2.08 billion in 2008, US$1.9 billion in 2007, US$1.5 billion in 2006, and US$861 million in 2005. About 50 percent of that investment has come from the United States. Del Monte, Dole, and Chiquita have a large presence in the banana and pineapple industries.

- In recent years, Costa Rica has successfully attracted important investments by such companies as Procter & Gamble, which employs about 1,200 in its administrative center for the Western Hemisphere and has plans to increase its number of employees in 600 more by the end of this year; Walmart (10,000), Hewlett-Packard (6,500), Boston Scientific, Allergan, Hospira, Baxter Healthcare and others from the healthcare products industry. According to the US Census Bureau, 2013 data shows that two-way trade between the U.S. and Costa Rica exceeded $19.1 billion during that timeframe. Other U.S. companies with a great number of employees in Costa Rica include Dell, Amazon, IBM and Western Union. Earlier this year, much to the surprise of the Costa Rican government, Intel announced it will close its manufacturing plant here and lay off 1,500 workers and Bank of America announced it will move its operations from Costa Rica and will also lay off 1,500 workers.

- After experiencing positive growth for several years, the Costa Rican economy shrank slightly in 2009 (-2.5%) due to the global economic crisis. The services sector (around 68% of GDP) was the most affected, with tourism falling by 8%. The economy experienced a rebound in 2010 with a 3.6% GDP growth rate, a growth rate in 2011 of 3.8%, and a growth rate in 2012 of 5.1%. Costa Rica enjoys the region's highest standard of living, with a per capita income of about US$7,843, and an unemployment rate of 7.37%. Consumer price inflation is high but relatively

constant at about a 10% annual rate over the last decade. The exchange rate fluctuation earlier this year has caused concern that inflation will increase this year.

- According to the latest National Population Census of 2010, the percentage of population living in poverty in 2012 was estimated at 17.6 percent in the urban areas and 25.8 percent in the rural areas, with 4.8 percent in extreme poverty in the urban areas and 8.9 percent in extreme poverty in the rural areas. Inflation reached 13.9% at the end of 2008, dropped during 2009 to 4.0% by year's end, and reached 5.8 percent by the end of 2010 and decreased to 4.74% during 2011. The inflation rate was 4.55% during 2012 and decreased to 3.68% in 2013. The unemployment rate for 2012 was 7.8% and estimates state it was 6.5% in 2013. During 2010, the unemployment rate reached 7.3%, an increase from the 2009 year-end figure of 7.0%. The Government of Costa Rica has been running budget deficits in 2009-2011 but is currently capable of borrowing the necessary funds to do so. The previous administration was unable to pass fiscal reform legislation and the newly elected Solis administration must now address the issue.

Market Challenges

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- While Costa Rica's close trading and investment relationship with the United States has long benefited both nations, the recession that affected the U.S. in 2008-2009, began to be felt in Costa Rica after some lag time and has somewhat diminished the level of bilateral trade and investment activity. A bright spot is that there was an upturn in Costa Rica's economic activity at the end of 2009, which continued in 2010 and 2011. During 2010, foreign investment activity in Costa Rica increased by 12 percent and in 2011 by 8 percent. According to the Costa Rican Ministry of Foreign Commerce –COMEX, in the course of 2012, the investment activity remained fairly constant and increased 1 percent. Growth is expected to continue during 2013.

- U.S. tourism to Costa Rica, which drives both local employment and U.S. exports (building and supplying the tourist resorts), has fallen off substantially since 2008, affecting the construction industry whose activity dropped off significantly in the coastal areas. By the end of 2010, both the construction industry and the tourist visits began to show a slow recovery. An important fact in all this is the Central America-Dominican Republic-United States Free Trade Agreement (CAFTA-DR) which entered into force on January 1, 2009, and has brought new interest and opportunity in trade and helped to buoy the local economy and demand for U.S. exports to some degree.

- Costa Rica ranked 102 out of 189 countries in the 2014 World Bank's Ease of Doing Business Index which is a slight improvement over their ranking of 109th in 2013. This rating has hampered the flow of investment and resources badly needed to repair and rebuild the country's public infrastructure, an infrastructure which has deteriorated over the years from a lack of maintenance and new investment. Most parts of the country are accessible through an extensive road system of more than 30,000 kilometers (18,750 miles), although much of the system has fallen into disrepair. Contamination in rivers, beaches, and aquifers is a matter of rising concern, given that the great majority of wastewater is discharged directly into river systems, untreated. Although Costa Rica has made significant progress in the past

decade in expanding access to water supplies and sanitation, just 3.5% of the country's sewage is managed in sewage treatment facilities, with the country's Water and Sewage Institute (AyA) estimating that perhaps only 50% of septic systems function.

- Although the overall investment picture, to date, has been relatively bright, the Costa Rican government really has not had great success with many of its concession schemes for its public works projects, including the Juan Santamaria Airport in San Jose, which in July 2009 transferred its management to a new entity. Infrastructure, in an overall sense (e.g., roads and bridges, water/wastewater, electricity generation, airports and ports) is in substantial need of improvement. This represents both challenges and opportunities. In many instances, deteriorated infrastructure will need to be improved if Costa Rica is to remain competitive in the regional and world economy. The latest concession project given to a Brazilian company, route from San Jose to San Ramon of Alajuela, a 60 kilometers (37.5 miles) project, was cancelled in April of 2013. The government is negotiating with the concessionaire regarding the penalty for cancelling the concession and discussing constructing this with public funds. The Costa Rican government has been working on this for 9 years so far. Another concession which was awarded in 2010 yet is still awaiting environmental permits is the TCM Container terminal project in Moin awarded to a Dutch company.

- Enforcement of intellectual property laws has been lacking in many cases, due to insufficient resources and training, and weaknesses in the country's criminal code. This is expected to improve as CAFTA-based commitments begin to take hold. The legal process in general is often sluggish, making binding arbitration an attractive option. Various arbitration and mediation centers have been established in Costa Rica. Please see Finding a Partner under Chapter 3 for more information.

- Product registration is another challenge to market entry. Although Costa Rica's Digital Government began implementing a new online product registration system in 2013, there are still significant delays with product registration and renewals. These delays are a result of backlogs in product registration requests as well as recent changes in product registration regulations.

- Costa Rica recognized the People's Republic of China in 2007 and was visited by the President of China with great fanfare in 2008. Costa Rica subsequently signed (February 2010) a free trade agreement with China. The intensified relationship between these two countries implies growing competition for U.S. exports from products originating in China. Costa Rica is also part of the Central American effort to negotiate a Free Trade Agreement with the European Union.

Market Opportunities

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- The National Export Initiative (NEI) introduced by President Obama in January 2010 in his State of the Union message, provided a goal around which the US Embassy in Costa Rica and its various sections have come together to support American business and to achieve a doubling of US exports by 2015.

- CAFTA-DR's entry into force on January 1, 2009, represented a major step forward in the trade and investment relationship between Costa Rica and the United States, opening opportunities in the wireless telecommunications, Internet, and insurance markets that previously had not existed.

- Costa Rica's accession to the agreement has meant that more than 80 percent of all non-agricultural goods and more than 50 percent of agricultural products became duty-free immediately, on January 1, 2009, and the remaining duties are being eliminated on an agreed-upon schedule that is underway.

- Furthermore, CAFTA-DR's entry into force eliminated Costa Rica's dealer protection regimes, allowed non-discriminatory treatment for U.S. firms in government procurement bids, and provided stronger protection for investors.

- Costa Rica has announced its intention to become an OECD member and has begun taking the steps to make changes in key areas that will improve competitiveness.

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

Market Entry Strategy

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- U.S. products enjoy an excellent reputation for quality and price-competitiveness. This inherent value will only be improved as CAFTA-DR continues its implementation and landed prices of U.S. exported goods drop. If and as this lower cost of goods is passed along through the distribution chain, it should drive an acceleration of trade and greater market share for U.S. products.

- Proximity to the Costa Rican market is also a major advantage for U.S. exporters who wish to visit or communicate with potential customers. The proximity facilitates close contacts and strong relationships with clients, both before and after the sale. The same holds true for agents and distributors, who typically represent U.S. exporters in the national market.

- With Costa Rica's accession to the CAFTA-DR Free Trade Agreement, it is important to remember that the free trade regime is region-wide, i.e., for the countries of Honduras, Guatemala, Nicaragua, El Salvador, and the Dominican Republic, as well as for the United States and Costa Rica. This presents the opportunity to consider these markets from a regional perspective and to design a regional marketing approach, given the lowered barriers and relative proximity, particularly for those signatories in Central America. U.S exports to the CAFTA-DR countries in 2012 were $30.2 billion, unchanged over 2011, but 79% higher than the level in 2005, the year before the Agreement first entered into force. In 2012, the CAFTA-DR region represented the 14th largest U.S. export market worldwide and the 3rd largest in Latin America behind Mexico and Brazil.

- Global Markets (formerly Foreign Commercial Service) Costa Rica advises U.S. companies to consult with local market research companies and law firms to conduct the necessary due diligence before entering into contracts with local firms. These partners can be instrumental in helping to penetrate and expand the market for a company's exports.

- With CAFTA-DR now in force in Costa Rica, trade should be further facilitated with the market access improvements and tariff reductions listed above.

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COUNTRY FACT SHEET: COSTA RICA

U.S. Ambassador to Costa Rica: Chargé d'Affaires Gonzalo Gallegos
Costa Rican Ambassador to the United States: Muni Figueres

PROFILE

Population: 4.8 million*
Capital: San Jose
Government: Democratic Republic

Next election scheduled: April 6, 2014 (2nd Round)
Head of government: Laura Chinchilla (President)
Inauguration of new government: May 8, 2014

ECONOMY

- **2013 nominal GDP** (Current US$ billions)**:** 48.5*
- **2013 nominal GDP per capita** (Current US$)**:** 10,166*

	2011	2012	2013
Real GDP growth rate (%)	4.4	5.1	3.5*
Real GDP per capita growth rate (%)	3.2	3.9*	1.2*
CPI (%)	4.9	4.5	4.7*
Unemployment (%)	7.7	7.8	6.5*

- **Economic mix in 2012†:** 26% manufacturing; 68% services; 6% agriculture

FOREIGN MERCHANDISE TRADE (US$ billions)	2011	2012	2013
Costa Rica exports to the world#	10.4	11.5	11.6
Costa Rica imports from the world	16.2	17.6	18.0
U.S. exports to Costa Rica	6.1	7.2	7.2
U.S. imports from Costa Rica#	10.1	12.0	11.9
U.S. trade balance with Costa Rica	-4.0	-4.8	-4.7

Costa Rican export statistics do not include large levels of trade with the United States due to accounting differences for significant shipments from Intel Corporation.

- **Rank of Costa Rica as U.S. export market in 2013:** 37th largest (0.46% of U.S. exports)
- **Rank of Costa Rica as source of U.S. imports in 2013: 29**th largest (0.53% of U.S. imports)
- **Rank of Costa Rica in total U.S. trade in 2013:** 32th largest (0.50% of U.S. trade)
- **Principal U.S. exports to Costa Rica in 2013:** mineral fuel, oil (28%); electrical machinery (23%); machinery (8%); plastics (6%); medical instruments (5%)
- **Principal U.S. imports from Costa Rica in 2013:** electrical machinery (68%); medical instruments (9%); edible fruit and nuts (8%); coffee (2%)

FOREIGN DIRECT INVESTMENT (US$ billions)	**2010**	**2011**	**2012**
U.S. FDI in Costa Rica	1.8	1.9	1.7
FDI into the United States from Costa Rica	-0.05	-0.08	n/a

- **Principal suppliers of foreign investment to Costa Rica:** United States, Netherlands, Canada, Mexico, Germany, Spain, Colombia

DOING BUSINESS RANKING

- **World Bank *Doing Business in 2014* rank:** 102 of 189 (109 in 2013)

COMMERCIAL OFFICER INFORMATION

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

*IMF estimate † World Bank data

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Chapter 2: Political and Economic Environment

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

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

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Chapter 3: Selling U.S. Products and Services

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Using an Agent or Distributor

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

A. Representative or Distributor

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

A representative:

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

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

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

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

B. Finding a Partner

Global Markets (GM), 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 GM website, and/or counseling sessions over the telephone, via e-mail or videoconference, or by office appointment. For a complete list of GM services, please see the following website: http://export.gov/costarica. To find the GM office nearest you in the United States, please consult http://export.gov/usoffices/index.asp.

To help U.S. companies identify appropriate local representatives, Global Markets offers its Gold Key Service for those who wish to meet prospective local partners in Costa Rica through appointments set up by GM 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 GM-generated list of local companies. To request these services, U.S. firms should e-mail: csoiocountry-costarica@trade.gov

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

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

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

U.S. companies should employ the services of a qualified Costa Rican attorney for various issues, ranging from contract advice to protection of trademarks and other

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

C. Agricultural Sector

The United States is the single most important agricultural partner of Costa Rica due to its geographical proximity and the high quality and wide selection of its competitively priced products. However, competition in the local market is increasing. Costa Rica has free trade agreements in effect with several countries and blocs, 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 a free trade agreement with Colombia, which is 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, which 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) at zero duty.

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

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

D. Negotiating an Agreement with a Costa Rican Company

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

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

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

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

Establishing an Office

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In its study, “Doing Business 2014,” the World Bank placed Costa Rica in 102nd place in the world, up from 126th in 2013, as to ease of starting a business, noting that the process still takes 24 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, domicile, the legal form of the business being organized, purpose of the company, amount of initial capital and the manner in which this capital is to be paid, time limits for payments, domicile of the company, and any other agreements made by the founders.

An extract of the registration is then published in "La Gaceta," the official legal journal in Costa Rica. Payment on initial equity is usually nominal and must be expressed in local currency and deposited with a local bank of the Costa Rican national banking system

until registration is completed. Initial equity payment is generally from US $100 to US $1,000.

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

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

The Ministry of Economy has on-line instructions specifically for companies interested in establishing a company in Costa Rica: http://www.meic.go.cr/web/58/tramites.

Franchising

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

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

About 15 percent of these franchise concepts are local, while the remaining 85 percent are foreign-owned. (Of these, 80 percent are U.S. franchises.)
By the end of 2011, Florida Ice and Farm Co. (owner of the local brewery) bought the oldest and largest local bakery franchise, Musmanni, with 180 bakeries in Costa Rica.

