



Investing in Costa Rica:

Unlocking Opportunities in Central America's Sustainable and Dynamic Economy



INTRODUCTION

Costa Rica, a picturesque country nestled in the heart of Central America, is renowned for its political stability, robust economy, and commitment to sustainability and innovation. With a strategic location, highly educated workforce, and a pro-business environment, Costa Rica offers a wealth of opportunities for global investors. The country's progressive policies, advanced infrastructure, and focus on renewable energy make it an attractive destination for investment. This comprehensive report explores the benefits and opportunities of investing in Costa Rica, highlighting key statistics, relevant agencies, incentives for investors, and sectors poised for growth.

STATISTICS

- **Gross Domestic Product (GDP):** Approximately \$64.9 billion USD (2022).
- **GDP Growth Rate:** Averaged around 3-4% annually over the past decade.
- **Population:** Over 5 million people, with a literacy rate of 97.8%.
- **Official Language:** Spanish, with English widely spoken in business settings.
- **Currency:** Costa Rican Colón (CRC).
- **Foreign Direct Investment (FDI):** Inward FDI reached \$2.5 billion USD in 2021.
- **Trade Agreements:** Access to markets representing over 2.5 billion consumers through 15 free trade agreements.
- **World Bank Ease of Doing Business Ranking:** 74th out of 190 countries (2020).
- **Renewable Energy Use:** Over 99% of electricity generated from renewable sources.
- **Education Investment:** Approximately 7.4% of GDP invested in education.

BACKGROUND

Since abolishing its military in 1948, Costa Rica has redirected resources towards education, health, and environmental protection, fostering a high quality of life and human development. The country has embraced open market policies, resulting in economic diversification and integration into the global economy. Costa Rica is a member of the Central American Common Market (CACM), the World Trade Organization (WTO), and has numerous free trade agreements, including with the United States, the European Union, China, and Singapore.

Costa Rica's economy is characterized by a strong services sector, particularly in tourism, finance, and information technology. The country has successfully attracted high-tech manufacturing and multinational corporations due to its skilled workforce and favorable investment climate. With a reputation for political stability, respect for the rule of law, and a commitment to environmental sustainability, Costa Rica provides a secure and attractive environment for investors.

BENEFITS OF INVESTING IN COSTA RICA

Political and Economic Stability

- » **Strong Democratic Tradition:**
 - » One of the oldest democracies in Latin America with a stable political environment.
 - » Consistent policies that support economic growth and investment.
- » **Sound Economic Management:**
 - » Prudent fiscal and monetary policies ensure low inflation and stable

currency.

- » Resilience in facing global economic challenges.

Strategic Geographic Location

- » **Gateway to the Americas:**
 - » Proximity to North and South American markets.
 - » Easy access to global markets through the Atlantic and Pacific ports.
- » **Time Zone Alignment:**
 - » Central Standard Time (CST) aligns well with North American business hours.

Pro-Business Environment

- » **Open Market Policies:**
 - » Liberalized trade and investment policies encourage foreign participation.
 - » Minimal restrictions on capital flows and foreign ownership.
- » **Investment Protection:**
 - » Strong legal framework that protects property rights and enforces contracts.
 - » Member of the Multilateral Investment Guarantee Agency (MIGA).

Highly Educated and Skilled Workforce

- » **Education Excellence:**
 - » High literacy rate and significant investment in education.
 - » Emphasis on STEM disciplines producing skilled professionals.
- » **Bilingual Talent:**
 - » A large portion of the population is proficient in English, facilitating international business.
- » **Productivity:**
 - » Workforce known for reliability, adaptability, and strong work ethic.

Advanced Infrastructure

- » **Technology and Connectivity:**
 - » Modern telecommunications infrastructure with widespread internet access.
 - » Ranked highly in Latin America for technological readiness.
- » **Transportation Networks:**
 - » Ongoing improvements in highways, ports, and airports enhance logistics.
- » **Business Parks and Free Zones:**
 - » State-of-the-art industrial parks designed for high-tech manufacturing and services.

