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Global Agricultural Information Network

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## Costa Rica

### Exporter Guide

### Exporting to Costa Rica

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**Report Highlights:**

Export opportunities continue to expand in Costa Rica; in 2011, U.S. agriculture, fish and forest product exports to Costa Rica totaled a record \$666 million, up 28.2 percent as compared to 2010. U.S. products possess an outstanding reputation for quality and price-competitiveness and this report explains the steps U.S. exporters need to take to access to this growing market.

**Post:**

San Jose

**Executive Summary:****EXPORTER GUIDE 2011****I. Market Overview****A. Economic Overview**

Costa Rica has achieved a fairly high level of economic development – the highest in Central America in part because it abolished its military in 1948 and invested in health, education and infrastructure. Economic activity is dominated by tourism, agriculture and high technology, and services such as call centers are gaining economic weight. As a result of the world economic crisis, Costa Rica's GDP contracted 1.3 percent in 2009 as compared to 4.7 percent growth in 2008. Costa Rica's Central Bank estimates that GDP grew 4.2 percent in 2011 and it is forecasting 3.8 percent growth for 2012. Inflation reached 4.0 percent in 2009, the lowest level since 1971. However, the inflation rate increased to 4.7 percent in 2010, and is forecast to increase slightly to 5 percent in 2012. The government maintains a large public sector, including state enterprises in telecommunications, insurance, and health care. Although the fiscal deficit turned into a surplus for the first time in more than 20 years in 2007, public finances have deteriorated since 2008 as a result of the counter-cyclical measures implemented by the GOCR to reduce the effects of the crisis on the economy. The deficit of the Central Government reached 3.9 percent of GDP in 2011 and it is expected to increase to 6.1 percent of GDP in 2012. Debt service continues to constrain government investment in infrastructure and its ability to provide basic services and programs. Strong public sector unions resist measures to cut costs, improve government efficiency, or open state enterprises to competition.

Given the country's small size (population of 4.5 million), future growth depends upon foreign investment and access to international markets. Total foreign investment in Costa Rica increased to \$1.45 billion in 2010 from \$2.25 billion. The Central Bank of Costa Rica expects Foreign Direct Investment to reach \$2.96 billion in 2012. Total trade as measured by exports and imports is expected to continue to increase during 2012. The deficit of the current account of the balance of payments is expected to reach 5.3 percent of GDP in 2012, slightly higher than in 2011. The unemployment rate reached 7.7 percent in 2011 (up from 7.3 percent in 2010) and is an important concern of the population, according to different surveys.

Costa Rica's total exports reached \$10.4 billion in 2011, up from \$9.4 billion in 2010; imports totaled \$16.2 billion, up 20 percent from 2010. Costa Rica ran an \$858 million agricultural, fish and forestry trade surplus with the United States in 2011. U.S. 2011 agriculture, fish and forest product exports to Costa Rica totaled a record of \$666 million, up 28.2 percent as compared to 2010. Exports by major product category were, in millions of dollars: bulk, \$412; intermediate, \$82.5; consumer-oriented, \$163.5; forest products, \$4.4; fish and seafood, \$ 2.8. The United States is Costa Rica's major supplier of corn, wheat, rice, soybeans and consumer foods. Imports by major category were,

in millions of dollars: bulk \$303, intermediate \$25.5; consumer-oriented \$1,120, forest products \$1.5; fish & seafood \$73.

## **B. Demographics and Income Distribution**

Costa Rica enjoys the region's highest standard of living, with a per capita income of about U.S. \$11,300. The unemployment rate is 7.3%. Consumer price inflation is high but relatively constant at about a 10% annual rate in the last decade.

Costa Rica is known for its natural beauty and ecotourism. Tourism currently contributes to 13.7 percent of total employment. Approximately 13 percent of total investment is attributed to travel and tourism and Costa Rica is ranked 43<sup>rd</sup> worldwide in tourism's relative contribution to the national economy (source: World Travel and Tourism Council). As of 2009, Costa Rica's population has reached 4,577,000 people with an additional 2 + million tourists visiting annually. While tourism is directed towards coastal areas, 63 percent of Costa Ricans live in the Central Valley Greater Metropolitan Area (San Jose, Alajuela, Heredia, and Cartago.) In 2010 tourism contributed with 5.5% of the country's GDP and 21.2% of foreign exchange generated by all exports.

