

# Leading Sectors for U.S. Export and Investment

## Commercial Sectors

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## Paper and Paperboard - Leading Sector #1 Overview

	2002	2003	2004 (estimated)
Total Market Size	230.9	264.7	273.3
Total Local Production	54.0	64.8	71.3
Total Exports	49.8	54.4	60.0
Total Imports	226.7	254.3	262.0
Imports from the U.S.	140.4	154.8	159.4

\* The above statistics are based upon industry sources and official trade data provided by the Costa Rican Custom Directorate.

Costa Rica is one of the largest importers and consumers of paper and paperboard per capita in Central America and the Caribbean. The market size for paper and paperboard has risen from US\$222.4 million in 2001 to US\$264.7 million in 2003.

The paper and paperboard market fell from 2000 to 2002, particularly for kraftliner paper and paperboard used for corrugated boxes. After a decline in the banana sector from 1999 to 2002, the sector recovered in 2003 as exports rose to 111.8 million boxes. In addition, other agricultural products, such as pineapple and melon, also experienced an increase in the export market. As a result, imported kraftliner paper for corrugated carton boxes, the most prominent sub-sector, increased in 2003 to US\$137.1 million, and total imports of paper and paperboard for 2003 increased to US\$254.3 million.

The United States has traditionally been the largest supplier of paper and paperboard to Costa Rica. Total U.S. exports to Costa Rica took an average market share of 63 percent in Costa Rica's total imports. CS Costa Rica estimates that both, market size and total imports, as well as U.S. exports to Costa Rica, will increase at a rate of 3 to 5 percent per year for the period 2004-2006. Major third country competitors to the United States are Mexico, with a market share of Costa Rica's imports of 10.9 percent in 2002 and 12.0 percent in 2003; Canada (7.2 percent in 2002 and 6.0 percent in 2003); and Sweden (3.0 percent in 2002 and 2003).

Local production of paper and paperboard is limited to toilet paper, cleansing tissues, napkins and diapers. There is only one large local company producing this line of products, Kimberly Clark. This company has two plants, one mill paper plant in San

Antonio de Belen (West of San Jose) and another tissue manufacturing plant in the Industrial Free Trade Zone Park in Cartago Province, East of San Jose. There is another paper mill but only for recycled corrugated carton, located West of San Jose.

### Best Products/Services

The most promising sub-sectors for U.S. exporters of paper and paperboard are: uncoated bleached and unbleached kraftliner paper and paperboard; uncoated paper and paperboard for writing; and newsprint paper. Other sub-sectors with high demand include bond paper used for writing, press and computer printing, faxes, photocopies and other office activities.

### Opportunities

Since there is no local production of paper and paperboard, the country will continue to depend on imports of paper and paperboard. Kraftliner enjoys the highest demand; its principal use is in the production of corrugated carton boxes and cement paper bags. Banana and other tropical fruits and vegetable producers are the main consumers of corrugated carton in boxes, followed solid bleached surface paper and paperboard for folding cartons, posters, and labels production required by agro-industrial and food processing companies in Costa Rica.

### Resources

- U.S. Commercial Service Costa Rica Industry Specialist: Rodrigo Rojas  
[Rodrigo.Rojas@mail.doc.gov](mailto:Rodrigo.Rojas@mail.doc.gov)
- Costa Rican Customs Directorate: [www.hacienda.go.cr](http://www.hacienda.go.cr)
- CAFTA: <http://www.ita.doc.gov/cafta>

### Computers and Peripherals (CPT) - Leading Sector # 02 Overview

	2002	2003	2004 (estimated)
Total Market Size	147.9	128.5	131.0
Total Local Production	-	-	-
Total Exports	2.5	3.4	3.5
Total Imports	150.4	131.9	134.5
Imports from the U.S.	128.2	117.3	118.5

\*Data provided in US\$ millions. The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate. For more information contact: Costa Rican Customs Directorate, Ministry of Finance, at <http://www1.hacienda.go.cr/aduanas/index.html>

The demand for computer and peripheral equipment in Costa Rica, as evidenced by data for imports, increased from 2000-2002, but decreased in 2003 by 12.3 percent to US\$131.9 million.

The Costa Rican Customs Department estimates that software accounted for 17 percent of reported imports, which is usually shipped with the hardware. Market growth for the sector from 2004-2006 is expected to improve by an average of only

1-2 percent per year. According to the Costa Rican technology advisory group CAATEC, computer penetration on a household basis increased only 2.7% a year from 2000-2003.

Personal computer applications and continued investment by Costa Rica in its telecommunications infrastructure have been important to the country's development. While Costa Rica's basic telecommunications services are considered acceptable, its Internet services are poor relative to its neighbors. The recent addition of greater bandwidth to be provided by the Costa Rican Government will begin to address the problems in this critical area. CAFTA, if approved, will bring competition to this market. Real strides in the next generation of wireless communications are still a long way off.

Major U.S. competitors in this sector are Germany, Mexico, China, United Kingdom, France, Panama, Japan, and Taiwan. High quality, competitive prices, technical specifications, reliable local service facilities, and timely delivery are the main factors influencing U.S. sales of these products.

