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## **Report Name:** Food Service - Hotel Restaurant Institutional

**Country:** Costa Rica

**Post:** San Jose

**Report Category:** Food Service - Hotel Restaurant Institutional

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**Approved By:** Julie Morin

### **Report Highlights:**

The Costa Rican foodservice-hotel, restaurant and institutional (HRI) industry is being hit hard by the coronavirus (COVID-19) pandemic. Customers are staying away from restaurants and not traveling. The government has taken strict measures which have limited the operations of hotels and restaurants as well as restricted international travel to Costa Rica. While 2019 was a good year for consumer-oriented products, with total revenues increasing by 9 percent to \$315.9 million, the onset of COVID-19 in March 2020 led to a contraction of the economy and soaring unemployment. For the first seven months of 2020, U.S. exports of consumer-oriented products declined by 13 percent. The Costa Rican Chamber of Hotels (CCH) and the Chamber of Restaurants report their members are struggling in the face of this economic crisis. Although the government has allowed hotels to reopen, only 47 percent of hotels have done so.

# Market Fact Sheet: COSTA RICA

COSTA RICA


  
United States Department of Agriculture  
Foreign Agricultural Service

\$723 million

U.S. Agricultural Exports, 2019

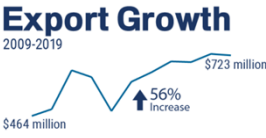
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Among U.S.  
Agricultural Export  
Markets, 2019



Export Growth

2009-2019

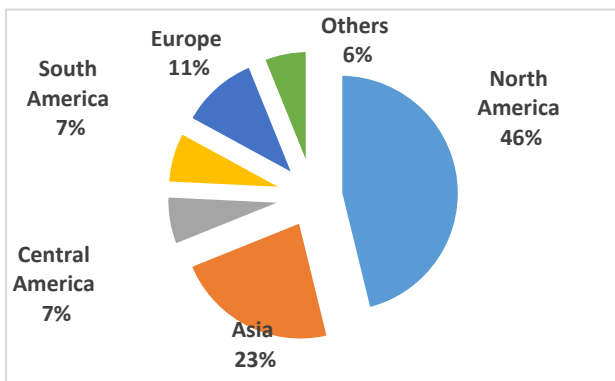


**Source: FAS Global Agricultural Trade System (GATS) Bico HS-10**

### Executive Summary

The United States is Costa Rica's largest trading partner and Costa Rica's largest foreign direct investor. Market prospects for U.S. consumer-oriented products reaching a recorded high of \$316 million in exports of consumer-oriented products to Costa Rica in 2019. Costa Rican consumers trust and enjoy the excellent reputation of U.S. food, beverage and product ingredients and demand has increased since the implementation of the Dominican Republic - Central America Free Trade Agreement (CAFTA-DR) in 2009. Proximity to the United States is a major advantage for shipping time and for U.S. exporters who wish to visit or communicate with potential customers. In 2019, U.S. agricultural and related products exports to Costa Rica reached \$729 million while Costa Rican agricultural exports to the United States were valued at US\$1.5 billion.

### Costa Rica: 2019 Total imports by Origin



Source: COMEX- Ministry of Foreign Commerce  
<http://www.comex.go.cr/estad%C3%ADsticas-y-estudios/comercio-bienes/importaciones/>

### Hotel and Restaurant

Leading international chain hotels include: Barcelo, Best Western, Choice, Four Seasons, Hilton, Holiday Inn, Marriott, Sheraton, and Riu.

Leading restaurants/fast food chains include: Burger King, Chili's, Kentucky Fried Chicken, McDonalds, P.F. Changs, Papa John's, Subway, and Taco Bell.

Quick Facts 2019

Costa Rica's Gross Domestic Product (GDP) is expected to shrink by 5% due to the COVID-19 pandemic, according to updated predictions from the Central Bank (BCCR).

