Leading Sectors for U.S. Export and Investment

By U.S. Commercial Service - U.S. Embassy in Costa Rica
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Commercial Sectors

• Automotive Parts Accessories and Service Equipment - Leading Sector #1

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	2006	2007	2008 (estimated)
Total Market Size	162.0	166.0	183.7
Total Local Production	32.0	39.5	40.0
Total Exports	26.0	34.9	34.1
Total Imports	156.0	161.4	177.8
Imports from the U.S.	47.0	44.8	54.2

*Data provided in US$ millions. The above statistics are based upon industry sources and are unofficial estimates. For more information contact: Costa Rican Customs Directorate, Ministry of Finance, at:

https://www.hacienda.go.cr/Msib21/Espanol/Direccion+General+de+Aduanas/ESTADISTA+DE+IMPORTACION+Y+EXPORTACION.htm

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, South Korea, Brazil, Taiwan, and Mexico.

Total imports in this sector are expected to increase in 2008 by 9.6 percent over the previous year to about US$177.8 million.

The consensus within the local automotive parts industry is that the sector will grow at an annual rate of 3-4 percent from 2008-2010. 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 Korea, which reduced the U.S. share of market. As a result, industry sources indicate that the U.S. share of the import market is expected to improve only slightly from 2008-2010. The U.S. market share for automotive parts for 2008 was estimated to be 30.5 percent.

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Many of the cars on Costa Rican roads are imported as "used" from the United States, due to high taxes on new cars. For that reason, Costa Rican importers of automotive parts and accessories purchase their products in the U.S., although a significant portion of these items is 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, fast delivery, and favorable prices are the main factors for increasing U.S. sales of these products.

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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.

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Costa Rican Association of Importers of Automotive Parts (AIPA): aipacr@racsa.co.cr

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/Building Products Leading Sector #2**

	2007	2008	2009 (estimated)
Total Market Size	126.6	141.5	126.0
Total Local Production	12.0	13.5	12.0
Total Exports	6.0	6.0	6.0
Total Imports	120.6	134.0	120.0
Imports from the U.S.	63.4	75.0	68.0

* Data in millions of dollars. The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate. Data on local production is estimated.

The construction sector has been one of the most dynamic sectors of Costa Rica's economy over the past years. The sector's growth has resulted primarily from the boom in infrastructure development in the Guanacaste and Puntarenas provinces along the Pacific Coast and in the Central Valley area surrounding San Jose. According to the Costa Rican Chamber of Construction Companies, the country's total construction activity (mainly housing, industrial and commercial buildings) increased from 8.0 million square meters in 2008 to 8.8 million square meters in 2008. (Source: Costa Rican Chamber of Construction Companies. Note: The number of square meters is obtained from approved construction permits, of which more than 90 percent of the projects are actually undertaken.)

Most of the construction has been concentrated in the private sector, for example, hotels, condominiums, residences, warehouses, industrial plants, offices, shopping malls, supermarkets, schools and hospitals. In the province of Guanacaste, the infrastructure development has increased by more than 130 percent over the past two years. Growth of the construction sector in 2008 is estimated to have been 10-12 percent.

In the public sector, 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, ports improvement, rehabilitation of the railroad system, and sewage systems, among other projects. The projects are offered to private local and foreign companies and consortiums through a public bidding process under a concession scheme (B.O.T. system), as stipulated in the Public Works Concession Law. However, the program has been plagued with legal and administrative problems since its inception and has not enjoyed a great deal of success. As an example, the expansion and modernization of the Juan Santamaria Airport has experienced delays due to financial and legal problems. Another, the construction of the highway between San Jose and Caldera, finally began in January 2008, but only after 30 years of planning and failed attempts to award the project to private construction companies. Only the concession of the Port of Caldera in the Pacific has begun operations (in September 2006). The concessions of the ports of Limon and Moin are expected to be issued this year, as well as the concession for the Daniel Oduber Airport expansion in Liberia.

As a result of this boom in construction during the past two years, the market size for construction equipment increased from US$126.6 million in 2007 to $141.5 million in 2008. Costa Rican companies imported $120.6 million of construction machinery in 2007 and $134.0 million in 2008.

Sources in the local construction sector estimate that for 2009, imports of construction equipment will experience a reduction compared to the previous year. The construction sector is currently experiencing a slowdown in the development of new projects, such as residences, condominiums, hotels, etc. According to sources from the local construction sector, many construction companies are finishing existing projects, but there are no new projects being undertaken. Local banks are not granting new credit for new construction projects. Many small and medium size companies do not have access to credit for the development of new construction projects. At present, the sector has experienced layoffs of 20,000 construction workers.

Given these data, we estimate that imports of construction equipment for 2009 will be $126.0 million, 10 percent less than 2008. The annual growth rate for construction equipment imports is expected to average between 5-10 percent over the next three years (2009-2011). Since there is very little local production of construction equipment, total imports are roughly equal to the size of the local market.