### **Best Products/Services**

The U.S. market share for computers and peripheral equipment in 2003 was 88.9 percent. There is no significant local production of this type of equipment for direct local consumption, although there are several producers of parts and components for export performed as in-bond operations within Free Trade Zone facilities, including Intel's local plant.

### **Opportunities**

According to most Costa Rican importers of computer and peripheral equipment, good sales opportunities continue to be projected for virtually all categories of products in this sector.

### **Resources**

- U.S. Commercial Service Costa Rica Industry Specialist: Victor Cambronerero  
<http://www.buyusa.gov/costarica/en/staffusembassy.html>
- U.S. Commercial Service Costa Rica:  
<http://www.buyusa.gov/costarica/en/>
- Costa Rican High Technology Advisory Foundation -CAATEC:  
<http://www.caatec.org/mundo.html>
- Costa Rican Chamber of Information Technologies and Communication – CAMTIC:  
<http://www.camtic.org/acerca/>
- CAFTA:  
<http://www.ita.doc.gov/cafta/>
- Costa Rican Customs Directorate, Ministry of Finance:  
<http://www1.hacienda.go.cr/aduanas/index.html>

### **Plastic Materials and Resins (PMR) Leading Sector #3 Overview**

	2002	2003	2004 (estimated)
Total Market Size	128.1	143.8	155.3
Total Local Production	-	-	-
Total Exports	20.5	28.1	30.3
Total Imports	148.6	171.9	185.7
Imports from the U.S.	96.1	110.2	119.0

\*The above statistics are based upon industry sources and official trade data provided by the Costa Rican Central Bank, and by the Costa Rican Customs Directorate.

For more information, contact: Central Bank at <http://websiec.bccr.fi.cr/> and the Costa Rican Customs Directorate, the Ministry of Finance, at <http://www1.hacienda.go.cr/aduanas/index.html>

The total value of the market for plastic materials and resins increased from US\$127.20 million in 2001 to US \$143.43 million in 2003, a 12 percent increase. This rise was primarily due to increasing prices in the raw material inputs in 2003. The construction sector, which has grown rapidly over the last two years further increasing demand. The consensus within the industry is that the market will grow normally at an annual rate of seven to eight percent from 2005-2006. For more information, contact the Costa Rican Construction Chamber <http://www.construccion.co.cr/revista/2002-10/honorarios.htm>

#### **Best Prospects/Services**

The manufacture of plastic products such as tubing and ducts used in the construction industry, as well as in the water supply and sewage services sector, are integral to the development and growth of Costa Rica. There is considerable local production of plastic products, though no reliable statistics are available.

#### **Opportunities**

Since Costa Rica does not have a petrochemical industry, all types of resins are imported. There are two main Costa Rican companies that are involved in the basic transformation of resins. One of these companies is a PVC compounder, and the other is an acrylic compounder, primarily for paints. These two resin compounders, as well as all the Costa Rican companies manufacturing plastic products, import their resins, additives, pigments, stabilizers, plasticizers and lubricants. Only certain fillers, like clays, calcium carbonate and some solvents, are found in the local market.

The largest supplier of plastic materials and resins to Costa Rica is the United States. The U.S. market share for plastic materials and resins in 2003 was 64.09 percent. Costa Rican firms prefer U.S. resins for their high quality and prompt, reliable shipments. Major U.S. competitors in this sector are Mexico, Colombia, Germany, Israel, Taiwan, Guatemala, South Korea and Italy.

#### **Resources**

- Banco de Costa Rica <http://websiec.bccr.fi.cr/>

- Ministry of the Treasury <http://www1.hacienda.go.cr/aduanas/index.html>
- Costa Rican Construction Chamber <http://www.construccion.co.cr/revista>
- US. Commercial Service Costa Rica Industry Specialist: Laura Calzada  
Email: [Laura.Calzada@mail.doc.gov](mailto:Laura.Calzada@mail.doc.gov)

#### **Telecommunications Equipment - Leading Sector # 4 Overview**

	2002	2003	2004 (estimated)
Total Market Size	107.8	250.5	130.0
Total Local Production	-	-	-
Total Exports	-	-	-
Total Imports	107.8	250.5	130.0
Imports from the U.S.	44.8	69.8	70.0

\* The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate.

The telecommunications industry in Costa Rica is managed by the Costa Rican Institute of Electricity (ICE), a government monopoly in charge of the electric power generation, transmission and distribution as well. During the last five years, the telecommunications sector has experienced a significant growth, especially in the cellular telephone system and the Internet. These two technologies have dramatically increased the demand for more telecommunications infrastructure in Costa Rica. The Costa Rican Government decision to limit the funding for new telecommunications projects prompted the entity to turn to a leasing scheme to obtain the necessary infrastructure needed to expand the network and meet the demand.

