COSTA RICA:
LINKING TRADE AND INVESTMENT FOR INCLUSIVE GROWTH AND DEVELOPMENT
GETTING TO KNOW COSTA RICA

- A small country of 51,100 km²
- With 4.7 million inhabitants
- Strategically located in the middle of the Americas
- With a long tradition of peace and democracy
IN RELATIVE TERMS…

• A middle income economy
  o Gross Domestic Product: US$ 49.6 billion
  o GDP growth rate (real): 3.5%
  o GDP per capita: US$ 12,874
  o Inflation: 3.7%

• With high social progress and human development indexes (#1 & #10 in Latin America, respectively)

• High adult literacy rate (96.3%) and life expectancy (79 years)

• And other high rankings (2013)
  o #1 in education in Latin America (WEF)
  o #1 exporter of high technology in Latin America
  o #3 per capita exporter in Latin America of products not related to natural resources

Ranked 2nd in Latin America in the Political Stability Index

- Uruguay
- Costa Rica
- Chile
- Argentina
- El Salvador
- República Dominicana
- Brasil
- Panamá
- Nicaragua
- Honduras
- Bolivia
- Perú
- México
- Paraguay
- Guatemala
- Ecuador
- Colombia
- Venezuela

Trade and investment are key drivers of growth and lie at the core of Costa Rica’s development strategy.

Over the last three decades, Costa Rica has achieved significant economic transformation, changing its export composition from primary products to high-tech manufacturing and value added services.

Exports of goods and services have grown at an average yearly rate of 8.3% since 2004, and have diversified, both in terms of products and markets.

In the last decade, exports almost doubled, reaching US$ 11,543 million in 2013.

Foreign direct investment quadrupled during the same period, reaching US$ 2,300 million in 2013.

Source: CINDE, with data from World Bank
HOW HAS THIS BEEN ACCOMPLISHED?
MINISTERIO DE COMERCIO EXTERIOR
COSTA RICA

was established in 1986 with a mandate to define and coordinate foreign trade and foreign investment policies. COMEX works with two implementing agencies:

PROCOMER

Created in 1996 as a non-state public agency to promote Costa Rica’s exports. It is responsible for administering the free zone regime.

CINDE

Created in 1982 as a private institution to promote Costa Rica as an investment destination. It is in charge of all investment promotion related activities.

INTER-AGENCY COOPERATION IN TRADE AND INVESTMENT
BUILDING A TRADE PLATFORM

- 1990 Costa Rica’s accession to GATT
- 1995 Costa Rica becomes founding Member of the WTO
- 14 Free Trade Agreements
  - 13 in force
  - 1 pending implementation
- 14 Bilateral Investment Treaties
Highly qualified human resources
- Productive, creative and well trained
- 95% of employees in multinational companies are local

Infrastructure
- Two international airports
- Ports on both coasts (improvements underway)
- Redundant access to telecommunications

Excellent business climate
- Political stability and respect for the rule of law
- Predictable and clear rules
- A competitive free zone regime
- Government committed to helping trade and investment (+CINDE)

Quality of life
- High quality of life
- Secure country

Proven track record
- More than 250 multinational companies in high-tech industry operating in the country

Strategically located in the middle of the Americas
- Geographical and cultural proximity to the United States
- Preferential access, through a solid trade platform, to 2.5 billion people, representing 63% of the world’s GDP
MAIN RESULTS
A TRANSFORMATION IN GOODS EXPORTS

Costa Rica: Exports by product
1960-2013

*/ Traditional products refer to coffee, fresh bananas, cane sugar and bovine meat.
85% of Costa Rica’s exports benefit from preferential access

Source: COMEX, based on data from PROCOMER.
Costa Rica is one of the main high technology FDI recipients in Latin America.
Costa Rica is fully integrated in 5 sophisticated manufacturing GVC’s: electronics, medical devices, aeronautic, automotive and filming devices.

39% of total goods exports are associated to GVC’s.

<table>
<thead>
<tr>
<th>Industry</th>
<th>GVC-related Exports 2013</th>
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</thead>
<tbody>
<tr>
<td>Electronics</td>
<td>56.70%</td>
</tr>
<tr>
<td>Medical devices</td>
<td>34.20%</td>
</tr>
<tr>
<td>Automotive</td>
<td>6.20%</td>
</tr>
<tr>
<td>Film &amp; Broadcasting</td>
<td>1.60%</td>
</tr>
<tr>
<td>Aeronautic/Aerospace</td>
<td>1.40%</td>
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THANK YOU

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