The United States is the largest supplier of construction equipment to the Costa Rican market. Imports from United States also achieved record levels of $63.4 million in 2007 and $75.0 million in 2008. For 2009, U.S. imports into Costa Rica are estimated at $70.0 million. U.S. imports represent a market share of more than 50 percent of Costa Rica's total imports over the past two years (53 percent in 2007 and 56 percent in 2008). Major third-country competitors are Brazil (10 percent of market share), Korea (5 percent), and Japan (3.8 percent) of total Costa Rican imports for 2008.

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

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The Costa Rican Concessions Council is undertaking feasibility studies or preparing bid documents for several roads and highway construction, enlargement and repair projects through the Public Works Concession Model, over the next five years. The execution of these projects will require heavy construction equipment.

Radial Heredia Highway	15.0 Km
Peripheral Ring Highway	24.0 Km
San Jose-Cartago Highway	20.5 Km
San Jose-Limon Highway	156.0 Km

Ports of Limon and Moin Modernization Project:

This project contemplates the modernization and enlargement of the Ports of Moin and Limon. The office in charge of the design of the project is still working on several studies (environmental impact, feasibility, marketing, etc.). Once these studies are completed, they will work on the bid document. As of the date of this report JAPDEVA (Port Authority in the Caribbean Coast) do not know or has not decided how they will structure the bid and what works they will include in the bid (or bids). This is an integral mega-project that would include not only the modernization of the existing Ports of Moin and Limon, but also the construction of a new port in a different site for containers transshipment between the Caribbean Coast and the Pacific Coast. To modernize the ports, the project contemplates the acquisition of port handling equipment (portico cranes, straddle carriers, fork-lifts, etc.) The mega-project would also include the modernization of the City of Limon (sewage, potable water, streets, public lighting, etc.)

Recently, RECOPE, the Costa Rican Petroleum Refinery, announced the construction of a new petroleum dock for crude and processed oil in the Port of Moin in Limon. This new dock will enable the arrival of ships that are larger than those currently arriving to that port. The project has an estimated cost of US$50 million. RECOPE is working on the bid documents and expects to announce it early this year.

The Ministry of Public Works and Transportation is also planning the expansion of the Daniel Oduber International Airport in Liberia, Guanacaste Province. The public tender for this project was opened in mid-2008. The award is expected early this year. Construction is expected to start this year (2009) for a new terminal of approximately 15,000 square meters at a cost of $16 million.

The Costa Rican Institute of Electricity (ICE) is preparing a public tender for the construction of the El Diquis Hydroelectric Project, located in the South Pacific region of the country. This hydroelectric dam will have an initial production capacity of 630 MW of electricity. The project has an estimated cost of US$500 million. ICE is in urgent need to initiate the construction of this project due to the high demand of electricity in the country.

In the private sector, opportunities exist across a range of sectors in Costa Rica, particularly in the tourism-dominated area in Guanacaste (Pacific Coast region). Nearly every major hotel chain is building new facilities or expanding existing ones, including Hilton, Hyatt, Holiday Inn, Radisson, Four Seasons, and others in Costa Rica. As an example, The Global Financial Group, a U.S. corporation, will develop the Azulera Hyatt Resort hotel, with an estimated investment of US$300 million. Another example is the Regent hotel chain, which will invest US$120 million in hotel development in the Papagayo area.

Many of these hotels are also building large marinas. Recently, the Marriott hotel inaugurated the Marina Los Sueños with a capacity of 200 wet slips and 200 dry slips. Another three marinas are currently under construction (Marina Pez Vela, 300 slips; Marina Papagayo; and Marina Bahia Escondida, 341 slips). There are eight to ten other marina projects under design and concession processes. These marinas could start building in 2009 and 2010.

The firm, DWL, is developing a mega-project named Solarium, opposite the Liberia International Airport Daniel Oduber in Guanacaste. This project consists of business offices, a free trade zone, residencies, business locations, hotel and industrial warehouses. Another residential and condominium complex, Lomas del Mar, is being developed in the Papagayo Gulf, with an estimated investment of $25 million. In the grand metropolitan area (the Central Valley, including the provinces of San Jose, Alajuela, Heredia and Cartago), a number of major residential and condominium complexes are being constructed.

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

Consejo Nacional de Conseciones: http://www.mopt.go.cr/cnc

Cámara Costarricense de Hoteles: http://www.costaricanhotels.com

Ministry of Public Works and Transportarion: http://www.mopt.go.cr

- **Building Products - Leading Sector #2 (continued)**

	2007	2008	2009 (estimated)
Total Market Size	227.1	293.5	264.0
Total Local Production	100.0	120.0	108.0
Total Exports	32.5	22.0	20.0
Total Imports	159.6	195.5	176.0
Imports from the U.S.	40.4	55.2	50.0

* Data in millions of dollars. The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate. Data on total local production is estimated. The import and export statistics correspond only to the following building materials: bath, shower baths, washbasins, bidets, lavatory pans, seats and covers, flushing cisterns and sanitary ware, doors, windows, of plastics (HC 3922); Wood doors, windows, with frames, shingles and shakes (HC 4418); carpets and other textile coverings (HC 5701-5703); glass in sheets or profiles (HC 7003-7006); ceramic sinks, wash basins pedestals, baths, water closet bowls, flush tanks, urinals and similar sanitary fixtures (HC 6910); stainless steel sanitary ware, sink and wash basins, baths, (HC 7324); aluminum doors, windows and their frames, sheet metal roofing (HC 7610); door locks, locksets, etc, (HC 8301); air conditioning machines (HC 8415); bath and shower faucets, pipe valves, etc. (HC 8010/8020/8090); electric lamps and tubes (HC 8539); gypsum board (HC 6809), floors and walls ceramic tiles (HC 6908); and hardwood floors (H4409/4418).