**List of Top 10 Growth Products in Costa Rica**

1) Beef, pork, poultry	6) Ingredients for food/beverage mfg.
2) Snacks	7) Fish Products
3) Pet Food	8) Juices
4) Dairy Products	9) Tree Nuts
5) Chocolate and cocoa	10) Processed fruit and vegetables
	11) Prepared and Frozen Products

**Top Host Country Retailers**

1) Walmart (Pali, Mas x Menos*	6) Automercado (Vindi)
2) Fresh Market	7) Saretto
3) Mayca Retail Stores	8) Mega Super
4) PriceSmart	9) Muñoz y Nane
5) Pennermercados	

U.S. Agricultural Exports to Costa Rica	\$ 729 million
Costa Rican F&BI imports from the US	\$ 1.51 billion

**2019 Costa Rica GDP\* /Population**

Population	5 million
Unemployment	24.0% *INEC for second quarter 2020
GDP (billions USD)	57.5
GDP (per capita)	\$12,017
Exchange rate	612 colones per 1 US\$

\*Source: Central Bank of Costa Rica and National Institute of Statistics

Strengths/Weaknesses/Opportunities/Challenges	
Opportunities	Challenges
In 2019, Costa Rica enjoyed 3 million tourists per year (1.2 million coming from the United States) that contributed to \$3.8 billion to Costa Rica's GDP or 13.4% of its overall GDP.	Competition remains strong from countries such as Mexico, Guatemala, China, Argentina, and Colombia.
Close proximity to the United States offers quick transportation time and shipping cost advantages.	Costa Rica's trade strategy is to continue negotiating free trade agreements with other countries.
The United States is Costa Rica's main trading partner. U.S. food ingredients are well-known and are high quality and reliable.	Business culture in Costa Rica can be slower paced than in the United States, and those wishing to do business in the country should be prepared for this difference.

### Contact:

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 Website: <http://sanjose.usembassy.gov/fas.htm>

## **SECTION I. MARKET SUMMARY**

### **COVID-19 Background**

On March 6, 2020, Costa Rica confirmed the first case of COVID-19. Costa Rica closed the borders for most travelers on March 18, 2020 and has gradually re-opened since August first to Canada, Europe, United Kingdom, and later to certain states in the United States that have low rates of COVID-19. The tourism sector has been a major economic driver for Costa Rica. In 2019, 1.3 million (or 40 percent) of Costa Rica's 3 million international tourists came from the United States.

Costa Rica's once thriving Hotel, Restaurant and Institutional food service sector has gone into a strong contraction due to COVID-19 and the government's measures to prevent the spread of the virus. The once booming tourism industry has seen travel nearly cease as domestic and foreign travelers stay home. During the first quarter of 2020, the decline, which began in February, accelerated dramatically in March when borders were closed. The tourist sector refers to this period as the "*zero season.*"

The outbreak of COVID-19 has dampened demand for many agricultural goods as people have stopped going to work, eating out, or taking vacations. Costa Rica's hotel and restaurant industries confronted closures, shifting health priorities, and changing consumer habits. The economic crisis is severe. Unemployment in Costa Rica is currently 24.4 percent, the highest on record.

## **SECTION II. ROAD MAP FOR MARKET ENTRY**

### **A. Entry Strategy**

U.S. exporters interested in entering the HRI food service market in Costa Rica should contact local importers (which also typically serve as wholesalers/distributors). Entering the Costa Rica market can be made easier via an agent or distributor who can provide advice, market knowledge, and contacts. Licenses and franchises are common in Costa Rica.

Distribution services are typically governed by private agreements among parties. Local laws also allow companies and individuals to import directly with no intervention from agents or distributors. It can be helpful to have a distributor and/or a customs broker with experience to be able to handle customs clearance, sanitary/phytosanitary inspection requirements and any guarantees or other licensing procedures that may be required. Logistics are important to be considered and monitored to avoid shipping delays. Most importers carry a full line of fresh, frozen, and dry products, while a few of the importers specialize in providing fresh produce, seafood, and alcoholic beverages.

