

Required Report: Required - Public Distribution

Date: December 20, 2022

Report Number: CS2022-0024

Report Name: Exporter Guide

Country: Costa Rica

Post: San Jose

Report Category: Exporter Guide

Prepared By: Laura Calzada, Agricultural Marketing Specialist

Approved By: Evan Mangino

Report Highlights:

With a stable democracy, predictable business climate, and economic growth fueled by a resurgent tourism industry, Costa Rica presents excellent export opportunities for U.S. food and beverage exporters in 2023. After record-setting exports in 2021, shipments of U.S. agricultural and related products to Costa Rica were 10 percent higher through October 2022, with growth in all major product categories. The Exporter Guide is a great place to begin your research into this dynamic Central American market.

Market Fact Sheet: COSTA RICA

Executive Summary

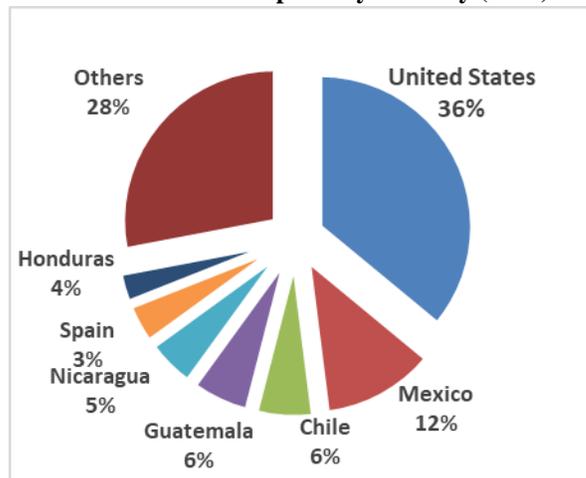
The United States is Costa Rica's largest trading partner and largest foreign direct investor. Costa Rican consumers trust and appreciate the excellent reputation of U.S. foods, beverages, and product ingredients, and exports have grown steadily since the implementation of the Dominican Republic - Central America Free Trade Agreement (CAFTA-DR) in 2009. Proximity to the United States is a major advantage for logistics and for U.S. exporters' ability to develop and service customer relationships. In [2021](#), U.S. agricultural exports to Costa Rica reached a record high of **\$997 million**, while Costa Rican agricultural exports to the United States were valued at **\$1.8 billion**.

Imports of Consumer-Oriented Products

In 2021, nearly all U.S. agricultural products entered Costa Rica tariff free under the CAFTA-DR, while several categories (notably dairy and rice) were subject to CAFTA-DR tariff rate quotas, which will be phased out by 2025. The chicken leg quarter quota phased out on January 1, 2022, and export volumes through October were up 30 percent.

Strong market prospects for U.S. consumer-oriented products such as beef, pork, poultry, dairy, wine and beer, snack foods, ready-to-eat meals, frozen food products, condiments, cereals, and pet food continue to drive strong category growth. U.S. exports of consumer-oriented products reached \$394 million in 2021, 25 percent above the 2019 record high.

Consumer-Oriented Imports by Country (2021)



Source: Trade Data Monitor LLC

Contact: FAS/San José – AgSanJose@usda.gov

Food Processing Industry

Most Costa Rican food processors import ingredients directly from exporters and few rely on importers and distributors. Processors have their own distribution channels to wholesalers, distributors, and retailers, as well as hotels, restaurants, and institutional industries nationwide. Distribution channels for local and imported products differ significantly.

Food Retail Industry

Costa Rica's retail sector consists of supermarkets, hypermarkets, mini-marts, and approximately 20,000 mom-and-pop shops. Consumers are price sensitive, and the popularity of bulk formats continues to grow.

<i>Quick Facts 2021</i>	
Imports of U.S. Consumer-Oriented Products	\$394 million
Top 10 Growth Products	
1) Beef, Pork and Poultry	6) Condiments
2) Dairy	7) Food Preparations
3) Processed Vegetables	8) Seafood
4) Bakery Goods	9) Pet Food
5) Cereals	10) Beer
Top 10 Retailers	
1) Walmart	6) Mega Super
2) AutoMercado	7) Fresh Market
3) Pali	8) Pequeño Mundo
4) Perimercados	9) Mayca Retail Stores
5) PriceSmart	10) Saretto
U.S. Food and Beverage Exports to Costa Rica	\$997 million
Population	5.2 million
Unemployment rate	13%
GDP (billions USD)	\$64.28
GDP (per capita)	\$12,508
Exchange rate	620 colones : \$1 USD

Sources: Central Bank of Costa Rica and INEC

Strengths	Weaknesses
U.S. products are well-known and perceived as high quality	U.S. products are often undercut by regional competitors on price.
U.S. products largely enter duty free and quota free.	English language labeling and marketing materials.
Opportunities	Challenges
Costa Rican consumers are becoming more sophisticated in their food preferences	Buyers have cultural linkages to European and Central or South American suppliers.
Chefs are looking to introduce new trendy foods and are open to new concepts.	Costa Rica has many levels of bureaucracy that can slow the importation of food products.