Under the leasing scheme, ICE acquired a total of 545,000 lines of cellular infrastructure equipment from Lucent Technologies and Ericsson, using TDMA technology. In the year 2000, ICE awarded to Alcatel a contract for the infrastructure to operate 400,000 cellular lines in GSM technology. The lines were installed and began operations in December 2002. In 2004, ICE awarded another tender for the infrastructure to operate 600,000 cellular lines in GSM technology to the Swedish company Ericsson, which was scheduled for installation in 2005. The total value of the contract for the operation of this second tender was established to be US\$120 million. However, it is currently under review by the Office of the Comptroller General.

In the Internet segment, ICE awarded a tender for advanced broadband Internet access, estimated in US\$60 million. The service is expected to begin in early 2005. The installation and operation of this cellular infrastructure has generated a great demand for cellular telephone sets and accessories. The local market has been flooded with a wide variety of cellular telephones from different brands for both TDMA and GSM technology (Motorola, Sony, Ericsson, Nokia, Siemens and Alcatel). The market in Costa Rica for telecommunications equipment increased dramatically. In 2003 to US\$248 million, due primarily to the installation of Alcatel switching equipment for the 400,000 GSM cellular lines, which entered the country under the

temporary admission regime. Since there is no local production of telecommunications equipment, the total import value for all telecommunications equipment equals the size of the local market.

It is important to note that these statistics do not include the value of the equipment imported into the country by Lucent Technologies and Ericsson for the operation of the TDMA cellular system, which were imported under the temporary admission regime granted by the Costa Rican Customs Authority. The equipment was contracted by ICE to the companies under a leasing agreement for a period of seven years. The special temporary admission was granted to these companies on the basis that exclusively ICE would operate the equipment imported during the leasing period. At the end of the leasing period, ICE has the option to either purchase the equipment at a special price or return the equipment to the companies. The Costa Rican Customs Authority will not include the value of the equipment imported until ICE exerts the purchase option and nationalize the equipment.

The total value of the cellular infrastructure equipment imported under this special regime to Costa Rica rose from US\$29.2 million in 2000 to US\$113.2 million in 2002. In 2000 and 2001, Lucent Technologies (USA) and Ericsson (Sweden) exported the equipment. In 2002 Alcatel from France exported the equipment also.

Excluding the equipment imported under the temporary admission regime, the United States is the largest supplier of telecommunications equipment to Costa Rica. U.S. exports to Costa Rica amounted to US\$32.5 million in 2001, for a market share of 46.9 percent and US\$44.8 million in 2002 (41.6 percent market share). In 2003, U.S. exports totaled US\$69.8 million, for a market share of 27.9 percent of Costa Rican imports. Major third country competitors in 2003 were France, with 39.1 percent market share; Japan with 10.7 percent market share; and Israel with 5.4 percent market share.

ICE workers unions and some political leaders have consistently opposed privatization and liberalization of the telecommunications sector in Costa Rica. However, under the Central American Free Trade Agreement (CAFTA) between the five Central American countries, the Dominican Republic and the United States, Costa Rica agreed to allow the participation of private operators in two segments of the Costa Rica telecommunications sector: cellular telephony and Internet services. If approved by the Costa Rican Congress, these two services will be open to private participation in January 2007.

### **Best Products/Services**

The most promising sub-sectors in the telecommunications market are digital, cellular and wireless telephone systems, data transmission equipment and fiber optic networks.

### **Opportunities**

If approved, CAFTA will open up the local telecommunications market for Internet sources and cellular networks.

## **Agricultural Chemicals - Leading Sector # 5 Overview**

	2002	2003	2004 (estimated)
Total Market Size	126.2	170.0	178.5
Total Local Production	38.0	45.6	48.0
Total Exports	30.2	45.5	47.5
Total Imports	118.4	169.9	178.0
Imports from the U.S.	35.5	59.9	63.0

\* The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate.

Agriculture is one of the most important parts of Costa Rica's economy, accounting for 10.7% percent of the country's Gross Domestic Product in 2003.

The Government places great importance on this sector by facilitating banking credits and incentives to growers. The demand in Costa Rica for agricultural chemicals (fertilizers, fungicides, herbicides, and pesticides) is high because the soil in general is very poor in nutrients such as nitrogen, phosphorus, potassium, sulfur calcium, and magnesium. The agricultural fields are also affected by tropical agricultural diseases, such as Sigatoka (in bananas), funguses, nematodes, and other diseases.

In the past two years (2000-2002) the agricultural sector, particularly in the areas of traditional export products, such as bananas, coffee, and sugar, experienced a significant decrease due to the decline in international market prices. As a result, several banana and many coffee crops were destroyed or abandoned, decreasing the demand for fertilizers and agricultural chemicals. However, in 2003, the agricultural sector experienced a recovery as international prices began to climb. For example, production in the banana sector increased from 88.9 million boxes in 2002 to 111.8 million boxes in 2003. Many other agricultural products, such as coffee, pineapple and melon, also experienced a significant increase in their production for the export market. This reactivation has also increased the demand for fertilizers and agrochemicals.