Due to the geographic proximity of the United States, U.S. food products represent the majority of the foreign food products imported into Costa Rica. Local importers have considerable experience working with U.S. companies and have extensive knowledge of the U.S. food export system. Importers hold U.S. products in high regard with respect to quality, price, and packaging.

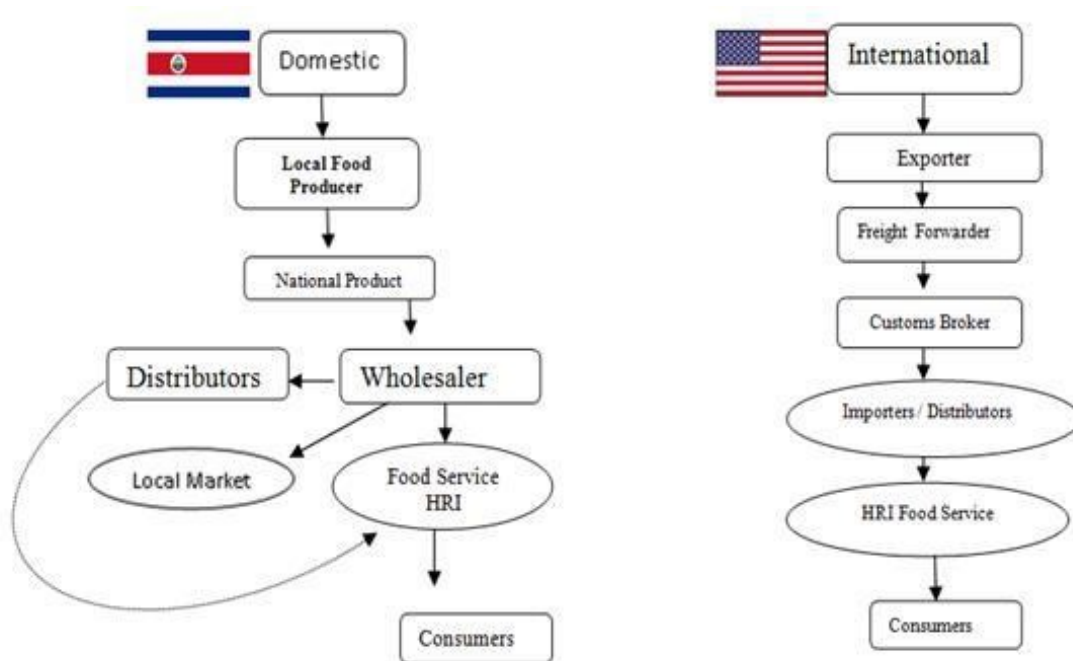
### **B. Food Service Market Structure**

Distribution channels do not vary significantly for food/agricultural products. Private firms import consumer foods, while several wholesalers are dedicated to the food import business. The food product distribution chain to supermarkets and to medium and small stores is well developed.

Some of the larger supermarket chains import directly. Costa Rican law provides for two main forms of representation – a representative and a distributor.

The larger hotels, resorts and restaurants purchase their food and beverage needs through local importers, directly from U.S. suppliers. Some hotels have even positioned offices in south Florida to facilitate shipment Costa Rica ports.

**C. Distribution Channels in the Costa Rican Market:**



**D. Hotel Sector**

The hotel sector in Costa Rica is being highly impacted by the government measures of closing borders to arriving tourists since March 2020. Most industry operators in this sector derive a significant portion of revenue from the sale of meals and beverages prepared at onsite restaurants. Some hotels promote their restaurant and dining establishments as a major attraction for local consumers. Some of Costa Rica’s major hotels, particularly upscale brands, are attached to high-end restaurants and other food-service options that aim to provide guests with onsite dining selections.

