DOING BUSINESS IN COSTA RICA

Population 5 M I GDP Growth 4.3% (*est. 2024) I GDP PC $27K |
Still Wine Imports 759K 9 liter cs

Rise of a sophisticated middle class and influx of North American expats have given the wine category room to grow. Highly competitive wine business environment dependent on discounting creating hurdles for brand building and volumes. High end tourism and retirees in areas like Guanacaste, Central Pacific and Manuel Antonio create opportunities for AVAs they recognize (Napa, Sonoma, Paso Robles).

Wine in Costa Rica

Total Addressable Market

Total Still Wine Category 764M 9 lt cases, imported led by Chile with 346K cs(-9%) followed by Spain 173K cs (-0.4%) and Argentina 108K (+6%) US wine imports 19K cs (-1.3%).

Consumption Trends

Total still wine category declining (-4.4%) with younger people drinking less often. Tourism numbers not growing as expected.

Still Wine: Selected New World Wine Varietals

000s 9-litre Cases

Category	2024	2025	Market Share 2025	CAGR 2024–25	CAGR 2020–25
- Cabernet Sauvignon	141.97	144.22	30.3%	1.6%	11.8%
- Merlot	53.36	70.69	14.8%	32.5%	6.9%
- Malbec	53.07	59.35	12.4%	11.8%	1.3%
- Sauvignon Blanc	46.37	49.73	10.4%	7.2%	0.3%
- Chardonnay	24.91	26.12	5.5%	4.9%	4.0%
- Carménère	9.70	12.77	2.7%	31.6%	-2.9%
- Pinot Gris/Pinot Grigio	11.40	12.55	2.6%	10.1%	11.3%
- Shiraz/Syrah	6.73	5.63	1.2%	-16.3%	4.0%
- Pinot Noir	4.93	5.43	1.1%	10.1%	-7.3%
- Zinfandel	1.10	1.00	0.2%	-9.1%	-4.4%
- White Zinfandel	0.90	0.75	0.2%	-16.7%	0.0%
- Chenin Blanc	1.10	0.58	0.1%	-47.3%	8.8%
- Pinotage	-	0.00	0.0%	-	-100.0%
- Other Varietals	147.46	87.68	18.4%	-40.5%	-21.2%

Source: IWSR

*https://openfactbook.org/

Trading Notes for Wineries

The off-premise represents 86% of wine consumption. Aggressive discounting in the two major supermarket chains absorbing budgets and limiting brand building and education. Supermarkets are importing brands directly putting pressure on importers and limiting shelf space. Traditional off premise route to market challenged by heavy discount requirements by chains with threat of delisting if brands do not participate.

On-premise represents 14% - High spending eco-travelers in luxury resorts creates opportunity for the HORECA channel development. Local "Tico" culture increasingly sees wine as a lifestyle and status choice. Low quality perception of Chilean affordable wines opens avenues for those learning about wines to try different regions and varietals.

Market Insights

- Tariff – Free access to the market via CAFTA-DR treaty
- Strong local currency (Colon) leading to parallel product entering from Panama disrupting the market
- Spain outperformed other countries of origin from quality to value perception
    - Opportunity to position California as a premier wine producer region
- Spain, Italy and Argentina gaining market share from eroding Chilean volumes
- Heineken recent acquisition of largest beer producer FIFCO (also distributor of other alcoholic beverages including wine) creating shifts in brand alignments.
- Local community is highly receptive to education and seminars. Participate in local wine fairs and events to develop brand loyalty and equity.
- Focus on varietals and areas that have a strong recognition for quality from California like Cabernet Sauvignon, Chardonnay, Pinot Noir.

Taxes, Shipping and Terms

- With CAFTA-DR trade agreement US wines are exempt from import tariffs. (**DAI = Derecho Arancelario de Importacion**)
- All duties and taxes in Costa Rica are calculated based on the CIF (Cost, Insurance, and Freight) value of the shipment
- **A. Selective Consumption Tax 10% All Wines (ICS)**
  - CIF x 10%
- **B. Specific Alcohol Tax**
  - Wines with up to 15% abv pay CRC$3.66 per milliliter of alcohol
  - Fortified wines between 15% and 30% abv pay CRC$4.35 per milliliter of alcohol
- **C. Value Added Tax (VAT/IVA) 13%**
  - Not calculated on landed cost but on an assumed commercial profit margin to establish the taxable base
  - Assumed tax base: 60%
  - VAT = (CIF + DAI +ICS + Specific Alc Tax) x 1.6
  - This VAT is paid upfront at customs

