USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network



Voluntary - Public

**Date:** 10/5/2010
**GAIN Report Number:** CS0015

# Costa Rica

**Post:** San Jose

# Dry Bean Situation

**Report Categories:**
Trade Policy Monitoring

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**Report Highlights:**
Costa Rica is expected to temporarily reduce its 30 percent import duty for dried beans as a result of supply problems in the Central American region.

**General Information:**
**Costa Rica to reduce 30% duty on red beans**

The Government of Costa Rican is working on an Executive Decree to temporarily reduce the ad valorem duty on imported red beans. By reducing the import duty, the government hopes to avoid higher bean prices in the local market resulting from of speculation of short supplies. Beans, a staple food commodity in Costa Rica, has increased in price recently throughout Central America as a result of adverse weather conditions, which caused steep production losses, primarily in Nicaragua.

Costa Rica imports roughly 80 percent of its total bean consumption, which is estimated at 45,000 MT per year. The other 20 percent is produced locally. According to industry sources, 70 percent of the beans consumed are black beans and 30 percent are red beans. Traditionally, Nicaragua has been the main bean supplier to Costa Rica because of its proximity and because of the type of beans produced, which are similar to Costa Rica's own varieties.

According to bean importers, beans from Nicaragua were available at about $800/MT in early September. However, as a result of the lower production, Nicaraguan beans now cost approximately $1,400/MT. Apparently, Nicaragua has authorized imports of beans at a reduced duty as well.

The Costa Rican Ministries of Foreign Trade, Agriculture, and Economy, recently agreed to virtually eliminate the import duty for a period to be determined by the decree. Costa Rican importers are already negotiating purchases from countries outside the region. Other than Nicaragua, Costa Rica usually imports beans from Argentina, Canada and China. Imports from the United States have traditionally been small (117 MT valued at $104,000 in 2009, according to U.S. trade data), but the current situation offers an opportunity for U.S. exporters to access this market. Normally, U.S. beans pay a 30% duty under CAFTA-DR. However, once the decree is implemented, U.S. beans will enter with a 1% duty. There is no TRQ for beans under CAFTA-DR.

Under the Costa Rica – People's Republic of China FTA, which has been signed but not yet approved by the Costa Rican Legislative Assembly, Costa Rica granted China a tariff rate quota (TRQ) of 10,000 MT per calendar year for black beans (red beans were excluded from the agreement). Imports in excess of the TRQ will pay the most favored nation duty rate. Imports under the quota will have to be made between May 1$^{st}$ and July 31$^{st}$, or between October 1$^{st}$ and December 31$^{st}$ of each calendar year (the periods when there is no local production).