For a list of Costa Rica’s Hotels classified by the Costa Rican Institute of Tourism by area please follow this link: <https://www.visitcostarica.com/es/costa-rica/planning-your-trip/accommodations/all-hotels-in-costa-rica>

**E. Restaurant Sector**

According to the Chamber of Restaurants, before COVID-19 the Costa Rican food service industry is made up of an estimated 4,300 food service businesses (consisting of hotel restaurants, restaurant chains and franchises). The Chamber of Hotels and Restaurants estimates tourism sector losses of \$2 billion due to the crisis.

Bars and pubs recorded the largest turnover decline and followed by restaurants, caterers, and fast-food restaurants. Most restaurants located in shopping malls, normally a major social destination and locations for business lunches for Costa Ricans that work close to the mall have been forced to close. Online ordering and delivery of meals has dramatically increased but not enough to offset losses from table service restrictions.

Given the current situation, there are no expectations of growth in franchises. The one exception is that Olive Garden plans to open a restaurant in October 2020.

**Table 1: Top Foodservice Restaurant Chains, Hotel Chains, and Distributors in Costa Rica**

<b>Restaurant Chains</b>	<b>Hotel Chains</b>	<b>Distributors</b>
Burger King	Andaz Costa Rica Resorts	Alimentos Kamuk
Carls Junior	Autograph Collection Hotels	Alimentos Pro-Salud
Chillis	Barcelo Group	Alpiste
Il Panino	Best Western International	Belca de Costa Rica
Kentucky Fried Chicken	Casa Conde Hotel and Suites	Ciamesa
Little Caesars	Cayuga Collection Hotels	Comproim
McDonald’s Corporation	Choice Hotels	Delika By Gourmet Imports
MTY Food Group Inc.	Crowne Plaza Hotels	Distribuidora Alfa S.A.
P.F. Changs	Curio Collection by Hilton Hotels	Distribuidora Islena
Papa Johns	Four Seasons Hotels & Resorts	Distribuidora Pedro Oller
Pizza Hut	Hilton Garden Hotels	Global Partners
Popeyes Louisiana Kitchen	Holiday Inn	Mayca/ Sysco
Spoon	Hyatt Group	PMT CR
Starbucks Corporation	Intercontinental Hotel Groups (IHG)	Prime Foods
Subway	Marriott Hotels	Sigma Alimentos
Taco Bell	Radisson Hotels	Suplidora Royal
Tony Romas	Sheraton Hotels	Universal de Alimentos

Institutions include company cafeterias, hospitals, nursing/retirement homes, schools, golf courses, prisons, and catering for airlines, trains, ships, and special events. The catering industry has been severely affected by COVID-19. The industry depends on food service for weddings, business meetings, and corporate and educational dining halls for a major portion of overall sales. In addition, COVID-19 has negatively impacted food service for cruises that stop in Puntarenas on the Pacific side and Limon on the Caribbean side.

### **SECTION III. COMPETITION**

Strong competition affecting U.S. food, beverages, and agricultural products and ingredients is mostly due to the proliferation of free trade agreements with other countries such as Canada, Chile, Mexico, China, and Panama. Strong U.S. competitors for snacks and processed foods include Guatemala, Mexico, and Colombia; for wines from Chile, Spain and Argentina; and for meat

Nicaragua and Chile. Pork consumption is also increasing in recent years and United States is the largest supplier with competition from Chile and Canada.

Local producers are increasingly providing hotels and restaurants with vegetables, fruits, and processed foods. Poultry, meat, pork, and seafood are consumed by the tourism sector. Other imported products that denote high export levels from the United States are dairy products, processed fruit, nuts, cereals, chocolate, snacks, and condiments.