Local companies are starting to franchise their business and expand quickly, in part due to the support of the Costa Rican Chamber of Commerce. The Chamber organized their

third franchising trade fair, and its first regional Expo Franquicias 2013*, which took place in September 26-27, 2013.

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

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

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

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

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

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

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

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

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*For additional information on Expo Franquicia, please contact Ms. Scarlett Massey at smassey@camara-comercio.com
(http://www.camara-comercio.com/servicios-ferias.php)
**Availability to use CAFTA tax reductions for US-made products.

Direct Marketing

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Direct marketing has enjoyed limited success in Costa Rica. Since the country does not have a postal/mailing system with defined street names and numbers, it is difficult to obtain client lists or reliable addresses. Direct marketing through text messages, emails and telephone calls began about five 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.

Joint Ventures/Licensing

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

Selling to the Government

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

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

https://appcenter.grupoice.com/PEL/inicio.do
All tenders can be accessed at:
https://appcenter.grupoice.com/PEL/listarAdquisiciones.do

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

In 2010, the Government of Costa Rica created an electronic platform for public procurement: Mer-Link. Mer-link is a technological platform for public purchases, a virtual purchasing model that allows government entities to perform their purchasing operations of products and services electronically. Mer-Link is an electronic trade portal that operates from a unique window accessible through Internet. At present Mer-Link partially publishes the requirements of more than 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 developing a strong campaign to encourage government entities to utilize this new electronic platform. Local and foreign companies that wish to participate in this electronic method of public procurement may do so through the following websites:
www.mer-link.go.cr or www.mer-link.co.cr

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

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

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

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

Annual Budget More than	Public Tenders More than	Abbreviated Tenders From	To	Direct Purchases Up to
$123,731,884	$742,753	$103,080 -	$742,753	$103,080
$82,608,695	$641,304	$32,029 -	$641,304	$32,029
$41,304,348	$449,275	$28,840 -	$449,275	$28,840
$20,634,058	$320,290	$25,634 -	$320,290	$25,634
$4,130,435	$224,275	$22,428 -	$224,275	$22,428
$2,063,406	$192,210	$19,221 -	$192,210	$19,221

Exchange rate used as of March 7, 2014: US$1=Costa Rican Colones 552

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

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

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

Global Markets Office of the U.S. Embassy in San Jose encourages U.S. manufacturers and exporters of products and services required by the entities mentioned above to register their firms with the relevant Costa Rican Government institutions by contacting their procurement departments. More importantly, we recommend that U.S. companies interested in exporting to Costa Rica contract with a local representative who can proceed with the registration process at the government entities requiring such registration. Registration will allow the procurement departments of government

institutions to invite those foreign firms to bid on tenders and to be considered for direct purchases.

Distribution and Sales Channels

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

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

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

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

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

Selling Factors/Techniques

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As in the U.S., purchases by Costa Ricans generally are based on price, quality, technical specifications, convenience, and the availability of local product support or after-sales service. The Costa Rican Government does not play a role in determining product prices, with the exception of gasoline and diesel at the pump, and on public services such as bus fares, electricity rates, and taxi fares, among other. U.S. exporters to Costa Rica must be willing to make sales of smaller volumes than those to which they

may be accustomed in larger markets, keeping in mind Costa Rica's GDP of roughly-$48.5 billion and a population of 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, and, in fact, Costa Rica does serve as a regional sales headquarters for Central American and Caribbean markets for a number of US firms.

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

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

Electronic Commerce

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E-commerce is growing in Costa Rica, a country that has led the region in telecommunications network development and information technology initiatives. There is great potential for Costa Rica to increase its use of the Internet and e-commerce as well as the new 4G growing structure. The country already enjoys over 116% cell-phone penetration, a high level of educational development (99% literacy rate), and the tradition of political stability in Costa Rican history.

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

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

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

- Tigo – Via Cable TV (triple play)
- Cable Tica – Via Cable TV (triple play)

- CRWiFi – WiMax
- WorldComm
- Jasec
- Redes Inalambricas de Costa Rica

Currently the average download speed is 3.32 Mbps Broadband download speed on Nov.27, 2013, per NetIndex.

According to the Board of Telecommunications (Rectoria de Telecomunicaciones) there are an estimated 300,000 users of broadband services in Costa Rica, representing only about 6.4% of the total population. The plan is to move towards a 16% penetration by 2017 and move away from 1 Mbps and up to 4 Mbps. The cost today of a connection of 4 Mbps is US$49 per month in Costa Rica, provided by the government institution (ICE), which contrasts with the cost in international markets, where you can find home services via fiber optic of up to 100 Mbps for a cost of US$15 per month. Including all bandwidths, Costa Rica currently has a total of 1.5 million persons using Internet services.

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

Some interesting websites:

Mercado Libre (Ebay):	http://www.mercadolibre.co.cr
Rematico:	http://www.rematico.com
Clasificados:	http://clasificados.co.cr
Lo Compre Aqui:	http://www.locompreaqui.com
Cine Express:	http://www.cinexpress.cc
ICT (CR Tourism Institute):	http://www.visitcostarica.com
CR Autos:	http://crautos.com/
Mer-Link:	http://www.mer-link.co.cr/index.jsp
Buscomi:	http://buscomi.com
Banco Nacional:	http://bnonline.fi.cr
Scotiabank Costa Rica:	http://www.scotiabankcr.com
Citibank Costa Rica:	http://www.citibank.co.cr
Craigs List:	http://costarica.en.craigslist.org/

Trade Promotion and Advertising

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Costa Rican newspapers are among the best ways to promote sales of products or services. *La Nacion* has the largest general circulation, while the weekly *El Financiero*

and daily *La Republica* are primarily business-focused. *Al Día, Diario Extra,* and *Prensa Libre* are popular mass-market tabloids.

Depending on the target market, advertising is also effective through magazines. Some important issues are produced by organizations such as the Costa Rican-American Chamber of Commerce (AmCham), the Chamber of Commerce of Costa Rica, and other specialized chambers/ business associations. Please refer to the following links for further information. All sites will be in Spanish unless otherwise noted.

Television:

Channels 7 & 33 (Teletica Canal 7)	http://www.teletica.com
Channels 4, 6 & 11 (Repretel)	http://www.repretel.com

Radio:

Radio Eco News	http://tunein.com/radio/Radio-Eco-959-s16207/
Radio Monumental	http://www.monumental.co.cr
Radio Columbia	http://www.columbia.co.cr

Print Media:

Periodico La Nacion	http://www.nacion.com
Periodico El Financiero	http://www.elfinancierocr.com
Periodico La Republica	http://www.larepublica.net/
Periodico Al Dia	http://www.aldia.co.cr
Prensa Libre	http://prensalibre.co.cr/
Diario Extra	http://www.diarioextra.com

Online Media:

The Tico Times	http://www.ticotimes.net/

Economic Publications:

Summa Magazine	http://www.revistasumma.com
AMCHAM Business Guide	http://www.amcham.co.cr/business_guide.php

Other Organizations:

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

Trade Promotion:

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

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

ExpHoRe (Hotel and Restaurant Show)	http://www.exphore.com
Visit USA (Travel and Tourism to the U.S.)	http://visitusacr.com/
Expo-Construccion (Construction Show)	http://www.construccion.co.cr
Expo-Ferretera (Hardware Show)	http://www.expoferretera.com
Expo Casa (Houseware Show)	http://www.expocasa.co.cr
Expo-Telecom (Telecommunications Show)	http://www.expotelecom.net
ExpoVino (Wine Show)	http://www.expovinocr.com

Pricing

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

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

The Costa Rican Government has, however, established a "*Canasta Básica*", a market basket of consumer products considered essential for the traditional household: foods,

household consumables, school uniforms, shoes and supplies, basic construction products, agricultural chemicals, tools and medicines. The prices of these products are monitored to reflect current economic conditions. The "*Canasta*" is reviewed regularly and changed almost every year to reflect changes in popular consumption. 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.

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

Sales Service/Customer Support

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

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

Protecting Your Intellectual Property

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Protecting Your Intellectual Property in Costa Rica:

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

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

rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Costa Rican law. The Global Markets Office at the U.S. Embassy can provide a list of local lawyers which is available at the following internet link:
http://export.gov/costarica/businessserviceproviders/index.asp?bsp_cat=80120000

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

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

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

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

IP Resources

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

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

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.

- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.

- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.

- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and other countries. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Costa Rica at: Michael.Lewis@trade.gov. Mr. Lewis is the regional IPR Attaché for Mexico, Central America and the Caribbean, stationed at the U.S. Embassy, Mexico.

Due Diligence

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

Local Professional Services

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Obtaining competent local legal representation is critical when one is planning to start a business, buy or sell real estate, apply for resident status, or make any type of significant investment in Costa Rica. Not only is Costa Rica's legal system (based on Roman law) considerably different than that of the United States (with its roots in English common law), but language differences present opportunities for serious miscommunications and

misunderstandings, sometimes with serious consequences. U.S. companies should retain the services of a bilingual attorney to avoid potential communication failures. In Costa Rica, many local attorneys have been trained in the U.S. and are experienced in both U.S. and local law. (Please see the Business Service Providers Section of the English version of the CS Costa Rica website at: (http://export.gov/costarica/businessserviceproviders/index.asp?bsp_cat=80120000)

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

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U.S. Government:

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

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

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

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

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

CAFTA-DR:

U.S. Trade Representative:
http://www.ustr.gov/Trade_Agreements/Regional/CAFTA/Section_Index.html

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

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

Investment Promotion Services:

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

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

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

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

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

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

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

Commercial Sectors

- Automotive Parts, Accessories and Service Equipment -Leading Sector #1
- Construction Equipment –Leading Sector #2
- Travel and Tourism to the United States -Leading Sector #3
- Cosmetics #4
- Franchising #5
- Solar Energy Products #6

Agricultural Sectors

- Corn -Leading Sector #1
- Soybeans -Leading Sector #2
- Wheat -Leading Sector #3
- Rice -Leading Sector #4
- Fresh Fruits -Leading Sector #5
- Processed Fruits and Vegetables -Leading Sector #6
- Snacks -Leading Sector #7

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

Overview

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Unit: Millions of US$ Dollars

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	335.4	302.1	325	347
Total Local Production	78.2	75	80	85
Total Exports	66.8	72.9	75	78
Total Imports	324.0	300	320	340
Imports from the U.S.	82.5	75	72	70
Exchange Rate	508	505	550	570

Data in millions of US$ Dollars.
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:

Total Local Production: Estimated. Importers/distributors of local producers
Total Exports: Costa Rican Customs Directorate
Total Imports: Costa Rican Customs Directorate
Imports from U.S.: Costa Rican Customs Directorate
Exchange Rate: Average Rate by Year. Projected exchange rate for 2014 and 2015.

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

Total imports in this sector decreased during 2013 mainly due to the political uncertainty of a new government from a non-traditional party. Imports are expected to increase again in 2014 by 6 percent over the previous year to about US$325 million.

The consensus within the local automotive parts industry is that the sector will grow at an annual rate of 5-8 percent from 2014-2016. The surge on the imports of used low cost vehicles from Asian countries during the last three years led to an increase in auto parts imports from China, which reduced the U.S. market share by seven percent from 2012. As a result, industry sources indicate that the U.S. share of the import market is expected to continue to decrease in market share. Total imports from the U.S. are expected to increase after the elections in February and the second voting round in April, 2014.

Sub-Sector Best Prospects

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The number of cars in Costa Rica has more than doubled since 2005 to an estimated 2,750,000 cars. The average year of the Costa Rican car is 1998.

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

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

According to several Costa Rican importers of automotive parts, good sales opportunities continue for virtually all categories of products in this sector. High quality, durability, availability and an assortment of vehicle parts, and fast delivery are the main factors for increasing U.S. sales of these products. Chinese-made products continue to be the second option for the Costa Ricans when importing auto parts. During 2013, both illegal trade of auto parts and possible cases of sub invoicing were reported by the President of the Association of Importers of Auto Parts (ACIRA). Both types of illegal activities are affecting trade, making auto parts imports less price-competitive, an creating an unfair playing field for auto parts in Costa Rica.

Opportunities

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

Web Resources

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Global Markets Costa Rica: Roy Fernandez
Roy.Fernandez@trade.gov

Global Markets Costa Rica (U.S. Department of Commerce):
http://www.export.gov/costarica

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

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

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

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

Construction Equipment - Leading Commercial Sector #2

Overview

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Unit: Millions of US$ Dollars

	2012	2013	2014 Estimated	2015 Estimated
Total Market Size	90	176	128	157
Total Local Production	8	9	10	11
Total Exports	17	10	12	12
Total Imports	99	177	130	158
Imports from the U.S.	41	67	50	59
Exchange Rate: 1 USD				

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

Total Local Production: Estimated after talks with the Costa Rican Chamber of Construction and other sources.
Total Exports: Costa Rican Customs Directorate
Total Imports: Costa Rican Customs Directorate
Imports from U.S.: Costa Rican Customs Directorate

The construction sector in Costa Rica had been one of the most dynamic sectors of the economy until the world economic downturn in the late 2000's brought a dramatic slowdown. In recent years the sector has begun to recover.

Sub-Sector Best Prospects

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

Building Materials, which was a best prospect sub-sector in recent years, has been dropping every year as more of these materials are made locally. The 2012 import figures were US$ 164 million of total imports in building materials compared to US$ 129 million in 2013.

Opportunities

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The market size for construction equipment increased from US$90 million in 2012 to US$176 million in 2013, mainly due to new equipment purchased during 2013, some of it being currently used in Panama, therefore creating distortion in the figures shown for the construction occurring in Costa Rica.

The construction sector in general has initiated its recovery to 2009 figures and the construction sector is finally growing back at a slow pace. In 2013 the construction sector dropped overall by 1.7% percent because it was difficult for Costa Ricans families to get home loans as the Central Bank limited credit availability. Fortunately, the Chamber of Construction (CCC) is optimistic for 2014 and expects an industry come back of 7%-10%. The Costa Rican Association of Engineers and Architects (CFIA) recently indicated the construction permits approved during 2013 were for 99,000 less square meters than 2012 figures.

