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The medical device industry has grown from a marginal sector into the country's biggest exporter in just 20 years.

**COSTA RICA**

2019

# the business year

Costa Rica boasts certain key advantages that **make it an attractive country for FDI.**

**DYALÁ JIMÉNEZ FIGUERES**  
Minister of Foreign Trade  
(COMEX)

**"We are excited about the vision and the energy of the new administration, and it is a great sign that the Ministry of Foreign Trade, Costa Rican Investment Promotion Agency (CINDE), and PROCOMER are working on a joint agenda."**

**PEDRO BEIRUTE PRADA**  
CEO,  
Export Promotion Agency of Costa Rica  
(PROCOMER)

**"Costa Rica is successful because the public and private sectors share a vision of development."**

**MARÍA AMALIA REVELO**  
Minister of Tourism



*Which sector would you put your money on?*

## **Urban Transportation?**

The Bogotá Metro has the potential to revolutionize the transport system of the capital and set an example for the entire region.

*or*

## **Tourism?**

Colombia's tourism industry is taking advantage of the country's newfound stability to invest in infrastructure and a marketing push into new Asian markets.



## **Oil and gas?**

Colombia has proven natural gas reserves of almost 4.8 trillion cubic feet, and Ecopetrol is the primary producer in the market.

*or*

## **Avocados?**

As exports grow more sophisticated by the year, Colombia could become one of the largest producers of Hass avocados in the world.

*Find out more*

**The Business Year: Colombia 2019**

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# THE BUSINESS YEAR: COSTA RICA 2019

The complexities of a majorly inter-dependent regional powerhouse that relies on trade and diplomacy as its main two instruments to exercise public and foreign policy present an interesting editorial challenge. 2018 was a year of major structural changes in the country as it prepares for its 200th anniversary in 2021. Through our sit-down conversations with over 150 business and political leaders, we had the opportunity to contrast the government's plans with private-sector expectations for the new administration.

Costa Rica has historically held a regional leadership role through its promotion of peace and human rights and has maintained considerable political stability within the context of regional conflicts over the past decade. Known for its decision to abolish the military, Costa Rica today hosts the highest amount of regional UN offices on the continent. To maintain its reputation as the progressive flagship of sustainable development and social inclusion, it has pursued leading climate change and human rights initiatives.

2018 saw the election of Carlos Alvarado as the new president of the country and the youngest in the history of Latin America. The election showed the commitment of the population to progressive public policy as Alvarado's

main opponent campaigned on a nationalistic and conservative agenda, mainly opposing the Inter-American Court of Human Rights' ruling on recognizing same-sex marriage. Costa Rica is now in the regional spotlight as it guides the implementation of the ruling into national law.

Alongside the presidential elections, 2018 was a pivotal year for Costa Rica as there was major international interest in the country's ability to abide by its financial commitment because of a significant fiscal deficit and the failure to pass significant tax reforms over the last decade.

The year was punctuated by a series of tense moments, such as during an Association of Free Zones event when, as President Alvarado was making a speech on generating confidence in the free zone legal framework, at the same time the national assembly was voting on changing tax exemptions on some articles that would severely hinder operations in free zones. The change didn't go through, but a tax reform did and, today, Costa Rica and its private companies look to 2019 with optimism.

We hope this third edition of The Business Year: Costa Rica will serve as a must-read handbook for potential investors as we, through interviews and analysis, unpack Costa Rica's prospects for the year ahead. ✖

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# the business year

**COSTA RICA**  
2019

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Chamber of Commerce



The Costa Rican Investment  
Promotion Agency (CINDE)



The Chamber of Industries  
of Costa Rica



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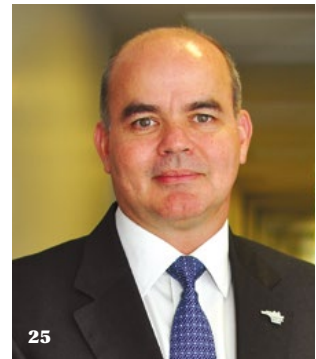
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# EXECUTIVE SUMMARY

*Costa Rica* is bucking trends, focusing on a progressive, futuristic agenda of sustainable energy, high-tech manufacturing, and cross-party political consensus.

**IN ACCORDANCE WITH ITS REGIONAL REPUTATION AS A PROGRESSIVE COUNTRY,** 2018 saw the election of Carlos Alvarado as the youngest ever president in Latin America. Alvarado's campaign was built on the first ever coalition between two ideologically opposed parties through the common ground of advancing a modern social policy agenda and basic structural reforms to the state. The president delivered quickly, naming both the most gender and politically diverse cabinet in the country's history.

#### IN GOOD COMPANY

At present, Costa Rica is in the late stages of talks to join the OECD and Pacific Alliance. Both of these organizations are likely to demand significant changes within Costa Rica's investment and competitiveness promotion legal framework. Still, every expert and leader interviewed for this

publication expressed the opinion that these prestigious organizations can provide Costa Rica with the right tools to advance its economy and achieve the next level of development.

#### NEW OUTLINE, SAME GOAL.

Costa Rica recently unveiled its latest National Development Plan (NDP), which looks to reinforce the country's national identity and international competitive edge based on its historic commitment to have the highest-skilled workforce on the continent, not to mention taking care of them through social benefits systems. The NDP has an institutional approach that the government hopes will solve most of its inefficiencies through creating simpler and more direct lines of communication between public institutions at every level. It also sets the tone for all upcoming policy to account for sustainable



development and educational excellence as the ultimate goals of the country.

#### THE DUST FINALLY SETTLES

For over a decade, both lawmakers and presidents had struggled with an ever-growing financial deficit that exponentially threatened Costa Rica's economic stability and the trust of international institutions in the country's ability to fulfill its commitments. No tax reform was ever good enough to meet every stakeholder's expectation, and an economic crisis seemed inevitable during the second half of 2018, with major foreign exchange rate hikes that highlighted the market's fragility. President Alvarado committed to passing tax reform, promising to include every stakeholder in discussions to ensure a middle ground could be found. Soon enough, in December 2018, the Law on Strengthening Public Funds, the official name for the tax reform, was passed and cleared all constitutional checks. Private and multilateral international financial institutions have already showed their approval of the law by pledging investment and participation in major upcoming public-private partnership projects.

#### SETTING THE BAR HIGHER ON CLIMATE CHANGE

Costa Rica was already well on its way to achieving carbon neutrality by 2021, with 99.6% of its power grid running on renewable sources. The new president, however, decided to double down on efforts and updated the goal to completely decarbonize Costa Rica's economy by

2050. The plan has identified the elements to be outlawed and a circular economy approach to transitioning into an economy of non-carbon-based reusable and recyclable products, whilst ensuring a friendly business environment focused on resource efficiency.

#### BEATING THE TRENDS

While automation and globalization have seen many manufacturing jobs move to destinations such as India and China, or eliminated the need for a human workforce entirely, Costa Rica has focused on revamping its industrial sector through the expansion of high-value manufacturing via technically apt, high-skilled human capital. Global EMS leaders and regional powerhouses have pledged to expand their operations within the region based out of Costa Rica, which has understood that it is better to fight for jobs with Palo Alto rather than Manila or Mumbai.