**Table 2. Total Imports to Costa Rica and Main Competitors in 2019**

Product: <b>Meat Products</b>	Main	Competitors	Market Share (%) 2019	Total US\$
HS Code: 0201:0210, 1601:1602	1	United States	84%	\$ 11,250,430
Imports <b>2,508 Tons</b>	2	Chile	5.3%	\$ 717,061
<b>Total imports \$3.435.237</b>	3	Spain	2.6%	\$ 358,624

Product: <b>Pork and Pork Products</b>	Main	Competitors	Market Share (%) 2019	Total US\$
HS Code: 0203	1	United States	52%	\$ 21,083,056
Imports <b>13,033 Tons</b>	2	Chile	40%	\$ 14,816,666
Total imports USD/T <b>\$ 39,561,963</b>	3	Canada	5%	\$ 1,963,079

Product Category: <b>Dairy Products</b>	Main	Competitors	%	Total US\$
HS Code: 0401:0406	1	United States	30%	\$ 22,263,516
Imports in 2019: <b>23,278 Tons</b>	2	Mexico	14%	\$ 10,215,060
Total imports USD/T <b>\$ 73,986,339</b>	3	Chile	13%	\$9,562,503

## SECTION IV. BEST PRODUCTS CATEGORIES AND TRENDS

**Table 3. Top Consumer-Oriented Products Imported from the United States**

January - December

Cumulative to Date Values in Thousands of dollars

		2019	Jan - Jul 2019	Jan - Jul 2020	
Partner	Product	Value	Value	Value	Period/Period % Change (Value)
Costa Rica	Consumer Oriented Total	315,973	186,493	162,600	-13
	Prepared Food	42,348	25,724	21,980	-15
	Processed Vegetables	30,091	19,744	13,378	-32
	Poultry Meat & Prods. (ex. eggs)	29,827	16,590	16,880	2
	Dairy Products	28,515	17,817	15,994	-10
	Snack Foods NESOI	24,638	14,644	11,555	-21
	Pork & Pork Products	24,356	15,174	13,992	-8
	Dog & Cat Food	21,598	12,956	14,001	8
	Beef & Beef Products	18,322	10,747	8,122	-24
	Condiments & Sauces	13,902	8,676	8,805	1
	Tree Nuts	12,758	7,951	6,525	-18
	Chocolate & Cocoa Products	11,816	6,458	5,070	-21
	Fresh Fruit	11,673	4,807	4,477	-7
	Fruit & Vegetable Juices	8,654	4,674	4,630	-1
	Non-Alcoholic Bev. (ex. juices)	7,593	4,052	3,247	-20
	Wine & Beer	7,375	3,372	3,175	-6
	Processed Fruit	5,310	2,945	2,784	-5
	Other Consumer Oriented	4,843	3,027	1,411	-53
	Breakfast Cereals	4,551	2,963	2,667	-10
	Meat Products NESOI	3,057	2,021	1,775	-12
	Eggs & Products	2,764	1,395	445	-68
	Fresh Vegetables	1,985	756	1,685	123
Grand Total		315,973	186,493	162,600	-13

Source: Trade Data Monitor

## SECTION V. POST CONTACT AND FURTHER INFORMATION

### Department of Agriculture Foreign Agricultural Services (FAS), San Jose, Costa Rica

Phone: (+506) 2519-2285

Email: [AgSanJose@fas.usda.gov](mailto:AgSanJose@fas.usda.gov)

### U.S. Department of Commerce Commercial Service (CS)

<https://www.trade.gov/knowledge-product/costa-rica-market-overview?section-nav=4552>

### Other Relevant Reports

Food and Agricultural Import Regulations and Standards Export Certificate Gain Report

[https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20Export%20Certificate%20Report\\_San%20Jose\\_Costa%20Rica\\_06-30-2020](https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20Export%20Certificate%20Report_San%20Jose_Costa%20Rica_06-30-2020)

Costa Rica Tourism Board

<https://www.ict.go.cr/en/statistics/tourism-figures.html>

Costa Rican Chamber of Hotels

<http://www.camaradehoteles.com>

Costa Rican Chamber of Restaurants

<https://www.cacore.cr/>

Chamber of Foreign Representatives (CRECEX)

<https://www.crecex.com/noticias.html>

### Attachments:

No Attachments