The United States is the largest supplier of construction equipment to the Costa Rican market. 2014 estimates show that U.S. construction equipment will reach $130 million representing a 38% of the market share. For 2015, U.S. exports are expected to be $158 million which represent about a 37% market share of Costa Rica's market. Major third-country competitors are China (12 percent market share), Brazil (9 percent), as well as Japan, South Korea, Sweeden, the U.K., Italy and Germany.

In the private sector, opportunities exist across a range of sectors in Costa Rica, currently in the commercial building sector. For 2014, financial opportunities for the middle class have been announced by the public and private banking systems, in the hope the residential construction building will pick up increasing the overall performance of the construction sector in Costa Rica.

A good opportunity for U.S. companies in Costa Rica is to participate in the Expo-Construccion trade fair which takes place in mid-February every year. During 2015 they will be hosting international companies and it will have more of a regional appeal for Central American buyers. For additional information contact Mr. Mauricio Obando at the Chamber of Construction at: mobando@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.

The new Government, starting on May 8, 2014, has explained that they will do a full revision of the concession law in order to correct what they mention to be loopholes in the law where companies can overcharge the Costa Rican government and the users as result of their design, construction and operation of different projects.

The construction of the San Jose/Caldera highway which began in January 2008 was inaugurated in January 2010, but only after 30 years of planning and failed attempts to award the project to private construction companies. During the first year of operations, the highway encountered a number of problems including design defects that generated complaints against the concessionaire and many repairs affecting the normal transit on the new road to the Pacific coast.

The modernization and expansion of the Juan Santamaria International Airport (SJO) resumed work in mid-2009 after the Costa Rican Government approved a change of concessionaire and awarded the contract to Coriport, a consortium which includes ADC/HAS aviation (Canada/United States). This same entity finalized in 2011 the new passenger terminal at the Daniel Oduber International Airport (LIR) in Liberia, Guanacaste Province.

The concession tender to build a new port in Moin (Limon Province) was issued in 2010. These port projects have an estimated total cost of one billion dollars and are still undergoing the environmental review process.

For the construction of the new Moin Port, Holland based APM Terminals was the only company that participated in the tender. The Costa Rican government awarded the bid to the Dutch company but to date it is still pending final approval. This tender opens the opportunity to other construction companies, including U.S. companies, to participate in the construction of this important infrastructure for Costa Rica.

The expansion and modernization projects of the existing Port of Limon and Moin, are facing fierce opposition of the workers unions, who do not favor the projects under concession to private companies or organization.

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 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. This project includes three miles of road and two miles of aqueduct. The total cost is $150m, and the funding will come from the CABEI. The project is currently in the design stage, and the government is in the process of expropriating properties situated in the right-of-way.

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

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Costa Rican Chamber of Construction:
http://www.construccion.co.cr

Consejo Nacional de Concesiones (National Concessions Council):
http://www.mopt.go.cr/cnc

Cámara Costarricense de Hoteles (Costa Rican Chamber of Hotels):
http://www.costaricanhotels.com

Ministry of Public Works and Transportation:

http://www.mopt.go.cr

Costa Rican Customs Directorate
http://www.hacienda.go.cr

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

Overview

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Unit: Passengers

	2011	2012	2013 (estimated)	2014 (estimated)
Costa Rican Travelers to the United States	168,722	179,755	185,148	192,554

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

According to the Costa Rica Central Bank, in 2014 the population of Costa Rica will reach almost 4.8 million, with a per capita income of $ 10.528.20 U.S. dollars a 7% increase over 2013. Costa Rica is known worldwide for the quality of its human resources as a result of a strong investment in education in the past. Therefore, a percentage of the Costa Ricans obtain well-paying jobs that allow them to travel outside of the country, both for business and leisure purposes. In 2012, half a million Costa Ricans travelled by air to other countries, almost 36% visited the United States.

The United States is by far the preferred destination for Costa Rican travelers. According to industry sources, the top three visited states are Florida (Miami, Orlando, Fort Lauderdale), California (Los Angeles, Las Vegas), and New York. Tourism growth to the U.S. from Costa Rica is expected to continue, not only to the destinations already mentioned but also to Texas (Dallas, Houston); Louisiana (New Orleans); Illinois (Chicago); and Nevada (Las Vegas), Washington DC, Georgia (Atlanta), and Minnesota (Minneapolis). According to the U.S. Department of Commerce and the International Travel Administration, the number of Costa Rican travelers to the U.S will grow 3% to 4% in the next two years.

The major reasons for choosing U.S. travel destinations include proximity to the U.S., the many travel destination options, attractions for all ages, many options for shoppers, and the large and interesting trade conventions. The average expenditure per person, including accommodations, shopping, food, transportation, and others is in the range of $2,000 - $3,000 per length of stay. The average length of stay is of 8 to 10 days.

Current airlines serving U.S. destinations include Delta, Avianca, Frontier (initial operations in November 2007; Spirit (initial operations in April 2007); JetBlue (initial operations in March 2009); United Airlines, American Airlines, COPA (through Panama), and U.S. Airways. Last year the airline industry inaugurated four new direct flights to the United States (Washington DC, Los Angeles, Chicago, Fort Lauderdale). According to Brand USA, another important fact to mention is that with the presence of the main six U.S. airlines there is an offer of direct flights to 10 of the 23 most visited cities in the United States.

Economic trends which might stimulate travel include a) CAFTA-DR, which stimulates business among United States and Costa Rica, b) airline and travel agency agreements promoting U.S. tourist destinations with more attractive and more varied travel

packages, and c) the relatively high cost of vacation packages within Costa Rica, which stimulates locals to do their vacation travel outside of the country.

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

Approximately 3,400 people per year that take cruises leaving from the United States, thus, stimulating air travel. The main cruise lines are: Royal Caribbean, Princess and Carnival.

Sub-Sector Best Prospects

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

Opportunities

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The Brand USA strategy includes Costa Rica as a priority market for fiscal year 2014. Costa Rica is ranked 35 among the top 50 markets to the U.S. Global Markets Costa Rica will be working closely together with the industry and Brand USA to implement a strategic plan for the next year with the objective of increasing travelers from Costa Rica to the United States.

Global Markets Costa Rica is focused on the promotion of the U.S. as a tourism destination by organizing local activities and participating in trade fairs such as Expoviajes that will take place in April 2015, recruiting delegations for key travel and tourism trade events such as International Tourism Show in the U.S. known as IPW. In addition, Global Markets is conducting outreach activities with local media and travel partners to obtain free publicity in magazines, TV, and newspapers to promote different U.S. destinations. GM Costa Rica is also working closely with the consular section to develop a program to promote U.S. tourism destinations among the more than 200 visa applicants that visit the consular patio every day.

During 2013, the airline industry inaugurated four new direct flights between the United States and Costa Rica. Delta Airlines inaugurated a daily flight to Los Angeles, with 180 seats, thus giving Costa Ricans direct access to the U.S. West Coast and to the Asia Pacific region. United Airlines inaugurated five weekly direct flights to Chicago and Washington with a total of 50,000 monthly seats on average. Copa Airlines has flights with connections in Panamá to Miami, Orlando, Tampa, Los Angeles, Las Vegas, New York, Boston, Washington DC, Chicago and Fort Lauderdale. And with two international airports in the country with direct flights to the U.S., one in San José and one in Liberia, access to flights to the U.S. are convenient.

U.S. travel and tourism industry professionals wanting to explore the Costa Rican market may consider participating in activities targeting the final consumer. Based on the Brand USA Strategic Plan for 2014, 44% of travelers use internet sites to inform themselves about destinations, followed by 36% through travel agents.

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Office of Travel & Tourism Industries: www.tinet.ita.doc.gov

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

Cosmetics - Leading Commercial Sector #4

Overview

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	2011	2012	2013	2014 (estimated)
Total Market Size	158	185.2	188.2	197.61
Total Local Production	21.0	23.5	14	14.7
Total Exports	4.2	4.7	2.8	2.94
Total Imports	141.20	166.4	177	185.85
Imports from the U.S.	21.9	25.2	30.1	31.61
Exchange Rate: 1 USD	534	534	534	534

Unit: USD million

Data in millions of US Dollars.
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:

Total Local Production: Industry sources
Total Exports: Industry sources
Total Imports: Costa Rican Customs Directorate
Imports from U.S.: Costa Rican Customs Directorate

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

Tariff Number	Description
3303.00.00.00	Perfume and Toilet Waters
3304.10.00.00	Lip Make-up Preparations
3304.20.00.00	Eye Make-up Preparations
3304.30.00.00	Manicure or Pedicure Preparations
3304.91.00.00	Beauty or Make-up Preparations
3305.10.00.00	Shampoos
3305.20.00.00	Permanent Waving or Straightening
3305.30.00.00	Hair Lacquers
3306.10.00.00	Dentifrices
3306.20.00.00	Dental Floss
3307.10.00.00	Pre-shave, Shaving or After-shave
3307.20.00.00	Deodorants and Antiperspirants
3307.30.00.00	Bath Salts and Other Bath Preparations
3401.11*	Soaps
3304.99.00.00	Other Make-up Preparations
3305.90.00.00	Other Capillary Preparations

Based on Costa Rica's Ministry of Foreign Trade, the imports of cosmetic products have increased over the years; it is expected that this sector will continue to grow due to the demand that the population within Costa Rica for personal care products. In a study

done by Euromonitor in 2013 regarding expenses made for personal care, Costa Rica ranks 6th in Latin America. Every Costa Rican spends $40 for cosmetic products per year, positioning the country above Colombia ($15), Peru ($15) and Mexico ($14); but below Brazil ($45) and Chile ($35). Nevertheless, it must be taken into account the fact that, although United States imports of cosmetic products have increased from 2011 to 2013, Mexico and Colombia's products dominate the Costa Rican cosmetic market. Also, Guatemala has become an important competitor within the Central American region due to its sustained development of the cosmetic sector and the benefits derived from the region's trade agreement.

The market distribution within Costa Rica is composed mainly of mass consumption products. They 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 but for beauty salons the profits for these products are more than 100% in products used in hair treatments such as tints, keratin, etc. 70% of the sales are made in the Greater Metropolitan Area which is located in the Central Valley. 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 around 5,000 beauty salons in the Greater Metropolitan Area (GMA) of which 200 of them sell high-end products while 4,000 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 of which there are approximately 1,000 in Costa Rica. Dermatologists and plastic surgeons are those who recommend the products purchased in pharmacies. Finally, mass consumption products are distributed in supermarkets such as Walmart and Pricesmart, in 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 Gutier Gucci are in the price range of $135-$180 while the mass consumption perfumes and splashes, usually generic brands that are manufactured in China are in the $4-$12 price range. Professional shampoos cost between $45-$70 while mass consumption shampoos cost between $4-$8. Mass consumption make-up costs between $2-$6 while high-end and premium make-up products sell between $15-$50.

Even though Costa Rica has a high demand for cosmetic products, there exist some disadvantages in terms of accessing the market. Costa Rica is a competitive market that is price sensitive. Minimum quantities can be an issue due to the proportion of the Costa Rican sector and the market share of other countries' products. Product registration has been an obstacle for U.S. companies to access the Costa Rican cosmetic 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 eventuality when

importing and commercializing the product in Costa Rica. Also, a clarification letter is required to state that 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.

Sub-Sector Best Prospects

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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. These three products represent in 2013 almost 50% of the total imports made in terms of cosmetic products in Costa Rica.

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 depend in the local market with prices depending upon the desired type of buyer.

Opportunities

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Because Costa Rica's local production is not significant most of the cosmetic products commercialized in the country are imported. Furthermore, the social class distribution of the population is equivalent to the premium, high-end and mass consumption cosmetic products with a proportion of respectively 20% and 80%.

The actual consumption demonstrates a tendency to acquire a diversity of hair products such as oils, keratin, and capillary 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 a lot of opportunities because of the active commercialization of these types of products in Costa Rica in discount stores.

Additionally, U.S. companies have an advantage to commercialize 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 of cosmetic products have a zero percent of import duties.

	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%

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

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

Franchising - Leading Commercial Sector #5

Overview

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General Distribution of Franchises in Costa Rica

Distribution	Quantity	Percentage
International	183	83%
National	38	17%
Total	221	100%

Data Sources:
Chamber of Commerce of Costa Rica

Based on the study of the franchise sector by the Costa Rican Chamber of Commerce, the local sector of franchises in Costa Rica has become prominent in the last few years with a strong growth; consequently this sector grew in 2012, 28 percent in comparison to 2011. As shown on the table above there are a total of 221 franchises operating in the country, of which 183 are international franchises. 58 percent of the foreign franchises present in Costa Rica come from the United States. This increasing development is associated with the opportunities small and medium companies take advantage of to expand their business.

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 1,814 establishments throughout the country from which 892 belong to international brands and 564 are part of the national franchises. Additionally, the importance of the franchising sector in Costa Rica also has to do with the employment generated by this sector. In total, the franchises have produced 21,332 job positions from which 71% are created by international franchises.

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, the 2012 franchise study demonstrates that the sales made by franchises in the local market represent more than $656 million of which foreign brands generate approximately $570 million.

Sub-Sector Best Prospects

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In terms of considering the type of franchises established in Costa Rica, fashion ranks the highest with 28%, followed by the food sector with 26%. The third largest sector of international franchises present in the country, with 16% percent of the total, are the ones in the hotel industry; the remaining percentage correspond to beauty and personal care, decoration, learning, entertainment, car rentals, and among other types of franchises.

Generally the main areas where franchises are established are in western suburbs of San Jose, in cities such as Escazu and Santa Ana. Also, it is common for franchises to

install themselves in malls and other commercial centers; this phenomenon has led to the construction of new malls toward the East of San Jose.

Opportunities

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Costa Rica takes second place within the Central American region to have the greatest growth of the franchising sector and it is preceded by Guatemala. Additionally, this sector is supported by entities such as the Chamber of Commerce of Costa Rica and public banks. Both offer assistance with legal issues as well as financing and consulting.