#### 4.0 FOR 2021

Big data, machine learning, and IOT implementation lead the way on the major technological trends coming into Costa Rica. The perennial and famous digital transformation process is impacting the Central American powerhouse significantly, allowing it to compete globally in fintech development, software coding, and cloud-based data centers. Costa Rica's global importance in ICT matters is evidenced by IBM's recent decision to host largest cybersecurity center in Latin America on its shores. ✕

#### GDP PER CAPITA(2017)

SOURCE: THE WORLD BANK

USD11,630

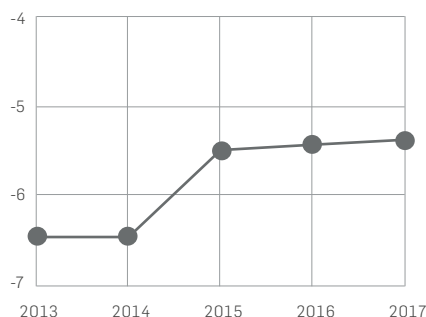
#### INFLATION (2017)

SOURCE: STATISTA

2.41%

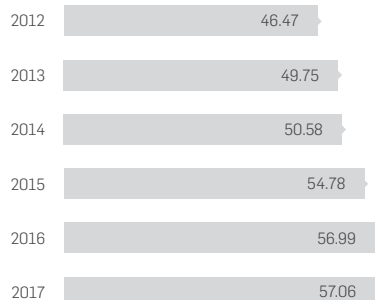
#### TRADE BALANCE (USD BN)

SOURCE: FOCUS ECONOMICS



#### GDP (CURRENT PRICES, USD BN)

SOURCE: THE WORLD BANK





## JANUARY 2018

The Inter-American Court of Human Rights rules that same sex marriage should be recognized in Costa Rica



## MAY 2018

Carlos Alvarado assumes the presidency of Costa Rica, becoming the youngest president in Latin American history at 38



## OCTOBER 2018

Costa Rica's Minister of Public Works announces a project to build a high-speed electrical passenger train

## JULY 2018

ESTABLISHMENT Labs (ESTA) becomes the first Costa Rican company to be listed on Wall St. (NASDAQ)



## NOVEMBER 2018

Costa Rica announces its 3-year National Development Plan



## DECEMBER 2018

Costa Rica's National Assembly passes tax reform, officially "Public Finances Strengthening Law"

## JANUARY 2019

Grupo Lala opens the first fully automated dairy plant in Costa Rica

## MARCH 2019

President Carlos Alvarado announces a 2050 decarbonization plan, which builds upon the 2021 carbon neutral goal to completely rid the economy of carbon by the set date

## FEBRUARY 2019

The Moín Container Terminal (TCM) opens fully fledged operations, becoming the largest foreign investment project of the decade





President Carlos Alvarado Quesada greets well-wishers during his inauguration

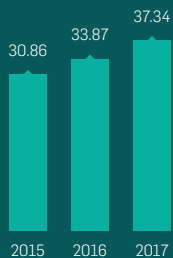
**BILATERAL AID TO COSTA RICA  
(IN MILLIONS, USD)**

SOURCE: WORLD BANK

2013	26.9
2014	43.6
2015	101.3
2016	90.16
2017	75.9

**TOTAL STOCK OF FOREIGN DIRECT INVESTMENT  
(IN BILLIONS, USD)**

SOURCE: UNCTAD WORLD INVESTMENT REPORT, 2018



**FOREIGN DIRECT INVESTMENT IN COSTA RICA, PER YEAR  
(IN BILLIONS, USD)**

SOURCE: UNCTAD WORLD INVESTMENT REPORT, 2018

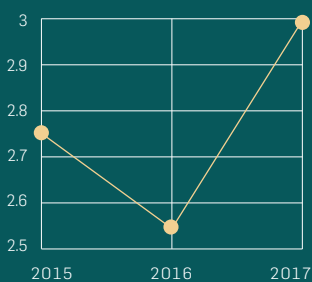


Image: Luis Alvarado Alvarado





# Diplomacy

## THE PROMISE OF YOUTH

**2** 018 saw the election of the youngest president in Latin America today, with 38-year-old Carlos Alvarado Quesada from the incumbent Citizen's Action Party (PAC) securing victory with 61% of the vote in the second round of polling. Alvarado's young age had an immediate impact on government policy. In the first half of the year he named the most diverse cabinet in the country's almost 200-year-old history, appointing as vice president the first woman of African descent in Latin America to hold such a post. He also drafted the National Development Plan, made up of long-term initiatives to restore and strengthen the foundations of Costa Rica's signature political and economic stability.

Alvarado Quesada entered his first full year in the presidency after passing a much-needed tax reform. Similar initiatives were attempted by the previous two administrations, and as Alvarado told *The Business Year*, he "would spend the entire four-year term trying to pass it, as it is the cornerstone of future development in Costa Rica." The reform has inspired a display of confidence from international investment groups and multi-lateral institutions as it is expected to stabilize inflation, reduce the fiscal deficit, and demonstrate the political will to undertake necessary national projects by reaching across the aisle to get things done.

As of 2019, Costa Rica has the most advanced candidacy to join the Organization for Economic

Cooperation and Development (OECD), the prestigious group of high-income, high human-development-index countries. Internationally, joining the OECD is a government priority and would be the most important achievement of the administration; setting the country on a path to possibly improve the socioeconomic indices of Costa Rica.

At the same time, the country has indicated a clear intention to optimize the use of existing free trade agreements, which cover economies representing two-thirds of the world's GDP, and strengthen relations with close regional economies rather than signing new treaties. Costa Rica has also shown its intention to approach Asian markets through the Pacific Alliance, under the condition that it doesn't affect its own commodity prices, such as coffee. The idea is to get closer to emerging economies and acquire know-how of high-value manufacturing, STEM human capital development, and modern trade dynamics.

This administration will see the bicentennial anniversary of the country and the deadline for becoming a carbon neutral country in 2021, a goal set decades past. President Alvarado expects to approach these milestones by proposing an inclusive and progressive agenda that includes social economic reforms such as the advancement of minority rights and an emphasis on the concessions model for financing much-needed infrastructure projects through public-private partnerships. ✖



## INTERVIEW

Costa Rica is working toward financial, institutional, and legal stability, and investing heavily in education, infrastructure, and green energy to break down economic, gender, and age inequality.



Carlos Alvarado Quesada  
PRESIDENT,  
REPUBLIC OF COSTA RICA

## priorities SET RIGHT

***Investing USD4 billion on road infrastructure in coming four years***

***Executive branch alone will save USD150 million in first year alone***

### How can Costa Rica become a member of the OECD?

This is our goal; we aim to be a modern and developed country for our citizens' wellbeing, and being a member of OECD plays a key role in achieving that goal. We are defining the terms so we do not lose our own characteristics and development style. We are working hard on this and have created a legislative committee, a group of specialized deputies with knowledge of all the projects.

