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Costa Rica

Exporter Guide

Costa Rica Exporter Guide

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Report Highlights:

Costa Rica is an attractive market for U.S. exports. Costa Rica consumers are highly receptive to U.S. food brands, trends and retailers, making the country ripe for export potential. Beer, baking ingredients, processed meats and pet food are among the fastest growing U.S. export sectors with plenty of growth possible in other sectors as well. Costa Rica agriculture is well diversified and export oriented. This report, prepared by the USDA's Foreign Agricultural Service for U.S. exporters of food products, presents a comprehensive guide to Costa Rica's economic situation, market structure, exporter tips and best prospects for high-value foods and agricultural products

Post:

San Jose

Executive Summary:

TABLE OF CONTENTS

SECTION I. MARKET OVERVIEW

- A. Business Customs and Trade
- B. Agriculture in the Economy
- C. Economic and Demographic Overview
- D. Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

SECTION II. EXPORTER BUSINESS TIPS

- A.. Business Customs and Keys to Success
- B. Consumer Tastes and Preferences
- C. Food Standards and Regulations
- D. General Import and Inspection Procedures

- 1. Product Registration [Fairs Country Report – CR]
- 2. Certification [Fairs Country Report – CR]
- 3. Customs Clearance [Fairs Country Report – CR]
- 4. 4. Tariff [Fairs Country Report – CR]

- E. Basic steps for exporting U.S. processed food products into Costa Rica [Fairs Country Report – CR]

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

- A. Retail Food Sector
- B. Hotel, Restaurants and Institutions
- C. The Food Processing Sector

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

SECTION V. KEY CONTACTS, AND OTHER RELEVANT REPORTS

Executive Summary:

I. Market Overview

A. Business Customs and Trade:

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; the agriculture sector is the second largest source of employment in the country and high technology, and services such as call centers are gaining economic weight.

Agriculture as a sector employs 11.4 percent of the economically active population. Primary agriculture accounts for just 8.6 percent of GDP (approximately \$4.3 billion) but, if agribusiness is considered, the

total contribution of the agricultural sector to GDP rises to 14 percent. Costa Rica imports large quantities of fresh and processed foods, accounting for 13% of the total value of imports. In particular, the country relies heavily on imports for the majority of its staple foods, corn, soybean, wheat, rice, and beans.

Total U.S. agricultural exports totaled \$610 million in 2014. Top U.S. agricultural exports by major category were, in millions of dollars: bulk products \$295; intermediate products \$90; and consumer-oriented products, \$224.9; and agricultural related products \$9.1. The United States is Costa Rica's major supplier of corn, wheat, soybeans, and consumer foods, as reflected by high export levels of these products.

Traditionally, coffee, banana, and pineapple have all been major export commodities of Costa Rica, with pineapple displacing coffee as the second largest agricultural export. Other major agricultural exports of Costa Rica to the United States include melon, fresh and processed fruits and vegetables, sugar, and nursery products.

With such a high degree of trade, especially with the United States, Costa Rican importers are accustomed to international business dealings. Many business people in Costa Rica are bilingual and have some level of English, thus facilitating business negotiations. However, the business culture in Costa Rica can be less fast-paced than in the United States and those wishing to do business in the country should be prepared for this possible difference. U.S. exporters should also be prepared to be patient with export procedures and processes; Costa Rica has many levels of bureaucracy that can at times slow the importation of food products.

Given the country's small size (4.8 million population), future growth depends upon foreign investment and access to international markets. Total foreign direct investment in Costa Rica amounted to \$2.3 billion in 2013 and estimated at \$2.36 billion in 2014. Total trade as measured by exports and imports is expected to continue to increase during 2014. CIF imports amounted to \$17.99 billion, while FOB exports reached \$11.53 billion in 2013. The deficit of the current account of the balance of payments is expected to reach 5.0 percent of GDP in 2014, slightly lower than in 2013 (5.1 percent). The local currency (the colón) has experienced a 14 percent devaluation during the first quarter of 2014. After remaining stable at around 500 colones per US\$ 1 for several years, the colon devaluated to 540/US\$ 1 in less than three months. Previously, the export and tourism sectors had been complaining that a stronger colón was causing these sectors to be less competitive. The higher exchange rate, resulting in more expensive imported products, could result in lower import growth. The unemployment rate declined to 9.5 percent during the fourth quarter of 2014. Unemployment is an important concern of the population, according to many surveys. The gross domestic product for 2014 was \$ 49.5 billion reported by the Central Bank.