Since Costa Rica does not produce materials for fertilizers and agro-chemicals, the agricultural sector depends entirely on the importation in this sector. The market size for agricultural fertilizers and chemicals was US\$126.2 million in 2002 and US\$170.0 million in 2003, with accounting of the market (US\$118.4 million in 2002 and US\$169.9 million in 2003). The United States is the largest supplier of agricultural chemicals inputs to Costa Rica. Imports from United States were US\$35.5 million in 2002 and US\$59.9 million in 2003.

The U.S. market share of Costa Rica's total imports was 30 percent in 2002 and 35 percent in 2003. Major third-country competitors to U.S. products in Costa Rica are Russia, with a market share of 9.8 percent in 2003, Colombia (9.7 percent) and Germany (8.2 percent). The annual growth rate for this sector is projected to be between 5 to 10 percent over the next three years (2004-2006).

In Costa Rica, there are three local producers of finished fertilizers, which in reality are blenders or mixers of fertilizers: FERTICA, ABOPAC, CAFESA. A few local companies produce agro-chemicals (pesticides, herbicides, and fungicides) for well-

known international companies established in Costa Rica, such as Cyanamid, Dow Chemical, ELF, Rohm & Haas, Rhone Poulenc, BASF, Griffin, and others. About 10 percent of their production is exported to Central America and the Caribbean, while the remainder goes to local consumption.

### **Best Products/Services**

The most promising sub-sectors for U.S. exports in this sector are fertilizers, herbicides, and fungicides. U.S. products enjoy a good reputation in the Costa Rican market due to their high quality, competitive prices, and consistent ocean shipping services.

### **Opportunities**

As mentioned above, there are commercial opportunities in the following sub-sectors:

- Fertilizers
- Herbicides
- Fungicides

### **Resources**

- Cámara Costarricense de Insumos Agropecuarios <http://www.insumos.org>
- U.S. Commercial Service Costa Rica Industry Specialist: Rodrigo Rojas [Rodrigo.Rojas@mail.doc.gov](mailto:Rodrigo.Rojas@mail.doc.gov)

### **Automotive Parts (APS) - Leading Sector # 06 Overview**

	2002	2003	2004 (estimated)
Total Market Size	125.0	157.6	166.4
Total Local Production	27.0	31.0	31.5
Total Exports	17.4	18.1	18.5
Total Imports	115.4	144.7	153.4
Imports from the U.S.	41.1	47.5	51.3

Data provided in US\$ millions. The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate. For more information contact: Costa Rican Customs Directorate, Ministry of Finance, at <http://www1.hacienda.go.cr/aduanas/index.html>

The Costa Rican market for auto parts was strong through the 1990's. However, from 2000-2002, the sector experienced a slight downturn, reflecting a slowing Costa Rican economy. Total imports in this sector recovered in 2003 with a 25.4 percent increase over the previous year, to about US\$144.7 million.

The consensus within the local automotive parts industry is that the sector will grow at an annual rate of 6-8 percent from 2004-2006. Competition from used automobile imports from Korea increased sharply during 1998-2002, because of lower duty rates for these vehicles. This surge led to an increase in auto parts imports from Korea, which reduced the U.S. share of market. As a result, industry sources indicate that the U.S. share of the import market is expected to improve

only slightly from 2004-2006. U.S. market share for automotive parts for 2003 was 32.8 percent.

**Best Products/Services**

Many Costa Rican importers of automotive parts and accessories purchase their products in the U.S., although a significant portion of the items is not of U.S. origin.

Local production is limited to small electrical and metal parts, batteries, electrical copper cable, hydraulic seals, filters (air/gasoline), steel leaf springs, aluminum and steel wheels, windshields, carpets, hoses, mufflers, bus bodies, and tires. Major U.S. competitors in this sector are Japan, South Korea, Brazil, Taiwan, and France.

High quality, durability, availability and assortment of vehicle parts, fast delivery, and favorable prices are the main factors for increasing U.S. sales of these products.

**Opportunities**

According to most Costa Rican importers of automotive parts, good sales opportunities continue to be projected for virtually all categories of products in this sector.

**Resources**

- U.S. Commercial Service Costa Rica Industry Specialist: Victor Cambronero  
<http://www.buyusa.gov/costarica/en/staffusembassy.html>
- U.S. Commercial Service Costa Rica:  
<http://www.buyusa.gov/costarica/en/>
- Costa Rican Association of Importers of Automotive Parts -AIPA  
[aipacr@racsa.co.cr](mailto:aipacr@racsa.co.cr)
- Costa Rican Importers of Used Vehicles –CCA  
[jose\\_carb@racsa.co.cr](mailto:jose_carb@racsa.co.cr)
- Costa Rican Association of Importers of Vehicles –AIVEMA  
[aivema@racsa.co.cr](mailto:aivema@racsa.co.cr)
- Costa Rican Customs Directorate, Ministry of Finance:  
<http://www1.hacienda.go.cr/aduanas/index.html>

**Medical Equipment (MED) – Leading Sector #7  
Overview**

	2002	2003	2004 (estimated)
Total Market Size	16.0	73.0	75.1
Total Local Production	-	-	-
Total Exports	0.7	1.3	1.4
Total Imports	16.7	74.3	76.5
Imports from the U.S.	8.1	33.3	33.6