SECTION I. MARKET OVERVIEW

Costa Rica is the oldest continuous democracy in Latin America, with more than 75 percent of its population of 5.2 million living in the metro area around San José. Other cities in Costa Rica include Cartago (156,600 people), Limón (105,000), Puntarenas (102,504), and Liberia (98,751). According to national statistics, there were 1.65 million households in Costa Rica in 2021. Among households with children, 70 percent have one child, 21 percent two children, 8 percent have three children, and only 2 percent have four children or more.

Costa Rica is considered an upper middle-income country, with a per capita gross domestic product (GDP) of \$12,508 in 2021. Steady economic growth over the last 25 years has been driven by an outward-oriented strategy, based on foreign investment and trade liberalization. Costa Rica has a well-educated labor force, close geographic proximity to the United States, and attractive free trade zone incentives appealing to multinationals, especially in the age of ‘near-shoring.’ Despite its small size and population, Costa Rica is a global leader on climate and environment issues, producing more than 98 percent of its electricity from renewable sources. Tourism, services, and technology drive the economy.

The United States remains Costa Rica’s largest trade and investment partner. Approximately 53 percent of all foreign direct investment, and 40 percent of all imports are of U.S. origin. Costa Rica ratified the Central American Free Trade Agreement (CAFTA-DR) with the United States in 2009, eliminating nearly all tariffs on agricultural imports over the last 13 years; remaining tariffs on rice and dairy products will be eliminated on January 1, 2025. U.S. agricultural exports to Costa Rica reached a record of \$1 billion in 2021, driven by nearly 40 percent increases in bulk and consumer-oriented products.

Costa Rica largely does not produce bulk commodities, except for rice and black beans. It relies upon imports to satisfy 100 percent of the consumption of wheat, yellow corn, and soybeans for crushing to support the chicken, pork, and dairy industries. Significant imports of rice and dried beans are necessary to meet local demand as well.

Table 1. Costa Rica Market Overview Summary

Advantages	Disadvantages
U.S. geographic proximity provides logistical advantages for marketing and trade.	U.S. products from the Western United States and the upper Midwest face higher transportation costs relative to Central American suppliers.
U.S. exporters can supply different volumes according to local demand and are viewed as a reliable supplier.	Low-volume shipments of high-value products face additional costs since they must go through freight consolidators in Miami or other ports.
Lower duties for almost all agricultural products under CAFTA-DR. Tariffs on nearly all U.S. agricultural products were phased out in 2020.	U.S. food exporters are not geared to meet the needs of smaller retailers (20,000 ‘mom & pop’ stores), which sell items packaged in small sizes.

Advantages	Disadvantages
The food processing industry requires a wide range of ingredients as well as high-value consumer-oriented and processed foods.	Increasing competition in the food processing sector from Central America, South America, and China.
U.S. food products are competitive in terms of price and quality.	Costa Rican rice distributors and consumers prefer South American rice attributes, and 2022 tariff cuts increased South American rice availability.
Costa Rica has an on-line product registration system, which has reduced registration times for new imported products.	Slow and cumbersome bureaucracy poses a challenge to doing business in the country.
Costa Rica recognizes the equivalence of the U.S. meat and poultry inspection systems, eliminating the need for approval of individual plants.	Costa Rica requires facility registration for dairy, seafood, lamb, and egg products. The plant approval process generally takes several months.
A strong tourism sector (domestic and international) supports strong food service opportunities for U.S. exporters.	Relatively high prices compared to regional tourism destinations and domestic transportation challenges.
Costa Rica is not self-sufficient in commodities, depending on imported grains and legumes.	South American grains compete aggressively with U.S. grains on price and quality.
Costa Rica generally supports science-based international standards.	Chinese black beans compete with U.S. beans on price because of a Chinese TRQ.
Costa Ricans are beginning to consume higher quantities of frozen and prepared foods.	Regional suppliers of prepared foods are price competitive, attuned to local flavor profiles.