According to the latest National Population Census of 2010, the percentage of population living in poverty in 2010 was estimated at 18.3 percent in the urban areas and 26.3 percent in the rural areas, with 4.2 percent in extreme poverty in the urban areas and 9.0 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. Inflation rate was 5.8 percent during 2010 and reached 4.7 percent in 2011, and it is forecast to increase to about 5 percent in 2012. However, sustained high oil prices and high fiscal deficit could result in a higher figure. The unemployment rate reached 7.7 percent in 2011 (up from 7.3 percent in 2010) and is an important concern of the population, according to different surveys.

Costa Rica is ranked sixth among Latina American countries with the highest per capita income at US\$ 10,569. Although total income is not evenly distributed, the majority of Costa Ricans enjoy a middleclass lifestyle. Private consumption spending is projected to continue to grow, with more household spending devoted to the purchasing of goods and services, and among those, high-value food products.

## **C. Market Size**

The U.S. continues to be Costa Rica's leading trading partner. Costa Rica's largest import suppliers are as follows: U.S. (42.7%), Mexico (6.9%), Venezuela (6.3%), Japan (5.4%), China 4.6%, and Brazil (4.5%). Approximately, one-fourth of Costa Rican food imports are bulk agricultural commodities such as corn, wheat, soybeans, and rice.

U.S. products possess an outstanding reputation for quality and price-competitiveness. Through the Central American Free Trade Agreement (CAFTA-DR), lower prices are expected to be passed on to the Costa Rican market and initiate an acceleration of trade and greater market share for U.S.

products.

#### **D. Advantages and Challenges in the Market**

##### **Advantages**

- Political stability.
- High levels of education-literacy: 94.9%
- Fiscal incentives in free- trade zone.
- One of highest levels of foreign direct investment per capita in Latin America.
- More than half of all agricultural products became lower duty-free immediately upon CAFTA-DR signing.
- CAFTA-DR eliminates Costa Rica's dealer protection regimes, allows non-discriminatory treatment for U.S. firms in government procurement bids, and provides stronger protection for investors.
- Consumers trust in the quality of U.S. food products and follow U.S. market trends.
- Strong tourism sector provides opportunity to develop HRI sector sales.
- More high-end grocery stores in tourism areas outside San Jose metropolitan area.
- FTA with China may increase competition.

##### **Challenges**

- High levels of bureaucracy.
- Difficulty enforcing contracts.
- Weak investor protection.
- Bilateral trade and investment activity hampered by U.S. recession.
- Poor infrastructure (roads, water, electricity generation, etc.)
- Lacking enforcement of IPR.
- Problems obtaining a Certificate of Free Sale make it difficult to register consumer U.S. packaged meat and other food products.

## **II. Exporter Business Tips**

### **A. Business Customs and Keys to Success**

- Business negotiations tend to proceed slower than in North American culture.
- Impatience is viewed poorly and may decrease credibility.
- Credit terms: 3 to 4 months can pass between the time the importer places an order to an exporter to the time he collects payment from retailers.
- Knowledge of Spanish and some historical national moments are viewed positively.
- Spanish language in printed materials is preferred, although most Costa Ricans in the business sector are bilingual.
- Use a personalized approach with consistent attention in service and delivery with frequent visits and follow-ups.
- Appoint an experienced representative, agent or importer
- Protect and register your trademarks
- Contact top decision-makers and get contracts in writing

- Provide display samples and volume flexibility in orders

## **B. Consumer tastes and Preferences**

Rice and beans remain as staples in the Costa Rican diet, although the population is accepting of new foods. Urban consumers tend to eat healthier and more nutritious foods and also consume more chicken and meat on a daily basis than rural consumers. Pork and fish are consumed less than other sources of protein. Milk has a higher demand than cheese. Costa Ricans consume wheat and corn products on a regular basis, although consumption is higher in urban areas.

The largest food expenditure item for households in Costa Rica is beef, followed by rice, breads, and vegetables, then by soft drinks and dairy products. Urban populations spend the most on beef, bread, vegetables, and soft drinks and rural populations on rice, beef, vegetables, and sugar. Costa Rica is the only country in Central America for which prepared meals are a significant percentage of the total food budget, at 35 percent. Ninety percent of these prepared meals are consumed away from home. Urban populations spend 1.7 times more on prepared meals relative to rural populations.

