

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Costa Rica

### Food Service - Hotel Restaurant Institutional

## Report

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**Report Highlights:**

Costa Rica's economy continues to show healthy growth, estimated at over 10% throughout 2012, and is expected to continue into year 2013. Since the 1980s, Costa Rica has made tremendous efforts to increase tourism and is now considered a popular destination. The country received an accounted two million visitors during 2012 and subsequently showed a increased demand for hotel and restaurant business, as well as for U.S. food products.

**Post:**

San Jose

**Executive Summary:****I. Market Overview****Economic Situation**

Tourism is one of Central America's top areas of economic opportunity for 2009-2013, and Costa Rica's natural beauty extends from the Pacific Ocean to the Caribbean Sea, yet its distance is barely 200 miles across, occupying only 20 thousand square miles. For such a small country, Costa Rica is one of most highly sought after tourist destinations in the region. This small piece of land includes all of the necessary components to satisfy the taste of thousands of travelers visiting each year.

Costa Rica's territorial division includes 7 provinces, which are: San José, Alajuela, Cartago, Heredia, Guanacaste, Puntarenas, and Limón. Together they offer an attractive tourist destination that include extensive rainforests, volcanoes, rivers running between the mountains, expansive beaches and natural resources safeguarded by an organization of national parks and forest reserves. Tourism is one of the main economic sectors of Costa Rica, representing an important source of foreign currency of Costa Rica's economy. Since 1999, tourism generates more income than the traditional crops of banana, pineapple and coffee together.

Economic activity is dominated by tourism, agriculture and high technology, and services such as call centers are gaining economic weight. Costa Rica's Central Bank estimates that GDP grew 5.1 percent in 2012 and it is forecasting 4.0 percent growth for 2013. Inflation reached 4.6 percent in 2012, and it is forecast to increase to about 5 percent in 2013. However, sustained high international oil prices and a high fiscal deficit could result in a higher figure.

The deficit of the Central Government reached 4.4 percent of GDP in 2012 and it is expected to increase to 4.8 percent of GDP in 2013. Debt service continues to constrain government investment in infrastructure and its ability to provide basic services and programs.

The exchange rate has remained stable at around colons 500 per US\$, and close to the floor of the band within which it is allowed to fluctuate. The export and tourism sectors believe that the stronger colon is causing these sectors to be less competitive. The unemployment rate reached 10.0 percent during the third quarter of 2012 (down from 10.2 percent in the previous quarter) and is an important concern of the population, according to different surveys.

Costa Rica enjoys the region's highest standard of living, with a per capita income of about US\$ 9,673 and an unemployment rate of 7.9% in 2012. Consumer price inflation is high but relatively constant at about a 10% annual rate over the last decade.

The continuous immigration of American, Canadian and European retirees that move permanently to Costa Rica or live half a year in Costa Rica are contributing to growing immigration numbers. There is

also a new category called medical tourism, comprised of foreigners that come to Costa Rica to receive medical treatments at reasonable prices compared to the United States. The variety of different nationalities that either visit or live in Costa Rica as tourists or temporary residents also creates the framework for a wide variety of restaurants. In Costa Rica there are restaurants offering different kinds of specialties with an ample offering of international and ethnic foods and the demand for increased variety in the market continues to grow.

## **II. Market Structure**

Costa Rica, over the last decades, maintains a very aggressive promotional campaign to position itself as a tourist destination. Infrastructures are being improved and developed to accommodate the expected increase in visitors.

There are two international airports in Costa Rica, Santamaria Airport in Alajuela and the Oduber Airport in Liberia, Guanacaste which in the Pacific coast. U.S. airlines, as American, Delta, Continental, arrive at both airports as well as international airlines arrive from South America such as Copa. Oduber Airport has been remodeled recently.

U.S. and international hotel chains present in Costa Rica are: Marriott Costa Rica, Real InterContinental, Indigo, Country Inn, Sheraton, Radisson, Holiday Inn, Riu, Westin, Courtyard Marriott, JW Marriott, Four Seasons, Residence Inn, Wyndham, Hyatt and Hilton, to mention a few. Relatively new tourism resorts are also established and being developed in the Costa Rican coasts and also the B&B/boutique hotels sector is growing rapidly.