SECTION II. EXPORTER BUSINESS TIPS

The Costa Rican market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. Negotiations in Costa Rica tend to proceed at a slower pace than those in the United States. Below are some important characteristics that should be noted:

Market Access

FAS San José recommends the following steps when entering to the Costa Rican market:

1. Do your homework – investigate import requirements and comparable product availability/pricing.
2. Identify a reliable importer/distributor, knowledgeable in your product category and of Costa Rican regulations and import procedures.
3. Consider whether participating in a trade show (including virtual) or participating in USDA- or SRTG-funded promotional activities could assist in finding a dependable import partner.

Other important elements to consider while doing business in Costa Rica are:

- A personalized approach to business – with consistent attention to service and delivery, frequent visits, and follow-ups – is important in Costa Rica.
- Navigation of Costa Rica’s import procedures can be tricky. It is best to work with experienced representatives, agents, and importers – there are many in the country.
- Costa Rican law provides two main forms of representation: a representative and a distributor. The representative can also be considered an agent. It is possible for one person to be both a representative and agent or a distributor at the same time.
- Once a potential representative, the next step is to negotiate an agreement. The content of this agreement is extremely important, as it will determine the legal basis for any relationship between the exporter and the representative. Engaging a qualified lawyer is strongly advised.
- Once a partner has been selected, the U.S. firm should obtain business and/or credit reports on the Costa Rican company, as part of the U.S. firm’s due diligence.
- Contracts should be in writing and made through consulting top decision-makers.
- Marketing funds and flexibility in purchase order volumes support business contract dealings.
- Credit terms: 3 to 4 months can pass between the time the importer places an order with an exporter to the time they collect payment from retailers.
- Trademark registration and protection is important.
- Printed materials should be in Spanish, although most Costa Ricans in the business sector are bilingual.

In addition, the U.S. Department of Agriculture’s Foreign Agricultural Service (FAS) provides trade services at no cost to U.S. companies interested in exporting agricultural, fishery, and forestry products. FAS works with USDA agencies and other U.S. food safety-related agencies (the United States Food and Drug Administration) to coordinate the U.S. Government response to sanitary, phytosanitary, and technical barriers to trade, including challenges posed by new procedures introduced at ports or acquiring, translating, and coordinating the U.S. Government response to draft regulations that could affect U.S. exports.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS

U.S. exporters should consult the latest FAS/San José Food and Agricultural Import Regulations and Standards (FAIRS) report (available [here](#)) to better understand the regulatory requirements applicable to their product. Key Costa Rican regulatory agencies and resources are linked below:

[Ministry of Health Registration and Control Department](#) (Ministerio de Salud, Dirección de Registros y Controles) handles processed foods and beverages.

[Plant Health Service](#) (Servicio Fitosanitario del Estado) handles grains and oilseeds, fresh fruits and vegetables and other products of fresh fruit/vegetable origin, ornamental plants.

[National Animal Health Service](#) (Servicio Nacional de Salud Animal) handles live animals and products of animal origin – fresh meat and meat products, milk, cheese, eggs, etc. – pet food, animal feed, and ingredients for pet/animal food.

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

Overall Business Climate and Consumption Trends

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 account for a significant portion of household food budgets. Beef, rice, breads, and vegetables are typically the largest food expenditures for Costa Rican consumers. Soft drinks and dairy products follow these items in household purchases, with milk being consumed more than cheese. In general, all meat, poultry, and pork products are well received, and local consumption is increasing. Seafood is starting to increase, however is consumed less than other protein sources. Wheat- and corn-based products are widely consumed, in greater quantities in urban areas.

According to different consumer preference surveys, the population with the highest average income in the country shows interest in vegan, vegetarian, organic foods, and foods with less sugar. Among those showing interest in vegan foods, seven out of ten are between 21 and 50 years old.

The importance of environmentally friendly packaging alternatives is growing as a result of heightened awareness about material sourcing and environmental impacts. Costa Rica implemented a ban on styrofoam packaging and containers in August 2021.

Food Processing Sector

Costa Rican food processors continue to rely on imported ingredients and raw materials to grow their operations. A more in-depth analysis of the food processing and ingredients market is available in the [Food Processing Ingredients GAIN Report](#).

Retail Food Sector

There are good market prospects for U.S. consumer-oriented products, including beef, pork, poultry, dairy, wine, beer, snack foods, condiments, natural/organic food products, and bakery goods/cereals/pasta. U.S. exports of consumer-oriented products have demonstrated impressive growth in recent years, reaching \$394 million in 2021. More information on the retail sector in Costa Rica is available in the [Retail Foods GAIN Report](#).