Most U.S. consumer-oriented products are aimed towards the upper and mid-upper end consumers, who are more open to U.S. culture and food products. They tend to be clients of supermarkets and fast food restaurants; however, this class of consumers is becoming more health-conscious and searching for diet and light foods. Dining out is typically reserved for weekends or special occasions. Most middle and upper class families have microwaves and freezers.

For lower and middle-lower end consumers, price remains the most important factor in determining preferences. Good quality items are not overlooked. Most of the cooking is done within the home and eating in restaurants is rare. Lower-end consumers spend less on purchases, but shop more frequently.

## **C. Food Standards and Regulations**

- Costa Rica food production and marketing regulations are based on the international Codex Alimentarius norms.
- Three official entities in Costa Rica regulate food imports:
  - Ministry of Health's Registration and Control Department (Ministerio de Salud, Dirección de Registros y Controles) – handles processed foods and beverages.
  - Plant and Animal Health Service (Servicio Fitosanitario y Dirección de Salud Animal) – handles bulk agriculture; fresh fruit and other fresh vegetable origin products, and ornamental plants; fresh, chilled or frozen meat products.
  - Customs Office (Dirección General de Aduanas) – handles procedures for taxation purposes.

Imported food products must be registered prior to importation at the Ministry of Health's Registration and Control Department (Ministerio de Salud, Dirección de Registros y Controles.) Registration is valid for five years and products are usually registered by importers. However, once a

product is registered it may be imported by a company other than the one which originally registered it. For this reason, importers sometimes ask suppliers to share in the costs for the registration process. If a company wants to import a product that has already been registered, the company must still pay the full registration fee, which is currently set at \$100 per product.

According to the Ministry of Health's regulations, once all the required information is submitted, the Ministry decides whether to grant registration. The Ministry of Health has five working days after all the required documentation is submitted to process the registration request. However, because of the large number of registration requests, the registration process usually takes longer to complete. The Costa Rica Government now allows food product registration via internet in an effort to expedite the process.

Product samples shipped via express mail or parcel post are not subject to the registration process although they are subject to sanitary regulations and normal customs procedures.

According to a government decree, for registration purposes, food products are classified as food products, additives, and raw materials. According to the General Health Law, if a product claims to have health related benefits, the products will be classified as a medicine or drug and the registration process may be different from the described below.

To register a product, the following documents must be submitted:

- Registration request form signed by the legal representative of the company.
- Free Sale Certificate issued by the health or other appropriate authority of the country of origin, indicating that the products being exported to Costa Rica are allowed for free sale and consumption in the country of origin. The document may include one or several products and must be less than two years old. If the document is written in a language other than Spanish, it must be accompanied by an official translation.
- Original label of the product. If the label is in a language other than Spanish, an official translation of the label must also be attached. If the label is printed directly on the container, an original container and a copy of the label must be submitted.
- Paid receipt of the registration fee, which according to current regulations is \$100 per product.

## **ADDITIONAL INFORMATION**

The certificates must be submitted in Spanish. If they are submitted in another language, an official translation from the Ministry of Foreign Relations must accompany the certificate.

### **D. General Import and Inspection Procedures**

#### **1. Product Registration**

Imported food products must be registered prior to importation at the Ministry of Health's

Registration and Control Department (Ministerio de Salud, Direccion de Registros y Controles.) Registration is valid for five years and products are usually registered by importers. However, once a product is registered it may be imported by a company other than the one which originally registered it. For this reason, importers sometimes ask suppliers to share in the costs for the registration process. If a company wants to import a product that has already been registered, the company must still pay the full registration fee, which is currently set at \$100 per product.

According to the Ministry of Health's regulations, once all the required information is submitted, the Ministry decides whether to grant registration. The Ministry of Health has five working days after all the required documentation is submitted to process the registration request.

Product samples shipped via express mail or parcel post are not subject to the registration process but importer needs to write a letter to the Ministry of Health informing about shipping samples with not commercial value and present the Certificate of Free Sale and other documentation related to sanitary regulations and normal customs procedures.

According to a government decree, for registration purposes food products are classified as additives or as raw materials. According to the General Health Law, if a product claims to have health related benefits, the products will be classified as a medicine or drug and the registration process may be different from that described below.

## **2. Certification**

The Costa Rican Ministry of Health is responsible for the registration and authorization of import permits for food products. The Costa Rican Ministry of Agriculture and Livestock (MAG) are responsible for the registration and authorization of import permits for fertilizers and agricultural products imported into the country.

