



Doing Business in Costa Rica

Costa Rica has enjoyed strong and stable economic growth (+4%) over the last few years. Costa Rica's political stability, high standard of living, and well developed social benefits system set it apart from its Central American neighbours. Foreign investors remain attracted by this, as well as by the incentives offered in the free-trade zones; Costa Rica has attracted one of the highest levels of foreign direct investment per capita in Latin America. Exports of bananas, pineapple, coffee, sugar, and beef are the backbone of its commodity exports. Various industrial and processed agricultural products have broadened exports in recent years, as have high value-added goods, including medical devices. The Netherlands is ranked as the second exporting partner of Costa Rica (2016), with total trade amounting to EUR 700 million (2017). Promising industries for Dutch businesses in Costa Rica consist of Life Science, Port development, Infrastructure & Logistics and Agrofood.

Costa Rica has 4.9 million inhabitants, with most of them living in the capital of San José and surrounding areas. Its central location provides access to American markets and direct ocean access to Europe and Asia. There are several factors that make Costa Rica an attractive country for doing business. The political system is stable, the level of education is high and the costs for land and labour are relatively low. In addition, the United States is close by, and Costa Rica has free access to the US market, as well as to the market of China and the European Union, through (free) trade agreements. The Free Trade zones provide incentives for manufacturing and service industries to operate in Costa Rica.

Due to these favourable conditions Costa Rica has the 49th most competitive economy in the world, with continuous economic growth. Of the US\$ 62 billion GDP, 5.5% is generated by agriculture, 18.6% by industry and 75.9% by services (2016). Medical equipment manufacturing, pharmaceuticals, financial outsourcing, software development, and ecotourism have become prime industries in the economy of Costa Rica. Costa Rica is the world's fourth largest high-tech exporter and the first in Latin America. In Costa Rica's history, exports of commodities like coffee have always played a key role.

Life Sciences

Costa Rica is number 1 in Latin America in the field of innovation and also the most important exporter of high-tech equipment. Many multinational companies in the medical sector have already settled in Costa Rica, mainly from the US, to outsource their activities. These include: Philips Medical, Baxter, Intel, Boston Scientific, St. Jude Medical Hospira, Hewlett-Packard, Proctor & Gamble, Motorola, Microchip Technology, Abbott Laboratories and Sykes.



The Life Sciences sector offers a wide range of opportunities for Dutch companies, including foreign direct investment, large public tenders, purchases from private hospitals and medical tourism. Costa Rica is the second exporter of medical devices in Latin America and the sector is booming. Dutch manufacturers of medical devices who want to minimize their costs would do well to investigate the possibilities for investments in Costa Rica.

Three important growth factors within the medical instrument sector are the following:

- The public market, where the Caja Costarricense de Seguro Social CCSS (social insurance) is almost entirely responsible for all purchases. CCSS is investing in new facilities and equipment due to renewal of materials and aging of the population.
- Medical tourism, for which Costa Rica is one of the most well-known destinations due to its high quality and relatively low prices.
- Costa Rica as a springboard location. Due to all the advantages mentioned before, this country is ideally suited as a location for, for example, assembly or processing before products are exported to the end market (in the region).

Port development, infrastructure & logistics

Costa Rica has the geographical advantage of having both ports on the Atlantic as well as the Pacific Ocean. Also, the proximity to the Panama Canal increases its advantageous location. During the year of 2016, 16.7 million MT passed through Costa Rica's maritime ports. This is an increase of 9% compared to 2015. Offloaded cargo constituted 55% of this amount, which is an increase of 7% with the previous year. Meanwhile, cargo loaded on the ships constituted the other 45% and increased by 11% compared to the year before. The main ports of Costa Rica are Limón-Moín and Caldera.

Puerto Moín

The port of Moín is the biggest port in Costa Rica, with almost 11.5 million MT of cargo per year. It is currently undergoing an upgrade and expansion. Van Oord and BAM International are constructing the first phase of development of the APM container in the Terminal of Moín. This is scheduled for completion around mid-2018 and will include among others 2 berths equipped with 6 post-Panamax cranes.



Upon completion of the final phase, it will consist of an area of 80 hectares, 1500 m of quay and 5 berths. This will be serving as a shipping hub for the Caribbean and Central America. Furthermore, the consortium ICA-MECO is constructing a petroleum dock in Moín commissioned by the Costa Rican petroleum refinery RECOPE. This should allow for the attendance of larger ships and higher efficiency.

Puerto Limón

Puerto Limón will be converted to serve only tourist purposes in the future. As such, it will be converted into a cruise port combined with a marina. Because of its focus on tourism, there will be an increased need for businesses that support this focus

on tourism, meaning that there will be a greater need for hotels, restaurants, shops and travel agencies offering trips in the region. Ultimately this should lead to a greater benefit for the ports of the local population.



Puerto Caldera

Puerto Caldera is the second biggest port of Costa Rica, with almost 5 million MT of cargo that passed through in 2016. A Chilean company SAAM has bought 51% of Puerto Caldera. As a result of this, new investments are planned for port expansion totaling to an amount of \$150 million. This will lead to new business opportunities.