Hotels and Resorts

Costa Rica temporarily closed its borders in March 2020, as part of its pandemic response measures. According to the Costa Rica Tourism Board (ICT), tourism levels in September 2022 had returned to 76 percent of September 2019 levels, with U.S.-origin tourism flows up 35 percent from pre-COVID levels. Of the more than 1.6 million travelers arriving in Costa Rica by air through September 2022, more than 70 percent came from North America, including approximately 1 million U.S. tourists.

Hotels and resorts in Costa Rica offer a wide range of accommodations for the growing business and tourism industries, with a special emphasis on eco-tourism. The popularity of peer-to-peer rental

properties – through platforms such as Airbnb or HomeAway – is growing and having a measurable impact on the hotel industry in Costa Rica, especially in the Pacific Northwest (Guanacaste) region. More information on the hotel sector is available in the [Food Service – Hotel Restaurant Institutional GAIN Report](#).

Food Service Sector

As the COVID-19 pandemic began to take hold, thousands of restaurants were quickly forced to close, including many that will unfortunately never reopen. Food service operations adapted inventories and operating formats – smaller volumes and smaller turnover – to serve a principally local customer. Restaurants continue to innovate in use of technology and sanitary protocols, such as scanning QR codes with smartphones instead of menus and reducing physical contact with servers. As digital orders more than doubled across nearly every category of foodservice in 2020, restaurants gained access to vast quantities of new consumer data that have helped operators better understand consumer behavior and preferences.

Restaurant sector growth is slow, but offers U.S. exporters opportunities to supply international franchises and fine dining outlets in the San José area. In recent years, neighborhoods in eastern San José have become culinary focal points, with innovative establishments in old neighborhoods of Amon, Otoyá, Aranjuez, Dent, Los Yoses and Escalante. Costa Rican cuisine generally includes lightly seasoned fresh fish, chicken or beef, grilled plantains as well as black beans and rice. More information on the food service sector is available in the [Food Service – Hotel Restaurant Institutional GAIN Report](#).

Table 2: Most Popular Franchises in Costa Rica

Franchises	Points of Sale
Subway	72
Pizza Hut	70
McDonalds	66
Taco Bell	42
Burger King	32
Kentucky Fried Chicken	47
Domino’s Pizza	5
Catón	3

Source: *El Financiero*

SECTION V. FOOD and AGRICULTURAL IMPORTS

Costa Rica’s economic recovery is expected to continue in 2023, providing excellent opportunities for high-value, consumer-oriented products from the United States. U.S. companies, restaurants, and supermarket chains have been highly successful in Costa Rica, developing a strong presence in the country. Meat, pork, and poultry sales have increased substantially in recent years. Bakery and confectionary products have shown impressive levels of growth, as have savory condiments and sausages. Gourmet products and prepared food are widely distributed throughout the country. These products are consumed principally by high and medium-income consumers.

Demand for healthy and gourmet snack items is increasing as well. Gluten-free snacks and organic products and ingredients, dried fruits, whole grains, 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 packaged goods, gluten-free goods, non-dairy and vegetarian/vegan products and plant-based foods, is expanding, which bodes well for U.S. exporters seeking to capitalize on this trend.

Meat and meat products continue to enjoy excellent opportunities for growth under the CAFTA-DR Agreement, with pork products (bacon, ham, and pork leg) standing out. Exports of processed, prepared, and preserved meats expanded significantly between 2017 and 2021, and consumption of prepared meats continues to grow. CAFTA-DR tariff rate declines have also provided opportunities for U.S. black beans and pulses, exports of which rose to \$16 million in 2021.

Costa Rican consumers continue to look for new dairy products, prices for which are quite high in Costa Rica. Unfortunately, facility registration requirements for new-to-market U.S. dairy facilities substantially extend the time needed to enter the Costa Rican market, and import volumes remain will limited by restrictive CAFTA-DR tariff rate quotas through January 1, 2025.

Other export sectors with impressive levels of growth include snack foods, non-alcoholic/juice beverages, nuts, processed vegetables, chocolate & cocoa products, and pet food.