### What are the priorities of this administration?

The first priorities are financial, institutional, and legal stability. Costa Rica is a growing country, with stable inflation, many opportunities for investment, an excellent geographical location, and human talent. That is why we want to strengthen this development platform and resolve the public deficit. By doing so, we can move and work with other issues, especially education. We are investing heavily in education and aim to become a bilingual country in the medium term and connect our educational centers with broadband by 2021. Apart from that, we are also working on the decarbonization of our energy. 99% of our electrical energy is clean, and we want to bring this concept to transportation and other aspects. We also need to upgrade our infrastructure to improve our competitiveness. For the next four years, we plan to invest USD4 billion in road infrastructure and USD1.3 billion in an interurban electric train. We aim to transform our Caribbean harbors and will kick off a container terminal project in February 2019. As well, we are working on a Pacific harbor in Caldera to strengthen commerce with the Pacific and Asia. We are working hard to reduce income inequality and poverty, which is why we need to generate more jobs and work on territorial specialization.

**Regarding Costa Rica's payment capacity, fiscal reform is one of the key objectives of this administration. How would you evaluate the landscape of this reform?**

This has been our priority since the start of our administration. We have had our first debate as well as some results, despite the opposition. Also, we already have the federal budget for 2019, which has not been increased and will not affect the government's functions. By using AI, we have been able to cover emergencies, prevent droughts,

and improve our infrastructure. We have achieved significant reductions without neglecting our services or announcing redundancies. This plan is currently awaiting approval from the constitutional chamber. In terms of taxes, there is a strong message of confidence. This will be reflected in economic stability and confidence, which will attract investors.

### What message are you sending to the private sector, and how keen is the administration to work with PPPs?

In our first budget, we reinforced the National Concessions Council with more than CRC5 billion (USD8.33 million). There are also USD15 million in opportunities for PPPs. We are interested in economic growth and understand that such partnerships are a tool that will take us in that direction. These include projects such as airports, the interurban electric train, and a freight train line.

### How can the government boost the educational agenda to adjust to Costa Rica's private sector's present and future needs?

We have the human talent, and education is a priority; however, we need to create more opportunities, which is why we are working on English training to have more people speak the language of business, knowledge, and communication around the world. The aspects we are working on are dual training and improving regional higher education offerings. We need to find a balance between what universities offer, what the private sector needs, and where the country wants to go. We also want to work on reducing inequality, since the majority of development in Costa Rica is in the central region. By distributing opportunities across the country, we will break down economic, gender, and age inequality. ✕

**“We are working hard to reduce income inequality and poverty, which is why we need to generate more jobs and work on territorial specialization.”**

### BIO

President Carlos Alvarado Quesada has four years of experience in public office. He started as executive president of the Joint Institute of Social Assistance (IMAS) with the rank of Minister of Human Development and Social Inclusion. Two years later, he was in charge of the Labor Ministry before subsequently running for president. Alvarado holds a bachelor's degree in communication and a master's degree in political science from the University of Costa Rica, as well as a master's degree in development studies from the University of Sussex. At 38, he became the youngest serving president since Alfredo González Flores in 1914.



Epsy Campbell Barr  
VICE PRESIDENT,  
REPUBLIC OF COSTA RICA

## FUTURES *near and far*

Costa Rica sees its stability and wealth as attractive to international investment as it builds trade relationships with neighbors and overseas nations.



### How would you define Costa Rican identity?

Beyond legal security and favorable environments for investors, Costa Rica is the only country that has a historical democratic foundation, which is fundamental to secure the long-term stability of its economic outlook.

### What are the plans to promote and continue with the Central American Integration System (SICA) agenda?

Celebrating 200 years of our republic during our administration, we are extremely committed to advancing the agenda of SICA with the necessary reforms. We need to align the objectives of certain SICA institutions to serve the development needs of our countries and the region. We need to adapt the organization to understand the specific situation of countries that promote more advanced agendas. For example, while there are countries that live with 50% or 60% poverty rates, ours is around 20%, and we still want to advance the sustainable development agenda. We also understand the need to strengthen our regional market, as our neighbors should be our main trading partners, and we should be theirs. The strengthening of the Central American institution will allow Costa Rica to have greater economic opportunities in closer markets and more open-access channels for SMEs that have difficulty accessing geographically farther markets.

### What is the new administration's perspective and position in terms of access to organizations like the OECD?

The most important challenge in Costa Rica is to make the most out of the commercial agreements it has already signed with different partners, rather than intensively spending diplomatic capital on new ones. We were the first country in the region to establish economic and political relations with China, for example. We could do more things with the US, which is our most important business partner. We are making an important institutional effort to achieve accession to the OECD with all the advantages that it implies.

### What are the main priorities on the agenda of the new administration?

One of the most important tasks of this administration will be decarbonization. This project brings together specific government actions, the first of which is public transportation. When we decided to change the country's energy matrix to do away with fossil fuels, it required the absolute transformation of the means of transportation. High-speed railways are some of the most important projects in the urban sector that also require a large number of long-term private investments. We need financing that is attractive for the country and investors. On the other hand, the freight train on the northern border with APM Terminals is another great and necessary project that we must consolidate in the short term. There are some important investments in the infrastructure sector that we have pending. One of them is public infrastructure. We have to significantly advance the construction of certain hospitals that are not yet fully funded, such as the Hospital of Limón and the geriatric hospital. We have to accelerate investment in telecommunications to generate all the necessary conditions for another kind of investments. We want to guarantee universal access to the internet, which can also jumpstart development in most impoverished areas of the country. Costa Rica plans to become a global green lab where the best experiments on environmental sustainability and climate change are conducted. This space is a great investment scenario linked to our decarbonization plans and the use of renewable energies nationwide.

### What message would you like to send to the investment community in terms of the structural changes in the free zone or the promotion of systems of public and private sector concessions?

Free zone regimes will be maintained. The democratic system works, and the investment attraction models that have produced important results cannot be changed on a whim. ✖

**“The democratic system works, and the investment attraction models that have produced important results cannot be changed on a whim.”**



## FOCUS

OECD membership bid

# JOIN THE CLUB

While the OECD's guidelines are not mandatory, being a signatory can offer a country the status of commitment to corporate and social responsibility in the operation of a free market economy.

## COSTA RICA'S OECD ACCESSION JOURNEY BEGAN IN APRIL 2015

when constituent nations agreed to open membership talks. Since then it has been assessed in terms of its progress in 22 core areas including its tax regime, competitive environment, tackling of economic disparity, and concerted efforts to fight corruption. Today, it considers itself close to full membership.

### WHY JOIN?

Since its inception in 1961—an era marked by the rise of technologies that would ultimately determine the shape of global commerce—the OECD has championed policies that support transparent government and economic and social wellbeing among trading nations, despite being the proverbial ‘club of rich countries,’ with its members accounting for 70% of the global market. Costa Rica has become a regional near-shore technical service hub as Business Process Outsourcing (BPO) skyrocketed in recent years. Membership, it believes, will better shape the policy imperatives of enterprises working within its borders. It would also grant Costa Rica meatier international credentials.