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Third Study of Franchises in Costa Rica by the Chamber of Commerce of Costa Rica 2012:
http://www.franquiciascostarricenses.cr/

Statistics of Franchises in Costa Rica 2012 from the Chamber of Commerce of Costa Rica:
http://datosabiertos.camara-comercio.com/

Solar Energy Products - Leading Commercial Sector #6

Overview

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Unit: Millions of US$ Dollars

	2011	2012	2013	2014 (estimated)
Total Market Size	8.6	12.6	8.0	8.7
Total Local Production	0	0	0	0
Total Exports	0.6	0.3	0.7	0.8
Total Imports	9.2	12.9	8.7	9.5
Imports from the U.S.	2.8	3.1	3.0	3.3
Exchange Rate: 1 USD				

Data in millions of US$ Dollars.
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:

Total Local Production: Estimated. Industry sources
Total Exports: Costa Rican Customs Directorate
Total Imports: Costa Rican Customs Directorate
Imports from U.S.: Costa Rican Customs Directorate

Local production is limited to small products needed for solar panels and water installation, such as cables, metal tubing, some valves and metal water tanks. Major U.S. competitors in this sector are China, Germany, Israel, Japan, and Taiwan. There is also importation of solar products from Central America, but these are re-exports as most of these products origin is from Asian countries. Exports from Costa Rica are also of imported products from other countries.

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

Industry sources indicate that total imports in this sector are expected to increase in 2014 by 10 percent over the previous year to about US$9.5 million. The consensus within the solar energy products industry is that the sector will grow at an annual rate of 5-10 percent from 2014-2016. It is expected that the U.S. share of the import market will continue to increase too at the same speed as the total market size figures.

Sub-Sector Best Prospects

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

Components of Solar Water Heaters:
8419.19 - Storage water heaters, nonelectric

Components of Solar Panels:
8502.40 - Electric rotary converters
8507.20 - Lead-acid storage batteries other than of a kind used for starting piston engines or as the primary source of power for electric vehicles

8535.21 - Automatic circuit breakers:
8541.40 - Photosensitive semiconductor devices; Light emitting diodes
8541.90 - Parts of diodes, Transistors or photosensitive semiconductor devices

As mentioned before, there is no significant local production of solar energy products in Costa Rica. Most of this products do not pay import taxes, but taxes can also be exonerated by the end-user though the Costa Rican Ministry of Finance. High quality, reliability, durability, favorable prices, good maintenance service, and timely delivery are the main factors for increasing U.S. sales in the solar energy products sector.

Opportunities

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

ICE and CNFL have been installing photovoltaic systems. By the end of 2013, CNFL had 111 users of photovoltaic energy systems with a total of 385.3kW installed. ICE has a program to install energy photovoltaic systems for a total of 10MW, and by the end of 2013 it had 2,559 systems installed in homes, 649 systems installed for community activities, and 132 systems installed in conservation areas. A significant quantity of the solar energy panels that have been installed by ICE are located in rural areas where electric energy networks are hard to install.

Although the Costa Rican government supports the use of clean energies such as solar energy, the Costa Rican Learning Institute (INA), in an analysis done in 2013, mentions that there are still some barriers to the development of photovoltaic technology. These barriers include a cumbersome process of exoneration of taxes, the absence of clear legislation, the absence of a clear policy on incentives, a lack of regulation on services and prices, little experience in the country with this technology, a lack of evaluation of green projects, and finally, a lack of financing options.

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U.S. Global Markets Office Costa Rica:
http://www.export.gov/costarica

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

Costa Rican Association of Energy Producers -ACOPE
http://www.acope.com

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

Agricultural Sectors

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Corn - Leading Agricultural Sector #1

Overview

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Unit: Metric Tons

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	689,820	717,269	730,000	745,000
Total Local Production	10,000	10,000	10,000	10,000
Total Exports	0	0	0	0
Total Imports	679,820	707,269	720,000	735,000
Imports from the U.S.	404,938	212,000	300,000	350,000
Exchange Rate: 1 USD				

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

Total Local Production: Ministry of Agriculture, National Production Council
Total Exports: Customs Department, Costa Rican Ministry of Finance
Total Imports: Customs Department, Costa Rican Ministry of Finance
Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

Costa Rica's total corn imports decreased in value to $201.2 million during 2013 from $211.2 million in 2012. However, the total import volume increased 4 percent during the same period. 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. continued to lose market share to South America (mainly to Argentina, Paraguay, and Brazil) in 2013. A combination of lower price and good quality offered by South American suppliers has resulted in loss of market share during the past two years.

Sub-Sector Best Prospects

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

Opportunities

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

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Soybeans- Leading Agricultural Sector #2

Overview

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Unit: Metric Tons

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	283,393	254,044	265,000	270,000
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	283,393	254,044	265,000	270,000
Imports from the U.S.	283,367	114,199	150,000	160,000
Exchange Rate: 1 USD				

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

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

Soybean imports declined 10 percent in terms of volume during 2013 as compared to 2012. Import value also declined $166.4 million in 2012 to 151.3 million in 2013. U.S. market share declined in 2013 as competition from Argentina and Paraguay increased. Also, soybean meal imports have increased over the last few years. Soybeans are imported mainly for meal. Soybean oil is sold primarily in the local market and occasionally exported to Central America. There is only one oilseed crusher in Costa Rica, INOLASA, located near the Pacific port of Caldera (where all bulk grains arrive).

Sub-Sector Best Prospects

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Imports of soybean meal have been increasing over the past few years reaching a record level from the U.S. in 2013.

Opportunities

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

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

Foreign Agricultural Service
Illeana Ramírez, Marketing Specialist: Illeana.Ramirez@fas.usda.gov
Víctor González, Agricultural Specialist: Victor.Gonzalez@fas.usda.gov

Wheat- Leading Agricultural Sector #3

Overview

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Unit: Metric Tons

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	250,556	240,671	245,000	250,000
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	250,556	240,671	245,000	250,000
Imports from the U.S.	134,489	147,098	160,000	170,000
Exchange Rate: 1 USD				

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

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

Wheat imports decreased 4 percent to 240,671 metric tons in 2013. Total import value reached $85.7 million during 2013, down from $91.5 million during 2012. The value of wheat imports from the United States reached $51.3 million in 2013, up 7.5 percent from $47.7 million in previous year. Import volume also increased but Canada and Mexico continue to compete against the United States for market share. Canada exported 88,072 MT of wheat to Costa Rica in 2013, as compared to 108,400 tons in 2012. The United States traditionally supplied 100 percent of the market, but Canada has become a strong competitor in recent years. There are only two wheat mills in Costa Rica, Molinos de Costa Rica and FAHACASA. Export growth will largely depend on wheat prices as consumers are very sensitive to price increases. No wheat is produced locally.

Web Resources

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Molinos de Costa Rica, S.A.
szamora@mocrisa.com

Fabrica de Harinas de Centroamerica, S.A.
facasa@racsa.co.cr

Foreign Agricultural Service:
Illeana Ramírez, Marketing Specialist: Illeana.Ramirez@fas.usda.gov
Víctor González, Agricultural Specialist: Victor.Gonzalez@fas.usda.gov

Rice- Leading Agricultural Sector #4

Overview

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Unit: Metric Tons

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	248,642	255,000	260,000	265,000
Total Local Production	135,000	130,000	130,000	135,000
Total Exports	0	0	0	0
Total Imports	113,642	125,000	130,000	130,000
Imports from the U.S.	67,325	75,000	80,000	85,000
Exchange Rate: 1 USD				

*Market size, and local production (metric tons) are marketing years (July-June) for 2012/2013, etc. Imports are calendar years.

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

Total Local Production: National Rice Corporation (CONARROZ)
Total Exports: Customs Department, Costa Rican Ministry of Finance
Total Imports: Customs Department, Costa Rican Ministry of Finance
Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

Imports from the United States reached 67,325 tons of rice in calendar year 2013, valued at $30.3 million. Volume and value declined from 88,774 tons and $34.8 million in calendar year 2012. Import volume is expected to increase as a result of lower local production of rice. The majority of rice imported by Costa Rica is rough rice, but the CAFTA-DR tariff rate quota for milled rice has resulted in growing imports of milled rice. Increased competition from South America, primarily from Brazil and Argentina, has reduced the market share enjoyed by the U.S. in the past. Strong competition is expected to continue from those countries as a result of quality issues with U.S rice. The local industry is trying to stop imports of milled rice from South America through a safeguard measure (still in the review process by the government), which would raise the duty on milled rice imports other than those made under the tariff rate quota.

Sub-Sector Best Prospects

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

Opportunities

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Under CAFTA-DR, tariff rate quotas of 59,000 MT of rough rice and 7,250 MT of milled rice from the United States for 2014, will allow for higher imports of grain.

Web Resources

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Corporacion Arrocera Nacional (CONARROZ)

conarroz@racsa.co.cr

Asociacion Nacional de Industriales del Sector Arrocero (ANINSA)
Info@aninsa.com

Foreign Agricultural Service
Illeana Ramírez, Marketing Specialist: Illeana.Ramirez@fas.usda.gov
Víctor González, Agricultural Specialist: Victor.Gonzalez@fas.usda.gov

Fresh Fruits- Leading Agricultural Sector #5

Overview

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Unit: Million U.S. $

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	n.a.	n.a.	n.a.	n.a
Total Local Production	n.a.	n.a.	n.a.	n.a.
Total Exports*	1,671	1,733	1,750	1765
Total Imports	84.2	77.9	85	90
Imports from the U.S.	25.5	27	30	32
Exchange Rate: 1 USD				

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

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

Total Local Production: Not available
Total Exports: Customs Department, Costa Rican Ministry of Finance
Total Imports: Customs Department, Costa Rican Ministry of Finance
Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

Costa Rica's imports of fresh fruit reached $77.9 million in 2013 as compared to 84.2 million in 2012. The United States exported $23.9 million in 2013, down from $25.5 million during the previous year. The leading fruit imports from the United States were apples ($8.8 million), grapes ($9.6 million), peaches, nectarines and prunes ($2.3 million), and pears ($2.3 million). Chile is a major competitor in the fruit market since that country enjoys duty free access to the Costa Rican market for fruits thus, competing with U.S.- origin product.

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

Sub-Sector Best Prospects

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

Opportunities

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

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Frutas del Mundo (Corporacion INTERFRUTD)
www.interfrutd.com

Fruta Internacional, S.A.
frutaint@racsa.co.cr
http://www.frutainternacional.com

Foreign Agricultural Service
Illeana Ramírez, Marketing Specialist: Illeana.Ramirez@fas.usda.gov

Processed Fruits and Vegetables- Leading Agricultural Sector #6

Overview

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Unit: Million U.S. $

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	n.a.	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.	n.a.
Total Exports	n.a.	n.a.	n.a.	n.a.
Total Imports	82.7	92.7	95.0	100.0
Imports from the U.S.	35.9	44.0	46.0	48.0
Exchange Rate: 1 USD				

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

Total Local Production: Not available
Total Exports: Customs Department, Costa Rican Ministry of Finance
Total Imports: Customs Department, Costa Rican Ministry of Finance
Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

According to information from the Costa Rican Customs Department, total imports of processed fruits and vegetables totaled US$92.7 million in 2013. The United States had a 47.4 percent share of the total, almost unchanged from the 47 percent share the previous year. These products, especially frozen french fries, processed tomato products, mixed fruits, mixed vegetables, yellow and sweet corn, peas, and processed beans, generate strong import demand. Canada ($13.8 million), Guatemala ($7.8 million), China ($7.8 million), and Chile ($3.8 million), are the main competitors of the United States in the Costa Rican processed fruit and vegetable market. The FTAs with Chile, Canada and China have created more competition for the United States in these product categories. Increased competition is expected as a result of free trade agreements with the European Union and Peru. Central American countries also enjoy duty-free access to the Costa Rican market.

Sub-Sector Best Prospects

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

Opportunities

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

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Foreign Agricultural Service
Illeana Ramírez, Marketing Specialist: Illeana.Ramirez@fas.usda.gov

Snacks- Leading Agricultural Sector #7

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Unit: Million U.S. $

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	n.a.	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.	n.a.
Total Exports	n.a.	n.a.	n.a.	n.a.
Total Imports	138.1	150.2	155.0	160.0
Imports from the U.S.	34.6	40.2	44.0	48.0
Exchange Rate: 1 USD				

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

Total Local Production: Not available
Total Exports: Customs Department, Costa Rican Ministry of Finance
Total Imports: Customs Department, Costa Rican Ministry of Finance
Imports from U.S.: Customs Department, Costa Rican Ministry of Finance

Total imports of snack foods increased 8.8 percent during 2013 as compared to 2012. U.S. exports of snack foods to Costa Rica totaled US$40.2 million in 2013, a 16 percent increase over 2012. Imports of snacks have grown rapidly during the last 5 years.

Imports of snack foods from the United States are expected to increase to $44 million in 2014 as tariffs on these products continue to decline under the terms of CAFTA-DR.

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

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

Sub-Sector Best Prospects

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

Opportunities

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

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CACIA (Costa Rican Food Industry Chamber)
http://www.cacia.org

Foreign Agricultural Service
Illeana Ramírez, Marketing Specialist: Illeana.Ramirez@fas.usda.gov

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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

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

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

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

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

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

Duties and taxes are calculated as follows:

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

Trade Barriers

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

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

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

Import Requirements and Documentation

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

Imports are registered by the Central Bank for statistical purposes.

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

Pharmaceuticals, drugs, cosmetics, medical devices and some chemical products, such as solvents, agricultural inputs and precursor chemicals used to produce narcotic drugs, must have import permits (valid for five years) from and be registered by the Ministry of Health. Food products require registration when imported for the first time. The Ministry of Agriculture and Livestock (MAG) requires phytosanitary and animal health certificates. The Costa Rican importer must obtain the permits. Surgical and dental instruments and machines can be sold only to licensed importers and health professionals. Also, a new regulation establishes the requirement to register imported biomedical equipment and materials at the Ministry of Health. Under local sanitary registry regulations all dietary supplements and natural medicinal products should be registered before the Ministry of Health in order to be commercialized in the territory of Costa Rica. According to these regulations, all dietary supplements products containing vitamins and minerals must meet a predetermined quantity of each ingredient that does not go above or below 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 fabricated table of values obtained from different regulatory agencies including IADSA, FNB and EC SCF.