Commitment to Sustainability and Innovation

- » **Renewable Energy Leader:**
 - » Over 99% of electricity generated from renewable sources like hydro, wind, and geothermal.
 - » Ambitious goal to become a carbon-neutral country.
- » **Eco-Friendly Policies:**
 - » Strong environmental regulations support sustainable business practices.
- » **Innovation Hub:**
 - » Government support for research and development fosters innovation and technological advancement.

Access to Global Markets

- » **Extensive Free Trade Agreements:**
 - » Preferential access to major markets including the United States, European Union, China, and Canada.
- » **Integration with Global Value Chains:**
 - » Participation in international production and supply networks.

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RELEVANT AGENCIES

Costa Rican Investment Promotion Agency (CINDE)

- » **Role:** Non-profit organization dedicated to attracting foreign direct investment and supporting investors.
- » **Services:**
- » Provides detailed information on investment opportunities.
- » Assists with site selection, talent acquisition, and administrative procedures.
- » Offers aftercare services to facilitate business operations.
- » **Website:** www.cinde.org
- » **Contact:**
- » **Email:** invest@cinde.org
- » **Phone:** +506 2201 2800

Ministry of Foreign Trade (COMEX)

- » **Role:** Responsible for formulating and implementing foreign trade and investment policies.
- » **Services:**
- » Provides information on trade agreements, export opportunities, and investment regulations.
- » **Website:** www.comex.go.cr
- » **Contact:**
- » **Email:** info@comex.go.cr
- » **Phone:** +506 2505 4000

Promotora del Comercio Exterior de Costa Rica (PROCOMER)

- » **Role:** Government entity promoting exports and international trade.
- » **Services:**
- » Assists companies in expanding into global markets.
- » Provides market intelligence and facilitates business matchmaking.
- » **Website:** www.procomer.com
- » **Contact:**
- » **Email:** info@procomer.com
- » **Phone:** +506 2505 4700

Costa Rican Development Banking System (SBD)

- » **Role:** Supports financing for small and medium-sized enterprises (SMEs).
- » **Services:**
- » Offers credit facilities, guarantees, and financial support programs.
- » **Website:** www.sbd.cr
- » **Contact:**
- » **Email:** info@sbdcr.com
- » **Phone:** +506 2549 4400

National Institute of Learning (INA)

- » **Role:** Provides vocational training and workforce development programs.
- » **Services:**
- » Offers training programs aligned with industry needs.
- » Collaborates with businesses to develop specialized curricula.
- » **Website:** www.ina.ac.cr
- » **Contact:**
- » **Email:** info@ina.ac.cr
- » **Phone:** +506 2210 6000

INCENTIVES FOR INVESTORS

Free Trade Zone Regime (FTZ)

- » **Tax Incentives:**
- » 100% Exemption on import duties for raw materials, components, and capital goods.
- » 100% Exemption on corporate income tax for 8-12 years, with possible extension at 50% for additional 4-6 years.
- » 100% Exemption on municipal taxes, stamp duty, and withholding taxes on dividends and royalties.
- » **Eligibility:**
- » Companies engaged in manufacturing, processing, servicing, or logistics activities.
- » Investment commitments and job creation requirements apply.
- » **Benefits:**
- » Simplified customs procedures.
- » Access to modern infrastructure and facilities.

Inward Processing Regime

- » **Tax Benefits:**
- » Temporary suspension of import duties and taxes on raw materials and components used in producing goods for export.
- » **Advantages:**
- » Enhances competitiveness of export-oriented manufacturing.
- » Training and Employment Incentives
- » **Support Programs:**
- » Government grants and subsidies for workforce training.
- » Collaboration with INA to develop customized training programs.

R&D and Innovation Incentives

- » **Tax Deductions:**
- » Deductions for expenses related to research and development activities.
- » **Grants and Funding:**
- » Access to government funds supporting innovation and technological development.