Restaurants in the San Jose metropolitan area are very well developed. There are no statistics as to the current number of restaurants, but due to increased tourism and international immigration, and that Costa Rica middle and high income population has sophisticated dining tastes, the selection of restaurants is ample with cuisine specialties such as: Argentine, Colombian, Chinese, Spanish, Mediterranean, International, Italian, Indian, Japanese, Seafood, Mexican to name some.

The wine sector has been growing tremendously in Costa Rica and every day new wine brands come into the supermarkets and restaurant menus. Chile and Argentina's wines continue to be top sellers due to the price points at which they are available.

There is a large number of catering service companies and food franchises such as T.G.I. Friday's, KFC, Domino's Pizza, Pizza Hut, Church's, McDonald's, Burger King, Popeye's, Subway, Quiznos, Wendy's, Papa John's, Chili's, Applebee's, and Starbucks - which opened its first stores in San José in 2012.

The institutional segment includes hospitals, school cafeterias, correctional facilities, private sector cafeterias and government institutions, which are privately owned or under concessions.

An interesting note on the food service sector in Costa Rica is that besides supplying hotels and restaurants, they also serve a significant number of ships that transit by Caldera Port in Puntarenas and Limón Port in Limón. There is also a single company, Casa Phillips, which provides food to the airlines

and is located by the Santamaría Airport.

### **III. Market Access**

Costa Rica has an open economy and few market access problems. U.S. products enjoy a high quality image and are well accepted. Customs clearance is relatively fast and straightforward. Most of the import duties are being reduced in behalf of the FTA between Costa Rica and the United States.

As of June 2012, Costa Rica ranked 122 out of 185 countries in the 2013 World Bank's Ease of Doing Business Index [1] . This has hampered the flow of investment and resources badly needed to repair and rebuild the country's public infrastructure, an infrastructure which has deteriorated over the years from a lack of maintenance and new investment.

Infrastructure, in an overall sense (e.g., roads and bridges, water/wastewater, electricity generation, airports and ports) is in substantial need of improvement. This represents both challenges and opportunities. In many instances, deteriorated infrastructure will need to be improved if Costa Rica is to remain competitive in the regional and world economy.

One of the most common market entry options is to appoint an agent or distributor or finding a local partner who can provide market knowledge and contacts. Licenses or franchises are also popular in Costa Rica. General commercial law will govern contracts or relations between vendors or suppliers and the local company, person or distributor. Distribution services are mostly governed by private agreements among the parties. Local laws also allow companies and individuals to import directly with no intervention from agents or distributors. Most Costa Rican importers are fully bilingual, and business practices in Costa Rica are very similar to those in the United States. It is advisable to have a Distributor and/or a Customs Broker with experience. The exporter should coordinate with the importer how to protect and register the product and/or trademarks.

It is worth noting that price is an important factor to consider in the Costa Rican market. Even though there is a small percentage of the population more interested in quality and trend-setting goods, price is still an important factor for the great majority of the population.

Expfore is a major trade show food service-oriented running in June every year. Please, see following link: [www.expfore.com](http://www.expfore.com)

Well-known food service importers in Costa Rica are:

**BELCA DE COSTA RICA**

General Manager: Mr. Federico Serrano

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Web: <http://www.gourmetimports.co.cr>

PRICE SMART  
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E-mail: [jlopez@pricesmart.com](mailto:jlopez@pricesmart.com)  
Web: <http://www.pricesmart.com>

For further details on exporting please see our 2013 FAIRS Report

#### **IV. Competition**

Major competitors for U.S. products may be divided by product and/or better tariffs due to Free Trade Agreements signed with other countries such as Canada, Chile, Mexico, China, Perú, Colombia and Panama. Strong competitors for snacks and processed foods are Central America and China. For fruits and other products: Chile, Peru, and Spain. For grains and oils: Argentina, Canada, and Brazil. For meat: Nicaragua, Chile, and New Zealand.