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

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

U.S. Export Controls

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

Temporary Entry

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

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

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

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

Labeling and Marking Requirements

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

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

Prohibited and Restricted Imports

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The Government of Costa Rica prohibits importing used tires without rims because mosquitoes carrying yellow fever or dengue fever breed in water accumulated in rimless

tires. The import of weapons is closely regulated; only the Government may import automatic firearms.

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

Customs Regulations and Contact Information

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Costa Rican customs procedures are complex and bureaucratic, although recent improvements, such as electronic "one stop" import and export windows, 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: http://www.hacienda.go.cr/tica/Consultas/

Costa Rica generally does not require any special documentation for the entry of goods other than commercial invoices, bills of lading, and airway bills. Mail shipments require only postal documentation. Bulk agricultural products require phytosanitary certificates. Imports of cosmetics, pharmaceutical, 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 with the presentation and approval of quantitative-qualitative analysis certificates, good manufacturing practices and free-sale certificates, which must be provided by the foreign exporter.** The registration process for pharmaceuticals has become very slow, in many cases taking up more than six months or more to approve the request. However, the Ministry is working toward reducing this timeframe. Improvement in the registration process is expected during 2014-2015 as the government office in charge of managing the electronic system for government purchases (Gobierno Digital), is also working with the Ministry of Health to utilize this new electronic platform for digital registration of products.

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

For imports from CAFTA countries, Costa Rican importers must present to Customs Authority the necessary information that can certify the origin of the goods. There is no specific format to present this information. The local importer can use any format available for this purpose. For more information, please see:
http://www.comex.go.cr/tramites_servicios/certificado_origen.aspx

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

Questions pertaining to customs issues should be addressed to:

Costa Rican Customs Office
(Dirección General de Aduanas)
Edificio La Llacuna, Avenida Central
San José, Costa Rica
Tel: (506) 2522-9390
Fax: (506) 2522-9426
WebPage:
http://www.hacienda.go.cr/contenido/403-preguntas-de-interes-aduanas

Information on Free Trade Zones and the Active Finishing Regime, as well as statistical information on Costa Rican trade and listings of importers and exporters, is available from the Costa Rican Foreign Trade Corporation (PROCOMER), an autonomous agency headed by the Minister of Foreign Trade. Contact information follows:

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

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

Asociación de Empresas de Zonas Francas de Costa Rica –AZOFRAS
Plaza Mayor Rohrmoser, Segunda Etapa
Segundo Piso, Oficina # 1, Rohrmoser, Pavas
San Jose, Costa Rica
Tel: (506) 2520-1635
Webpage: http://www.azofras.com
Contact: Mr. Alvaro Valverde P., Executive Director
Email: avalverde@azofras.com

Standards

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- Publication of Technical Regulations
- Labeling and Marking

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Standards (e.g., ISO 9000)

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

As of March 2014, INTECO, the Costa Rican standards certification organization, reported that 46 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 114 companies had met ISO 9001 requirements, 13 were certified with ISO 18001 and 2 were certified with ISO 22000. Certification of ISO standards is voluntary. The Government of Costa Rica does not require that foreign companies be certified with ISO (9000 and 14000) standards in order to export to Costa Rica. Likewise, Costa Rican companies are not required to be certified under ISO standards to sell their products to local and foreign markets.

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

Standards Organizations Return to top

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

Ministerio de Economia, Industria y Comercio de Costa Rica
Direccion de Mejora Reguladora y Reglamentacion Tecnica
San José, Costa Rica
Tel.: (506) 2291-2164, Ext. 221, 247, or 264
Fax: (506) 2291-2015
Email: reglatec@meic.go.cr
Webpage:http://www.meic.go.cr/, or http://www.reglatec.go.cr/

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.org/news.php

Conformity Assessment

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

Instituto de Normas Técnicas de Costa Rica (INTECO)
San Pedro, Montes de Oca, Barrio Gonzalez Flores, de Muñoz y Nanne 400 Mts. Norte, contiguo al Laboratorio de Materiales de la Universidad de Costa Rica.
P.O. Box 10004-1000
San Jose, Costa Rica
Tel.: (506) 2283-4522
Fax: (506) 2283-4831
E-Mail: info@inteco.or.cr
Webpages: http://www.inteco.or.cr/esp/
http://www.iso.org/iso/about/iso_members/iso_member_body.htm?member_id=1667

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

Product Certification

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

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

Ministerio de Agricultura de Costa Rica
Servicio Fitosanitario del Estado
P.O. Box 1521-1200
San José, Costa Rica
Tel. 506-2549-3400
Fax. 506-2260-8301

Webpages: http://www.sfe.go.cr/
http://www.mag.go.cr/
Email: centroinfo@sfe.go.cr

Accreditation

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The Costa Rican Ministry of Science and Technology (MICIT) is the government agency that provides accreditation services to testing laboratories, calibration laboratories, inspection bodies, certification bodies and clinical laboratories, thru ECA (Ente Costarricense de Acreditacion), the standards certifying organization in Costa Rica. The Ministry and ECA may be contacted as follows:

Ministerio de Ciencia y Tecnología (MICIT)
P.O. Box 5589-1000
San José, Costa Rica
Tel. 506-2248-1515, ext. 137 and 124
Fax. 506-2257-8765
Webpage: http://www.micit.go.cr
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Publication of Technical Regulations

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

The Imprenta Nacional may be contacted as follows:

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Webpage: http://www.imprentanacional.go.cr/

Labeling and Marking

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

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Trade Agreements

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Web Resources

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Government of Costa Rica:

www.micit.go.cr/

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

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

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

Costa Rican Standards Organizations:

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

http://www.inteco.or.cr/esp/

United States Government:

www.ansi.org

http://www.usda.com/

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Chapter 6: Investment Climate

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- Corporate Social Responsibility
- Political Violence
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- Labor
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Executive Summary

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

Costa Rica's continued popularity as an investment destination is well illustrated by historic Foreign Direct Investment (FDI). FDI in Costa Rica climbed steadily from the year 2000 ($409 million) to 2008 (over $2 billion), slumping in 2009 and 2010 but reaching over $2.2 billion (5% of GDP) in 2012.

In recent decades the Costa Rican government has focused on attracting relatively high-tech manufacturers and service companies that demand skilled labor, introduce new technologies and often run robust Corporate Social Responsibility (CSR) programs. The vast majority of these companies establish themselves in Free Trade Zones that enjoy certain fiscal benefits. Consistent with this orientation, the Costa Rican government has been aggressive in signing free-trade agreements, tax information agreements and generally participating in the global arena under President Laura Chinchilla. The new Presidential administration, which takes office on May 8, 2014, is expected to continue promoting policies welcoming of FDI inflows but will likely seek subtle changes to overall trade and investment policy.

Despite years of trade liberalization, much of the Costa Rican government and economy is not as advanced as this export-led development might suggest. The legal system, while solid and generally uncorrupt, can be very slow and often disappointing. Invasion and occupation of private property by squatters, who are often organized and sometimes violent, does occur in Costa Rica. The Costa Rican police and judicial system have at times failed to deter or to peacefully resolve such invasions. Much of Costa Rica's basic infrastructure – ports, roads, water systems - needs major upgrading. In the past year, private-public partnerships (or concessions) have faced numerous legal and procedural challenges that have delayed, or in some cases, canceled key infrastructure projects.

Openness to, and Restrictions Upon, Foreign Investment

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Attitude Toward FDI

Costa Rica actively courts foreign direct investment (FDI), placing a high priority on attracting and retaining high-quality foreign investment. The Foreign Trade Promotion Corporation (PROCOMER) as well as the Costa Rican Investment and Development Board (CINDE) lead Costa Rica's investment promotion efforts. Costa Rica has continued an ambitious program of negotiating, signing and ratifying free trade agreements, all of which encourage greater openness to foreign trade and investment. Costa Rica together with El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic, is a signatory to the U.S. – Central America – Dominican Republic Free Trade Agreement (CAFTA-DR). CAFTA-DR, which entered into force in Costa Rica January 1, 2009, has improved Costa Rica's investment climate by strengthening the protection of intellectual property rights, providing a mechanism for arbitration, opening the insurance and telecommunications sectors to competition, and assuring access to markets in other CAFTA-DR economies. Agreements with Chile, Canada, CARICOM (Caribbean nations), Panama, China, Peru, Singapore, Mexico and the European Union are in force, while agreements with Colombia and the European Free Trade Association are in the approval process.

Other Investment Policy Reviews

Costa Rica's investment policy reviews by international financial institutions over the last several decades tend to be positive but qualified by a list of problems that must be addressed soon. Costa Rica's persistent and growing government budget deficit is of particular concern. The Organization for Economic Cooperation and Development (OECD) recently completed a comprehensive investment policy review (http://www.researchandmarkets.com/reports/2686091/oecd_investment_policy_reviews_costa_rica_2013).

Parallel to publication of this report, Costa Rica became the 45th adherent to the OECD Declaration on International Investment and Multinational Enterprises. The World Trade Organization (WTO) also recently completed its 2013 trade policy review http://www.wto.org/english/tratop_e/tpr_e/s286_e.pdf.

Laws/Regulations of FDI

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

contradict the decisions of other independent agencies, causing significant project delays.

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

Industrial Strategy

Costa Rica’s chief industrial strategy in recent years has consisted in focusing investment promotion and aftercare efforts in particular areas of business in order to encourage the formation of business clusters. The investment and development board (CINDE) has successfully targeting potential investors in the areas of **health technologies**, **services** and “advanced manufacturing,” creating overlapping business clusters in these areas which in turn have led to synergies that encourage other similar companies to invest in Costa Rica.

Limits on Foreign Control

All businesses must be registered in the national registry, thereby becoming national companies that may have national or foreign owners. The investment requirements for foreign and national persons and companies are identical. Businesses may be established starting from nothing, acquired, merged with, or taken over in much the same way as is done in the United States. Foreign partnerships with local businesses are quite common. Costa Rica’s one discriminatory limitation to foreigners’ control of land applies to the 200 meter strip of land along the coast defined as the Maritime Terrestrial Zone; concessions in this zone cannot be given to foreigners or foreign-owned companies. Water, ground transport and freight services likewise are limited to majority national ownership. Mass media and advertising agencies are subject to some limitations to foreign ownership. The state also exercises some monopoly control in some economic sectors as detailed below in the “Competition from State-Owned Enterprises” section: **Information and Communication; Energy; Health Technologies.**

Privatization Program

Costa Rica does not have an active privatization agenda.

Screening of FDI

Costa Rica does not have a formal mechanism for screening foreign investment. Such investment is expected to comply with local law and practice. The country’s commercial code details all business requirements necessary to operate in Costa Rica. The laws of public administration and public finance contain most requirements for contracting with the state.

Competition Law

Several public institutions are responsible for consumer protection as it relates to monopolistic and anti-competitive practices. The “Commission for the Promotion of Competition” (COPROCOM), a semi-autonomous agency housed in the Ministry of Economy, Industry and Commerce, is charged with investigating and correcting anti-competitive behavior across the economy. SUTEL, the Telecommunications Superintendency, shares that responsibility with COPROCOM in the Telecommunications sector. Both agencies are charged with defense of competition,

deregulation of economic activity, and consumer protection. COPROCOM has been accused on occasion of being underfunded and weak, although it does project a regulatory presence.

Investment Trends

Public infrastructure concessions in Costa Rica have been subject to severe criticism in recent years both as a class and individually. The three current concessions projects are Caldera Port, San Jose-to-Caldera highway concession and the Liberia Airport terminal. Operations at the Port of Caldera, the country's principal Pacific port, began successfully in 2006. The San Jose-to-Caldera highway concession became fully operational in 2010, while the Liberia Airport's new passenger terminal was built under a concessions contract and opened to business in early 2012. In addition, a new container port concession in the Atlantic port of Moin continues to survive legal challenges, and although the environment impact assessment remains unfinished, the port will reportedly begin construction in 2014.

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

TABLE 1: The following chart summarizes several well-regarded indices and rankings.

Measure	**Year**	**Rank or value**	**Website Address**
TI Corruption Perceptions index	2013	(49 of 177)	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2014	(53 of 178)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	(102 of 189)	http//doingbusiness.org/rankings
Global Innovation Index	2013	(39 of 142)	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener

World Bank GNI per capita	2012	$ 8,820	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Conversion and Transfer Policies

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Foreign Exchange

There are no restrictions on receiving, holding or transferring foreign exchange. There are no delays for foreign exchange, which is readily available at market clearing rates and readily transferable through the banking system. From 1983 until 2006, Costa Rica maintained a crawling peg exchange regime with the U.S. dollar. However, in October 2006, the country transitioned to a crawling band regime, which has become a "dirty float" with very widely separated upper and lower limits. The Central Bank also created a foreign exchange market, "MONEX," (USD/Colon) in which buyers and sellers are matched blindly. Participants may register without any initial fee and may either buy or sell amounts over the $1,000 USD minimum. A variety of instruments designed to insure against exchange rate volatility are being introduced into the market and may be obtained through the Securities Exchange ("Bolsa de Valores") or through banks. To date, the result appears to be satisfactory for the Central Bank; however, the exchange rate volatility in 2014 (colon devaluation of 10 percent in the first quarter) has led to questions about Costa Rica's future monetary policy. Any decisions about changing the band will be left to a new Presidential administration, which takes office in May 2014. Dollar bonds and other dollar instruments may be traded legally.

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

The Costa Rican government in late 2013 adopted a new set of transfer pricing regulations consistent with international norms which has addressed many of the concerns of companies in Costa Rica engaged in international trade. Nevertheless, affected companies and law firms caution that the Costa Rican transfer pricing regime continues to be a source of uncertainty for them.

The Costa Rican government and Central Bank have struggled to find ways to limit the entry of short-term investment funds (often termed "hot money") without negatively affecting capital flows associated with longer-term investments. A law passed in early 2014 gives the Central Bank a wide selection of new tools to that end. Current global financial conditions have reduced the pressure of short term investment funds and appear to have precluded the use of these tools for the time being.

The Costa Rican government is actively involved in detecting and preventing money laundering. Costa Rica is a member of the Financial Action Task Force on Money

Laundering in South America (GAFISUD), a Financial Action Task Force-style regional body.