Sanitary and phyto-sanitary certificates are required for importing bulk grain and horticultural products. Sanitary (USDA/FSIS) certificates are required for importing fresh and frozen meats. Most processed food products (canned, boxed, pre-cooked) do not require phyto-sanitary or sanitary certificates, but exporters should check with their importers, who are ultimately responsible for complying with local regulations.

## **3. Customs Clearance**

Costa Rican customs procedures are complex, although recent improvements such as the electronic "one stop" import and export windows have significantly reduced the time required for customs processing. The Government of Costa Rica implemented its new TICA system which requires a seal to be randomly installed on products to monitor their delivery from the port to the purchaser.

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 phyto-sanitary certificates. Imports of cosmetics, 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 and free-sale certificates, which must be provided by the foreign exporter.

For imports from CAFTA-DR countries, Costa Rican importers must present to the Customs Authority the necessary information that can certify the origin of the goods. There is no specific format to present this information. The local importer can use any format available for this purpose. Violations of documentation laws carry heavy fines. Consequently, great care must be taken to avoid errors and infractions.

#### **4. Tariff**

Costa Rica protects selected agricultural commodities with tariffs that significantly exceed the 15 percent common external tariff ceiling. These protected commodities include dairy products (40 to 65 percent) and poultry products (150 percent). Most tariffs on agricultural products range from one percent to 15 percent. CAFTA-DR eliminates tariffs on virtually all agricultural products within a maximum of fifteen years (dairy and rice in 20 years, and chicken leg quarters in 17). The agreement is currently in the seventh year. The agreement liberalizes tariffs for fresh potatoes and onions by expanding the tariff-rate quotas (TRQ). The agreement also requires transparency and efficiency in administering customs procedures, including rules of origin. Costa Rica also committed to ensure procedural certainty and fairness, and all parties have agreed to share information to combat the illegal transshipment of goods.

#### **E. Basic steps for exporting U.S. processed food products to Costa Rica**

1. Product must be registered with the Ministry of Health or Ministry of Agriculture depending on the product.
  - a. Allow 8-10 days for registration process.
  - b. Registration fee is \$100 per food product.
2. Obtain Certificate of Free Sale issued by:
  - a. For wines and liquor: U.S. Department of the Treasury Alcohol and Tobacco Tax and Trade bureau.
  - b. For other agricultural products: U.S. State Departments of Agriculture or State Departments of Health.
  - c. Certificate must be notarized by an attorney.
  - d. Allow 3-8 weeks for completion of certificate.
  - e. Approximate cost: \$10 per certificate.
3. Apostille  
Submit Certificate of Free Sale to U.S. Department of State Office of Authentication of the state where the CFS was issued to obtain the Apostille of Secretary of State Certification/Federal Authentication.
  - a. \$8 per document. Limit 15 documents.
  - b. Authentication of documents takes approximately 25 business days to process.
  - c. Documents sent without a return envelope and postage will cause a delay of

- 2-3 weeks.
- d. Office may be contacted by email or fax. No phone.
4. Documents must be translated to Spanish by a certified translator.
  5. Importer contacts customs agent
    - a. The importer provides the Customs agent with the following documents: commercial invoice, bill of lading or airway bill depending on the transportation means to be used, and copy of the importer's identification document (passport, ID or legal documentation in the case of a business entity.)
    - b. Customs Agent determines the type of import permits which are required and asks them on behalf of the importer (may include: country of origin, certificate of analysis, fisheries certificate, fumigation certificate, health certificate, phytosanitary certificate, inspection certificate.
    - c. After receiving necessary permits, Customs agent completes a Customs Import Form to submit to the Customs Office where product will enter the country.
  6. Product labels must be in Spanish and include: registration number given by Ministry, product name, list of ingredients, net content and drained weight (in metric system), name in address of manufacturer and importer, country of origin, lot ID, dating and preservation instructions, and instructions for use.
  7. Common Export Documents

### **Basic steps for exporting U.S. processed food products to Costa Rica**

1. Product must be registered with Ministry of Health or Ministry of Agriculture depending on the product.
  - a. Allow 8-10 days for registration process.
  - b. Registration fee is \$100 per product.
2. Obtain Certificate of Free Sale issued by:
  - a. For wines and liquor: Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau
  - b. For other agricultural products: State Departments of Agriculture or State Departments of Health
  - c. Certificate must be notarized by an attorney.
  - d. Allow 3-8 weeks for completion of certificate.
  - e. Approximate cost: \$10 per certificate
3. Submit "apostilled" Certificate of Free Sale to Costa Rica Importer
4. Importer submits documents to Ministry of Foreign Relations for authentication and

translation into Spanish.