The construction sector has been one of the most dynamic sectors of Costa Rica's economy over the past several years. The sector's growth has been primarily attributed to the boom in infrastructure and resort development in the Guanacaste and Puntarenas provinces along the Pacific Coast. According to the Costa Rican Chamber of Construction Companies, the country's total construction activity in housing, industrial and commercial buildings increased from 8.0 million square meters in 2007 to 8.8 million square meters in 2008. (Note: the number of square meters is obtained from approved construction permits, of which more than 90 percent of the projects are actually undertaken.)

Most of the construction has been concentrated in the private sector, for example: hotels, condominiums, residences, warehouses, industrial plants, offices, shopping malls, supermarkets, schools and hospitals. In the province of Guanacaste, the infrastructure development has increased by more than 130 percent over the past two years. The GDP growth of the construction sector is estimated to be 12 percent in 2008.

The market size for building materials was US$227.1 million in 2007, and it experienced a significant increase to US$293 million in 2008. However, the estimated market size for 2009 does not look promising. The construction sector is currently experiencing a slowdown in the development of new projects, such as residences, condominiums, hotels, etc. According to sources from the local construction sector, many construction companies are finishing existing projects, but there are no new projects being undertaken. Local banks are not granting new credit for new construction projects. Many small and medium size companies do not have access to credit for the development of new construction projects. At present, the construction sector has experienced a loss of 20,000 jobs. Given these data, we estimate that the market size for building materials in 2009 will be around $264 million, a reduction of approximately 10 percent from 2008.

The United States is one of the largest suppliers of building materials to the Costa Rican market, with total exports of $40.4 million in 2007 and $55.2 million in 2008, representing a market share of roughly 28 percent of Costa Rica's total imports over the past two years.

Costa Rica produces a large portion of the building materials it uses. The country has local production of iron and steel processed products, wood mills, PVC tubing, brick, asphalt and cement plants, aluminum and glass products, sand and gravel. Ceramic sanitary ware (toilets, lavatories, urinals, etc.) is manufactured in Costa Rica and exported to other countries, mainly Central America. Lumber for kitchen furniture, cabinets, closets, doors, windows, flooring, walls and other applications, is also produced in the country. Therefore, the import of these products is low. Floor coverings are dominated by ceramic tiles (90 percent of flooring materials). The tiles are imported mainly from Spain, Italy, Brazil and Mexico.

For roofing, galvanized-channeled metal sheets, and clay tiles are the most commonly used materials. Structures are made mainly of iron rods with concrete blocks, both materials manufactured in country. Ceiling panels are mostly of fiber-cement boards, produced locally, and of gypsum board, imported. Heating or cooling systems are not needed in this tropical climate region, but commercial buildings use central air-conditioning. For homes and small offices, window room air conditioners or mini-splits are preferred.

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Imported building materials in high demand in Costa Rica are: gypsum board for ceiling, bath and shower faucets together with pipe valves, electric lamps and tubes, ceramic tiles for flooring and baths, door locks, locksets, architectural glass, and air conditioning equipment for commercial buildings.

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The market in Costa Rica presents good opportunities for building materials. For 2007 and 2008, the construction of residences and condominiums for high, medium and low-income people increased throughout the country. In the Central Valley, housing developers have been building a number of residential complexes for medium and high-income people. Local banks have normally offered attractive interest rates and payment systems to clients in this sector, and the Costa Rican Government is also undertaking construction projects to build hospitals, schools, and buildings for office space. However, as mentioned above, for 2009, there is a fairly dramatic slowdown expected in the development of new projects. Local banks are restricting the granting of new credits.

In the private sector, opportunities exist across a range of sectors in Costa Rica, particularly in the tourism-dominated area in Guanacaste (Pacific Coast region). In 2007-2008, several residential development complexes were announced. Nearly every major hotel chain is building new facilities or expanding existing ones, including Hilton, Hyatt, Holiday Inn, Radisson, Four Seasons, and others in Costa Rica. As an example, the Global Financial Group, a U.S. corporation, will develop the Azulera Hyatt Resort hotel, with an estimated investment of $300 million. Marriott inaugurated a JW Marriott Resort in Tamarindo, Guanacaste, in early

2009. The Regent hotel chain has indicated it will invest $120 million in hotel development in the Papagayo area. The firm, DWL, is developing a mega-project named Solarium, in front of the Liberia International Airport Daniel Oduber in Guanacaste. This project consists of business offices, a free trade zone, residences, business locations, hotel and industrial warehouses. The mega-project intends to accommodate most of the tourists visiting Costa Rica through the Daniel Oduber Airport in Liberia. Another residential and condominium complex, Lomas del Mar, is being developed in the Papagayo Gulf, with an estimated investment of US$25 million. Others in Guanacaste are also being launched. In the greater metropolitan area (Provinces of San Jose, Alajuela, Heredia and Cartago), of a number of major residential and condominium complexes are being developed.