<http://indicadoreseconomicos.bccr.fi.cr/indicadoreseconomicos/Cuadros/frmVerCatCuadro.aspx?idioma=2&CodCuadro=%201701>.

Results from the National Population Census of 2013 indicate that the Central Valley (the provinces of San Jose, Alajuela, Cartago, and Heredia) in Costa Rica constitutes the largest consumer base in the country, containing 73.9 of the population [National Census]. Overall, 72.8 percent of Costa Rica's population consists of urban residents with 19.1 percent living in poverty; in contrast 26 percent of rural residents live in poverty [National Census].

D. Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> The United States is close to Costa Rica, which gives advantages for marketing and trade. 	<ul style="list-style-type: none"> U.S. products from the Western United States and the Upper Midwest face higher transportation costs relative to alternate suppliers from the rest of Central America.
<ul style="list-style-type: none"> U.S. exporters can supply different volumes according to local demand and maintain reliable supply throughout the year. 	<ul style="list-style-type: none"> Low volume shipments of high-value products face additional costs since they must go through freight consolidators in Miami or other ports.
<ul style="list-style-type: none"> The United States now enjoys lower duties in almost every agricultural product as a result of CAFTA-DR. 	<ul style="list-style-type: none"> U.S. food exporters are not geared to meet the needs of the “traditional” market (13,000 mom & pop’s), which sell items packaged in small sizes.
<ul style="list-style-type: none"> Costa Rican importers, distributors and retailers like U.S. business style and practices. 	<ul style="list-style-type: none"> U.S. exporters generally do not give price discounts due to relatively small size of orders from Costa Rican customers, and little or no marketing/promotional support.
<ul style="list-style-type: none"> U.S. products have high-quality marketing presentation, making them more desirable to consumers. 	<ul style="list-style-type: none"> Many U.S. exporters are unaware that an Apostille can serve to consularize the Certificate of Free Sale.
<ul style="list-style-type: none"> U.S. food products are competitive in terms of price and quality. 	<ul style="list-style-type: none"> The issue of chalky kernels in U.S. rice persists and must be addressed in terms of customer needs.
	<ul style="list-style-type: none"> Many U.S. exporters do not follow through on trade leads or importer requests.

Opportunities	Threats
<ul style="list-style-type: none"> In November 2013, Costa Rica initiated a new on-line product registration system, which eventually will reduce registration times for new imported products. 	<ul style="list-style-type: none"> Costa Rica’s inefficient bureaucracy creates problems for importers.
<ul style="list-style-type: none"> With CAFTA, Costa Rica recognized the equivalence of the U.S. meat and poultry inspection system, eliminating need for approval of individual plants. 	<ul style="list-style-type: none"> GOCR uses SPS barriers to impede/prevent imports of sensitive products.
<ul style="list-style-type: none"> Strong tourism sector (residential and traditional) provides opportunity to develop hotel/restaurant/ institutional (HRI) sector 	<ul style="list-style-type: none"> A vocal anti-GMO lobby threatens consumer acceptance of foods made with GM events.