\* The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate. For more information contact the Costa Rican Customs Directorate, Ministry of Finance at the following website: [www1.hacienda.go.cr/aduanas/index.html](http://www1.hacienda.go.cr/aduanas/index.html)

Costa Rica has a socialized health care system identified as the Costa Rican Social Security System (Caja Costarricense de Seguro Social, or CCSS). This system includes 29 hospitals: 9 general hospitals, 7 regional hospitals (1 in each geographic region/province), and 13 peripheral hospitals, which vary in size. Sixteen of the hospitals are located in the Central Region of the country. Costa Rican law does not prohibit private hospitals, which have grown in recent years. Additionally, the CCSS is responsible for 505 clinics, of which 416 are small clinics with only basic equipment, known as "Equipos Basicos de Atencion Integral" (EBAIS), which provide basic medical assistance to patients in remote areas of the country.

The country's hospitals have 6,920 beds that belong to the CCSS, plus approximately 150 beds in three private clinics/hospitals. The public is very sensitive to the government's programs in public health and encourages the replacement of obsolete medical equipment in the principal clinics and hospitals. The public sector, represented mainly by the CCSS, buys approximately 85 percent of the medical equipment in Costa Rica. For more information <http://www.info.ccss.sa.cr/>

The level of demand for medical equipment in Costa Rica is expected to continue to rise, as most hospitals need to continue replacing obsolete equipment. Total imports in this sector increased 45.2 percent in 2002 to about US\$16.7 million, and then jumped to US\$74.3 million in 2003, representing an increase of 344.9 percent from 2002. This percentage of increase in the importation of equipment from 2002 to 2003 is not expected to continue in the next three years, as it included the importation of a great amount of equipment by the Costa Rican Social Security agency, which is currently under investigation by the Costa Rican Congress for irregularities in its procurement. Market growth for the 2004-2006 periods is expected to average approximately 3-5 percent per year.

There is no significant local production of medical equipment that is consumed directly in Costa Rica. Major U.S. competitors in this sector are Finland, Germany, Spain, Japan, and United Kingdom. High quality, reliability, durability, favorable prices, good maintenance service, and timely delivery are the main factors for increasing U.S. sales in the medical sector.

The U.S. market share for medical equipment in 2003 was 44.8 percent.

### **Best Products/Services**

Among the best products/services for this industry are including the following subsectors: power injectors for cardiology and for computerized axial tomography studies; patient warmers; monitoring systems for intensive care; secretion vacuum-cleaners; chest seals; intensive-care beds; muscular mechano-therapy and massage appliances; pacemakers; x-ray equipment; x-ray film; ultrasonic scanning equipment; clinical laboratory equipment; bacteriology laboratory equipment; surgery equipment; electromyography equipment; and electroencephalography equipment.

## Opportunities

Assuming CAFTA is approved by the Congresses of both countries, 98 percent of US exports of medical equipment will receive duty-free treatment.

## Resources

Customs: [www1.hacienda.go.cr/aduanas/index.html](http://www1.hacienda.go.cr/aduanas/index.html)

Caja Costarricense del Seguro Social: <http://www.info.ccss.sa.cr/>

U.S. Commercial Service Costa Rica Industry Specialist: Laura Calzada  
[Laura.Calzada@mail.doc.gov](mailto:Laura.Calzada@mail.doc.gov)

## Construction Equipment - Leading Sector # 8 Overview

	2002	2003	2004 (estimated)
Total Market Size	31.6	34.3	36.0
Total Local Production	2.0	3.5	3.0
Total Exports	3.0	3.5	3.0
Total Imports	32.6	34.3	36.0
Imports from the U.S.	17.7	17.4	20.0

\* The above statistics are based upon industry sources and official trade data provided by the Costa Rican Customs Directorate.

The construction sector has been identified as one of the most dynamic sectors of Costa Rica's economy for the past three years. The sector's growth has been attributed to the rise in the country's economy in past few years. The reduction of interest rates in the local banking system has also contributed to the rejuvenation of this sector. The Costa Rican Chamber of Construction companies reported that the local construction sector rose from 2.0 million square meters of construction area in 2002 to 2.7 million square meters in 2003, an increase of 36 percent. Most of this construction took place in the private sector, for example, residences, warehouses, industrial plants, offices, shopping malls, supermarkets, schools and hospitals.

The Rodriguez Administration (1998-2002) focused on improvements in the country's economic performance by lowering inflation and concentrating many of these projects on infrastructure development (for example, roads, bridges, airport modernization, port improvements, and rehabilitation of the railroad system). These projects were offered to private companies and consortiums under a concession scheme (B.O.T. system), through the Public Works Concession Law. Although the scheme has not been implemented with a great deal of success (at present, only the international airport has been awarded to a foreign consortium), the Costa Rican Concession's Council expects to have the first highway project (San Jose-Caldera) and the Caldera Port Grain Terminal in the Pacific Coast awarded before the end of this year. Another highway project (San Jose-San Ramon) is expected to be awarded and start construction this year.