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

- **Hotel and Restaurant Equipment - Leading Sector #3**

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	2006	2007	2008 (estimated)
Total Market Size	$ 92.4	$ 127.0	$ 167.8
Total Local Production**	$ 87.0	$ 90.0	$ 112.5
Total Exports	$ 29.0	$ 27.8	$ 25.7
Total Imports	$ 34.4	$ 64.8	$ 81.0
Imports from the U.S.	$ 12.7	$ 19.2	$23.0

* Data provided in US$ millions. The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate. The data is based only on the import tariff classifications for the major products for the hotel and restaurant industry. **The Local Production is an estimated amount.

This market study includes hotel and restaurant equipment and products listed in several chapters of the Harmonized System, chapters 69-70-73-74-76-85-84-85 and 94. The most important products are listed below:

Tariff Number	Description
6911100000	Chinaware
7321111010	Non-electric cooking equipment (gas)
7321111090	Non-electric commercial cooking equipment
7321119000	Barbecues, griddles
7321900000	Parts and pieces for non-electric cooking equipment
8418100000	Refrigerator-freezer units
8418220099	Refrigerators
8418300000	Freezers (No energy efficient)
8418400000	Freezers-vertical kind

8418500010	Dispensing equipment with refrigeration
8418691000	Water coolers
8418699090	Ice making machines
8418990090	Parts and pieces for refrigeration equipment
8419110000	Dispensing equipment heated (Non-electric/gas)
8422110010	Dish-washing machines
8476210000	Vending machines
8516500000	Microwave oven
8516600091	Ovens, electric cookers (Energy Efficient)
8516600099	Ovens, electric cookers (No Energy Efficient)
8516710000	Coffee makers

The above-mentioned tariff classifications include data for equipment used in the hotel and restaurant sector as well as for domestic use.

During the last two years Costa Rica has experienced a dramatic increase in the hotel and restaurant industry due to a rise in tourism. According to estimates by the Costa Rican Tourism Institute, the tourism/hospitality industry generated approximately $1.62 billion, attracting more the 1.9 million tourists in 2008, more than half of these from U.S. tourism.

The increase in tourist arrivals during the first quarter of 2008 stimulated the construction of new hotels and restaurants, as well as food and beverage outlets everywhere in Costa Rica, resulting in significant growth in the hotel and restaurant equipment market. Development concentrated on the North and Central Pacific coast as well as the Central Valley, which includes San Jose. Based on the information provided by the Chamber of Construction with regard to growth in square meters of hotel infrastructure, this sector experienced a decrease in hotel construction during the second quarter of 2008, due mainly to the economic downturn in the United States and Costa Rican government banking policies which stopped credits for construction development. Regardless of the situation, the construction chamber expects an increase of 7% in the tourism industry during 2009, a number which may be somewhat optimistic.

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Local companies in the hotel and restaurant industry have indicated that the availability of high quality hotel and restaurant equipment and supplies is vital to the health of the tourism industry. The Costa Rican industry is very receptive to purchase from United States companies due to good local service, price, excellent quality, reputation, availability of spare parts, and fast delivery.

According to Costa Rican importers, there are good sales prospects for virtually all categories of products, but particularly strong are cooking equipment, industrial freezers and accessories for the restaurant sector, industrial laundry equipment, bedding, amenities and decorative designs for the hotel industry.

Another important type of products is environmentally friendly products that can be used in the hotel and restaurant Industry, since there is a growing awareness and appreciation by tourists for hotels and restaurants that have an environmentally friendly approach in the business.

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Even though a decrease in the construction of hotels is expected, the Costa Rican Institute of Tourism (ICT) expects that Costa Rican tourist will tend to stay in Costa Rica and spend more money traveling in-country rather than abroad. They also believe that U.S. tourists in economically challenging times would prefer to travel to Latin American countries, rather than to Europe or Asia, due to proximity and lower cost.

An important factor is the presence and establishment of international chain hotels that require quality products from suppliers and accommodate any increasing demand by tourists for four- and five-star hotels. As a consequence, local hotels have been forced to improve the quality of their services by improving the facilities, offering better food and amenities (buying better equipment in order to be able to do so).

Costa Rica's approval of CAFTA reduces import tariffs since the Costa Rican government does not apply restrictions on the importation of equipment for these types of products. The tariff benefit would apply only to those products that comply with the rule of origin, so long as they are made in the U.S. or a CAFTA member country.