sales. More high-end grocery stores in tourist areas outside San Jose metropolitan area.	
<ul style="list-style-type: none"> • Retailers are interested in carrying more U.S. products, including private label goods. 	<ul style="list-style-type: none"> • The free trade agreements with China, Colombia, Peru and the EU will increase competition from those exporters.
<ul style="list-style-type: none"> • Ministry of Agriculture will build new cold chain facilities in tourist areas which will facilitate imports of perishables, chilled and frozen foods. 	<ul style="list-style-type: none"> • Technical assistance from the EU may sway CR regulators to implement new regulations along EU models, which could work against US products.
<ul style="list-style-type: none"> • Numerous multinational companies have their regional headquarters in Costa Rica. 	<ul style="list-style-type: none"> • The Association Agreement with the European Union and its geographical indications requirements are creating problems for the import of certain U.S. products (in particular certain cheeses).
<ul style="list-style-type: none"> • Costa Rica is beginning to consume higher quantities of frozen foods. 	<ul style="list-style-type: none"> • The Ministry of Health has specific requirements for the wording of Certificates of Free Sale. Failure to meet these requirements slows down registering U.S. food products.
<ul style="list-style-type: none"> • Costa Rica is not self-sufficient in basic commodities and depends on imported grains and legumes. 	<ul style="list-style-type: none"> • Lack of resources and qualified personnel limit Costa Rica's participation in specialized committees of international standards setting bodies.
<ul style="list-style-type: none"> • Costa Rica generally supports science-based international standards, and participates in international standards setting bodies. 	<ul style="list-style-type: none"> • Central American harmonization of regulations could result in barriers to trade for U.S. products.
<ul style="list-style-type: none"> • Consumers trust the quality of U.S. food products and follow U.S. market trends. 	<ul style="list-style-type: none"> • South American grain competes aggressively with US grain on price and quality.
<ul style="list-style-type: none"> • A large percentage of the Costa Rican population is urban (roughly 60%), and of that a large share has a high disposable income (2013 income per capita of \$10,528). 	<ul style="list-style-type: none"> • Chinese black beans compete with US beans on price terms, due to a Chinese TRQ.

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 they collect 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.
- A personalized approach to business with consistent attention to service and delivery, frequent visits, and follow-ups, goes far in Costa Rica.
- Navigation of Costa Rica's import procedures can be tricky; work with experienced representatives, agents, and importers, there are many in the country.
- Trademark registration and protection is important.
- Contracts should be in writing and made through consulting top decision-makers.
- Display samples and volume flexibility in orders aid business dealings.

B. Consumer Tastes and Preferences

Traditional foods such as rice and beans remain staples in the Costa Rican diet, though new foods are readily accepted by the population. Costa Rica, for example, is the only country in the region where prepared foods comprise a significant portion of household food budgets. Beef, rice, breads, and vegetables, are typically the largest food expenditures for Costa Rican households. Soft drinks and dairy follow these items in household purchases, with milk being consumed more than cheese. In general, pork and fish are consumed less than other protein sources. Wheat and corn products are widely consumed by the general population but are consumed in greater quantities by urban residents than other populations.

Some differences do exist in the purchasing habits of consumers based on location. Rural consumers for example, consume mostly rice, beef, vegetables and sugar while urban residents tend to demand beef, bread, vegetables, and soft drinks. Urban consumers are likely to eat more chicken and other meats than their rural counterparts. Further, urban residents tend to be more health conscious in their dietary habits and also consume more prepared meals than other segments of the population.

The upper and mid-upper classes are the target of most U.S. consumer-oriented products, with these classes being both familiar and receptive to U.S. food and culture. These classes are apt to own microwaves and freezers and purchase food products accordingly. Higher socio-economic classes also tend to be the primary clients of supermarkets and fast food restaurants.

The study "Trends in Consumption of Fruit and Vegetables, Seafood in Costa Rican Families" presented by the Integral Agricultural Marketing Program (PIMA) presents a comparative analysis of the consumption of these foods in the year 2012.

According to the study, the reasons that fruits, vegetables and fish are included in family menus are because of their nutritional value and taste, with 45.2% and 35.5% respectively.

The five fruits which are most preferred by Costa Ricans in that study are bananas (14%), papaya (11%), oranges (10.6%), pineapples (10.3%) and apples (9.7%). Meanwhile, tomato (12.7%), potatoes (12.2%), cabbage (8.7%), carrots (7.6%) and lettuce (7.5%) were the most consumed vegetables.

In relation to seafood, 56.4% of the households surveyed reported having consumed the product in the last week, of which 31.6% preferred to stock up on these foods in the supermarket. However, though

higher-income consumers purchase the greatest quantities of fast food, they also consume the greatest quantities of health, gluten free and low calories foods .

