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GAIN Report

Global Agricultural Information Network

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Costa Rica

Exporter Guide

Exporting to Costa Rica

Approved By:

Kelly Stange, Agricultural
Attaché

Prepared By:

Marie Anselm, FAS Intern

Report Highlights:

Costa Rica is an extremely attractive market for U.S. exports. Exports between 2010 and 2011 increased 31% and are showing no signs of declining. CAFTA-DR, as well as a public highly receptive to U.S. food brands and retailers, makes 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.

Post:
San Jose

Commodities:

Executive Summary:

I. Market Overview

A. Business Customs and Trade

Costa Rica has achieved a fairly high level of economic development, which combined with its political stability, makes it one of the most promising trade partners in Central America. Exports of agricultural products to Costa Rica account for 17.6 percent of exports to the region [source: BICO]. The signing of the Central America-Dominican Republic-United States- Free Trade Agreement (CAFTA-DR) in 2009 has bolstered trade with Costa Rica and continues to encourage the expansion of exports to the country.

Exports of agricultural, fish, and forest products from the US to Costa Rica in 2011 reached a record \$665.8 million, an increase of 31 percent from 2010 [source: BICO]. Top US exports by major category were, in millions of dollars: bulk, \$412.4; intermediate, \$82.6; consumer-oriented, \$163.5; forest products, \$4.5; fish and seafood, \$ 2.8. 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. Rice is also a major export of the U.S. to Costa Rica. However, due to high rice subsidies from the government of Costa Rica (GOCR) to producers, the supply of domestic rice has grown and rice imports have dropped. Currently the rice subsidy rate is being resolved through Costa Rica's court system.

In contrast, the United States imported \$1.52 billion worth of agricultural products from Costa Rica in 2011; fresh fruit and bananas and plantains combined accounted for 53 percent of this total. 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 US include melon, fresh and processed fruits and vegetables, sugar, and nursery products. [Data source: BICO]

In addition to the United States, according to the Global Trade Atlas (GTA), Costa Rica's major import suppliers of agricultural, fish, and forest products in 2011 by value were: US (42.96 percent), Mexico (7.49 percent), Guatemala (6.55 percent), Nicaragua (5.39 percent), and Chile (4.97 percent).

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.

B. Economic and Demographic Overview

Costa Rica's economy is fairly diversified with services, tourism, agriculture, and high technology being the dominant economic sectors. However, tourism remains important for the country which has an international reputation as a top destination for ecotourism due to its abundant parks and biodiversity. As such, tourism provides a thriving market for US exports that cater to the tastes of international visitors.

Tourism suffered during the recession of 2009 which saw Costa Rica's GDP contract by 2.5 percent. Since then the tourism industry is recovering and the economy has rebounded, with GDP growing at a rate of 3.8 percent in 2011 and showing signs of continued growth in 2012. Unemployment increased slightly in 2011 to 7.7 percent, and inflation has remained at a rate of around 6 percent. Despite this, the domestic market for American agricultural products is promising. [Data source: Central Bank of Costa Rica]

Costa Ricans still enjoy the highest standard of living in Central America with a per capita income of about U.S. \$8,860. Rising income is expected to generate increased demand for consumer goods, including high-value food products, from this already steady consumer base. Also, it is worth noting that the domestic consumer base consists of international immigrants who migrate to the country. Americans represented 4 percent of immigrants to Costa Rica in 2011 according to the National Census, and the steady presence of American expatriates in the country helps to fuel demand for American products in Costa Rica. [Data source: Central Bank of Costa Rica]

Results from the National Population Census of 2011 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. 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.

D. Advantages and Challenges in the Market Advantages

Advantages

- Political stability
- Close proximity to US markets
- Fiscal incentives in free-trade zones
- CAFTA-DR:
 - phases out/lowers agricultural tariffs
 - Eradicates dealer protection regimes
 - provides US firms with non-discriminatory treatment in government procurement bids

Challenges

- High levels of bureaucracy
- Legal process/outcomes sluggish, uncertain at times
- U.S. recession hampering bilateral trade and investment activity
- Insufficient resources make investor protection, contracts, intellectual property laws, etc., difficult to enforce (though there have been recent attempts to remedy this)

- strengthens investor protection
- High levels of foreign direct investment
- Relatively high per capita income creates steady consumer base
- High levels of education, literacy
- High presence of American food establishments (restaurant franchises, retail stores, etc.)
- Consumers trust in the quality of U.S. food products and follow U.S. market trends
- Strong tourism sector provides opportunity to develop HRI sector sales
- More high-end grocery stores in tourism areas outside San Jose metropolitan area
- Public infrastructure lacks adequate maintenance (roads, bridges, water, electricity generation, etc.)
- Problems obtaining a Certificate of Free Sale make it difficult to register some food products
- Free Trade Agreement with China may increase competition

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 more prone 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. However, though higher-income consumers purchase the greatest quantities of fast food, they also consume the greatest quantities of health and diet foods. Dining-out is not uncommon for these classes but is usually reserved for weekends or special occasions.