Local production of hotel and restaurant equipment uses mostly imported parts. There are opportunities for international companies to supply parts for the following equipment:

- Electric commercial/industrial stoves
- Ovens and ranges
- Fryers
- Cooking and warming apparatus
- Barbecues and griddles
- Freezers
- Refrigerating equipment

Meanwhile, products like refreshment dispensers, ice cube makers, blenders, commercial microwaves and food processors are not manufactured locally. Also all products related to bedding supplies enjoy good market opportunities, since local production does not have a reputation for high quality in terms of type of fabric and finishing details.

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

Cámara Costarricense de Restaurantes website: www.cacorestaurantes.com

Cámara Costarricense de Hoteles website: www.costaricanhotels.com

Costa Rican Ministry of Planning and Economical Policies: www.mideplan.go.cr

- **Electronic Security Equipment – Leading Sector #4**

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	2006	2007	2008
Total Market Size	18	18.2	18.4
Total Local Production	-	-	-
Total Exports	12.7	9.7	8
Total Imports	5.3	8.5	10.4
Imports from the U.S.	8.6	2	3

* Data in millions of US$ Dollars. The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate.

Statistics are based on the following harmonized codes:
3926-90.99.90, 8302-30.00.00, 8302-41.00.00, 8521.10.90.00, 8525.30.00.00, 8528.12.90.00, 8531.10.00.00, 8531.80.10.00, 8531.80.90.00, 8531.90.90.00, 8543.20.00.00, 8543.89.00.00, 8543-90.00.00

For more information contact the Costa Rican Customs Directorate, Ministry of Finance, at the following website:
https://www.hacienda.go.cr/Msib21/Espanol/Direccion+General+de+Informatica/ArancelTICA.htm

The Government of Costa Rica and the municipalities generally have not responded as well as they would have liked, in providing their citizens with greater security programs, often due to lack of financial resources. Therefore, with the twin pressures of the lack of government protection and a sharp increase in crime, Costa Ricans are searching for reliable security/protection alternatives. The Municipality of San Jose is the only local government offering electronic security and the support of its local police in the metropolitan area, and plans to expand its service during 2009.

In 2007, U.S. market share for electronic security equipment in Costa Rica was 37 percent, a five percent decrease from 2006 mainly due to the Costa Rican companies' purchasing directly from China. Figures from 2008 showed an increase in imports, but the 2009 world economic situation suggests that the market size will not increase. The effect of CAFTA entering into force in Costa Rica might act as a counterweight to the economic crisis effect.

Many Costa Rican importers of electronic security equipment purchase their products in the U.S., although a significant portion of these items is not actually manufactured there.
As in the U.S., Costa Ricans generally base their purchasing decisions on comparisons of price, quality, technical specifications, timely delivery and the availability of local product support or after-sales service. With a population of 4.5 million, Costa Rica may be a small market, but definitely one with sophisticated consumers.

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Local sources stated that the outlook for the market is favorable and that imports of electronic security equipment should continue to grow. While there is no local production of these products for direct local consumption, various companies make parts and components for export in their in-bond operations in Free Trade Zone facilities. Though Costa Rican export statistics show limited exports of electronic security equipment, these exports usually represent returned products, either for repair or replacement, by Costa Rican importers and dealers. With virtually no local production of electronic security equipment for domestic consumption, imports represent total market demand.

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Costa Rican electronic security equipment importers are very receptive to purchasing electronic security equipment and devices from the U.S. for a number of reasons. Costa Ricans enjoy the wide range of options and products, good local service, price, excellent quality, reputation, availability of spare parts and fast delivery.

The geographical proximity of Costa Rica to the U.S., friendly political relations, excellent telecommunications, accessible transportation facilities and a widespread familiarity with American products are also important factors in the receptivity to American electronic security equipment in this market. Costa Ricans travel to trade shows every year to stay current with the technology in this industry.

In general, there are opportunities in the Electronic Security Equipment Sector in Costa Rica, as crime rates have become of greater concern to the populace and as awareness of the importance of electronic security has commensurately grown. Due to the world economic slowdown during 2009, sales are not expected to increase over the previous year.

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Ministerio de Hacienda
https://www.hacienda.go.cr/Msib21/Espanol/Direccion+General+de+Informatica/ArancelTICA.htm

- **Dental Equipment -Leading Sector #5**

	2006	2007	2008
Total Market Size	3.9	0.4	2.5
Total Local Production	-	-	-
Total Exports	0.2	4.2	1.6
Total Imports	4.1	4.6	5.3
Imports from the U.S.	2.3	2.5	2.7

* Data in millions of US$ Dollars. The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate.