Dining out is not uncommon for higher and mid classes but is usually reserved for weekends or special occasions.

http://www.centralamericadata.com/en/article/home/Costa_Rica_Trends_in_Consumption_of_Fruit_Vegetables_and_Fish

Lower and middle class consumers cook and eat most meals within the home and seldom dine in fine restaurants, but sometimes eat in fast food restaurants or cafeterias. Good quality items are not overlooked by these consumers, but price is the most significant factor in household food preferences. Overall, lower-income customers spend less on food than wealthier consumers, but shop more frequently.

C. Food Standards and Regulations [see Fairs Country Report-CR]

The international Codex Alimentarius norms serve as the basis for Costa Rica's food production and marketing regulations. Within Costa Rica four official entities are responsible for the regulation of food imports, including:

- 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 fruits and vegetables and other products of fresh fruit/vegetable origin, ornamental plants, fresh, chilled or frozen meat products.
- National Animal Health Service (Servicio Nacional de Salud Animal) – handles live animals, products of animal origin - fresh meat and meat products, milk, cheese, eggs etc., pet food, animal feed, and ingredients for pet/animal food.
- Customs Office (Dirección General de Aduanas) – handles procedures for taxation purposes.

D. General Import and Inspection Procedures

1. Product Registration [Fairs Country Report – CR]

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 for food and beverages has taken from two to three months to complete.

The Ministry of Health implemented a new digital registration process for products under its

supervision, including drugs, processed food products, cosmetics, bio-medical equipment, and natural products. The implementation of the new system is done. In October 2013 it began with drugs and in November of the same year, processed food products have started registering through this system. Registration, renewal, and post-registration changes are able to be completed using the new system. The new system has several goals, such as reducing the number of pending registration requests, reducing the waiting time to obtain approval of an application, standardizing the procedures, and eliminating paperwork. The new system is operating with a digital signature and digital copies of the required documentation. The required documentation is the same as before (please see below), although the time required to obtain approval is expected to be reduced substantially as compared to the time required before the implementation of the new system. Additional information regarding the registration system may be obtained by visiting the following website: <http://www.registrello.go.cr> 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: This form must be signed by the legal representative of the company.
- Free sale certificate issued by the health or other appropriate authority of the country of origin: This must indicate that the products being exported to Costa Rica are allowed for free sale and consumption in the country of origin. This document no longer needs to be authenticated by the Costa Rican consul or countersigned by the Costa Rican Ministry of Foreign Relations. Since Costa Rica joined The Hague Convention on Apostille, effective on December 14, 2011, the free sale certificate now only requires an Apostille issued in the United States by the State Department of the state where the free sale certificate was issued. 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: According to current regulations, this costs \$100 per product.

2. Certification [Fairs Country Report – CR]

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) is responsible for the registration and authorization of import permits for fertilizers and agricultural products imported into the country. Sanitary and phytosanitary certificates are required for importing bulk grain and horticultural products. Sanitary (USDA/FSIS) certificates are required for importing fresh and frozen meats. In the case of processed meats, these sanitary certificates (FSIS 9060-5) are also mandatory but are now accepted in place of a certificate of free sale (for these products only). Most processed food products - canned, boxed, or pre-cooked - do not require phytosanitary or sanitary certificates, but exporters should check with their importers, who are ultimately responsible for complying with local regulations.

3. Customs Clearance [Fairs Country Report – CR]

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 GOCR 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 phytosanitary 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 [Fairs Country Report – CR]

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 ninth year. The agreement opens TRQs for fresh potatoes and onions; however the tariff outside of the TRQ does not decline for these products. 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 into Costa Rica [Fairs Country Report – CR]

1. Product must be registered with Ministry of Health or Ministry of Agriculture depending on the product.
 - Allow at least 30 days for registration process.
 - Registration fee is \$100 per product.
2. Obtain Certificate of Free Sale issued by:
 - For wines and liquor: Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau. For other agricultural products: State Departments of Agriculture or State Departments of Health. For processed meat products, Costa Rica accepts FSIS Form 9060-5 “Export Certificate of Wholesomeness” as equivalent to the Free Sale Certificate.
 - Certificate must obtain an Apostille from a Department of State office of the State that issued the certificate of free sale
3. Send documentation to the importer.
4. Importer submits documents to Ministry of Foreign Relations for Spanish translation.
5. Importer contacts Customs Agent.
 - 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 (Id) or legal documentation in the case of a business entity.
 - 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).