Expropriation and Compensation

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

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

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

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

Dispute Settlement

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Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts:

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

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

Litigation can be long and costly. Some representatives of US companies have cited the unpredictability of outcomes as a source of rising judicial insecurity in Costa Rica. The legal system is significantly backlogged, and civil suits may take five years or more from start to finish. Some U.S. firms and citizens have satisfactorily resolved their cases through the courts, while others have seen proceedings drawn out over a decade without a final resolution. The process to resolve both civil and penal squatter cases through the courts can be especially cumbersome. Civil archives recording land title are at times incomplete or contradictory. Expropriation and related legal proceedings concerning lands within the Leatherback National Park boundary have been ongoing since 2004 (see "international arbitration" section below for more detail). Potential buyers should retain experienced legal counsel and carefully conduct due diligence to ensure that properties are free of conflicting ownership claims.

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

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

International Arbitration: Costa Rica has been a member of the International Center for the Settlement of Investment Disputes (ICSID) since 1993, when it acceded to the Washington Convention. Since then, the ICSID has successfully resolved Costa Rican cases having to do with land expropriation and investment. Costa Rica is also a member of the World Bank Multilateral Investment Guarantee Agency (MIGA), which provides a forum for international arbitration in investment disputes, as well as investment

guarantees. Private energy producers have included international arbitration clauses in their contracts.

The provisions of Chapter 10 of CAFTA-DR ensure that Costa Rica will submit to international arbitration under the rules of either ICSID or UNCITRAL (United Nations Commission on International Trade Law) if the aggrieved investors choose that option. The arbitration process under CAFTA-DR is designed to be open and transparent; hearings and documents are public, and amicus curiae submissions are expressly authorized. The CAFTA investment chapter includes checks to help assure that investors do not abuse the arbitration process. The agreement includes a provision that allows tribunals to dismiss frivolous claims and award attorney's fees and filing costs. Potential plaintiffs should be aware that arbitration attorneys' fees and other costs can easily exceed one million USD and the so-called "fork-in-the-road" provision ensures that once a plaintiff has taken the case to arbitration it cannot return to local courts. Furthermore, arbitration settlements never mandate a change in local law or judicial outcome but rather specify monetary amounts to be paid to the plaintiff. Costa Rica currently has two international arbitration cases under the provisions of CAFTA-DR Chapter 10; details can be found on the Ministry of Foreign Trade website http://www.comex.go.cr/tratados/vigentes/cafta/Casos.aspx.

Duration of Dispute Resolution: Local arbitration is theoretically possible under the civil and commercial codes. However, U.S. investors have experienced mixed results from such proceedings organized by local attorneys. A 2011 law on alternative conflict resolution (Law 8937), drafted from the UNCITRAL model law, sought to encourage arbitration and simplify the procedures under which arbitration takes place. Several arbitration centers operate, including one at the Costa Rican - American Chamber of Commerce. Some cases reportedly have been successfully and quickly resolved under the law. Potential litigants should be careful to ensure that their attorneys have skills and experience specifically in arbitration.

Performance Requirements and Incentives

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WTO/TRIMS: Costa Rica notified the WTO in 1999 that it maintains no Trade-Related Investment Measures (TRIMS) inconsistent with the WTO Agreement on TRIMS.

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. These incentives include tax holidays and training of specialized labor force.

Individual companies are able to create industrial parks that qualify for Free Trade Zone status by meeting specific criteria and applying for such status with Costa Rica's Foreign Trade Promotion Authority (PROCOMER). 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.

The inward-processing regime suspends taxes on imported inputs of qualifying companies and then exempts the inputs from those taxes when the finished goods using or containing them are exported. 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 have been 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 the Costa Rican tourism board.

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

Performance Requirements: While Costa Rican export authorities place a high priority on maximizing the amount of local content that large multinational enterprises (MNE) incorporate into their export product, efforts to that end have been cooperative rather than coercive. The export promotion agency PROCOMER operates an export linkages department focused on increasing the percentage of local content inputs used by large MNEs; one recent program is dedicated to helping small and medium enterprises (SME) obtain international certifications such as ISO9000. In the telecommunications sector, Costa Rica does not require Costa Rican data to be stored on Costa Rican soil.

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. In any case, existing immigration measures do not appear to have inhibited foreign investors' mobility to the extent that they affect Foreign Direct Investment in the country.

Right to Private Ownership and Establishment

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

Protection of Property Rights

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Real Property: Investment in Costa Rican real estate requires care and due diligence; many U.S. real estate investors have found it difficult to obtain clean title, have suffered adverse possession by squatters or have found themselves working with unscrupulous lawyers. Landowners should be sure to demonstrate a continuing presence on and control over their land. Secured interests in both chattel and real property are recognized and enforced, and mortgage and title recording is mandatory. The laws governing investments in land, buildings, and mortgages are generally transparent. However, there are continuing problems of overlapping title to real property and fraudulent filings with the National Registry, the government entity that records property titles. While title guaranty is not a service traditionally offered in the country, several reputable companies offer title guaranty and related services.

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

Intellectual Property Rights (IPR): While the legal framework governing intellectual property is basically in place, Costa Rica does not adequately enforce those rights. In 2013, Costa Rica remained on the Watch List in the United States Trade Representative's (USTR) annual Special 301 Report. The USTR noted that IPR enforcement with respect to copyright piracy and trademark counterfeiting required greater priority and resources. Significant delays in judicial proceedings and a lack of official investigators, public prosecutors, and criminal and civil judges specializing in intellectual property continue to hamper effective enforcement.

Costa Rica is a signatory of many major international agreements and conventions regarding intellectual property. Building on the existent regulatory and legal framework, CAFTA-DR required Costa Rica to further strengthen and clarify its IPR regime, with several new IPR laws added to the books in 2008. Prior to that, the GATT agreement on Trade Related Aspects of Intellectual Property (TRIPS) took effect in Costa Rica on January 1, 2000. Costa Rica in 2002 ratified the World Intellectual Property Organization (WIPO) "internet treaties" pertaining to Performances and Phonograms (WPPT) and Copyright (WCT). In August 2009, Costa Rica modified its WPPT commitments in a way consistent with its international obligations by notifying the WIPO of its reservations to Article 12 of the Rome Convention and Article 15.1 of the WIPO Performance and Phonograms Treaty (WPPT). These reservations together with a subsequent modification of Costa Rican law - currently under legal challenge - exempt Costa Rican over-the-air broadcasters from payment of "neighboring rights" to music performers and producers. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Country/Economy Resources:

- Costa Rican American Chamber of Commerce (AmCham): http://www.amcham.co.cr/
- The U.S. Embassy in Costa Rica (Consular Section) maintains an extensive list of legal service providers, including some firms engaged in intellectual property law. This list does not represent an endorsement on the part of the US government: http://costarica.usembassy.gov/attorney.html).

Transparency of Regulatory System

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Costa Rican laws, regulations and practices are generally transparent and foster competition, except in the sectors controlled by a state monopoly, where competition is explicitly excluded. Tax, labor, health and safety laws are not seen as interfering with investment decisions. When applying environmental regulations, SETENA, the Costa Rican organization that reviews environmental impact statements, has been slow in issuing its findings, causing delays for investors in completing projects.

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

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

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

Efficient Capital Markets and Portfolio Investment

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Money and Banking System, Hostile Takeovers

There are no controls on capital flows in or out of Costa Rica or on portfolio investment in publicly traded companies. However, a recently adopted law allows the Central Bank, in coordination with the executive branch, to discourage so-called "hot money" 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 have said this new instrument will be used very “carefully” and “selectively.” Larger investors often arrange their financing abroad where rates tend to be lower and lending limits are higher. Foreign investors are able to borrow in the local market, but they are also free to borrow from abroad. Some capital flows are subject to a withholding tax (see “Conversion and Transfer Policies” above).

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

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

Consolidated total assets of the country’s public commercial banks were approximately USD 20 billion in December 2012, while consolidated total assets of the eleven private commercial banks were approximately USD 10 billion. The combined assets of all bank groups (including affiliated pension funds and brokerage houses, plus factoring houses and credit unions) were approximately USD 34 billion as of December 2012. The Costa Rican banking system has been notably stable in recent years.

Costa Rica’s national council for the supervision of the financial system (CONASSIF) oversees Costa Rica’s financial sector and consists of four principal components. The country’s general superintendent of financial institutions (SUGEF) regulates banks and other financial institutions. The general superintendent of securities markets (SUGEVAL) oversees the securities exchange. The general superintendent of pensions (SUPEN)

oversees pension funds. The superintendent of insurance (SUGESE) oversees all insurance operators. Legal and accounting systems are transparent and consistent with international norms. Many well-known accounting firms in Costa Rica are affiliated with large U.S. firms.

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

Competition from State Owned Enterprises

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Beyond the electricity, petroleum **("Energy & Mining")**, telecommunications **("Information and Communications")** and insurance sectors, the country has a generally open international trade and investment regime. Electricity generation and distribution remains firmly in the control of the state-owned "National Electrical Institute" ("ICE"), while retail energy distribution is also dominated by ICE with significant participation by municipal utilities and rural electrical cooperatives. Petroleum imports are monopolized by the state petroleum company "RECOPE." State-owned banks control half the country's banking assets (see "Efficient Capital Markets and Portfolio Investment" above). ICE is still the dominant player in an **Information and Communications** (telecoms) sector that is steadily opening to private competition. The state-owned insurance provider "National Insurance Institute" ("INS") is the dominant player in the insurance market, which is also in the process of opening to competition.

In the **Information and Communications** sector, the telecommunications regulation board "SUTEL" and the Telecommunications Ministry have worked since 2009 to build the framework of a competitive telecommunications sector, with progressive development of a regulated competitive telecommunications market for internet and Voice-Over Internet Protocol (VOIP), corporate networks and cell phones. Two cellular phone competitors to the state monopoly "National Electrical (and telecommunications) Institute" ("ICE") successfully launched their operations in November of 2011, fulfilling a key CAFTA-DR provision that the cell phone market be opened to multiple competitors. The private operators have since reached 35% market penetration but there are persistent complaints of regulatory and bureaucratic obstacles to truly open competition with the incumbent operator. In the insurance sector, private insurers hold more than 10% of Costa Rica's insurance market and are actively competing against state-owned insurance provider, National Insurance Institute (INS). Both the insurance regulator SUGESE and telecom regulator SUTEL have won praise for successfully managing market transitions although in both markets new market entrants point to unfair advantages enjoyed by the incumbent operator.

Each state-owned enterprise has its own independent board of directors and internal operating regulations and procedures. The comptroller general's office (which reports directly to the Legislative Assembly) exercises fiduciary oversight and supervision of all public entities, including the state-owned enterprises. Costa Rica's state-owned enterprises do not appear to take direct orders from the Executive Branch; nevertheless,

the state-owned enterprises clearly strive to fulfill their role as publicly-owned entities. Recent examples of this orientation have been the Banco Nacional's trust management of the National Stadium and the telecommunications universal service fund, FONATEL, Banco de Costa Rica's (BCR) issuance of licenses and passports, ICE's strong support of the Executive Branch's Technical Secretariat of Digital Government (TSDG) and RECOPE's continued cooperation with ICE in providing fuel to the Garabito electrical generation plant.

OECD Guidelines on Corporate Governance for SOEs:
http://www.oecd.org/daf/ca/oecdguidelinesoncorporategovernanceofstate-ownedenterprises.htm

Sovereign Wealth Funds: Costa Rica does not have a Sovereign Wealth Fund.

Corporate Social Responsibility

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The Costa Rica government actively highlights its role in attracting hi-tech companies to Costa Rica; the strong Corporate Social Responsibility (CSR) culture that many of those companies cultivate has become part of that winning package. Large multinational companies commonly pursue CSR goals in line with their corporate goals and have found it beneficial to publicize such CSR activities in Costa Rica. Many smaller companies, particularly in the tourism sector, have likewise integrated CSR activities into their way of doing business. There is a general awareness of CSR among both producers and consumers in Costa Rica.

The Government of Costa Rica maintains and enforces laws with respect to labor and employment rights, consumer protection and environmental protection. Beyond that, some Costa Rican government agencies have taken the principals of public-private partnership to heart by working with private companies in addressing specific social issues. For example, the NGO "Aliarse" (http://www.aliarse.org) specializes in helping its member companies to effectively coordinate CSR policy with government, community groups and other companies. Many Central America Regional Security Initiative (CARSI) grantees, Fundacion Accion Joven (www.accionjoven.org*), Refugee Education Trust {RET}(*www.theret.org), Boy with a Ball (www.boywithaball.com), Hogar Siembra (www.hogarsiembra.org), and FundaVida (www.fundavida.org) are coordinating companies such as Intel, IBM, Western Union, and Sykes to leverage CSR programs in a way that advances their activities. For example, IBM now sends employees to the "El Triangulo" precario to assist Boy With a Ball in providing mentorship and English tutoring to at-risk youth and Intel works with the Centro Cultural (www.centrocultural.cr) to provide English classes for the young women at Hogar Siembra. CARSI is a U.S. government funded initiative.

OECD Guidelines for Multinational Enterprises: http://mneguidelines.oecd.org/

Political Violence

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Costa Rica has not experienced significant domestic political violence since 1948. There are no indigenous or external movements likely to produce political or social instability. However, Costa Ricans occasionally follow a long tradition of blocking public roads 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 chaos.

Corruption

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UN Anticorruption Convention, OECD Convention on Combatting Bribery: Costa Rica ratified the Inter-American Convention Against Corruption in 1997. This initiative of the Organization for Economic Cooperation and Development (OECD) and the Organization of American States (OAS) obligates subscribing nations to implement criminal sanctions for corruption and implies a series of follow up actions: http://www.oas.org/juridico/english/cri.htm. Costa Rica also ratified the UN Anti-Corruption Convention in March 2007.

Costa Rica has laws, regulations and penalties to combat corruption, though the resources available to enforce those laws have been limited. A series of high-profile corruption cases in recent years involving directors of state-owned enterprises as well as two ex-presidents have 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 (Defensoria de los Habitantes) work in conjunction with each other in an effort to combat corruption. The comptroller general, the Organization of Judicial Investigation (OIJ), and the public prosecutors' office investigate allegations of corruption. The comptroller general is responsible for approving or rejecting public contracts, auditing results, and detecting instances of corruption.