Statistics are based on the following harmonized codes: 9018410000 to 9018490000. For more information contact the Costa Rican Customs Directorate, Ministry of Finance, at the following website:
https://www.hacienda.go.cr/Msib21/Espanol/Direccion+General+de+Informatica/ArancelTICA.htm

Costa Rica has a socialized health care system, known as the Costa Rican Social Security System (Caja Costarricense de Seguro Social, or CCSS). The CCSS manages 30 public hospitals: three general hospitals, four specialized hospitals, seven regional hospitals (one in each geographic region/province), and 16 peripheral hospitals, which vary in size. Sixteen 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 505 clinics, of which 416 are small clinics with only basic equipment, known as "Equipos Basicos de Atencion Integral" (EBAIS) and provide basic medical assistance to patients in remote areas of the country. Many of these hospitals offer dental care for the general population.

EBAIS are divided into three different categories:

- Clinics, Type 4, offer X-rays, clinical labs, diagnostics, and different medical specializations. These clinics are in charge of odontologic services for the public school population.
- Clinics, Type 3, offer more limited clinical lab services, pharmacy, general medicine and on a lower level, provide support for dental care to public schools.
- Clinics Type 2 and 1 offer the least specialized services in the chain: general doctors, basic laboratory services and basic pharmacy services.

There are several private hospitals and clinics in the country, mainly in the Central Valley, although the population growth in Liberia is increasing rapidly. CIMA Hospital offers the services of endodontics, pediatric endodontics, prostodoncy, periodontics, and orthodontia. Hospital Clínica Bíblica provides endodontics, orthodontia, and periodontics, as do Hospital Clínica Católica and Hospital Cristiano Jerusalem.

The number of small private clinics is growing constantly, as the populace looks for quick and better health services. The influx of foreigners, mainly from North America, is a contributing factor to the growth in private dental services, which have an overall reputation of high quality at a lower price. In addition to those clinics, there are six universities in Costa Rica that offer dentistry programs; four of them offer dentistry services in their school clinic at reduced prices.

Imports in the dental equipment sector increased from $4.6 million in 2007 to $5.3 million in 2008, an increase attributable mainly to imports by the private sector. The United States is the largest exporter of dental and medical equipment to Costa Rica, with $2.5 million in 2007 and $2.7 million in 2008, accounting for a market share of roughly 50 percent of the country's equipment needs. Major competitors to the U.S. in this sector are Germany, with 6.6 percent market share of Costa Rican imports; Japan with 4.8 percent; and Brazil with 3.6 percent.

As a requirement for both private and government practice, all dentistry professionals must be registered in the Colegio de Cirujanos Dentistas de Costa Rica. This is a private institution which regulates the dental practice in Costa Rica. The Colegio has two incorporation periods (January and September). From 2006-2007 there was an increase of 7.81 percent in the number of incorporations of new professional dentists. Currently, the Colegio de Cirujanos Dentistas has 3,200 approved and certified members.

Best Products/Services Return to top

The consensus within the local industry is that the U.S. market share for dental equipment is expected to grow at an annual rate of 10 percent for 2007-2009.

There is no significant local production of dental equipment for the Costa Rican market. High quality, reliability, durability, favorable prices, good maintenance service, and timely delivery are the main factors for increasing U.S. sales in the medical sector. There are some medical facilities that operate in free trade zones, which have the opportunity to sell 10% of their production into the local market.

Opportunities Return to top

The level of demand for dental equipment in Costa Rica is expected to rise, as most private hospitals and private clinics continue to need up-to-date equipment, virtually in all categories of products in this sector. Imported medical dental and supplies (HC 901841 to 901849) are exempted from customs duties.

Resources Return to top

Commercial Service Costa Rica Commercial Specialist: Eugenia.Solera@mail.doc.gov

Caja Costarricense de Seguro Social (CCSS): http://www.info.ccss.sa.cr/

Hospital Cima: www.HospitalSanJose.com

Hospital Clinica Biblica: www.ClinicaBiblica.com

Colegio Cirujanos de Dentistas de Costa Rica www.colegiodentistas.org

- **General Consumer Goods - Leading Sector #6**

	2007	2008
Total Market Size	-	0.7
Total Local Production	-	-
Total Costa Rican Exports	0.8	0.4
Total Imports	33.8	36.8
Imports from the U.S.	7.6	8.1

* Data in millions of US$ Dollars. The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate.

Costa Rica is one of the largest consumers of general consumer goods per capita in Central America and the Caribbean. Total Costa Rican exports decreased from $800,000 in 2007 to $400,000 in 2008, due mainly to cuts in the manufacturing sales force, reflecting an economic downturn. In 2007, total imports were $7.6 million; in 2008, $8.1 million, indicating an increase in imports of U.S. products. The increase was primarily due to the country's reaction to quality vs. price, proximity to the U.S. and its influence in the market, and the large number of U.S. retirees living in Costa Rica.

The United States has traditionally been the largest supplier of general consumer goods to Costa Rica. However, there is now competition from Chinese, Hong Kong and Panamanian products. CS Costa Rica estimates that both market size and total imports, as well as U.S. exports to Costa Rica, will increase at a rate of 2-3 percent per year for the period 2007-2009. Major third-country competitors to the United States include China, with an import market share of 20.5 percent in 2007 and 21.7 percent in 2008; Panama with 2.2 percent in 2007 and 5.2 percent in 2008; and Hong Kong with 2.6 percent in 2007 and 0.8 percent in 2009. There is a clear increase of US products from the year 2007 to year 2008.