5. Importer contacts Customs Agent.
6. The importer provides the Customs Agent with the following documents: commercial invoice, bill of lading or airway bill depending on the transportation means to be used, and copy of the importer's identification document (passport, cedula or legal documentation in the case of a business entity).
7. Customs Agent determines the type of import permits which are required and asks them on behalf of the importer. (May include: country of origin, certificate of analysis, fisheries certificate, fumigation certificate, health certificate, phytosanitary certificate, inspection certificate).
8. After receiving necessary permits, Customs Agent completes a Customs Import Form to submit to the Customs Office where product will enter the country.
9. Product may be subject to a random sampling physical inspection procedure upon arrival.
10. Customs agent pays import duties.
11. The product is cleared for market and the importer may retrieve the product.
12. Product labels must be in Spanish and include: registration number given by Ministry, product name, list of ingredients, net content and drained weight (in metric system), name and address of manufacturer and importer, country of origin, lot ID, dating and preservation instructions, and instructions for use.

#### **MINISTRY OF HEALTH REGISTRATION REQUIREMENTS AND DOCUMENTS NEEDED FOR STEP 1 ABOVE.**

Imported food products must be registered prior to importation at the Ministry of Health's Registration and Control Department (Ministerio de Salud, Dirección de Registros y Controles.) Registration is valid for five years and products are usually registered by importers. However, once a product is registered it may be imported by a company other than the one which originally registered it. For this reason, importers sometimes ask suppliers to share in the costs for the registration process. If a company wants to import a product that has already been registered, the company must still pay the full registration fee, which is currently set at \$100 per product.

According to Ministry of Health's regulations, once all of the required information is submitted, the Ministry decides whether to grant registration. The Ministry of Health has five working days after all the required documentation is submitted to process the registration request. However, because of the large number of registration requests, the registration process usually takes longer to complete. The Costa Rican Government now allows food product registration via internet in an effort to expedite the process.

According to a government decree, for registration purposes, food products are classified as food

products, additives, and raw materials. According to the General Health Law, if a product claims to have health related benefits, the product will be classified as a medicine or drug and the registration process may be different from that described below.

To register a product, the following documents must be submitted:

1. Registration request form signed by the legal representative of the company.
2. Free sale certificate issued by the health or other appropriate authority of the country of origin, indicating that the products being exported to Costa Rica are allowed for free sale and consumption in the country of origin. This document must be authenticated by the Costa Rican consul and countersigned by the Costa Rican Ministry of Foreign Relations. The document may include one or several products and must be less than two years old. If the document is written in a language other than Spanish, it must be accompanied by an official translation.
3. Original label of the product. If the label is in a language other than Spanish, an official translation of the label must also be attached. If the label is printed directly on the container, an original container and a copy of the label must be submitted.
4. Paid receipt of the registration fee, which according to current regulations is \$100 per product.

Registration must be renewed every five years. The same requirements listed above are needed for renewal.

Other types of documentation:

**Airway Bill** – Air freight shipments require airway bills, which can never be made in negotiable form. Airway bills are shipper-specific (i.e.) USPS, Fed-Ex, UPS, DHL, etc.)

**Bill of Lading** – A contract between owner of the goods and the carrier. Two types of bills exist for vessels: a straight bill of lading (non-negotiable) and a shipper's order bill of lading (negotiable). The latter may be bought, sold, or traded while the goods are in transit.

**Commercial Invoice** – A bill for the goods from the seller to the buyer. The invoices are used by the government to assess the value of the goods and determine custom duties. When using the invoices to control imports, governments specify the invoice form, content, number of copies, language to be used, etc.

**Consular Invoice** – Describes the shipment of goods and provides information including consigner, consignee and value of the shipment. Copies are available from the country's consulate in the U.S.

**Export Packing List** – May serve as a conforming document but is not a substitute for a commercial invoice. Lists the seller, buyer, shipper, invoice number, date of shipment, mode of transport, carrier, and itemizes quantity, description, the type of package, such as a box, crate, drum, or carton, the quantity of packages, total net and gross weight (in kilograms), package marks, and dimensions, if appropriate.