In addition to these existing structures and safeguards, the Government of Costa Rica is implementing several initiatives centered on greater transparency in government. The Merlink paperless procurement program is modeled on South Korea's government procurement, has been operating for over three years, represents about 80 percent of Costa Rican government procurement and continues to incorporate new government entities. Merlink provides both users and interested third parties with a comprehensive data base of the entire purchase process, encompassing bidding, contracting, deliveries, payment and quality control. As a member of the Open Government Partnership (OGP), Costa Rica has been developing websites for many of its government offices with data sets of interest to civil society; Costa Rica's 2014 OGP action plan is to ensure enhanced civil society interaction both through those sites and through Merlink.

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

Acts of bribery, including those directed against government officials, are criminal acts punishable by imprisonment. Public officials convicted of receiving bribes are subject to

prison sentences up to ten years, according to the Costa Rican Criminal Code (Articles 340-347). Entrepreneurs may not deduct the costs of bribes or any other criminal activity as business expenses. In recent years, Costa Rica has seen several publicized cases of firms prosecuted under the terms of the US Foreign Corrupt Practices Act for corrupt acts committed to the detriment of Costa Rican institutions.

Resources to Report Corruption – Contact within government Anti-Corruption Agency:

Name: Lic. Gilberth Calderón Alvarado
Title: Procurador Director de la Área de la Ética Pública, PGR
Organization: Procuraduria General de la Republica (PGR)
Address: Avenida 2 y 6, Calle 13. San Jose, Costa Rica.
Tels: (506) 2243-8330, or 2243-8335
Email Address: RocioCHT@PGR.go.cr

Resources to Report Corruption – Contact within Civil Society:

Name: Evelyn Villarreal
Organization: Costa Rica Integra
Tels: (506) 2519-5344; or 2519-5861
Email Address: crintegra.vice@gmail.com

Bilateral Investment Agreements

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Costa Rica has Bilateral Investment Treaties (BITs) in force with Argentina, Canada, Chile, the Czech Republic, France, Germany, Korea, the Netherlands, Paraguay, 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.

Bilateral Taxation Treaties: Costa Rica's only current bilateral taxation treaty is with Spain; Costa Rica and the United States do not have a bilateral taxation treaty. Costa Rican and U.S. tax authorities currently coordinate under the terms of 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." This tax information exchange agreement was signed in December 2013. Costa Rica has active bilateral or regional tax information exchange agreements with 10 other countries, in addition to several signed agreements that are not yet in force. Costa Rica is also a party to the OECD "Convention on Mutual Administrative Assistance in Tax Matters", with Entry-Into-Force in August 2013:
http://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC) offers both financing and insurance coverage against expropriation, war, revolution, insurrection and inconvertibility for eligible U.S. investors in Costa Rica. OPIC can provide insurance for U.S. investors, contractors, exporters and financial institutions. Financing is available for

overseas investments that are wholly owned by U.S. companies or that are joint ventures in which the U.S. firm is a participant.

At the end of 2013, OPIC held a diversified portfolio of 563 projects (including 364 finance projects, 35 funds projects and 188 insurance projects). In Costa Rica, OPIC's 2013 portfolio exposure totaled USD 194 million. The bulk of the portfolio consists of projects in housing, mortgage lending, SME (small and medium enterprise) lending and finance.

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

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

Labor

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

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

pool of job candidates with English skills in the Central Valley has been sufficient to meet current demand.

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

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

Foreign-Trade Zones/Free Ports

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

Foreign Direct Investment Statistics

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Foreign Direct Investment and Foreign Portfolio Investment Statistics:

TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source*		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (Millions U.S. Dollars)	2012	45,375	2012	45,100	http://www.worldbank.org/en/country

Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (Millions U.S. Dollars, stock positions)	n.a.	n.a.	2012	1,681	(BEA) click selections to reach. • Bureau of Economic Analysis • Balance of Payments and Direct Investment Position Data • U.S. Direct Investment Position Abroad on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
Host country's FDI in the United States (Millions U.S. Dollars, stock positions)	n.a.	n.a.	2012	-109	(BEA) click selections to reach • Balance of Payments and Direct Investment Position Data • Foreign Direct Investment Position in the United States on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
Total inbound stock of FDI as % host GDP (**calculate)**	2012	5%	Insert (Year)	Amount	Source: Central Bank of Costa Rica. Total 2012 FDI (from all sources: $2,287.8mm) as a percentage of 2012 GDP.

* Costa Rican statistical source is Central Bank of Costa Rica: http://indicadoreseconomicos.bccr.fi.cr/indicadoreseconomicos/Cuadros/frmVerCatCuadro.aspx?idioma=1&CodCuadro= 259

TABLE 3: Sources and Destination of FDI
Costa Rica 2012

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	18,743	100%	Total Outward	1,544	100%
United States	11,513	61%	United States	406	26%
Spain	1,359	7%	Netherlands	233	15%
Mexico	973	5%	Panama	196	13%
United Kingdom	902	5%	Guatemala	187	12%
Switzerland	482	3%	Nicaragua	171	11%

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

Source: IMF website http://cdis.imf.org

These accumulated foreign direct investment (FDI) statistics reveal that the United States is by far the biggest source and destination of Costa Rican FDI. Annual FDI in Costa Rica climbed steadily from the year 2000 ($409 million) to 2008 (over $2 billion), slumping in 2009 and 2010 but reaching over $2.2 billion (5% of GDP) in 2012.

TABLE 4: Sources of Portfolio Investment

Costa Rica, 2012

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
World	990	100%	World	190	100%	World	799	100%
United States	401	40%	United States	169	89%	United States	232	29%
United Kingdom	131	13%	United Kingdom	7	4%	United Kingdom	124	16%
Brazil	45	5%	Canada	3	1%	Brazil	44	5%
Panama	41	4%	Luxembourg	2	1%	Panama	41	5%
Germany	35	4%	Spain	2	1%	Germany	34	4%

Source: IMF website http://cpis.imf.org

Contact Point at Post for Public Inquiries:

NAME: Molly Flores
TITLE: Economic Section Chief
ADDRESS OF MISSION/AIT: Embassy San Jose
TEL: (506) 2519-2000
EMAIL: SanJoseTradeLeads@state.gov

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Government of Costa Rica

http://www.bccr.fi.cr

http://www.hacienda.go.cr

http://www.comex.go.cr

http://www.procomer.com

http://www.cinde.org

http://www.inec.go.cr

United States Government

http://www.opic.gov

http://www.exim.gov

http://www.trade.gov

http://www.census.gov

Chambers of Commerce

http://www.amcham.co.cr

http://www.costaricahomepages.com/business_and_economy/chambers.php

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Chapter 7: Trade and Project Financing

- How Do I Get Paid (Methods of Payment)
- How Does the Banking System Operate
- Foreign-Exchange Controls
- U.S. Banks and Local Correspondent Banks
- Project Financing
- Web Resources

How Do I Get Paid (Methods of Payment)

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

How Does the Banking System Operate

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

Foreign-Exchange Controls

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

U.S. Banks and Local Correspondent Banks

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

State-owned Commercial Banks:
Banco Nacional de Costa Rica
Banco de Costa Rica
Banco Credito Agricola de Cartago (Bancredito)

Banks Created by Public Law:
Banco Hipotecario de la Vivienda (home building)
Banco Popular y de Desarrollo Comunal (workers' bank)

Private Commercial Banks:
Banco BAC San Jose www.bac.net
Banco BCT www.corporacionbct.com
Banco Cathay www.bancocathay.com
Citibank, S.A. www.citi.co.cr
Banco Davivienda (Costa Rica) www.davivienda.cr
Banco de Soluciones – Bansol www.bansol.fi.cr
Banco General (Costa Rica) www.bgeneral.fi.cr
Banco Improsa www.improsa.com
Banco Lafise www.lafise.com
Banco Promérica www.promerica.fi.cr
Scotiabank, S.A. www.scotiabankcr.com

Project Financing

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Government institutions in Costa Rica obtain much of their project funding from multilateral development banks, such as the Inter-American Development Bank (IDB) and the World Bank (IBRD), and from the two banks' equity investment affiliates, the Inter-American Investment Corporation (IIC) and International Finance Corporation (IFC). The Central American Bank for Economic Integration (CABEI) and the Venezuelan Petroleum Fund (consisting of accumulated interest paid on loans to buy oil from Venezuela) are other sources of project financing in the region. The Export-Import Bank of the United States (Ex-Im Bank), the Overseas Private Investment Corporation (OPIC), and the World Bank's Multilateral Investment Guarantee Agency (MIGA) are open for business in Costa Rica. Ex-Im Bank provides financing for the purchase of U.S. machinery, equipment and products and can be an important financing source for U.S. equipment used in major projects. 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 there is a bill in Congress that will allow Costa Rica to acquire a loan of US$465 million from the Chinese government to finance the construction of 107 km of highway in the Limón Province, known as Ruta 32. The entity responsible for executing the work, in this case, would be the Chinese state-owned China Harbour Engineering Company (CHEC). 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 Rica Government are sometimes delayed by the requirement that the legislature ratify the loans, difficulties in obtaining local currency counterpart funds required by the banks, and prolonged administrative processes.

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

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

OPIC: http://www.opic.gov

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

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

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

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

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

BIDS: Business Information Database System: http://bids.state.gov

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Chapter 8: Business Travel

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- Visa Requirements
- Telecommunications
- Transportation
- Language
- Health
- Local Time, Business Hours and Holidays
- Temporary Entry of Materials and Personal Belongings
- Web Resources

Business Customs

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

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

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

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

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

Travel Advisory

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Safety and Security

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

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

Crime

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

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

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

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

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

In 2006, the government of Costa Rica established a Tourist Police force, and units were established in popular tourist areas throughout the country. The Tourist Police can assist with the reporting of a crime, which can be difficult for victims due to language barriers and the requirement that only investigative police can accept crime reports. Local law enforcement agencies, however, have limited capabilities and different standards than U.S. law enforcement.

Visa Requirements

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Entry/Exit Requirements

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

The most authoritative and up-to-date information on Costa Rican entry and exit requirements, including visa information, may be obtained from the Consular Section of the Embassy of Costa Rica at 2114 "S" Street, NW, Washington, DC 20008, telephone (202) 234-2945/46, fax (202) 265-4795, e-mail consulate@costarica-embassy.org, web site http://www.costarica-embassy.org, or from the Costa Rican consulates in Atlanta,

Chicago, Houston, Los Angeles, Miami, New Orleans, New York, San Juan (Puerto Rico), San Francisco, and Tampa. The Costa Rican immigration agency maintains a website at: http://www.migracion.go.cr. It is advisable to contact the Embassy of Costa Rica in Washington or one of Costa Rica's consulates in the United States for specific information regarding customs requirements before shipping any items.

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

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

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

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

Telecommunications

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

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

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

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

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

The accessibility and use of the Internet is growing rapidly in the country as the state of technology improves, going from 639,257 internet subscriptions in 2010, to 788,907 in 2011, and to 1.37 million in 2012, according to the latest XIX Report of the State of the Nation of Costa Rica (November 2013). In this same report, it is also noticed the preference of the users for mobile internet. The report states that fixed internet subscriptions decrease from 63 percent in 2010 to 53 percent in 2011, and decreased again to 33 percent in 2012. Opposite to this situation, mobile internet in Costa Rica increased from 37 percent in 2010 to 47 percent in 2011, and increased again to 67 percent in 2012. ICE-RACSA is the main provider of Internet services in Costa Rica.

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

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

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

Transportation

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

Costa Rica has more than 500 kilometers (300 miles) of railway track, but little of it is currently in use. Only recently was limited service established within the populous Central Valley region. Used trains were bought in Spain to provide new service from Belen, Heredia to San Jose, and are already being used from downtown Heredia to San Jose. The train now comprehends a route connecting Cartago with San Jose; meanwhile, INCOFER is currently working on the railroads located in Alajuela (11 km) to expand the train's route range. All overland cargo, except bananas from the Pacific ports and the Caribbean sector, is transported via truck.

There are also more than 100 small private landing fields serving approximately 300 registered aircraft. Twenty international passenger airlines (including Delta, American,

America West, Frontier, Continental, Spirit Air, U.S. Airways, and JetBlue) and fifteen cargo airlines (including Fedex and UPS) serve San Jose's principal airport, the Juan Santamaría International Airport.

The Liberia International Airport (Daniel Oduber) began its international operations in 1995 to serve the Guanacaste beach resort area. While the airport has been upgraded to meet the recent tourism boom in the Guanacaste/Gulf of Papagayo beach areas on the Pacific Coast, more needs to be done to accommodate the rising number of visitors in recent years and projections of more to come. In 2008, the Government opened a tender to expand the visitor terminal there. In October 2009, the Costa Rican aviation authority granted ADC & HAS (Houston Airport System), a Canadian/USA entity, the right to operate the airport for a period of 20 years. The airport re-inaugurated in January 2012 and is paying a penalty for late delivery to the Costa Rican government.

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

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

Orange taxis from the company Taxis Unidos operate at the SJO Airport (Juan Santamaria) with bilingual drivers and with a good reliable service both to and from the airport. Online reservations are available at:
http://www.taxiaeropuerto.com/index.php?lang=en

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

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

Language

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

Other native languages still spoken by indigenous people are; 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

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Quick Health Summary for Costa Rica:

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

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

There are several private hospitals and clinics in the country, mainly in the Central Valley. Hospital Clínica Bíblica (HCB) is the largest followed by CIMA Hospital, owned by the International Hospital Corporation (headquartered in Dallas, Texas), and Hospital Hotel La Católica (HCC). Hospital Clinica Biblica and CIMA Hospital are accredited by the Joint Commission International (JCMI). 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 (AAAHC), is the newest hospital and among their services they offer assistance to U.S. veterans, they accept medical insurance under the Foreign Medical Program (FMP) and Tricare.

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

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

According to information provided by one of the private hospitals, foreigners mainly from United States and Canada, travel to Costa Rica to seek medical/surgical treatment in the following areas: orthopedics (hip, shoulder and knee replacement); surgery (bariatric surgery and gastric bandages placement); dermatology (skin stein and wrinkle removal through laser application); plastic surgery (liposuction and face lifting); and dentistry (several procedures). The influx of medical tourism increased in 2011. In fact, there is a Medical Tourism Association in Costa Rica, PROMED. PROMED is a not-for-profit membership organization dedicated to promoting the growth and prosperity, recognized leaders in 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 PROMED can be found at: http://www.promedcr.com.