Lower-middle and lower class consumers cook and eat most meals with the home and seldom dine in restaurants. 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

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

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 or not to grant registration. The Ministry of Health has five working days after all the required documentation is submitted to process the registration request. However, due to the volume of requests received it is not unusual for the registration process to take longer to complete. In response to importers complaints about registration procedures and registration time, the GOCR now allows food product registration via internet.

The GOCR is also implementing other procedures to expedite the process, such as allowing product registration at locations other than the Ministry of Health's headquarters.

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

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

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

1. Registration request form signed by the legal representative of the company.
2. Free sale certificate issued by the health or other appropriate authority of the country of origin, indicating that the products being exported to Costa Rica are allowed for free sale and

consumption in the country of origin. This document 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.

3. Original label of the product. If the label is in a language other than Spanish, an official translation of the label must also be attached. If the label is printed directly on the container, an original container and a copy of the label must be submitted.

4. Paid receipt of the registration fee, which according to current regulations is \$100 per product. Registration must be renewed every five years. The same requirements listed above are needed for renewal.

2. Certification

The Costa Rican Ministry of Health is responsible for the registration and authorization of import permits for food products. The Costa Rican Ministry of Agriculture and Livestock (MAG) 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

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

Costa Rica protects selected agricultural commodities with tariffs that significantly exceed the 15 percent common external tariff ceiling. These protected commodities include dairy products (40 to 65 percent) and poultry products (150 percent). Most tariffs on agricultural products range from one percent to 15 percent. CAFTA-DR eliminates tariffs on virtually all agricultural products within a maximum of fifteen years (dairy and rice in 20 years, and chicken leg quarters in 17). The agreement is currently in the seventh year. The agreement 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.

Basic steps for exporting U.S. processed food products into Costa Rica [see 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. The registration fee is \$100 per product.
2. Obtain Certificate of Free Sale issued by:
 - a. For wines and liquor: Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau
 - b. For other agricultural products: State Departments of Agriculture or State Departments of Health. For processed meat products, Costa Rica accepts FSIS Form 9060-5 “Export Certificate of Wholesomeness” as equivalent to the Free Sale Certificate.
 - c. Certificate must obtain an Apostille from a Department of State.
3. Send documentation to the importer.
4. Importer submits documents to Ministry of Foreign Relations for translation into Spanish
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" 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 form to submit to the Customs Office where the 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.

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 or eligible for export, and that the particular manufacturer has no unresolved enforcement actions pending before or taken by FDA. These certificates may be issued by FDA-CFSAN or by State governmental authority.
- Fumigation Certificate – Provides evidence of the fumigation of exported goods (esp. agricultural products, used clothing, etc.). This form assists in quarantine clearance of any goods of plant or animal origin. The seller is to fumigate commodity at their expense a maximum of fifteen (15) days prior to loading.
- 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.

Export Certificate Matrix

Product(s)	Title of Certificate	Attestation Required on Certificate	Purpose	Requesting Ministry
Dairy Products	Sanitary Import Permit	Attestation varies depending on the product, please see Section III for specific products.	Certificate indicates specific requirements to be met by export product.	Ministry of Agriculture
Live Animals	Sanitary Import Permit	Same as above	Same as above	Ministry of Agriculture
Beef	Sanitary Import Permit			Ministry of Agriculture
Pork	Sanitary Import Permit			Ministry of Agriculture
Poultry	Sanitary Import Permit			Ministry of Agriculture
Processed Meats	Sanitary Import Permit Free Sale Certificate		The Free Sale Certificate is required once for packaged meat products for registration purposes only. Registration valid for 5 years.	Ministry of Agriculture Ministry of Health
Fish and Crustaceans	Sanitary Import Permit			Ministry of Agriculture
Pet Food	Sanitary Import Permit			Ministry of Agriculture
Grains	Phytosanitary Import Permit			Ministry of Agriculture
Fresh Fruits and Vegetables	Phytosanitary Import Permit			Ministry of Agriculture
Plants and plant products	Phytosanitary Import Permit			Ministry of Agriculture
Processed	Certificate of Free	Indicates that	Required once for	Ministry of

Food Products	Sale or FSIS Form 9060-5 (for processed meat products only).	product is apt for human consumption and is of free sale in country of origin.	Registration purposes. Registration valid for 5 years.	Health
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III. Market Sector Structure and Trends

A. Retail Food Sector

Supermarkets continue to be the best venues for imported products to reach Costa Rican consumers. It is currently estimated that 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.