### ALREADY ACTIVE

Candidate status may be a waiting game, but San José did not sit out on the sidelines and wasted no time in getting involved with a wide array of specialized committees as the national action plan takes shape. Meanwhile, national policy issues and perceived shortcomings earmarked for attention have been debated both locally and within a multilateral context based on the experiences of other nations. Former president Luis Guillermo Solís noted at the time that no less than twenty-seven ministries and public institutions were involved in implementing Costa Rica's Action Plan.

### NO ARMS TWISTED, JUST CONSCIENCE PIQUED

OECD guidelines for multinational corporations are not law, but voluntary confirmation of a certain type of commitment that goes deeper than commercial imperative and quarterly earnings reports. Neither are these guidelines a reinvention of the wheel; existing international bodies and principles such as the International Labor Organization (ILO), the UN, and the Universal Dec-

laration of Human Rights (UDHR) have already promoted them. The OECD simply lobbies for nations to comply and to give something tangible back to the communities in which they operate.

### IN THE OECD'S OWN WORDS

Costa Rica has registered impressive economic and social progress over recent years, having turned economic growth into near-universal access to education, health care and pensions. GDP grew 3.55% YoY in 2Q2018, up on an already welcome 2.76% rise a quarter earlier. Indeed, the OECD's 2018 Economic Survey of Costa Rica forecasts 3.7% growth for the 2018-19 period, and proposes holistic thinking to address shortfalls in pursuit of a “virtuous cycle of inclusive growth” demanding comprehensive reforms in key policy areas. These should rest on policy that tackles labor market informality and social imbalances, as well as curbs perceived public overspending to enable sustainable budgeting. It notes a need to direct spending towards early and secondary education to expand opportunities and encourage greater female participation in the workforce. To fund this, Costa Rica must tackle the informal economy to raise its tax base. The latter will also help in taming a high debt-to-GDP ratio.

### THE PAIN OF GAIN

In the real world, many notions that sound smart in theory result in consequences for the general public. In the pursuit of sustainable economic performance and compliance with precisely the criteria handed down by the OECD, the government of President Alvarado championed a tax reform package and fiscal roadmap that by September 2018 had prompted widespread public marches in protest. The charge, a familiar one, is that the proposed tax reform would disproportionately penalize the working and middle classes.

Costa Rica is resolutely committed to its membership in a club that can only be as effective as its own domestic policies. It is of course important to set guidelines whereby the spoils of foreign participation in the economy benefit local communities. But first, the government will need to convince the public that the bitter pill of reform has a sweet aftertaste. ✕



# EXPANDING TRADE *opportunities*

Pablo Campana Sáenz  
MINISTER OF FOREIGN  
TRADE OF ECUADOR



What is your long-term strategy for Central America, and what role does Costa Rica play in Ecuador's relationship with the region?

Ecuador has agreements with several Central American countries, such as Nicaragua, El Salvador, and Guatemala, as well as a unilateral preferential list granted by Panama in the framework of the Latin American Integration Association (LAIA). These agreements were recently formed and although their value shall be assessed in the coming years, they have proven effective for promoting Ecuador's exports, particularly of products with added value. There is an ongoing negotiation with Honduras, and in order to consolidate our presence in Central America, we are currently exchanging information with the Dominican Republic and Costa Rica to further explore the possibility of expanding trade between us.

Both Costa Rica and Ecuador share the challenge of being vulnerable to the volatility of international markets in the trade of their agro-industrial commodity products. How could the two countries increase collaboration to strengthen value-added production chains?

Costa Rica, as much as Ecuador, does not have the territory that enables the economies of scale necessary to compete price wise, which is the case for the majority of their products. In this light, our targets are specialty markets, and in terms of agricultural products we target gourmet markets. These niches are less sensitive to volatility and therefore to price fluctuations. Combining this approach with appropriate differentiation strategies, such as denominations of origin, sectoral brands, or certification marks, will land one in a small yet highly profitable market. ✕

Ecuador and Costa Rica lack the economies of scale to compete on a global scale, which is why both countries target niche markets and are further exploring the possibility of trade.

**"In order to consolidate our presence in Central America, we are currently exchanging information with ... Costa Rica to further explore the possibility of expanding trade between us."**





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Image: Gianfranco Vitti

## NEW AGENDA

Some of the biggest names of the Costa Rican cabinet discuss the aspirations of the new administration.

**T**he Alvarado administration has adopted a forward-looking approach to policy making and directed all ministries to use sustainable development as the foundation of all future policies in order to help the country achieve its plan to become the world's first decarbonized country. The government's comprehensive agenda identifies education as an engine to achieve economic growth, equality, and innovation, and emphasizes the importance of using the latter to digitalize procedures and create an e-government governance model—one that improves the investment climate and the quality of life of Costa Ricans. Dwindling exports pose a worry, but public- and private-sector players have joined hands to leverage Costa Rica's geographical location and human resources, and target market niches and specialty markets. Another plan is to boost exports by discovering competitive advantages in the agriculture sector and connecting the country's strategic arteries with its coasts and borders. Having one of the most diverse ecosystems in the world automatically guarantees tourism and the new National Tourism Development Plan aims to protect that lifeline by spreading benefits to local communities and throwing wellness tourism and cultural and gastronomic aspects into the mix.

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María Del Pilar Garrido  
MINISTER OF  
NATIONAL PLANNING  
AND ECONOMIC POLICY  
(MIDEPLAN)

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Luis Adrián Salazar  
MINISTER OF SCIENCE,  
TECHNOLOGY, AND  
TELECOMMUNICATIONS  
(MICITT)

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Irene Campos  
MINISTER OF  
HOUSING AND HUMAN  
SETTLEMENTS

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María Amalia Revelo  
MINISTER OF TOURISM

---

Victoria Hernandez  
MINISTER OF ECONOMY,  
INDUSTRY, AND TRADE  
(MEIC)

---

Carlos Manuel Rodríguez  
MINISTER OF  
ENVIRONMENT AND  
ENERGY (MINAE)

---

Dyalá Jiménez  
MINISTER OF FOREIGN  
TRADE (COMEX)





María Del Pilar Garrido  
MINISTER OF  
NATIONAL PLANNING  
AND ECONOMIC POLICY  
(MIDEPLAN)

**ONE OF THE MOST RELEVANT POINTS OF** the Alvarado administration is the importance of education as an engine of social mobility, economy, sustainable development, and knowledge. Education is also key to close gaps in human rights to generate equality in access to both goods and services and opportunities, and achieve sustainable development. The plans Costa Rica has for 2050 require certain profiles in certain places and geographic regions. We must engage young women to achieve economic expectations, and we must work articulately and incorporate cooperation into our agenda. We will work on science and technology programs to reflect the results in the highest priorities of the National Development Plan of Public Investment as well as in the efforts made under the sectoral plans and strategy areas. One of the president's clearest mandates has been to simplify procedures and make regulatory improvements to encourage the business climate to improve because it is one of the key points in the global competitiveness index.