There is a very little production of general consumer goods in Costa Rica. Glass and glassware are a few of these, mainly used in the tourism sector.

The Central American-Dominican Republic Free Trade Agreement came into effect January 1, 2009. All products that comply with percentages required of origin, will have tax reduction or depending on the product tax elimination schedule.

Best Products/Services Return to top

The most promising sub-sectors for U.S. exporters of general consumer goods are cooking ware, glassware, seasonal kitchen ware, and decorative products for the home. Even though the economy is facing a recession, there is good market potential for these specific products and in general for this market sector.

Opportunities Return to top

Since there is no major local production of general consumer goods, the country will continue to depend on imports of these products. Silverware, cooking ware, and baking ware, enjoy the highest demand. The principal uses are at hotel and restaurant industries.

Resources Return to top

U.S. Commercial Service Costa Rica Industry Specialist: Eugenia.Solera@mail.doc.gov

U.S. Commercial Service Costa Rica: http://www.buyusa.gov/costarica/en/

CAFTA: http://www.ita.doc.gov/cafta/

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

Agricultural Sectors

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- **Corn**

Overview

	2006	2007	2008 (estimated)
Total Market Size	647,710	700,840	704,000
Total Local Production	13,300	13,500	14,000
Total Exports	-	-	-
Total Imports	634,410	687,340	690,000
Imports from the U.S.	633,493	635,198	640,000

* Data in metric tons

Costa Rica's total corn imports increased 8.3% in 2007 while U.S. corn export volume increased slightly (0.2%) during the same period. The value of U.S. corn imports increased from US$87.6 million in 2006 to $130.8 million in 2007. The United States had a 92.4 percent market share in 2007. In 2007, Costa Rica imported white corn from Mexico (30,177 MT) and Tanzania (19,429 MT). Although Costa Rica occasionally imports corn from sources other than the United States, in the recent past, the U.S. has held nearly 100 percent market share in this market.

Best Products/Services

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, has increased recently as a result of lower domestic production.

Opportunities

The U.S. already controls nearly 100% of the market but the market has continued to grow as a result of growing local demand for animal feed.

Resources

CAMARA DE INDUSTRIALES DE ALIMENTOS BALANCEADOS ciabcr@racsa.co.cr

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- **Soybeans**

Overview

	2006	2007	2008 (estimated)
Total Market Size	254,322	301,015	230,000
Total Local Production	-	-	-
Total Exports	-	-	-
Total Imports	254,322	301,015	230,000
Imports from the U.S.	254,322	301,015	230,000

* Data are in metric tons and calendar years

Total soybean imports reached US$107.0 million in 2007 as compared to US$67.1 million in 2006, remaining in the second place on the list of Costa Rica's largest agricultural import products in terms of value. Based on preliminary data, imports from the United States are expected to decline in 2008 as the local industry works through higher stocks built up during 2007, and local feed producers increased their imports of soybean meal. The U.S. maintained 100-percent share of the soybean import market in 2007, but there have been occasional imports from Brazil and Argentina in the past. In 2004 for instance, Uruguay and Brazil exported soybeans to Costa Rica. Soybeans are imported primarily for meal. Soybean oil has been in surplus over the last few years, with exports to Central America providing an outlet. There is only one oilseed crusher in Costa Rica, INOLASA, located near the Pacific port of Caldera (where all bulk grains arrive).

Opportunities

The U.S. already controls nearly 100 percent of the market.

Resources

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- **Wheat**

Overview

	2006	2007	2008 (estimated)
Total Market Size	195,960	206,810	215,000
Total Local Production	-	-	-
Total Exports	-	-	-
Total Imports	195,960	206,810	215,000
Imports from the U.S.	195,960	206,810	215,000

* Data in metric tons and calendar years

The value of wheat imports from the United States increased to US$60.3 million in 2007 from US$44.8 million in 2006. Export volume also increased by 5.5 percent in 2007 as compared to 2006. Based on preliminary data, shipments from the U.S. during 2008 are expected to increase to 215,000 MT. The U.S. maintained 100 percent market share of the Costa Rican wheat market in 2006 and 2007. The United States traditionally has supplied 100 percent of the market, but Canada has become a competitor in recent years. Canada exported 56,256 tons to Costa Rica in 2001, and 34,057 tons in 2002, or 16.8% of total imports. There are only two wheat mills in Costa Rica.

No wheat is produced locally. There is strong competition in the domestic market between the two local wheat mills, Molinos de Costa Rica (the largest) and FAHACASA.

Resources

MOLINOS DE COSTA RICA, S.A. molino@racsa.co.cr

FABRICA DE HARINAS DE CENTROAMERICA S.A. facasa@racsa.co.cr

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- **Rice**

Overview

	2006	2007	2008 (estimated)
Total Market Size	235,000	223,000	237,000
Total Local Production	181,000	171,000	175,000
Total Exports	-	-	-
Total Imports	156,451	186,909	140,000
Imports from the U.S.	156,451	182,604	140,000

* Market size, and local production (metric tons) are marketing years (July-June) for 2005/2006, and 2006/2007. Imports are calendar years.