The market size for construction equipment was US\$31.6 million in 2002 and US\$34.3 million in 2003. The annual growth rate for the import of construction equipment is expected to average between 5 to 10 percent over the next three years (2004-2006). Since there is very little local production of construction equipment, total imports are roughly equal to the size of the local market.

The United States is the largest supplier of construction equipment to the Costa Rican market, with total exports of US\$17.7 percent in 2002 and US\$17.4 million in 2003, representing an average market share of 52 percent of Costa Rica's total imports over the past two years. In 2003, major third-country competitors were Italy, with a market share of 14.0 percent, France (10.9 percent), and Korea (6.0 percent).

### **Best Products/Services**

Construction equipment in high demand in Costa Rica are tractors, backhoes, shovel loaders, asphalt mixers, and dump trucks. U.S. construction equipment enjoy an excellent reputation in the Costa Rican market due to their high quality, availability of spare parts and maintenance and repair services through dealerships, competitive pricing and consistent ocean and air shipping services.

### **Opportunities**

The Costa Rican Concessions Council is undertaking feasibility studies or preparing bid documents for several roads and highway construction, enlargement and repair projects through the Public Works Concession Model, for the following five years. The execution of these projects will require heavy construction equipment.

<b>San Jose – San Ramon Highway</b>	<b>65.8 Km</b>
<b>Radial Heredia Highway</b>	<b>15.0 Km</b>
<b>Peripheral Ring Highway</b>	<b>24.0 Km</b>
<b>San Jose-Cartago Highway</b>	<b>20.5 Km</b>
<b>San Jose-Limon Highway</b>	<b>156.0 Km</b>

In the private sector, there will be a large tourist development in the Guanacaste Province that will require the construction of several hotel projects.

### **Resources**

- Camara Costarricense de la Construcción: <http://www.construccion.co.cr>
- Consejo Nacional de Conseciones: <http://www.mopt.go.cr/cnc>
- U.S. Commercial Service Costa Rica Industry Specialist: Rodrigo Rojas  
[Rodrigo.Rojas@mail.doc.gov](mailto:Rodrigo.Rojas@mail.doc.gov)

**Agricultural Sector**  
**Corn**  
**Overview**

	2002	2003	2004 (estimated)
Total Market Size	533,000	555,891	562,000
Total Local Production	13,000	12,000	12,000
Total Exports	-	-	-
Total Imports	520,000	543,891	550,000
Imports from the U.S.	510,737	538,883	540,000

\* Data in metric tons

U.S. corn export volume to Costa Rica increased 5.5 percent in 2003. The value of corn imports from all countries reached US\$68.8 million in 2003, up from US\$59.9 million in 2002. The United States had a 99.0 percent market share in 2003.

Although Costa Rica occasionally imports corn from sources other than the United States, in the recent past, the U.S. has held nearly 100 percent market share in this market. Competition from other sources started in 1998. Imports of white corn have become an important component of total corn imports in recent years as local production has declined relative to consumption.

**Best Products/Services**

Although most of the imported volume is represented by yellow corn used for animal feed, imports of white corn for human consumption in the form of tortillas, has increased recently as a result of lower domestic production.

**Opportunities**

The U.S. already controls nearly 100% of the market

**Resources**

- CAMARA INDUSTRIAL DE ALIMENTOS BALANCEADOS [ciabcr@racsa.co.cr](mailto:ciabcr@racsa.co.cr)
- FOREIGN AGRICULTURAL SERVICE, Ileana Ramirez, Marketing Specialist [Ileana.Ramirez@usda.gov](mailto:Ileana.Ramirez@usda.gov)
- Víctor González, Agricultural Specialist [Victor.Gonzalez@usda.gov](mailto:Victor.Gonzalez@usda.gov)

**Soybeans**  
**Overview**

	2002	2003	2004 (estimated)
Total Market Size	253,987	208,334	220,000
Total Local Production	-	-	-
Total Exports	-	-	-
Total Imports	253,987	207,867	210,000
Imports from the U.S.	253,975	200,467	210,000

\* Data are in metric tons and calendar years

Total soybean imports totaled US\$55.7 million in 2003, as compared to US\$54.8 million in 2002, remaining in the second place on the list of Costa Rica's largest agricultural import products in terms of value. Based on preliminary data, imports are expected to increase in 2004 as the local poultry and dairy industries continue to demand larger volumes of feed. The U.S. lost its longstanding 100-percent share of the soybean import market in 1999, 2000 and again in 2003 (since no soybeans are produced locally), due to competition from Brazil and Argentina. However, U.S. soybeans regained market share in the year 2001 and 2002, controlling almost 100 percent of the Costa Rican market. Soybeans are imported primarily for meal. Soybean oil has been in surplus over the last few years, with exports to Central America providing an outlet. There is only one oilseed crusher in Costa Rica, INOLASA, located near the Pacific port of Caldera (where all bulk grains arrive).