**Electronic Export Information Form (Shipper Export Declaration)** – Most

common document. Required for shipments above \$2,500 and for shipments of any value requiring an export license. SED has to be electronically filed via AES Direct (a free service from Census and Customs) on-line system.

**Generic Certificate of Origin** – The Certificate of Origin is required by some countries for all or only certain products. In many cases, a statement of origin printed on company letterhead will suffice. The exporter should verify whether a CO is required with the buyer and/or an experienced shipper/freight forwarder or the Trade Information Center.

**Certificate of Origin for claiming benefits under Free Trade Agreements** – Special certificates may be required for countries with which the United States has free trade agreements. Those required by the CAFTA countries are the importer's responsibility.

**Certificate of Analysis** – Required for seeds, grain health foods, dietary supplements, fruits and vegetables, and pharmaceutical products.

**Certificate of Free Sales** – Certificate of Free Sale are certificates (not pertaining to a particular production lot or export consignment) that indicate that the particular product(s) is marketed in the United States or eligible for export, and that the particular manufacturer has no unresolved enforcement actions pending before or taken by FDA. These certificates may be issued by FDA-CFSAN or by State governmental authority.

**Fumigation Certificate** – Provides evidence of the fumigation of exported goods (esp. agricultural products, used clothing, etc.) This form assists in quarantine clearance of any goods of plant or animal origin. The seller is to fumigate commodity at their expense a maximum of fifteen (15) days prior to loading.

**Health Certificate** – For shipment of live animals and animal products (processed foodstuffs, poultry, meat, fish seafood, dairy products, eggs and egg products.)

**Note:** Some countries require that health certificates be notarized or certified by a chamber and legalized by a consulate. Health certificates are issued by the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS).

**Ingredients Certificate** – The certificate may be issued by the manufacturer. If animal fats are used, the certificate must state the type of fat used and that the product contains no pork, artificial pork flavor, or pork fat. All foodstuffs are subject to analysis by Ministry of Health laboratories to establish their fitness for use.

**Inspection Certificate** – Weight and Quality certificates should be provided in accordance with governing USDA/GIPSA regulations for loading at port and loading at source/mill site as appropriate. A certificate of origin certified by local chamber of commerce at load port and a phyto-sanitary certificate issued by APHIS/USDA and fumigation certificate are to be provided to buyer. Costs of all inspection, certificate/s documents at the load port are usually the responsibility of the seller.

**Phyto-sanitary Certificate** – All shipments of fresh fruits and vegetables, seeds, nuts, flour, rice, grains, lumber, plants, and plant materials require a federal phyto-sanitary certificate. The certificate must verify that the product is free from specified epidemics and/or agricultural diseases. Additional information and forms are available from APHIS)

### **III. Market Sector Structure and Trends**

#### **A. Retail Food Sector**

Sixty-three percent of consumers live in the San Jose Metropolitan Area. Over fifty percent of supermarkets are located there as well. The rise of supermarkets has taken place over the past two decades. Preference continues to grow towards supermarkets and away from traditional markets. Today's supermarkets are able to offer reduced consumer prices relative to traditional retail, and in effect, raising real income. Supermarkets exhibit increasing product safety and diversity, which is appealing to Costa Rican consumers.

In 2011, Wal-Mart, owned more than 80% of supermarkets in Costa Rica, making U.S. brands available at lower prices. In 2010 Wal-mart opened 10 new stores and in 2011 multiplied again to 21 new supermarkets. In 2012, Wal-Mart will open a new Distribution Center amounting to sales of approximately \$60 million. In Costa Rica Wal-Mart has different store formats, such as: Wal-Mart, Mas X Menos, MaxiBodega/Palí.

The supermarkets have a wide range of quality and products. Pali is Costa Rica's lower-price supermarket, similar to Aldi in the United States. Pali continues to expand throughout the country and is the preferred supermarket for purchasing basics such as rice, beans and local canned items. Perimercado also offers economical choices for consumers, but not much variety or quality. MasXMenos is Costa Rica's oldest supermarket and known for its in-house butcher, good quality produce, wine and liquor. Mega Super stores generally found in rural areas and are similar to Perimercado. Automercado is a high-end supermarket. Although it is the most expensive, it also provides the best selection of domestic and imported goods. There are other supermarket chains that belong to established cooperatives and most of them are located in rural areas.