After a shipment of 20,000 MT of rough rice from Uruguay in 1999, rice imports have been made primarily from the United States. Imports from the United States in calendar year 2007 amounted to 182,604 tons of rough rice (roughly 122,000 tons of milled rice equivalent), valued at US$60.2 million. Import volume is expected to reach approximately 140,000 tons of rough rice in 2007. The majority of rice imported by Costa Rica is rough rice. Although in the past the GOCR resorted to delaying the rice import process by holding sanitary permits for a longer than normal period of time, this has not occurred during the last three years. The GOCR charges US$20 per metric ton of imported rice for phytosanitary inspection. The GOCR approved a law that allows only the rice sector to import rice duty free, whenever a rice shortage is determined (normally every year during the first half of the year).

Best Prospects/Services

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

Opportunities

Under CAFTA, a tariff rate quota of 5,000 MT of milled rice from the United States, growing 5% per year, will allow for higher imports of processed grain.

Resources

CORPORACION ARROCERA NACIONAL (CONARROZ) conarroz@racsa.co.cr

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• Fresh Fruit

Overview

	2006	2007	2008 (estimated)
Total Market Size	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.
Total Exports*	1,125.0	1,227.0	1,227.0
Total Imports	36.1	48.4	50.0
Imports from the U.S.	9.9	12.9	14.0

* Includes exports of bananas, pineapples and melons (the three largest categories of fruits exported). Based on GOCR statistics for 2006 and 2007.

Costa Rica's imports of fresh fruit reached a value of US$48.4 million in 2007. $12.9 million of this amount were imported from the United States. The leading fruit imports from the United States were grapes ($5.3 million), apples ($2.8 million), pears ($953,000), and peaches ($793,000). Chile has become a major competitor in the fruit market since that country enjoys duty free access to the Costa Rican market for fruits competing with U.S.- origin product. Based on preliminary data, fresh fruit exports from the United States to Costa Rica are expected to increase to about $11.0 million in 2007.

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 about 70 percent of total domestic consumption of non-tropical fruits occurs during the Christmas season (October-December).

Best Prospects/Services

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

Opportunities

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

Resources

FRUTAS DEL MUNDO (CORPORACION INTERFRUTD) www.interfrtd.com

HORTIFRUTI, S.A. marco.venegas@cca.co.cr

FRUTA INTERNACIONAL S.A. frutaint@racsa.co.cr, http://www.frutaint.com

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• Processed Fruit and Vegetables

Overview

	2006	2007	2008 (estimated)
Total Market Size	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.
Total Exports	n.a	n.a	n.a
Total Imports	43.6	54.6	57.0
Imports from the U.S.	10.4	11.3	12.0

* Total exports and imports based on GOCR statistics

According to information from Costa Rica's Central Bank, imports of U.S. processed fruit and vegetables totaled US$11.3 million in 2007. These products, especially mixed fruits, mixed vegetables, yellow and sweet corn, peas, mushrooms and garbanzo beans, generate strong import demand. Chile ($10.8 million), Canada ($10.7 million), Guatemala ($5.0 million), and recently China ($7.1 million) are the main competitors of the United States in the Costa Rican processed fruit and vegetable market. The FTAs with Chile and Canada have created more competition for the United States in these product categories. Central American countries also enjoy duty-free access to the Costa Rican market. Based on preliminary data, U.S. exports of processed fruits and vegetables are expected to increase during 2007.

Best Prospects/Services

Mixed fruits, mixed vegetables, yellow and sweet corn, peas, mushrooms, garbanzo beans and other canned beans.

Opportunities

Tariff reductions under CAFTA will allow the U.S. to become more competitive in this market against Chilean, Mexican and Central American products. Also, CAFTA will allow the U.S. to compete against Canada in the frozen french fries market.

Resources

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- **Snack Foods**

Overview

	2006	2007	2008 (estimated)
Total Market Size	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.
Total Exports	n.a.	n.a.	n.a.
Total Imports	66.4	80.0	82.0
Imports from the U.S.	13.8	17.6	18.0

* Total exports and imports based on GOCR data

U.S. exports of snack foods to Costa Rica totaled US$17.6 million in 2007, or 27.5 percent higher than 2006 exports. Imports of snack foods from the United States are expected to increase to $18 million in 2008 as a result of total import growth of this product category.

The U.S. is facing increased competition in this sector as a result of free trade agreements signed with Chile, Canada and Mexico. Prospects for U.S. exports in this sector are expected to improve with the implementation of the Central American Free Trade Agreement (CAFTA). Competing products are imported mainly from Central America (Guatemala and El Salvador) and from Mexico, 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).

Best Products/Services

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

Opportunities

Under CAFTA, the tariff on snacks will decline over time to zero, thus providing increased market access to U.S. products.

Resources

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

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