Agro-food

Costa Rica's economy was historically based on agriculture, it's main cash crops are bananas and pineapples (3rd world producer), palm oil, coffee and dairy products. The agricultural sector is working hard to increase their productivity and sustainability. As such business opportunities are present in the areas of consultancy, financing, biomass conversion, food processing and packaging.

The strong growing middle class presents business opportunities for Dutch exporters in the sub-sectors of pet food, bakery products, frozen products, nutritional food and products for coeliacs and diabetics (gluten & sugar free) products.

Do's and don'ts in Costa Rica

Costa Rica is known for its natural beauty and its many volcanoes. It is one of the few countries in the world without an army. Costa Rica is also the first climate-neutral country in the world. Over the last few years, the country has become increasingly popular as a holiday destination. Doing business in Costa Rica requires a lot of patience and resilience.

Language

Spanish is the official language in Costa Rica. In larger companies, hotels and stores English is spoken as well.

Business meetings

A Costa Rican usually arrives late on an appointment. Not showing up at the appointment is no exception. To call for a new rescheduled appointment afterwards is not common. For the local entrepreneurs it is difficult to look beyond the present moment, and therefore long-term planning rarely occurs.

Communication

Politeness is important in Costa Rica. When someone enters a common room, it is custom to greet everyone. After the greeting of the counterparty the conversation starts. It is also necessary to wear decent clothing and to look neat.

Hierarchy

There is a strong sense of hierarchy in Costa Rican companies, where employees have little to no say in the management decisions.

Foods and drinks

The food in Costa Rica is simple in nature. A hearty breakfast with tortilla, bread or eggs with bacon or sausages is eaten every day. Gallo pinto is a typical Costa Rican dish. This is a mix of rice and beans served with eggs. Costa Rica produces the best coffee in the world. Fresh fruit juice with milk, together with coffee and beer, is one of the national drinks.

Promotional gifts

Gifts are not necessary in Costa Rica. Nevertheless, you can count on appreciation if you do bring a gift.

Business practices

It is uncommon for Costa Ricans to offer apologies, since this is perceived as a form of 'losing face'. As such, one should not expect a business partner to admit his mistakes. He will rather come up with an excuse than to admit he was wrong. Be as specific as possible when it comes to agreements and decisions, but remember nothing is truly set in stone and decisions can still change.

How can we support your business?

RVO instruments

RVO offers the following instruments to promote doing business with Costa Rica: Trade and Investment Fund (DTIF), Starters International Business (SIB) and subsidies for demonstration projects, feasibility and investment preparation studies (DHI). More information: <https://www.rvo.nl/subsidies-regelingen>

Costa Rican investment incentives

The Costa Rican government aims at stimulating foreign investment in Costa Rica through their Free Trade Zone Regime. You can also visit the website of [Procomer](#), [CINDE](#) or contact the Dutch embassy in San José.

Embassy of the Kingdom of the Netherlands in San José

The Dutch embassy is located in a central part of the business district of the capital of San José. The Embassy actively promotes the interests of Dutch companies and organizations in Central America. The Embassy offers the following services:

- Information about doing business in Central America (Tailor made and general/sectoral)
- Introduction to Embassy's network in Central America: we can provide introductions and organize networking events.
- Holland Promotion through participation in trade mission, exhibitions, visits, and social media
- Liaise between companies and Dutch government financing tools
- Help to troubleshoot when you face problems related to doing business in Central America

Contact details:

Embassy of the Kingdom of the Netherlands
Oficentro La Sabana, Edificio 3, piso 3
La Sabana Sur, San José
E-mail: sjo-ea@binbuza.nl

Published by:

Embassy of the Kingdom of the Netherlands in Costa Rica
<https://www.nederlandwereldwijd.nl/landen/costa-rica>

© Ministry of Foreign Affairs, June 2018

Official name	Republic of Costa Rica
Government type	Presidential constitutional republic
Population	+/- 4.9 million (2018)
Area	51 100 km ²
Time difference	UTC -6
Language	Spanish
Currency	Costa Rican Colón
GDP growth rate	3.2% (2017)
GDP per capita	USD 11 685 (2017)
Trade volume	USD 25.2 bn. Total Imports USD 15.3 bn. Total Exports USD 9,9 bn.
Inflation	1.63% (2017)
Global Competitiveness Index	47 th (2017)
Ease of Doing Business	61 st (2017)
Global Corruption Index	59 th (2017)
Main trading partners	USA, China, Mexico, Guatemala, the Netherlands
Major exports	Medical instruments, bananas, tropical fruits, integrated circuits, orthopaedic appliances (2015)
Major imports	Refined petroleum, automobiles, raw materials, consumer goods, capital equipment, construction materials (2015)
Netherlands FDI in Costa Rica	EUR 518 million (2015)
Dutch-Costa Rican trade	Dutch exports to Costa Rica €127 million – Dutch imports from Costa Rica €591 million (2017)