There are several projects for the construction of new hospitals and the expansion of existing hospitals. The CCSS plans to start the construction of 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. It 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, as part of the Pacific Plaza development, at an estimated cost of $15 million. The Clinica Biblica Hospital has also opened a new facility in the same province but 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 that attracts the greatest portion of tourists to visit Costa Rica each year and has an international airport with direct flights from the U.S.

The National Healthcare System

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

Hospitals and Providers

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

Private hospitals in San Jose seem more like U.S. hospitals and are used frequently by foreign residents and visitors. Hospital CIMA San Jose and Hospital Clínica Bíblica are

U.S. Joint Commission International (JCI) accredited. Hospital Hotel Clinica Catolica is also a high-quality private hospital. The Consulate at the US Embassy in San Jose, while not able to make recommendations, maintains a list of specialized English-speaking medical practitioners. In areas outside of San Jose, medical care is more limited than in the capital city.

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

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

Food

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

Water

- Tap water is potable in the area of the capital city, as a general rule. However, pipe breakages during earthquakes or tremors have caused episodes of water contamination. Also, of concern is that aquifers may not be adequately protected from eventual contamination.
- Tap water is not fluoridated, but the local salt has iodine and fluoride.
- Tap water and ice below the elevation of the capitol area come from many sources, and some of them may not supply water that consistently meets US standards for potable water.
- Bottled water is easily obtained.

Air Quality

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

Transmissible Diseases

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

Other Health Risks

Sunburn and skin damage from excessive UV rays can be avoided by avoiding long exposure to sun during the middle of the day. Sunlight is gentler in the early morning and late afternoon.
Pedestrians and bike riders account for a high percentage of traffic deaths every year. Driver carelessness and lack of adequate sidewalks/bike lanes are common factors.

For additional health information:
http://wwwn.cdc.gov/travel/destinationCostaRica.aspx#mal_risk

Local Time, Business Hours, and Holidays

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

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

U.S and Costa Rican Holidays (CY 2014)

January 1	Wednesday	New Year's Day (U.S.)
January 20	Monday	Dr. Martin Luther King, Jr's Birthday(U.S.)
February 17	Monday	President's Day (U.S.)
April 11	Friday	Juan Santamaria (C.R.)
April 17	Thursday	Holy Thursday(C.R.)
April 18	Friday	Good Friday(C.R.)
May 1	Thursday	Labor Day(C.R.)

May 26	Monday	Memorial Day(U.S.)
July 4	Friday	Independence Day (U.S.)
July 25	Friday	Anexion of Guanacaste(C.R.)
August 1	Friday	Our Lady of Los Angeles(C.R.)
August 15	Friday	Mother's Day(C.R.)
September 1	Monday	Labor Day (U.S.)
September 15	Monday	Independence Day (C.R.)
October 10	Friday	Columbus Day (U.S.)
October 13	Monday	Columbus Day (U.S.)
November 11	Tuesday	Veteran's Day(U.S.)
November 27	Thursday	Thanksgiving Day(U.S.)
December 25	Thursday	Christmas Day (C.R., U.S.)

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

Temporary Entry of Materials and Personal Belongings

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

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

Web Resources

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

Center for Disease Control and Prevention's International:
http://wwwnc.cdc.gov/travel/destinations/traveler/none/costa-rica

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

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

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

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

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

Instituto Costarricense de Turismo: www.visitcostarica.com

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

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

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Chapter 9: Contacts, Market Research and Trade Events

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- Market Research
- Trade Events

Contacts

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

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

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

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

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

U.S. Department of State-Political / Economic Section
3440 San José Place
Washington DC 20521-3440

Tel: (506) 2519-2000
Fax: (506) 2519-2435
Website: http://www.usembassy.or.cr/
Mr. Roy Perrin, Counselor Political, Economic and Narcotic Affairs
Ms. Molly Flores, Second Secretary, Economic Officer
Ms. Joan Flynn, Economic Officer
Mr. Kevin Ludeke, Economic Specialist
Ms. Rebeca Espinoza-Benson, Economic Specialist
Ms. Rebecca Hyleman, Economic Assistant

2. AMCHAM (Local American Chamber of Commerce)

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

3. COUNTRY TRADE AND INDUSTRY ASSOCIATIONS IN KEY SECTORS

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

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

CAMARA DE REPRESENTANTES DE CASAS EXTRANJERAS (CRECEX)
(CHAMBER OF REPRESENTATIVES OF FOREIGN FIRMS)
Apartado 3738-1000
San José, Costa Rica
Tel: (506) 2253-0126
Fax: (506) 2234-2557
E-mail: crecex@crecex.com
Website: http://www.crecex.com/
Contacts: Mr. José Manuel Quirce Lacayo, President
Mr. Luis Fernando Monge Rojas, Executive Director

CAMARA DE INDUSTRIAS DE COSTA RICA
(COSTA RICAN CHAMBER OF INDUSTRIES)
Apartado 10003-1000
San José, Costa Rica
Tel: (506) 2202-5600
Fax: (560) 2234-6163
E-mail: cicr@cicr.com
Website: www.cicr.com
Contacts: Mr. Juán Ramón Rivera, President
Ms. Martha Castillo, Executive Vicepresident

CAMARA NACIONAL DE AGRICULTURA Y AGRO-INDUSTRIA
(NATIONAL CHAMBER OF AGRICULTURE AND AGRO-INDUSTRY)
Apartado 1671-1000
San José, Costa Rica
Tel: (506) 2280-1569 or 2225-8245
Fax: (506) 2280-0969
E-mail: camaradeagricultura@ cnaacr.com
Website: www.cnaacr.com
Contacts: Mr. Alvaro Sáenz Saborío, President
Mr. Martín Calderón Chaves, Executive Director

ASOCIACION DE CAMARAS COSTARRICENSES DE HOTELES
(ASOCIATION OF COSTA RICAN CHAMBER OF HOTELS)
Apartado 8422-1000
San José, Costa Rica
Tel: (506) 2220-0575
Fax: (506) 2220-1116
Website: www.costaricanhotels.com
Contact: Mr. Flora Ayub Robles, Executive Director
Email: fayub@camaradehoteles.com

CAMARA COSTARRICENSE DE RESTAURANTES Y AFINES
COSTA RICAN CHAMBER OF RESTAURANTS

Apartado 142-1002
San José, Costa Rica
Tel: (506) 2222-2579 or 2222-0728
Fax: (506) 2233-2892
Email: info@cacore.cr
Website: www.cacorestaurantes.com
Contact: Mr. Alejandro Madrigal, Executive Director

CAMARA COSTARRICENSE DE LA CONSTRUCCION
(COSTA RICAN CHAMBER OF CONSTRUCTION)
Apartado 5260-1000
San Jose, Costa Rica
Tel: (506) 2253-5757
Fax: (506) 2221-7952
Website: www.construccion.co.cr
Contact: Mr. Gonzalo Delgado, President
Contact: Mr. Randall Murillo, Executive Director
Email: camara@construccion.co.cr

CAMARA COSTARRICENSE DE TECNOLOGIA DE INFORMACION Y COMUNICACION (CAMTIC)
(COSTA RICAN CHAMBER OF INFORMATION TECHNOLOGY)
Apartado 2101-2050 San Pedro
San José, Costa Rica
Tel: (506) 2283-2205
Fax: (506) 2280-4961
E-mail: info@camtic.org
Website: www.camtic.org
Contacts: Mr. Alexander Mora, President
Mr. Otto Rivera, Executive Director

4. COUNTRY GOVERNMENT OFFICES/AGENCIES

DIRECCIÓN GENERAL DE ADUANAS
(COSTA RICAN CUSTOMS OFFICE)
Address: Ave 1 y 3, Calle 1era. Costado Este Ministerio de Educación.
Edificio La Llacuna, Avenida Central y Primera, Calle Cinco, piso 10
San Jose, Costa Rica
Tel: (506) 2522-9390
Fax: (506) 2522-9429
E-mail: lopezcm@hacienda.go.cr
Website:
https://www.hacienda.go.cr/Msib21/Espanol/Direccion+General+de+Aduanas/BIENVENIDA.htm
Contact: Mr. Rafael Bonilla, General Director

MINISTERIO DE COMERCIO EXTERIOR

(MINISTRY OF COMMERCE AND FOREIGN TRADE - COMEX)
Apartado 1278-107
Centro Colón, Costa Rica
Tel: (506) 2299-4700
Fax: (506) 2233-5755
E-mail: jazmin.perez@comex.go.cr
Website: http://www.comex.go.cr/
Contacts: Mr. Alexander Mora, Minister

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

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

MINISTERIO DE AGRICULTURA Y GANADERIA
(COSTA RICAN MINISTRY OFAGRICULTURE
Apartado 10094-1000
San Jose, Costa Rica
Tel: (506) 2231-5311 or 2231 2344
Fax: (506) 2232-2103
E-mail: despachoministra@mag.go.cr
Website: www.mag.go.cr/
Contact: Mr. Luis Felipe Arauz

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

Contact: Ms. Magda González, Directora

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE)
(COSTA RICAN INSTITUTE OF ELECTRICITY AND TELECOMMUNICATION)
Apartado 10032-1000
San Jose, Costa Rica
Tel: (506) 2000-6375 or 2000-7422
Fax: (506) 2220-1555
Website: http://www.grupoice.com
Contacts: Mr. Carlos Manuel Obregón, Executive President

MINISTERIO DE CIENCIA Y TECNOLOGIA (MICIT)
(MINISTRY OF SCIENCE AND TECNOLOGY- MICIT)
Apartado 5589-1000,
San Jose, Costa Rica
Tel: (506) 2248-1515
Fax: (506) 2257-8765 or 2257-8895
E-mail: micit@micit.go.cr:
Website: http://www.micit.go.cr/
Contact: Ms. Gisella Kooper A., Minister

INSTITUTO COSTARRICENSE DE AQUEDUCTOS Y ALCANTARILLADOS (AYA)
(COSTA RICAN INSTITUTE OF AQUEDUCTS AND SEWAGE)
Apartado 1097-2000
Pavas, Costa Rica
Tel: (506) 2242-5012
Fax: (506) 2242-5025
Email: calderony@aya.go.cr
Website: http://www.aya.go.cr/
Contact: Ms. Yamiletg Astorga Espeleta, Executive President

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

CONSEJO NACIONAL DE CONCESIONES
(NATIONAL CONCESSIONS COUNCIL)
Apartado 1808-1002
San Jose, Costa Rica
Tel: (506) 2253-0211
Fax: (506) 2253-0852

E-mail: erodriguez@cnc.go.cr
Website: www.cnc.go.cr
Contact: Mr. Edwin Rodríguez Aguilera, Technical Secretary

DIRECCION GENERAL DE AVIACION CIVIL
(COSTA RICAN CIVIL AVIATION DIRECTORATE -DGAC)
Apartado 5026-1000
San Jose, Costa Rica
Tel: (506) 2242-8000 or 2290-0090
Fax: (506) 2231-2107
Website: http://www.dgac.go.cr/
Contact: Mr. Jorge Férnandez, General Director, jfernandez@dgac.go.cr

INSTITUTO COSTARRICENSE DE TURISMO
(COSTA RICAN TOURISM INSTITUTE-ICT)
Apartado 777-1000
San Jose, Costa Rica
Tel: (506) 2299-5800
Fax: (506) 2291-5648
E-mail: info@visitcostarica.com
Website: http://www.visitcostarica.com
Contact: Mr. Wilhelm Von Breymann, Minister

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

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

MINISTERIO DE JUSTICIA
(MINISTRY OF JUSTICE)
Apartado 5685-1000

San Jose, Costa Rica
Tel: (506) 2280-7776 or 2280-9054
Fax: (506) 2234-7959
Website: www.mj.go.cr
E-mail: ministro@rnp.go.cr
Contact: Ms. Cristina Ramirez, Minister

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

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

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

5. IN-COUNTRY MARKET RESEARCH FIRMS

CAMARA COSTARRICENSE-NORTEAMERICANA DE COMERCIO--AMCHAM
COSTA RICAN-AMERICAN CHAMBER OF COMMERCE (AMCHAM)
USA Mailing Address:
1576 P.O. Box 025216
Miami, FL 33102-5216
Within Costa Rica:
Apartado 4946-1000
San José, Costa Rica
Tel: (506) 2220-2200

Fax: (506) 2220-2300
E-mail: chamber@amcham.co.cr
Website: http://www.amcham.co.cr/
Contact: Ms. Catherine Reuben, Executive Director

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

6. MULTILATERAL FINANCE ORGANIZATIONS IN COSTA RICA

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

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

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

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

EXPORT-IMPORT BANK OF THE UNITED STATES (EXIM)
811 Vermont Avenue, N.W.
Washington, D.C. 20571
Tel: (202) 565-3946

Fax: (202) 565-3380
Website: http://www.exim.gov/
Contact: Ms. Xiomara Creque, Loan Officer
E-mail: xiomara.creque@exim.gov

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

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

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

8. CONTACTS IN WASHINGTON, DC

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

U.S. Department of Commerce-Market Access and Compliance (MAC)
Mr. Mark Siegelman, Desk Officer
Desk Officer for Costa Rica, Room H3033

14th & Constitution Ave., N.W.
Washington, D.C. 20230
Tel: (202) 482-0704
Fax: (202) 482-0464
E-mail: mark_siegelman@trade.gov

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

U.S. Department of Agriculture
Trade Assistance and Promotion Office
Foreign Agricultural Service
Stop 1052
Washington, D.C. 20250-1052
Tel: (202) 720-7420
Fax: (202) 690-0193
Website: http://www.fas.usda.gov/

Market Research

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To view market research reports produced by Global Markets please go to the following website: http://www.export.gov/mrktresearch/index.asp and click on Country and Industry Market Reports.

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

Trade Events

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

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

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Chapter 10: Guide to Our Services

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

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

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

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

For more information on the services Global Markets offers to U.S. exporters, please click on the following link: http://export.gov/costarica/

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

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

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