6. After receiving necessary permits, Customs Agent completes a Customs Import Form to submit to the Customs Office where product will enter the country. Product may be subject to a random sampling physical inspection procedure upon arrival.
7. Customs agent pays import duties.
8. The product is cleared for market and the importer may retrieve the product.
9. 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, and any other information applicable to the specific product.

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-DR 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 and 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.
- FSIS Form 9060-5 – also known as an “Export Certificate of Wholesomeness”, is considered equivalent to the Certificate of Free Sale for processed meat products. Costa Rican law dictates that this certificate accompany every exported shipment of processed meat. This certificate in can be substituted in place of the certificate of free sale for processed meat products.
- 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 phytosanitary 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.
- Phytosanitary Certificate – All shipments of fresh fruits and vegetables, seeds, nuts, flour, rice, grains, lumber, plants, and plant materials require a federal phytosanitary 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.
- Sanitary Import Permit (also known as the Preliminary Sanitary Authorization) - The purpose of this certificate is to indicate any specific sanitary requirements that apply to the imported product. These requirements have to be certified in the Export Certificate of the country of origin by the exporting country authorities. This certificate is required by the Ministry of Agriculture

III. Market Sector Structure and Trends

A. Retail Food Sector

Costa Rican supermarkets chains are considering an optimistic 2016 driven by the opening in recent years of convenience stores, bakeries, 'sodas' (small low end restaurants), restaurants and hotels. Some establishments have reported an average annual growth of 20% in sales and they continue interested in expand their investments.

Supermarkets have been gaining prominence in recent years. Urban areas contain the majority of supermarkets, but they are gaining ground in rural settings as well. As retail supermarkets expand their reach and consumer base, they present an excellent opportunity for increased exports of agricultural products and processed foods; already 55 percent of food sold at supermarkets is estimated to be imported, with 32 percent of these imports being from the U.S. [Retail Food Sector Report-CR]. Of supermarket retailers within the country there are five major competitors based in a number of countries: Wal-Mart (United States), Gessa (Costa Rica), AutoMercado (Costa Rica), Price Smart (United States), and Megasuper (Colombia). Some of the most popular convenient stores are Fresh Market, AMPM and Vindi.

An example of the food service opportunities and new expansion strategies is the case of Mayca, were they reported in 2014 that half of the capital of the wholesale supermarket passed into the hands of the U.S. company Sysco Corporation US leading foodservice distributor. Universal de Alimentos also reported early 2015 a new distribution center measuring 2000 m² to one measuring 6,500 m², and in 2013 sales grew by nearly 20%. The chain Price Smart reported nearly 20% of its sales comes from institutional clients, which were not part of its approach when it came to the country 15 years ago.

The Business Group of Supermarkets (Gessa), Walmart and Automercado reported to the media that will increase their coverage in spite of the fact that they consider that the Costa Rican market is each time more competitive and after several years of being concentrated in their renewal strategy of expansion plan. In 2015 Gessa inaugurated five stores after they purchased Perimercados, Saretto and Supercompro. Their strategy is to have several socioeconomic segments with various formats, allowing them to have a bigger flexibility to grow up with new units of business in a competitive platform. As of today Gessa has 61 stores distributed in the whole national territory generating more than 2,000 employees and collaborators; however, they are projecting a growth of the 30 % in their payroll for the next years. Walmart currently has 220 stores and expects to grow more in 2016 with the inauguration of more sites with their formats Walmart, Mas x Menos, Maxi Palí and Palí. As of 2015, Walmart has invested more of \$100 million in openings and restorations of stores, modernization projects and agro industrial plants. Automercado expects to grow and to expand their new format known as Vindi.Supermarkets. This type of convenience store is a best venue for imported products.