Luis Adrián Salazar  
MINISTER OF SCIENCE,  
TECHNOLOGY, AND  
TELECOMMUNICATIONS  
(MICITT)

**COMMUNICATIONS IS HIGHLY IMPORTANT TO** develop infrastructure. We must improve our efforts to grow our broadband penetration, and we have to connect the education sector and other institutions with new technologies. The private sector needs more incentives to invest, and we are trying to do this in the telecommunications area. We want to develop the best way to facilitate investment, and we want to see more development. To achieve all that, MICITT is defining the roadmap for the next four years. Moreover, we need to increase the capacity of the government to develop infrastructure. MICITT has several initiatives aimed at improving innovation activities across many different layers and including many different stakeholders. Another focus area is e-government; we are trying to define the e-government governance model for Costa Rica. We have strong telecommunications skills, good penetration in mobile service, and strong SME participation; however, we have to consider innovation as the main tool for development in the next 10 years. We want to use technology to utterly transform the lives of all Costa Ricans.



Irene Campos  
MINISTER OF  
HOUSING AND HUMAN  
SETTLEMENTS

**A STUDY BY THE INTER-AMERICAN DEVELOPMENT BANK SHOWS THAT** Costa Rica has the lowest deficit print of approximately 13-14%. We have implemented a successful housing policy called the National Financial System for Housing through a PPP. The state, through an institution, makes the corresponding analysis and ultimately approves or rejects projects. Of all the funds designated to housing, 60% is applied to individual bonds, meaning families who find their own solution, while the other 40% is allocated to projects. Families earning over CRC400,000 per month also benefit from a housing subsidy, albeit a relatively low one. We are working on ways to provide greater assistance through access to credit. In terms of speeding up construction permits for investors, Executive Decree 36550 has tasked the Ministry of Housing with the coordination of all procedures. For the past five years, all mid-stage permits have been digitalized and dispensed through a single window. Also, there are deadlines in place, which if exceeded automatically mean project approval. Of the 82 municipalities, 30 already operate on the same platform.



María Amalia Revelo  
MINISTER OF TOURISM

**MY PRIORITY IS THE DEVELOPMENT OF** small and medium tourist companies. 94% of the accommodation distributed by the country has less than 40 rooms, and this allows welfare to reach different communities. The National Tourism Development Plan determines 31 development centers that we manage in a way that allows us to work with various institutions and ministries. We make a diagnosis of the opportunities that exist in those zones of tourist development and study the opinions of tourists. Later, during a two-day workshop, we analyze the place, its lodgings, tourist offerings, the opinions of local operators, and the obstacles and opportunities. Finally, we make a five-year projection and the strategy, in which we include local partners, committed chambers, and mayors. At the end of my mandate, I want to see areas that have reached their potential and managed to develop even more through the value of authentic experiences and biodiversity. We seek to complement the current tourism development with wellness tourism, which has enormous potential. In the same way, we are forming alliances with the Ministry of Culture to include cultural and gastronomic aspects in the experience.





Victoria Hernandez  
MINISTER OF ECONOMY,  
INDUSTRY, AND TRADE  
(MEIC)



Carlos Manuel Rodríguez  
MINISTER OF  
ENVIRONMENT AND  
ENERGY (MINAE)



Dyalá Jiménez  
MINISTER OF FOREIGN  
TRADE (COMEX)

**THE SIMPLIFICATION OF PROCEDURES** IS the main focus under the economic reactivation plan. We have started regulatory improvements on two fronts: institutional support and regulatory analysis. We have already recognized over 2,900 different procedures that could be cut down to 2,500. Second, we have initiated an intervention with the Ministry of Labor to reduce the time to start high-risk businesses from 91 to 30 days and to reduce this number to one for low-risk businesses. Third, we are working on citizen consultation processes at the sectoral and general level with the University of Costa Rica. Fourth, we started with the municipal agenda because the directive obliges the executive power but not the autonomous dependencies. There is interaction in a business model that works with the policy of productive development through support to SMEs, given that only 6.5% of entrepreneurial ventures reach maturity and less than 1% focus on exports. We put in place an inter-institutional plan with other stakeholders to tackle the challenges through financial education and ease of funding. We have consolidated seven integral centers of business development: two in San José and the rest outside.

**THE GREATEST CHALLENGE FOR COSTA RICA** IS the current model for food, energy, and water production, and the consumption of goods and services. Currently, we consume natural resources faster than nature's capacity for recovery. The largest challenge, then, is to change the economic model so we don't generate an environmental deficit but rather capitalize on mechanisms and technologies that don't generate environmental damage. In that context, we have 10 issues to address, and we are going to focus on creating the institutional conditions to transition toward a green or circular economic model. This change has to be incremental, and the effects will be seen in the future. We have both a carbonized economy and fiscal system as a large amount of fiscal income depends on activities that generate carbon. We want zero-emission vehicles, including both electric cars and hydrogen cars. Having such a strong electrical grid and installed infrastructure, it makes sense to electrify the transport sector, too. We need to change the transport paradigm as our economy is based on the individual use and purchase of vehicles. We want cities to be more sustainable and greener.

**PRESIDENT ALVARADO'S ADMINISTRATION IS RESULTS DRIVEN, AND** fully aware that economic development is not a matter of individual action, but of collaborative engagement. Working with public- and private-sector groups, the government is advancing an aggressive agenda to boost the economy. One of the agenda's key items is the Alliance for Bilingualism, a program launched to scale the mastery of English as a second language. The second point is the work undertaken to tackle the challenge of skilling for tomorrow's workplace. The third objective relates to connectivity. Operations in a technologically driven world demand robust, efficient, and secure networks, and we are investing to ensure they are readily available. The fourth program relates to administrative simplification and the implementation of a single window for investment. The fifth aim of the agenda is to improve road infrastructure network. The sixth point is more sector related. For example, we are working on a program to "discover" competitive advantages in the agricultural sector. Moreover, under Costa Rica's accession process to the OECD, further structural reforms are taking place in areas such as public governance, innovation, and investment policy.



Costa Rica's Kendall Watson scores against Switzerland during the 2018 FIFA World Cup in Russia





# SETTING *benchmarks*

Costa Rica is the go-to country for international institutions looking to set up base in the Americas because of its vocation for peace and commitment to human rights, democracy, and environmental sustainability.



Eduardo Ferrer Mac-Gregor Poisot  
PRESIDENT & CHIEF JUDGE,  
INTERAMERICAN COURT OF HUMAN  
RIGHTS (IACHR)

Through trade and diplomacy, Costa Rica has historically played a leading role in Central American regional affairs. What is your opinion on the role and identity of Costa Rica in Central America?

Costa Rica has been and remains a country that stands out for its vocation for peace and for having a strong tradition of commitment to human rights, democracy, and environmental sustainability, which is why it is considered the oldest and most stable democracy in Latin America. It is a nation that lives in peace because only then can justice be clearly imparted and the importance of what human dignity means is fully understood. In addition, Costa Rica has historically been a regional benchmark for political stability and social advancement, making it one of the main driving forces for the peoples of the Americas to join forces, especially in these difficult times, to strengthen democracies and multiculturalism, all for the common good and sustainable development around peace, equality, and respect for all.

Why is Costa Rica chosen as a base for many international institutions?