Supermarkets have been gaining prominence in recent years and there are now over 350 [see Retail Food Sector Report-CR] supermarkets in Costa Rica with this figure growing annually as supermarket chains routinely open new stores. 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.]. 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). Wal-Mart alone, by its own figures in 2011, owned more than 80 percent of supermarkets in Costa Rica [see: Retail Food Sector Report-CR].

Middle to high-income clients are the target consumers of many supermarket chains, but price remains an important factor in consumers 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 include Grupo Constenla, S.A., Belca, Mayca, 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.

B. Hotel, Restaurants and Institutions

A notable portion of Costa Rica's GDP, 12.3 percent in 2011, could be attributed to travel and tourism and this figure is forecast to rise 6.1 percent 2012. Costa Rica works hard to maintain its reputation as an international vacation destination and attracts many international tourists, 2 million in 2011, as a result [see: Hotel Restaurant & Food Service Report - CR].

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, 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 the upcoming year [source: La Nación CR Newspaper].

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, 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. 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 2011. 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 2010 and 2011 expanded significantly, and consumption of prepared meats continues to grow. Further, 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 U.S. 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.

Top Recommendations

Product Category	Recommend Products	US Import Value (Thousands USD)	Percent Growth (by value) 2010-2011	5 year Average Percent Growth (by value) 2007-2012
Processed Fruit & Vegetables	Broth, tomato paste, tomato products, potatoes, beans, peas, and lentils	30,200	24.77	33.22
Snack Foods	Corn chips, confectionary goods, microwave popcorn, baked sweet snacks, snack nuts and seeds	23,306	33.60	15.81
Fresh Fruit	Plums, peaches, apples, pears, grapes	19,924	14.88	20.72
Consumer Packaged Products	Soup, prepared ham, sausage, pasta products, prepared red meat	15,826	43.00	127.25
Pet Foods	Dry dog and cat food	10,499	43.19	15.98
Dairy Products	Yogurt, cheese, milk concentrate or sweetened	10,440	53.78	37.50
Red meats FR/CH/FR	Bacon, ham, frozen beef	8,441	4.40	39.06
Tree Nuts	Almonds, walnuts, mixed nuts	6,256	98.48	36.58
Breakfast cereals	Mixes and doughs, sugary cereals	5,851	72.09	25.38
Wine and beer	Beer, wine	2,058	40.77	30.26

V. Key Contacts

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

Department of Agriculture Foreign Agricultural Services (FAS)

Phone : (506) 2519-2285

Fax: (506) 2519-2097

Email: AgSanJose@fas.usda.gov

Website : www.fas.usda.gov

Mr. Steve Huete, Agricultural Counselor

Ms. Kelly Stange, Agricultural Attaché

Mr. Víctor González, Agricultural Specialist

Ms. Illeana Ramírez, Agricultural Marketing Assistant

Department of Commerce – U.S. Commercial Service

Phone: (506) 2220-2454

Fax: (506) 2231-4783

Email: san.josecr.officebox@mail.doc.gov

Website: www.export.gov www.buyusa.gov

Ms. Gabriela Lucke, Commercial Specialist

Mr. Victor Cambronero, Commercial Specialist

Mr. Roy Fernández, Commercial Specialist

U.S. Department of State – Economic Section

Fax: (506) 2519-2364

Website: www.sanjose.usembassy.gov/economic

Mr. Roy Perrin, Counselor for Political and Economic Affairs

2. AMCHAM (Local American Chamber of Commerce)

Cámara Costarricense-Norteamericana de Comercio – AMCHAM (Costa Rican- American Chamber of Commerce – AMCHAM)

Phone: (506) 2220-2200

Fax: (506) 2220-2300

Email: chamber@amcham.co.cr

Website : www.amcham.co.cr

3. Public Institutions

Ministerio de Salud (Ministry of Health) Dirección Atención al Cliente

Phone: (506) 2222-5749

Email: xarias@netsalud.sa.cr

Website: www.netsalud.sa.cr

Eng. Xinia Arias Quirós, Director Ministerio de Agricultura y Ganadería (Ministry of

Agriculture)

Phone: (506) 2290-5463

Fax : (506) 2231-2062

Email: sunii@mag.go.cr

Website: www.mag.go.cr

Servicio Fitosanitario (Plant and Animal Health Services)

Phone: (506) 2260-8300

Website: <http://www.sfe.go.cr/>

Servicio Nacional de Salud Animal (National Animal Health Service)

Phone: (506) 2260-8300

Email: info@senasa.go.cr

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

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