### Opportunities

The U.S. already controls nearly 100 percent of the market

### Resources

- CAMARA DE INDUSTRIALES DE ALIMENTOS BALANCEADOS  
[ciabcr@racsa.co.cr](mailto:ciabcr@racsa.co.cr)
- FOREIGN AGRICULTURAL SERVICE, Ileana Ramirez, Marketing Specialist  
[Ileana.Ramirez@usda.gov](mailto:Ileana.Ramirez@usda.gov)
- Víctor González, Agricultural Specialist, [Victor.Gonzalez@usda.gov](mailto:Victor.Gonzalez@usda.gov)

### Wheat

#### Overview

	2002	2003	2004 (estimated)
Total Market Size	203,456	214,670	220,000
Total Local Production	-	-	-
Total Exports	-	-	-
Total Imports	203,456	214,670	220,000
Imports from the U.S.	169,399	196,836	200,000

\* Data in metric tons and calendar years

According to U.S. Census Bureau data, the value of wheat imports from the United States increased 27.6 percent to US\$38.8 million in 2003 from US\$30.4 million in 2002. Shipments from the U.S. outpaced imports from all sources, which increased by 5.5 percent during the same period. Ukraine exported 17,833 tons to Costa Rica in 2003, but the U.S. still has the largest market share in this market. About 75 percent of Costa Rican wheat imports are hard red spring, with soft red winter and durum comprising the rest. The United States traditionally supplied 100 percent of the market, but Canada became a competitor in recent years. Canada exported 56,256 tons to Costa Rica in 2001, and 34,057 tons in 2002, or 16.8% of total imports. There are only two wheat mills in Costa Rica.

The private sector makes all wheat purchases. No wheat is produced locally. There is strong competition in the domestic market between the two local wheat mills, Molinos de Costa Rica (the largest) and FAHACASA.

## Resources

- MOLINOS DE COSTA RICA, S.A. [molino@racsa.co.cr](mailto:molino@racsa.co.cr)
- FABRICA DE HARINAS DE C.A.S.A. [facasa@racsa.co.cr](mailto:facasa@racsa.co.cr)
- FOREIGN AGRICULTURAL SERVICE, Ileana Ramirez, Marketing Specialist [Ileana.Ramirez@usda.gov](mailto:Ileana.Ramirez@usda.gov)
- Víctor González, Agricultural Specialist, [Victor.Gonzalez@usda.gov](mailto:Victor.Gonzalez@usda.gov)

## Rice

### Overview

	2002	2003	2004 (estimated)
Total Market Size	220,000	230,000	235,000
Total Local Production	125,729	134,000	130,000
Total Exports	-	-	-
Total Imports	126,343	134,624	140,000
Imports from the U.S.	123,474	134,624	140,000

\* Market size, and local production, (metric tons) are marketing years (August-July) for 2001/2002, 2002/2003 and 2003/2004. Imports are calendar years.

After a shipment of 20,000 MT of rough rice from Uruguay in 1999, rice imports have been made primarily from the United States. Imports from the United States in calendar year 2003 amounted to 134,624 tons of rough rice (roughly 90,000 tons of milled rice equivalent), valued at US\$17.3 million. Import volume is expected to increase to 140,000 tons and US\$34.0 million in 2003. The majority of rice imported by Costa Rica is rough rice. Although in the past the GOCR resorted to delaying the rice import process by holding sanitary permits for a longer than normal period of time, this has not occurred this year. GOCR charges US\$20 per metric ton of imported rice for phytosanitary inspection. The GOCR approved a law that allows only the rice sector to import rice duty free, whenever a rice shortage is determined (normally every year during the first half of the year).

### Best Prospects/Services

Although the largest volume of imports by far is represented by rough rice, there are opportunities for exporting milled rice in different presentations.

### Opportunities

Once CAFTA is approved a tariff rate quota of 5,000 MT, growing 5% per year, will be opened for milled rice exports from the United States.

## Resources

- CORPORACION ARROCERA NACIONAL (CONARROZ), [conarroz@racsa.co.cr](mailto:conarroz@racsa.co.cr)
- ASOCIACIÓN NACIONAL DE INDUSTRIALES DEL SECTOR ARROCERO (ANINSA), [grabasca@racsa.co.cr](mailto:grabasca@racsa.co.cr)
- FOREIGN AGRICULTURAL SERVICE, Ileana Ramirez, Marketing Specialist [Ileana.Ramirez@usda.gov](mailto:Ileana.Ramirez@usda.gov)

- Víctor González, Agricultural Specialist, [Victor.Gonzalez@usda.gov](mailto:Victor.Gonzalez@usda.gov)

## **Fresh Fruit Overview**

	2002	2003	2004 (estimated)
Total Market Size	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.
Total Exports	641.0	822.0	670.0
Total Imports	27.4	27.5	30.0
Imports from the U.S.	7.7	6.4	7.0

\* Includes exports of bananas, pineapples and melons (the three largest categories of fruits exported). Based on GOCR statistics for 2002 and 2003.