Approximately 40 percent of food purchases within the country are made at supermarkets. Convenience stores and "mini-supers" (also known locally as "pulperias") - which are small local stores offering a limited selection of basic goods, are also commonly frequented by Costa Ricans, especially to supplement weekly purchases. Traditional markets, of which there are estimated to be around 13,000 in the country, remain popular in Costa Rica as well.

Middle to high-income clients are the target consumers of many supermarket chains, but price remains an important factor in consumer purchasing decisions. Several budget and discount-oriented retail outlets exist in Costa Rica. Due to increased competition between supermarket chains created from the growing number and format of supermarkets, retailers strive to offer high-quality products, diversify their product range, and offer in-store services. In particular this has resulted in the growth of prepared foods sold in stores. This trend has coincided with a rise in demand for convenience foods, including healthy convenient food options, which are now popular with consumers. High-end and budget

supermarkets and mini-supers alike are looking to target this niche.

Principal import and food distribution firms that can provide entry into retail outlets and to the food service sector include Ciamesa, Belca, Mayca/Sysco, and Pedro Oller; these firms are the primary source of imports for wholesalers, supermarkets, grocery stores and restaurants. Entry into smaller retailers is best accomplished through working with local distributors.

In 2015 four commercial centers were built, City Mall, City Place in Santa Ana, Ocean Mall in Puntarenas and Beach Walk in Jaco beach. City Mall in Alajuela is one of the largest openings that have been getting attention as being one of the largest malls in Central America.

B. Hotel, Restaurants and Institutions

Tourism is one of Central America's top areas of economic opportunity for 2010-2015, and Costa Rica's natural beauty extends from the Pacific Ocean to the Caribbean sea, yet it occupies only 20 thousand square miles. For such a small country (population 4.8 million) Costa Rica is one of most highly sought after tourist destinations in the region. Most of Costa Rica's future growth depends upon foreign investment and access to international markets. Costa Rica's territorial division includes 7 provinces: San José, Alajuela, Cartago, Heredia, Guanacaste, Puntarenas, and Limón. Together they offer an attractive tourist destination that include extensive rainforests, volcanoes, rivers, expansive beaches and natural resources safeguarded by an organization of national parks and forest reserves. In 2013, the total contribution from travel and tourism to GDP represented 12.1 percent of Costa Rica's GDP. The total contribution from tourism to employment, including jobs indirectly supported by the sector was 241,600 jobs (11.5 % of total employment). The Central Bank also plans to increase its foreign exchange reserves, which now represent about 14 percent of the GDP, by \$800 million over a 23 month period by purchasing dollars in the market.

Total foreign direct investment in Costa Rica amounted US \$2.18 billion in 2014 and it is forecast to reach US \$ 2.22 billion in 2015. Half of that investment has come from the United States. According to the Costa Rican Tourism Board, 55 percent of international tourists who visited the country in 2012 engaged in activities related to ecotourism, including trekking, flora, fauna, bird watching, and visits to rural communities. Tourism is one of the main economic sectors of Costa Rica, representing an important source of foreign currency for Costa Rica's economy and has generated more income than the production of the traditional crops banana, pineapple and coffee.

Though tourists consume local foods, they have international tastes and often prefer foods and beverages that are not available domestically. North Americans and Europeans in particular flock to Costa Rica and bring with them a demand for international cuisines. Tourists' food tastes are responsible for a large segment of food and agricultural imports, with top imports in the HRI industry being specific types of meat, alcohol, seafood, vegetables, and pastas. The large majority of tourism within Costa Rica is aimed at coastal areas along the Pacific and Atlantic.

The Central Valley and the San Jose Metropolitan Area is home to the largest domestic consumption base and majority of restaurants in the country. While no official data currently exists on the number of restaurants in Costa Rica, their presence has been growing country-wide. Urban eateries show great diversity in their offerings and it is no longer difficult to encounter cuisines from around the world in San Jose. Consumers in San Jose are also readily familiar with many restaurant franchises from the United States including Applebee's, KFC, Quiznos, Pizza Hut, Wendy's, Burger King, Popeye's, Cosí, Papa Johns, Nathan's, Mrs. Fields, PF Changs and Starbucks among others. Many of these franchises are thriving and have plans to open new store locations. Additionally, six new restaurant chains based in the United States are slated to open in the capital in 2016.