#### **V. Best Prospects**

High value products offer good market opportunities in Costa Rica, especially ready-to-eat or convenience food, wholesome and healthy products. As a whole, best prospects for U.S. food exports to

Costa Rica are bulk commodities such as yellow corn, rice, soybean meal, and wheat flour. Fresh fruits such as apples, grapes, peaches, nectarines and pears, organic foods, processed fruits and vegetables, such as canned mixed vegetables, mixed fruits, yellow sweet corn, peas, mushrooms, and beans are also very popular in the Costa Rican market.

A list of favorite imports from the HRI sector includes: French fries; snacks, frozen or ready-to eat food, dairy (cheese, yogurt, butter), vegetable oil, frozen vegetables, dressings and marinades, bakery ingredients, beef, poultry, pork and rice.

As far as hotels and restaurants are concerned, San José, the capital, is well developed, but new restaurants and ideas are always welcome and generally successful. New opportunities may be found at the beaches/resort areas and smaller towns in the country side that still need to be developed and offer good prospects of growth.

## **VI. Entry Strategy and Recommendations**

Appointing a local representative, distributor or commission agent may be a good option. Television and newspaper advertising are the best promotion tools for the promotion of U.S. products. E-mail marketing is also becoming increasingly popular. Trade shows, seminars and exhibitions are also very effective tools for trade promotion.

Major local newspapers recommended for promotions are:

- La Nación: <http://www.nacion.com>
- La República: <http://www.pa-digital.com.pa>
- El Financiero: <http://www.elfinanciero.com>

## **VII. Contact List**

### **1. U.S. Embassy Commercial, Agricultural and Trade-Related Contacts**

U.S. Department of Agriculture (USDA)

Foreign Agricultural Services (FAS)

Phone: (506) 2519-2285

Fax: (506) 2519-2097

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

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

Mr. Stephen Huete, Regional Agricultural Counselor (based in San Jose, Costa Rica)

Ms. Kelly Stange, Regional Agricultural Attaché (based in San Jose, Costa Rica)

Mr. Víctor González, Agricultural Specialist

Mrs. Ileana Ramírez, Agricultural Marketing Specialist

Ms. Cynthia Smith-Palliser, Agricultural Marketing Assistant

U.S. Commercial Service

Tel: (506) 2520-2271

Fax: (507) 2317-1658  
www.buyusa.gov/sanjose/en/

## 2. Public Institutions

Ministerio de Salud  
Eng. Xinia Arias / Nidia Morera  
Tel: (506) 2222-5749/2257-7821  
Web Site: [www.ministeriodesalud.go.cr](http://www.ministeriodesalud.go.cr)  
Email: [xarias@ministeriodesalud.go.cr](mailto:xarias@ministeriodesalud.go.cr) / [nmorera@ministeriodesalud.go.cr](mailto:nmorera@ministeriodesalud.go.cr)

Ministerio de Comercio Exterior  
(Ministry of Foreign Trade)  
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Ms. Leonor Obando, Advisor  
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Web Site: [www.comex.go.cr](http://www.comex.go.cr)

Ministerio de Agricultura y Ganadería  
Mr. Dr. Germán Rojas, SENASA  
Tel: (506) 2260-8648  
Email: [grojas@senasa.go.cr](mailto:grojas@senasa.go.cr)  
Web Site: [www.mag.go.cr](http://www.mag.go.cr)

## 3. Private Institutions

American Chamber of Commerce (AmCham)  
Tel: (506) 2220-2200  
Fax: (506) 2220-2300  
Email: [chamber@amcham.co.cr](mailto:chamber@amcham.co.cr)  
Web Site: [www.amcham.co.cr](http://www.amcham.co.cr)

Cámara Nacional de Hoteles y Restaurantes  
(Hotel and Restaurants National Chamber)  
Tel: (506) 2222-2579 / 2222-0728 / 2233-9790 / 2233-9301  
Telefax: (506) 2233-2892  
E-mail: [info@cacore.cr](mailto:info@cacore.cr)  
[www.cacorestaurantes.com/nosotros.html](http://www.cacorestaurantes.com/nosotros.html)

<sup>[1]</sup> <http://www.doingbusiness.org/data/exploreconomies/costa-rica/>