Foreign and domestic distributors, wholesalers and small grocery stores are also paths from the producer to the Costa Rican consumer. These distribution channels are alike for all food and agricultural products. Some products such as fresh fruit and meat entail special technical handling due to their short shelf life and storage requirements. Facilities that meet these requirements are readily available in Costa Rica since it is a large exporter to Central America and the Caribbean.

Food distribution firms, such as Grupo Constenla, S.A., Belca, Mayca and Pedro Oller are the main source of imports for wholesalers, restaurants, supermarkets and grocery stores. These firms are knowledgeable about the import market, have warehouses and own co-distributors who deliver the food throughout the country. Smaller-scale distributors are often contracted by larger distributors to deliver a smaller variety of products to retail stores in both rural and urban areas.

Import product prices are based on CIF value plus any existing import taxes, custom agent fees, in-country transportation costs, and other product-related costs such as change of label. The pricing usually excludes U.S. domestic marketing costs, allowing a more-competitive and attractive price in Costa Rican market. Prices are most commonly represented in dollars. Popular import agencies include: Expeditors Mar y Tierra, S.A., Corporacion Aeromar, Agencia Aduanal del Este and Tikal, Agencia Arce y Campos, among others.

## **B. Hotel, Restaurants and Institutions**

Tourism accounts for a large amount of Costa Rica's economy and demand for imported products. In 2010, tourism contributed to 5.5% of Costa Rican PIB and 21,2% of foreign currencies generated by the total exports. In 2009 the tourism brought 17% of direct foreign investment which represented a media of 13% between 2000 and 2009. Tourists consume local foods but also prefer foods that are not available domestically. Imports are responsible for catering to the preferences of tourists where domestic goods do not meet their brand and origin preferences. Specific types of meats, pastas, vegetables, and seafood are among the top imports directed to the HRI industry.

## **C. The Food Processing Sector**

The largest percentage of processing firms in the food industry is engaged in bakery production. Other firms that combine to make up approximately 60 percent of the sector include: milling, meat and meat-product processing, fruit and vegetable processing, dairy goods, soft drinks and juice, confectionery and chocolate, fish and fish products and seafood processing.

Costa Rica's processed-food industry has enhanced its competitiveness due to trade agreements with Mexico, Canada, Chile, the Dominican Republic, Central America and the United States. Furthermore, Costa Rica has advanced the use of domestically-produced and imported higher-quality inputs. Costa Rica's competitive industries include: coffee, sugar, dairy goods, and deli meats. Recently, new industries have strongly developed such as fruit juice, salad dressing, palm oil, tubers, corn and potato chips.

## **IV. Best High-Value Products Prospects**

In general, the most favorable prospects continue to be bulk commodities, which represented roughly 62 percent of U.S. agricultural exports to Costa Rica in 2011, but the area of high value products continues to offer good market opportunities as well. In recent years, consuming more convenience and healthy foods has been the trend and has resulted in good prospects for U.S. exports of fresh fruit (mainly apples, grapes, peaches and pears), processed fruits and vegetables (especially canned fruits), and snack foods (including chips, cookies and candies). Processed fruits and vegetables, especially mixed fruits, mixed vegetables, yellow and sweet corn, peas, mushrooms, and garbanzo beans generate strong import demand.

The most significant trend in the growth of processed fruit and vegetables is the rise of imports of French fries. All frozen French fries are imported, since the specific type of potato required by the industry is not produced domestically. Therefore, the availability of French fries depends totally on imports. In Costa Rica, fast food chains, restaurants and hotels purchase 75 percent of the imported frozen French fries. The remaining 25 percent is distributed to supermarkets.

However, some of the American exports to Costa Rica are being negatively affected by exports at lower duties, mainly from Chile, with expected future competition from the European Union due to the recent signing of the EU-Central American Free Trade Agreement. Mexico, Chile and Guatemala are the main competitors of the United States in the Costa Rican fresh fruit, wines and vegetable market.

The United States and Chile are exporting similar 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 about 70 percent of total domestic consumption of non-tropical fruits occurs during the Christmas season (October through December). Canada also poses slight competition in the fruit and potato sector because of 2002 FTA with Costa Rica.

Imports of snack foods from the United States are expected to grow based on consumer demand for a wider variety of imported products. Prospects for U.S. exports in this sector may improve depending on the progress of CAFTA-DR. Competing products are imported mainly from Central America (Guatemala and El Salvador) and from 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.