C. The Food Processing Sector

Bakery production accounts for the largest percentage of processing firms in the food industry.

Remaining non-bakery firms include such sectors as: 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.

Trade agreements with the United States, Mexico, Canada, the Dominican Republic, Central America, Chile, Peru, Panama, EU and China have pushed Costa Rica's processed food industry to improve its competitiveness. The use of high-quality domestic and imported food inputs has advanced greatly, thus enhancing the food processing sector. Costa Rica's competitive industries include: coffee, sugar, dairy goods, and deli meats. Recent strong growth has occurred for products such as fruit juice, salad dressing, palm oil, tubers, corn, and potato chips.

IV. Best High-Value Products Prospects

Many promising export opportunities exist for high-value consumer products from the U.S. to Costa Rica. The signing of CAFTA-DR in 2009 cleared the way for U.S. exports to enter Costa Rica with ease, and since then U.S. exports have grown robustly. The economic outlook in Costa Rica is promising as well; economic growth is steady and a solid base of middle to upper-class consumers is expanding in the country. Additionally, U.S. food products and food companies continue to permeate the market in Costa Rica as the Costa Rican public is both receptive and accustomed to U.S. food products. American food companies, restaurants, and supermarket chains, have been highly successful in Costa Rica and have a strong presence in the country.

Snack foods continue to gain popularity and exhibit positive consumption trends. In particular, bakery and confectionary products are showing impressive levels of growth as are savory chips and snacks.

Competition in the snack food market is present from Mexico and Guatemala as well as from domestic production [Global Trade Atlas]. However, domestic production of snack foods, particularly of confectionary goods, also presents opportunities for U.S. exporters of food ingredients. Baking inputs, shelled nuts, and intermediate cocoa products have all experienced over 90 percent growth by value from 2010 to 2014 [BICO]. Domestically produced snack foods are widely distributed throughout the country but are consumed principally by middle to lower-income consumers. Imported snack foods, in contrast, are targeted most directly at higher-income customers, and while they too enjoy wide distribution throughout the country, are found mainly in supermarkets and larger retail outlets.

Demand for healthy, and/or gourmet snack items is increasing. Snacks with natural ingredients, dried fruits, whole wheat, and high-quality ingredients are gaining ground with health conscious consumers. This trend for healthy products is not limited to snack foods either; demand for niche food items such as organic shelf products or gluten-free goods is expanding, which bodes well for U.S. exporters wishing to capitalize on this trend.

Meat exports to Costa Rica demonstrate excellent new opportunities for U.S. exporters as well. Pork products stand out as having great export potential; bacon, ham, and pork leg (especially during the winter months) are all popular imports at the moment. Exports of processed meats, prepared meats, and preserved meats between 2012 and 2014 expanded significantly, and consumption of prepared meats continues to grow. Furthermore, the import registration requirements for processed meats have newly been revised to reduce the number of forms required to bring these products into Costa Rica; these revisions should facilitate future growth for U.S. exporters in this sector.

Exports of dairy products, notably cheese and yogurt, are growing quickly and present superb export potential. Yogurt especially is gaining favor amongst Costa Rican consumers and imports of U.S. yogurt are high; room exists in the market for new brands, including specialty varieties such as Greek yogurt.

Remaining export sectors with impressive levels of growth include breakfast cereals, pet food and wine

and beer. Pet food exports to Costa Rica are expected to continue to grow. Many established U.S. pet food importers are present in Costa Rica and consumers there are increasingly willing to spend more on pet food products as income level in the country rises. Costa Rican pet food manufacturers also import a high percentage of their ingredients directly from the U.S., representing yet another potential market for U.S. entry. Wine and beer imports have also been making a splash in Costa Rica. The Costa Rican public is particularly receptive to world-wide beers, which though a small percentage of the market, have rapidly been gaining visibility in recent years. Costa Rican beer importers continue to seek high-value high-quality U.S. beers for introduction to the public at large.

V. Key Contacts

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Email: info@senasa.go.cr

Website: <http://www.senasa.go.cr/senasa/sitio/>

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