The solid democratic tradition that characterizes Costa Rica and its commitment to the full validity of human rights have endowed this country with a unique stability. We cannot forget that already in 1908, Costa Rica had one of the great honors in the field of law as the seat of the Central American Court of Justice, the first permanent court of international law in history. 70 years later, in 1978, Costa Rica again became the seat of another international tribunal: IACHR. Through its innumerable actions, Costa Rica has shown the unrestricted endorsement of this High Court of the Americas, in addition to its tradition and vocation for the full recognition of the institutions, procedures, and mechanisms related to the peaceful resolution of conflicts and disputes.

Costa Rica has consistently been a promoter of ongoing instruments and proposals for human rights and sustainable development. What can other countries learn from it?

Regarding human rights, democracy, and sustainable development, Costa Rica has been and is a reference point in the region. In addition, Costa

**“We must remember that Costa Rica was the first country to ratify the American Convention on Human Rights and to recognize the contentious jurisdiction of the IACHR.”**

Rica has positioned itself internationally as a firm and constant promoter of mechanisms and legal tools for improvement, both in relations between states and between states and their citizens. We must remember that Costa Rica was the first country to ratify the American Convention on Human Rights and to recognize the contentious jurisdiction of the IACHR. The above perfectly reflects the moral conscience of a country that took these significant steps at a time when human rights as a limit and guide for action by states were the fruit of intense and complex debates. When the IACHR began its journey, then-President Rodrigo Carazo Odio was able to say: “Today is a historic day for the American continent.” In this way, Costa Rica became an unquestionable reference of the commitment that all states must assume the full validity of human rights in Americas, provoking the formation and convergence of thoughts that pursued this laudable goal. It should also be noted that Costa Rica became the first country in the world to sign a national pact for compliance with sustainable development goals, all in line with its strong position of defending human rights and social welfare.

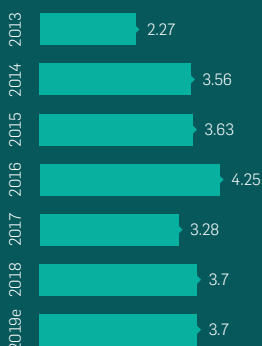
Based in Costa Rica, IACHR attracts people from across the region seeking protection against possible human rights. What is Costa Rica's influence as the seat of IACHR?

Undoubtedly, the installation of IACHR was another testimony to the strong attachment felt by the people of America for the cause of the rights and freedoms of human beings. Specifying a little more in the history of the IACHR, I must point out that in 1969, Costa Rica hosted the extraordinary conference that saw the birth of the American Convention on Human Rights, all under the presidency of then-chancellor Fernando Lara Bustamante. ✖



## ECONONIMIC GROWTH, PER ANNUM (%)

SOURCE: WORLD BANK & OECD



## SOURCE OF EXPORTS (USD)

SOURCE: COSTA RICA NATIONAL INSTITUTE OF STATISTICS AND CENSUS (INEC)

<b>4.2bn</b>	US
<b>607.2mn</b>	Belgium
<b>593mn</b>	Panama
<b>586.5mn</b>	The Netherlands
<b>570mn</b>	Nicaragua
<b>548mn</b>	Guatemala
<b>382.2mn</b>	Honduras
<b>307.8mn</b>	Mexico
<b>304.6mn</b>	El Salvador
<b>231.9mn</b>	Dominican Republic
<b>2.511bn</b>	Other

## COSTA RICAN EXPORTS, BY SECTOR (USD)

SOURCE: COSTA RICA NATIONAL INSTITUTE OF STATISTICS AND CENSUS (INEC)



- **30%** Medical equipment and related devices
- **25%** Vegetable products
- **14%** Industrial alimentation
- **9%** Machinery and electrics
- **7%** Chemical industries
- **7%** Plastics
- **5%** Metals
- **3%** Live animals and animal products







# Economy

## VALUE, ADDED

**F**acing political and economic uncertainty due to the presidential elections and the proposed tax reform, Costa Rica still managed to grow its GDP at 1.8% in 2018. For this year, Costa Rica has sent out messages of confidence to the international investment community through the passing of the tax reform, strengthening the National Concessions Council, and further improving the investment incentives on free zone regimes and special industries. President Alvarado has stated his unwavering belief that foreign investment and the private sector in general should be crucial partners in achieving the economic growth objectives of Costa Rica.

Guarding the revolving door of Costa Rica's economy at the global stage are CINDE and PROCOMER. The former's mandate is to be a one-stop shop to attract investment and developing foreign company clusters in Costa Rica, while the latter's is to promote Costa Rican products overseas, connecting foreign companies looking to import into the Costa Rican market, and the promotion of Esencial Costa Rica, the national brand. As proof of its success, CINDE's flagship project was to develop the life sciences cluster, inviting all stakeholders of the healthcare industry—medical devices, pharmaceuticals, and healthcare research—to set up base in Costa Rica for regional or global operations. Entering

into 2019, medical devices represent the largest export product of Costa Rica in terms of value to GDP. PROCOMER meanwhile was named Best Foreign Trade Promotion Agency by the International Trade Center of the United Nations and the World Trade Organization for the fifth straight year. The basis of this success has been integrating the country's brand into business processes rather than products themselves. Esencial Costa Rica carries into 2019 its top-five rank in Latin America for Most Recognized Country Brand and continues to be adopted by a wide variety of companies that want to reflect through it their sustainable business practices and their care for the wellbeing of their people and the communities in which they work.

Established as the shared services hub of the region, Costa Rica is home to the center of excellence of many Fortune 500 companies such as P&G, Citi, Kimberly Clark, and Amazon. Costa Rica continues to convince more companies to come, as was the case of Eurofins in June 2018, and others to migrate more processes or departments. Developing the services industry has been Costa Rica's biggest economic achievement over last two decades, and ahead of the next National Development Plan it is a main priority to sustain the growth of the sector and develop the human capital needed to keep advancing the value-added industries of the country. ✖



# STABILITY *always wins*



Dyalá Jiménez Figueres  
MINISTER OF FOREIGN TRADE

Decades of certainty and stability has strengthened Costa Rica's reputation as an attractive country for foreign investment, allowing the country to realistically aim at becoming an OECD member by 2020.

## BIO

Dyalá Jiménez Figueres was sworn in as Minister of Foreign Trade of Costa Rica on July 2, 2018. She is responsible for Costa Rica's foreign trade policies and attraction of foreign investment, as well as its representation before multilateral organizations. She has over 20 years of professional experience as a lawyer and is internationally recognized as an expert in international arbitration. Prior to her current position, she worked in several law firms in Costa Rica, Chile, and France, as well as in the International Chamber of Commerce and also held several public service positions, such as Executive Director and Advisor to the First Vice-Presidency, Advisor to the Minister of Treasury, and Parliamentary Advisor. She graduated from the University of Costa Rica and has a master's from Georgetown University.