In recent years, Costa Rica has accounted for more than 25 percent of all U.S. snack exports to the region. Expenditure data in two of the largest importing countries, Costa Rica and Guatemala, suggests that consumption is rising. Sales of chips, popcorn, chocolate, confectionary and cookies display an increasing trend. Imported snacks tend to be more expensive, targeting wealthier consumers, whereas locally produced snacks cater to the lower income market. Imports are thus likely to be those which fill this market niche. The growth of transnational supermarkets and the relinquishing of trade barriers through CAFTA-DR may also have contributed to the growing demand by establishing relationships with U.S. snack suppliers.

### **Top U.S. Export Product Prospects**

<b>Product</b>	<b>2010 Imports (Thousands USD)</b>	<b>2011 Imports (Thousands USD)</b>	<b>% Change 2010 in comparison to 2011</b>
Vegetable oils (exc. soybean)	1,446	4,586	217.22
Breakfast Cereals	3,400	5,858	72.29
Red meat FR/CH/FR	8,085	8,457	4.60
Red Meats, Prep/Pres	980	1,766	80.28
Poultry	6,991	7,830	12.10
Dairy products	6,789	10,449	53.92
Fresh fruits	17,343	19,880	14.63
Tree Nuts	3,152	6,273	99.00
Processed fruit & Veg.	24,204	30,203	24.79
Snack foods	17,445	23,311	33.63
Fish and seafood	508,298	665,757	30.98
Wine and Beer	1,462	2,058	40.71

## **V. Key Contacts**

### **1. U.S. Embassy Commercial, Agricultural and Trade-Related Contacts**

Department of Agriculture  
Foreign Agricultural Services (FAS)  
Phone : (506) 2519-2285  
Fax: (506) 2519-2097  
Email: [AgSanJose@fas.usda.gov](mailto:AgSanJose@fas.usda.gov)  
Website : [www.fas.usda.gov](http://www.fas.usda.gov)  
Mr. Kevin Smith, Agricultural Counselor  
Ms. Kelly Stange, Agricultural Attaché  
Mr. Victor González, Agricultural Specialist  
Ms. Illeana Ramírez, Agricultural Marketing Assistant

Department of Commerce – U.S. Commercial Service  
Phone: (506) 2220-2454  
Fax: (506) 2231-4783  
Email: [san.josecr.officebox@mail.doc.gov](mailto:san.josecr.officebox@mail.doc.gov)  
Website: [www.export.gov](http://www.export.gov) [www.buyusa.gov](http://www.buyusa.gov)  
Mr. Bryan Smith, Senior Commercial Officer  
Ms. Gabriela Lucke, Commercial Specialist  
Mr. Victor Cambronero, Commercial Specialist  
Mr. Roy Fernández, Commercial Specialist

U.S. Department of State – Economic Section  
Fax: (506) 2519-2364  
Website: [www.sanjose.usembassy.gov/economic](http://www.sanjose.usembassy.gov/economic)  
Ms. Julie Schechter-Torres, Counselor for Political and Economic Affairs

### **2. AMCHAM (Local American Chamber of Commerce)**

Cámara Costarricense-Norteamericana de Comercio – AMCHAM  
(Costa Rican-American Chamber of Commerce – AMCHAM)  
Phone: (506) 2220-2200  
Fax: (506) 2220-2300  
Email: [chamber@amcham.co.cr](mailto:chamber@amcham.co.cr)  
Website : [www.amcham.co.cr](http://www.amcham.co.cr)

### **3. Public Institutions**

Ministerio de Salud (Ministry of Health)  
Dirección Atención al Cliente  
Phone and Fax: (506) 2222-5749  
Email: [xarias@netsalud.sa.cr](mailto:xarias@netsalud.sa.cr)

Website: [www.netsalud.sa.cr](http://www.netsalud.sa.cr)

Eng. Xinia Arias Quirós, Director

Ministerio de Agricultura y Ganadería (Ministry of Agriculture)

Phone: (506) 2290-5463

Fax : (506) 2231-2062

Email: [sunii@mag.go.cr](mailto:sunii@mag.go.cr)

Website: [www.mag.go.cr](http://www.mag.go.cr)

Servicio Fitosanitario (Plant and Animal Health Services)

Phone: (506) 2260-8300