- <u>**Regulatory Compliance and Barriers**</u>
- One of the greatest bottlenecks s product registration. Every SKU needs to be registered with the Ministerio de Salud (Ministry of Health) through their online portal to clear customs.
  - Certificate of Free Sale
  - Detailed composition formula
  - Compliant back labels
    - Reworked before arrival or in market
- The process is slow and can take from 6 months to one year

Notable Importers

Grupo Pampa CRC

Distribuidora Isleña de Alimentos S.A.

Delika, S.A.(Bottega)

Alpiste Ltda.

Florida Wines and Spirits(FIFCO)

Pricing Guidelines for Importers

		$	1.00	$	455.00
Tax Component	Calculation Formula		USD		COLON
CIF Value	Base Value of Bottle + Shipping + Insurance	$	10.00	$	4,550.00
DAI (Tariff)	$10.00 x 0% (CAFTA-DR)	$	-	$	-
Ley 6946	$10.00 x 0% (CAFTA-DR)	$	-	$	-
ISC (Excise)	$10.00 x 10%	$	1.00	$	455.00
Impuesto Específico	750ml x 13.5% = 101.25ml pure alcohol 101.25ml x ¢3.66 = ¢370.58 CRC / 455	$	0.81	$	370.58
Subtotal for VAT Base	750ml x 13.5% = 101.25ml pure alcohol 101.25ml x ¢3.66 = ¢370.58 CRC / 455	$	11.81	$	5,375.58
VAT Tax Base	$11.71 x 1.60 (60% Presumed Margin)	$	18.90	$	8,600.93
IVA (13%)	$18.90 x 13%	$	2.46	$	1,118.12
Total Taxes Paid at Customs	ISC ($1.00)+ Specific ($0.81) + IVA ($2.46)	$	4.27	$	1,943.70
Landed Cost for Customs	CIF ($10.00) + Total Taxes ($4.27)	$	14.27	$	6,493.70
Local Port and logisitics	Customs Broker, transport to San Jose Warehouse	$	1.00	$	455.00
Landed at Warehouse		$	15.27	$	6,948.70
Distributo Margin	35%	$	8.22	$	3,741.61
List Price		$	23.50	$	10,690.31
Retailer Margin	30%	$	10.07	$	4,581.56
Shelf Price		$	33.56	$	15,271.87

Price Tiers

Category	2024 (000s 9L Cases)	2025 (000s 9L Cases)	Market Share	CAGR 2024–25	Price Range (CRC$)
Prestige-Plus	0.04	0.03	0.0%	-25.0%	Over 285,000.01
Prestige	0.18	0.18	0.0%	0.0%	120,000.01 to 285,000.00
Ultra-Premium	3.86	3.92	0.5%	1.6%	60,200.01 to 120,000.00
Super-Premium	51.53	48.91	6.4%	-5.1%	39,500.01 to 60,200.00
Premium	142.79	139.45	18.3%	-2.3%	25,941.40 to 39,500.00
Standard	188.75	180.31	23.6%	-4.5%	12,100.01 to 25,941.39
Value	233.80	218.15	28.6%	-6.7%	6,050.01 to 12,100.00
Low-Price	178.55	173.05	22.7%	-3.1%	6,050.00 and under
Still Wine	**799.50**	**764.00**	**100.0%**	**-4.4%**	

Cultural Awareness and Considerations

- The market peaked at 1M cases before the pandemic and has not recovered since.
- Compounding effect of taxes can push a mid tier California wine to the Premium and above price range.
- Recommended to use refrigerated containers (reefers) from to avoid heat damage during transit.
- Confirm distributors have temperature-controlled warehouses to preserve wine quality.
- It's standard for distributors to match A&P on a per case to build budget for tastings, seminars, and educational activities.
- Use the local appetite for wine knowledge and education to gain distributor and consumers hearts and minds.
- As with most of the region, highly relationship driven market.
- Work with local distributor to plan ahead for targeted launch dates and prevent bottlenecks from Health Registrations.

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CALIFORNIA WINES