Renewable Energy and Sustainability Incentives

- » **Tax Holidays:**
- » Exemptions on taxes for investments in renewable energy projects.
- » **Feed-in Tariffs:**
- » Guaranteed prices for electricity generated from renewable sources.
- » **Regulatory Support:**
- » Streamlined permitting processes for sustainable projects.

SME Support Programs

- » **Financing Options:**
- » Access to credit lines, guarantees, and venture capital through SBD.
- » **Technical Assistance:**
- » Business development services and consultancy support.

Intellectual Property Protection

- » **Legal Framework:**
- » Strong protection of intellectual property rights.
- » Compliance with international treaties like TRIPS.

OPPORTUNITIES FOR INVESTORS

Advanced Manufacturing

- » **Medical Devices:**
- » Costa Rica is the world's second-largest exporter of medical devices in Latin America.
- » Opportunities in manufacturing and R&D of high-tech medical equipment.
- » **Electronics and Precision Equipment:**
- » Production of electronic components, microprocessors, and precision engineering products.
- » **Aerospace Components:**
- » Growing cluster of companies producing parts for the aerospace industry.

Business Services and Outsourcing

- » **Shared Services Centers:**
- » Establishment of regional hubs for finance, accounting, HR, and IT services.
- » **Information Technology (IT):**
- » Software development, cybersecurity, cloud services, and data analytics.
- » **Customer Support and BPO:**
- » High-quality bilingual talent for call centers and business process outsourcing.

Renewable Energy and Clean Technologies

- » **Hydropower and Geothermal Projects:**
- » Investment in expanding renewable energy capacity and infrastructure.
- » **Solar and Wind Energy:**
- » Opportunities in developing solar farms and wind parks.
- » **Innovation in Clean Tech:**
- » Development of technologies in energy efficiency, smart grids, and sustainable solutions.

Agribusiness and Food Processing

- » **High-Value Crops:**
- » Production and export of coffee, bananas, pineapples, cocoa, and tropical fruits.
- » **Organic Farming:**
- » Growing demand for organic and sustainably produced agricultural products.
- » **Food Technology:**
- » Investment in improving processing, packaging, and value addition.

Tourism and Hospitality

- » **Eco-Tourism:**
- » Development of sustainable tourism ventures showcasing Costa Rica's biodiversity.
- » **Luxury and Wellness Tourism:**
- » Investment in resorts, spas, and wellness centers catering to high-end markets.
- » **Adventure Tourism:**
- » Opportunities in outdoor activities like zip-lining, rafting, and wildlife exploration.

Infrastructure Development

- » **Transportation Projects:**
- » Participation in public-private partnerships for roads, ports, and airport expansion.
- » **Urban Development:**
- » Investment in commercial real estate, housing, and smart city initiatives.
- » **Logistics and Warehousing:**
- » Development of logistics hubs to support trade and distribution.

Education and Healthcare Services

- » **Private Education:**
- » Establishment of international schools and universities.
- » **Healthcare Facilities:**
- » Development of hospitals, clinics, and specialized medical services.
- » **Medical Tourism:**
- » Leveraging Costa Rica's reputation for quality healthcare at competitive costs.

Biotechnology and Life Sciences

- » **Research and Development:**
- » Opportunities in biotech research, pharmaceuticals, and clinical trials.
- » **Bioprospecting:**
- » Exploration of Costa Rica's rich biodiversity for new compounds and medicines.

CONCLUSION

Costa Rica stands out as a beacon of stability, sustainability, and innovation in Central America. Its democratic heritage, commitment to environmental stewardship, and proactive economic policies create a highly favorable environment for investment. Investors can leverage Costa Rica's strategic location, skilled workforce, advanced infrastructure, and extensive trade agreements to access global markets and drive business success.

With diverse opportunities across sectors such as advanced manufacturing, services, renewable energy, agribusiness, and tourism, investors have the potential to achieve significant returns while contributing to Costa Rica's sustainable development. The country's positive outlook, supportive government, and vibrant economy make it an ideal destination for investors seeking to expand their horizons in Latin America.

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