Costa Rica's imports of fresh fruit reached a value of US\$27.5 million in 2003. \$6.4 million of this amount were imported from the United States. The leading fruit imports from the United States were grapes (\$3.1 million), apples (\$1.9 million), peaches (\$597,000), and pears (\$348,000). Total imports of fresh fruits from the United States declined in 2003 mainly as a result of higher imports from Chile, which now enjoys duty free access to the Costa Rican market for fruits competing with U.S.- origin product.

The United States and Chile are exporting almost the same products to Costa Rica, but during different seasons. Imports from Chile take place from January to July. During the rest of the year, imports come mostly from the United States, except for those fruits available year round. Costa Rica imports fresh fruits year-round, but about 70 percent of total domestic consumption of non-tropical fruits occurs during the Christmas season (October-December).

Costa Rica also signed a FTA with Canada, which came into effect in November 2002.

### **Best Prospects/Services**

The best prospects under this category are grapes, apples, pears, peaches and nectarines, plums and cherries.

### **Opportunities**

If approved, CAFTA will give the U.S. immediate access duty free to the Costa Rican market for most of the fruits mentioned above.

### **Resources**

- FRUTAS DEL MUNDO (CORPORACION INTERFRUTD), [www.interfrtd.com](http://www.interfrtd.com)
- HORTIFRUTI, S.A., [marco.venegas@cca.co.cr](mailto:marco.venegas@cca.co.cr)
- FRUTA INTERNACIONAL S.A., [frutaint@racsa.co.cr](mailto:frutaint@racsa.co.cr)  
<http://www.frutaint.com>

- FOREIGN AGRICULTURAL SERVICE, Ileana Ramírez, Marketing Specialist, [Ileana.Ramirez@usda.gov](mailto:Ileana.Ramirez@usda.gov)
- Víctor González, Agricultural Specialist, [Victor.Gonzalez@usda.gov](mailto:Victor.Gonzalez@usda.gov)

### **Processed Fruit and Vegetables Overview**

	2002	2003	2004 (estimated)
Total Market Size	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.
Total Exports	129.7	123.9	130.0
Total Imports	34.4	29.4	35.0
Imports from the U.S.	8.3	6.8	6.0

\* Total exports and imports based on GOCR statistics

According to information from U.S. Census Bureau, imports of U.S. processed fruit and vegetables totaled US\$6.8 million in 2003. These products, especially mixed fruits, mixed vegetables, yellow and sweet corn, peas, mushrooms and garbanzo beans, generate strong import demand. Mexico, Chile, and Guatemala are the main competitors of the United States in the Costa Rican canned fruit and vegetable market. The FTA with Chile has created more competition for the United States in these product categories. Central American countries also enjoy duty-free access to the Costa Rican market. Based on preliminary data, the U.S. has continued to lose market share in this sector in 2004.

### **Best Prospects/Services**

Mixed fruits, mixed vegetables, yellow and sweet corn, peas, mushrooms, garbanzo beans and other canned beans.

### **Opportunities**

Tariff reductions under CAFTA will allow the U.S. to become more competitive in this market against Chilean, Mexican and Central American products.

### **Resources**

- FOREIGN AGRICULTURAL SERVICE, Ileana Ramírez, Marketing Specialist, [Ileana.Ramirez@usda.gov](mailto:Ileana.Ramirez@usda.gov)
- Víctor González, Agricultural Specialist, [Victor.Gonzalez@usda.gov](mailto:Victor.Gonzalez@usda.gov)

## Snack Foods Overview

	2002	2003	2004 (estimated)
Total Market Size	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.
Total Exports	n.a.	n.a.	n.a.
Total Imports	47.5	36.4	40.0
Imports from the U.S.	8.0	8.0	9.0

\* Total exports and imports based on GOCR data

U.S. exports of snack foods to Costa Rica totaled US\$8.0 million each in 2002 and in 2003.

Imports of snack foods from the United States are expected to grow in 2004 as consumers demand a wider variety of imported products.

The U.S. is facing increased competition in this sector as a result of free trade agreements signed with Chile, Canada and Mexico. Prospects for U.S. exports in this sector may improve if the Central American Free Trade Agreement (CAFTA) is approved. Competing products are imported mainly from Central America (Guatemala and El Salvador) and from Chile, Mexico, Argentina and Europe on a smaller scale.

Domestic production of potato chips, chocolates and other candies and cookies also provides competition for the United States. These products are also exported to Central America (with a small amount shipped to the United States).

### Best Products/Services

Salty snacks, popcorn, potato chips, mixed nuts, are all good prospects in this market.

### Opportunities

Under CAFTA, the tariff on snacks will decline over time to zero, thus providing increased market access to U.S. products.

### Resources

- CACIA (Costa Rican Food Industry Chamber), <http://www.cacia.org>
- FOREIGN AGRICULTURAL SERVICE, Illeana Ramirez, Marketing Specialist [Illeana.Ramirez@usda.gov](mailto:Illeana.Ramirez@usda.gov)
- Víctor González, Agricultural Specialist, [Victor.Gonzalez@usda.gov](mailto:Victor.Gonzalez@usda.gov)