Table 3. Costa Rican Imports from Top Agricultural Suppliers

Partner Country	Calendar Year (Value USD)				
	2017	2018	2019	2020	2021
World	1,790,031,091	1,883,465,698	1,896,572,129	1,903,395,753	2,403,963,392
United States	811,505,103	873,640,430	839,859,364	838,056,309	1,122,560,002
Mexico	138,361,897	146,650,533	153,440,860	152,473,056	188,383,542
Nicaragua	112,032,900	105,930,342	113,245,903	114,117,670	128,447,742
Canada	67,299,312	69,353,953	76,853,781	80,338,302	106,942,827
Guatemala	86,056,187	88,734,912	87,172,051	82,367,104	87,713,785
Brazil	27,862,493	44,528,653	45,044,844	73,667,189	80,405,686
Chile	96,684,718	86,773,766	80,929,581	69,937,113	78,682,966
Honduras	26,293,697	31,544,656	44,480,644	43,486,669	59,297,461
Spain	37,017,557	38,802,945	41,484,531	43,432,823	59,188,775
Netherlands	31,379,043	27,338,197	29,882,457	29,607,410	42,933,062
China	45,210,983	39,428,068	40,666,926	38,773,453	40,900,406

Data Source: Trade Data Monitor, LLC.

Note: Values in this table reflect CIF landed values of imports recorded by the Costa Rican National Institute of Statistics, and these numbers differ from U.S. Census Bureau data drawn from the FAS Global Agricultural Trade System used throughout the report.

Table 4. Leading Consumer-Oriented Categories for U.S. Exports in 2021

Product Category	U.S. Exports to Costa Rica in Million USD	Opportunities for U.S. Suppliers
Dog and Cat Food	46*	High Demand for quality pet food has grown rapidly. Consumers will continue to demand more convenient and healthier products for their pets. Consumers of this products are increasing.
Pork & Pork Products	42*	With CAFTA, Costa Rica recognized the equivalence of the U.S. meat inspection systems for beef, pork, and poultry, eliminating the need for approval of individual plants.
Processed Vegetables	\$39*	Consumer demand for processed vegetables has grown since the start of the COVID-19 crisis.
Poultry & Poultry Products	\$33*	The upward trend in regional chicken meat consumption has been steady in recent years. Consumers are looking for protein in their diets with a reasonable price and good quality / consistency.
Beef & Beef Products	\$32*	Consumers are searching for more U.S. beef cuts.
Dairy Products	\$32*	Demand for cheese has plateaued somewhat in the face of relatively high retail prices for cheeses of all varieties, including processed and natural cheeses. Wealthier buyers are interested in gourmet options.
Food Preparations	\$27*	Retail and food service outlets support growing demand for food preparations that economize on preparation time.
Bakery Goods, Cereals and Pasta	\$26	Costa Rican consumers are searching for new bakery trends and nutritional cereals and tasty flavor pasta.
Condiments and Sauces	\$18*	Ethnic flavors and natural products are becoming more popular with consumers. Demand for products such as stock cubes, ketchup, mayonnaise, and spicy sauces continues to grow. Consumers seek innovation within more specialized products, including other table and cooking sauces, as well as in trendy herbs and spices, such as turmeric and multicolor peppercorns.
Processed Fruit	\$6*	Consumer demand for processed fruits has grown since the start of the COVID-19 crisis.
Seafood Products	\$6*	Seafood products demand is increasing, helping drive U.S. seafood exports to Costa Rica to a 2020 record high. Growing health-consciousness and the perceived benefits of consuming finfish and shellfish should help maintain demand for seafood.

Data Source: U.S. Census Bureau Trade Data

*Denotes record high export levels

VI. KEY CONTACTS AND FURTHER INFORMATION

U.S. Department of Agriculture, Foreign Agricultural Services, San José, Costa Rica

Phone: (+506) 2519-2285

Email: AgSanJose@usda.gov

FAS Website: <https://www.fas.usda.gov/regions/costa-rica>

Key GAIN Reports for Costa Rica

REPORT #	TITLE	DATE
CS2022-0004	Food Processing Ingredients Report	March 23, 2022
CS2022-0015	Retail Foods	June 29, 2022
CS2022-0013	Food and Agricultural Import Regulations and Standards Country Report	June 28, 2022
CS2022-0014	Food and Agricultural Import Regulations and Standards Export Certificate Report	June 28, 2022
CS2022-0018	Food Service- Hotel Restaurant Institutional	September 28, 2022

Department of Commerce Country Commercial Guide: <https://www.trade.gov/country-commercial-guides/costa-rica-market-overview>

Key Data from the World Bank: <http://data.worldbank.org/country/costa-rica>

Attachments:

No Attachments