## What lies behind the economic success of Costa Rica?

Costa Rica boasts certain key advantages that make it an attractive country for FDI. First, political stability is the main characteristic of Costa Rica, and since it has not had a standing army for 70 years, such stability is pretty much guaranteed. Our forefathers' legacy of democratic principles carries on, and it is something that modern governments are particularly sensitive to. Second, Costa Rica has a strong social net, with a social security system that is universal and free and has had obligatory education for girls and boys almost since the country's independence. These characteristics mean that our major investment is in human talent, which make us attractive for investment in services and knowledge-based enterprises. A third factor is our strategic location, as we have access to two oceans and are in between North and South America. In addition, we are in the same time zone as the US, which helps companies to program investments with great efficiency. In addition, we have a stable legal regime and a reputed judiciary, which affords legal certainty. Finally, we have entered into 15 FTAs, including deals with the US, Canada, Europe, China, and South Korea. This is vital in companies' planification of their operations worldwide.

## What steps is the government taking to expedite private initiatives that seek to boost the Costa Rican economy?

President Alvarado's Administration is results-driven, and fully aware that economic development is not a matter of individual action, but of collaborative multi-stakeholder engagement and partnership. Working hand-in-hand with public and private sector groups, the government is advancing an aggressive agenda to boost the economy. One of the key items of the agenda is the Alliance for Bilingualism, a program launched to scale the mastery of English as a second language. The second point is the work undertaken to tackle the challenge of skilling for tomorrow's workplace, which stems from our historic tradition of embedding education as a core value for our inclusive, sustainable development. The third relevant agenda, under the purview of our Ministry of Science and Technology, relates to connectivity. We realize that operations in a technologically-driv-

en world demand robust, efficient, agile, and secure networks, and we are investing heavily to ensure that they are readily available. The fourth agenda relates to administrative simplification and the implementation of a single window for investment. We need to ensure that regulations, laws, and other instruments are aiding rather than hindering the achievement of the government's objectives. The fifth aim of the agenda is to direct significant public resources to improve road infrastructure network. With an investment of close to USD5 billion until 2022, we will focus on major bottlenecks within the metropolitan area and key strategic arteries connecting our coasts and borders. The sixth point is more sector related. For example, the ministries of Foreign Trade and Agriculture, with support from the Costa Rican Export Promotion Agency, are working on a program to "discover" competitive advantages in the agricultural sector. Last but not least, under Costa Rica's accession process to the OECD, further structural reform is taking place in key strategic areas such as public governance, innovation, competition policy, and investment policy.

## Costa Rica is advancing its negotiations to join the OECD. When might it become a partner?

President Alvarado has committed to making Costa Rica a member of the OECD by 2020. We have eight bills already in Congress, and three or four more to come. An important internal step we took, the creation of a special congressional committee handling only OECD-accession-related legislation, is allowing us to move forward on this vital agenda. Our ambitious calendar targets to conclude discussions in seven of the pending 10 committees this year, leaving three for 2020.

## In 2022, what would you like to have achieved during your time in this ministry?

First, I want Costa Rica to become a member of the OECD. Second, understanding that services and technology are changing rapidly, I want to leave an appropriate framework of incentives. Third, I want the national council for trade facilitation to be fully consolidated. Fourth, we need to be part of the WTO's transformation. To this end, Costa Rica is prepared to engage with all members to address all pending issues. ✖



# smart MOVES

With IBM and McKinsey already opening offices in Costa Rica, the government in San José hopes to build on previous success in attracting high-tech services.

Jorge Sequeira  
MANAGING DIRECTOR,  
COSTA RICAN INVESTMENT PROMOTION AGENCY  
(CINDE)



**What are the main challenges for foreign investors looking to enter Costa Rica?**

Costa Rica is a small economy located in the middle of the Americas that initially specialized in exporting a few primary products to its neighborhood. Costa Rica viewed FDI attraction as a strategic option to sustain growth, enhance exports, and create better jobs. The Costa Rican value proposition for FDI is based on a combination of strategic geographical location, a well-educated and relatively cost-competitive workforce, political stability, and an attractive tax incentives package. Human talent will continue to be the main thrust to attract more investment. As a country, we continue working on our competitiveness in areas such as business climate, infrastructure, and increasing the amount of talent pool available, among others.

**What main projects do you want to see FDI coming in for the coming years?**

The world is experiencing a technological disruption, which Costa Rica is no stranger to. Our country is transitioning into an economy that is guided by knowledge, efficiency, and innovative trends, and strengthening our participation in the information industries as well as global value chains makes Costa Rica the ideal destination for knowledge-based investment. The main emerging industries that Costa Rica is competitive in at a global level are high-tech manufacturing, life sciences, and services. These sectors are characterized by incorporating complex processes with higher added value, generating quality employment. Furthermore, over the last few years, they have grown exponentially

and increased our country's presence in the overall global market place. We are still working in order to attract more investment projects in the mentioned sectors, increasing our footprint and proven track record worldwide.

**How can you better align educational institutions to prepare human capital?**

We have different initiatives; for example, we build educational programs with the participation of universities, the government, and private companies to improve the local curricula according to the new market trends. For example, we helped Texas Tech University create a whole educational program, having in mind the inputs of top performers of the industry such as IBM and Intel about careers of the future. With Cenfotec, for example, three-quarters of the courses are related to cognitive, max platforms, certifications, and so on. This is an area where we work efficiently via partnerships with both public and private universities. We expect public institutions to support our efforts to close the gap between human capital supply and private sector demand for STEM skillsets.

**What are your main objectives for the coming year?**

CINDE's 2019 plan is to continually strengthen the life sciences, advanced manufacturing, and high-value-added services sectors. But more than that, we are moving from strategic sectors structure to another one more focused on strategic processes, such as cybersecurity. This will help Costa Rica become a platform for high-end and new technologies that are already part of our lives

globally. Most companies here are moving up the value chain—IBM's largest cybersecurity center in the world, Accenture's largest web development and web design center in the world, and McKinsey & Company's largest single site in the world are all based here.

**What are your thoughts on the T-24 project?**

San José's town hall has a strong vision to have large infrastructure for start-ups, entrepreneurs, and multinational and local companies that want to be close to those technology centers. Microsoft will be the anchor company, and a second multinational will move to that area very soon. Since the beginning of this project, we were contributing with ideas for its conceptualization. ✖

## BIO

Jorge Sequeira is the Managing Director of CINDE. He joined in 2014, after PROCOMER, where he served for four years as the General Manager. Prior to that, he co-founded and was CEO of Exactus Corporation. He was previously also Vice-President of the Board of Directors of the Costa Rican Chamber of Industries, as well as of GS1 Costa Rica. Sequeira graduated magna cum laude from Tufts University, in Boston, where he obtained an engineering degree in computer science and applied math. He later obtained a post-graduate degree in administration and management from the Harvard University School of Extension, also in Boston.



## INTERVIEW

# expanding REACH



**Costa Rica  
passed USD20  
billion in exports  
in 2018**

**Exports growing  
by 6%, making  
up 35% of GDP**

## BIO

Pedro Beirute Prada has been CEO of PROCOMER since January 2015, when he returned to Costa Rica after 14 years of occupying corporate positions in Europe, Latin America, and the US. He has a law degree from Universidad de Costa Rica and a degree in business administration from the Universidad Internacional de las Américas. He completed his MBA at the Universidad Carlos III in Madrid.

**What are some of your expectations for the business environment in Costa Rica for the coming years?**

We are excited about the vision and the energy of the new administration, and it is a great sign that the Ministry of Foreign Trade, Costa Rican Investment Promotion Agency (CINDE), and PROCOMER are working on a joint agenda. We all promote openness, diversity, and inclusion. We expect exports to continue to grow around 6%, more than twice the growth of the economy. Exports represent more than 35% of GDP, and we passed the USD20-billion mark in 2018, representing 600,000 jobs across the country. Linkages continue to grow, and our strategy remains the same: to strengthen efforts to promote economic growth in rural areas, which is a priority of the new administration. We also continue to work on the diversity of our markets, which now number 150. However, we still see an uneven focus on the US, therefore, we want to expand more. For example, our performance in Chinese and other Asian markets is growing by 60-70%.

**Which markets are witnessing higher demand for Costa Rican products?**

We have signed FTAs with more than 50 countries, and 94% of our exports go to one of those countries. There is no need to proactively pursue new FTAs, since we have agreements with countries that make up two-thirds of global GDP and represent 2.5 billion people; however, we want to maintain a strategy of diversification in Asia and the Middle East. In those regions, we see double-digit growth, whereas in the rest of the world, we see healthy single-digit growth. As a result, we will target them going forward.

**How do you expect mega infrastructure projects such as the Moín Container Terminal Project to influence trade dynamics?**

We are excited about this USD1-billion project, which will be an inflection point for Costa Rica's trade. It is growing from a public port with limitations and challenges to a private port. In terms of

Costa Rica has FTAs with countries that represent two-thirds of global GDP. Throwing mega infrastructure projects and bigger roles for PROCOMER into the mix is strengthening its case as a base for exporters and manufacturers.

Pedro Beirute Prada  
CEO,  
EXPORT PROMOTION AGENCY  
OF COSTA RICA (PROCOMER)

the quality and modernization of our offering, we also expect the Port of Limón to become a hub. It will mean that more products can come, not just from Costa Rica, but from Nicaragua and Panama. We are also modernizing our borders through a regional plan with Central America, and soon, all of our borders will have modern infrastructure that will facilitate trade.

**How do you help SMEs comply with the standards they need?**

SMEs appreciate our 360-degree service; we do not have one specific service or solution but rather the ability to adapt our services to different needs. We have a diagnostic and assessment tool for every type and size of company. Once complete, we identify the gaps and place our efforts accordingly. For example, some companies lack soft skills, and we have a team of people focused on that. Some companies do not have enough customers, and we help them find customers abroad. Others have great products but require help with acquiring finances, for which we have a team that helps companies source financing from banks or angel investors.

**How do you promote and help companies in Costa Rica become "Esencial?"**

According to the latest study done in 2017, the "Esencial" country brand had the highest growth and has translated into a boost in tourism, trade, and investment. In 2018, the brand turned five years old, which is still young when it comes to branding. However, that trend continues to be positive. We now have over 300 companies certified as Esencial Costa Rica, and they see the benefit of the brand even without investment or subsidy from PROCOMER. We see companies of all sorts and sizes wanting to join us. We offer them our slogan and image, a network that is relevant to them, consistent knowledge through seminars or events, discounts, and so on. It is extremely important for any country's brand to build up the pride of its citizens. ✖



# priorities SET RIGHT

Costa Rica is adopting best public governance practices, introducing regulatory improvements, and focusing on value-added tourism to become an OECD member and fulfill its sustainable development goals.



María Del Pilar Garrido  
MINISTER OF NATIONAL PLANNING  
AND ECONOMIC POLICY

**How would you define the identity of Costa Rica, and how do you distinguish it from the rest of Central America?**

We have established our identity based on social dialog, a shared vision between the public and private sectors, and the goal of sustainable development. In addition to that, Costa Rica aspires to be a green laboratory, carry out climate change initiatives, and decarbonize the economy.

**What is the status of the changes in public policy that Costa Rica requires in its candidacy to join the OECD?**

We see the process of entering the OECD as a group of best public governance practices. We have worked and incorporated the OECD standards so that our institutions are up to the challenges of the current socioeconomic complexity, and so that we can be more competitive and productive as well as provide our citizens with the goods and services that they need.

**How do you plan to start promoting more human capital that can satisfy the demand of the market?**

One of the most relevant points of the Alvarado administration is the importance of education as an engine of social mobility, economy, and sustainable development. Education is also key to close gaps in human rights to generate equality in access to both goods and services, opportunities, and results of sustainable development. Moreover, we must engage young women to achieve economic expectations, and we must work articulately and incorporate cooperation into our agenda.

**What do you plan to include in the agenda to make the legalization of businesses in Costa Rica more efficient?**

One of the president's clearest mandates has been to simplify procedures and make regulatory improvements to encourage the business climate because it is one of the key points in the global competitiveness indexes. To that end, we have developed a strategy with National Environmental Technical Secretary (SETENA) to eliminate unnecessary procedures and simplify the neces-

sary ones without subtracting quality or diminishing the environmental aspect.

**How do you see foreign investment opportunities, and which sectors offer the best opportunities for PPPs?**

FDI and public and private investment must be at the service of the vision of sustainable development. The investment must also be at the service of our commitment to sustainable, decarbonized, inclusive, and prosperous energy. In addition, there must be an intention to generate knowledge. We have signed several international commitments and local policies to identify the appropriate investments under the National Strategic Plan. It is important that FDI is respectful of the environment, focuses on generating employment, and helps to close gender gaps in specialized areas and services. We also need a reliable and comprehensive transport system that not only reduces travel times and increases competitiveness but also gives people the opportunity to conciliate their personal life with their working life. We will call for tenders to generate a public-private partnership for the high-speed railway system. Another project is the electric freight train in Limón. On the other hand, the Chorotega region offers options for foreign investment in solar energy. A development cluster can be created around the field of sustainable energies that would include hydrogen, plasma, solar, hydrothermal, and wind energy.

**What are the plans for the tourism sector?**

We recognize the potential tourism has for FDI and job creation. We want to continue encouraging tourism in all its modalities, though mainly we want to link it to SMEs. One of the successes of our tourism business model is not only the large hotel industry but also the small businesses that generate different experiences for visitors. Through projects such as the convention center, we want to promote MICE tourism and value-added tourism such as wellness and health tourism. We also want to encourage a niche of domestic tourism that makes it possible to attract and invite nationals to visit areas that require an economic boost. ✖

## BIO

María Del Pilar Garrido is the Minister of National Planning and Economic Policy of the Republic of Costa Rica as well as Coordinator of the Technical Secretariat of the National Commission of the Sustainable Development Goals (SDG). She studied political sciences and has a master's degree in democratic governance and public politics from the University of Costa Rica. She also completed a master's degree in economy in the Trinity College of Dublin. She worked for the United Nations Organization and for the Barcelona Provincial Council as a consultant of topics of human local development planning and of population and development, with vulnerable populations. She was Vice Minister of National Planning during the administration of President Luis Guillermo Solís Rivera, namely from 2016 to 2018.





Clay piggy banks on sale at a store in San José's Central Market





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