

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Costa Rica

**Post:** San Jose

### Poor Bean Harvest Creates Opportunities for US Exporters

**Report Categories:**

Agricultural Situation

Agriculture in the Economy

Agriculture in the News

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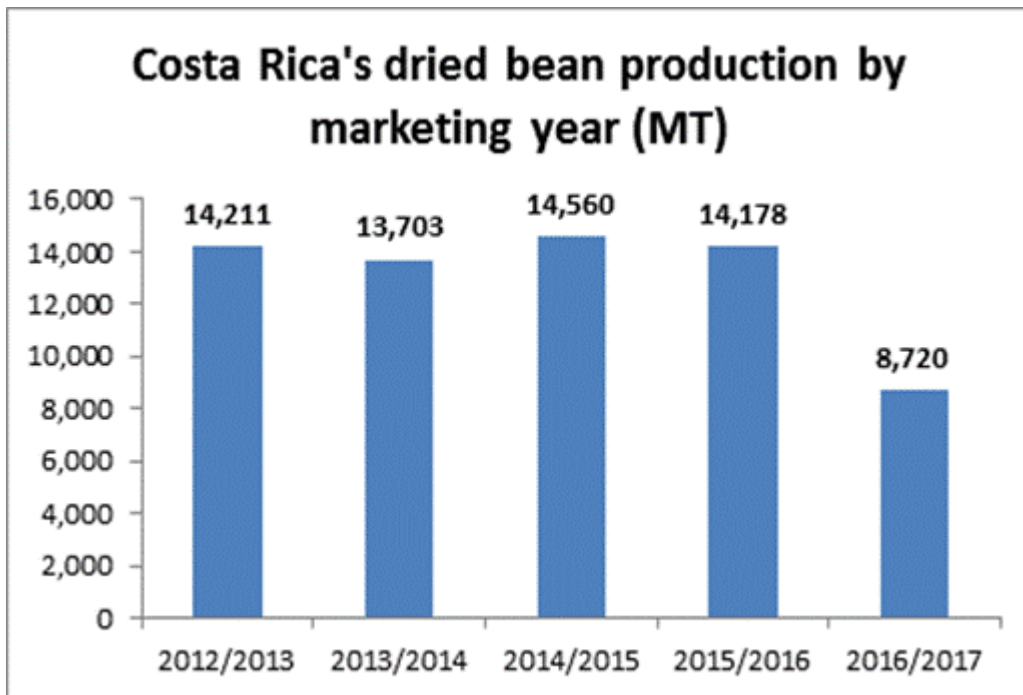
Victor Gonzalez

**Report Highlights:**

The local bean crop is expected to decline 38 percent this year as a result of negative weather patterns. Costa Rica normally imports about 70 percent of its total bean consumption estimated at roughly 50,000 MT per year. The Costa Rican government is expected to expand the previously issued tariff rate quota (TRQ) at zero duty of 9,432 MT by at least an additional 5,139 MT to make up for the shortfall. This provides an excellent opportunity for U.S. bean exporters to enlarge their market share in the country.

## General Information:

Costa Rica will import a higher volume of black and red beans between now and June 2017 following a 38 percent decline in domestic production caused primarily from unusually cold weather at the end of 2016 and at the beginning of 2017. According to information from the National Production Council (CNP), a government institution, the 2016-2017 bean crop is expected to drop to 8,720 metric tons (MT) compared to 14,178 MT achieved in the previous crop year. A normal crop year for beans takes place from July to June. CNP representatives have reported that some of the main production areas located in the north of the country (Upala, Santa Rosa, Los Chiles and Guatuso) suffered losses of up to 50 percent of their area planted. Other production areas were affected as well, although not quite as much as the northern parts.



*Source: CNP*

The lower production is expected to stimulate bean imports, which provides U.S. exporters greater opportunities in this market. Under normal conditions, Costa Rica imports about 70 percent of its total bean consumption, estimated at about 50,000 MT per year. The CNP is recommending to the Costa Rican Government to expand a previously issued tariff rate quota (TRQ) of 9,432 MT at zero duty by an additional 5,139 MT to make up for the shortfall. According to local industry sources cited by the press, the supply problem goes beyond the fall in local production. China's bean production was also affected by bad weather reportedly leading to lower quality beans. Local traders have stated that the additional import volume of beans under the TRQ should be increased by 10,000 MT - not the 5,139 MT proposed by CNP.

Beans, which along with rice are considered one of the main staples in the diet of the Costa Rican

population, are normally assessed a 30 percent duty (black beans) or a 20 percent duty (red beans).

However, black beans from the United States are assessed a 9.2 percent duty under the CAFTA-DR agreement that will eventually fall to zero in 2020. U.S "black turtle" beans are regarded by local importers as of highest quality compared to beans from other origins. However, U.S. beans tend to have a higher price, which puts them at a competitive disadvantage with lower priced sources such as China and Nicaragua. In addition, China was granted a 10,000 MT TRQ at zero duty under the Costa Rica-China free trade agreement while beans from Nicaragua, the other main supplier to the local market, also enter duty free under the Central American Common Market.

According to data from the CNP, during calendar year 2016, Costa Rica imported 18,683 MT from China, including the 10,000 MT duty free TRQ. Imports from Central America (primarily from Nicaragua) amounted to 14,401 MT and imports from other origins totaled 3,263 MT.

U.S. Customs data show exports of U.S. bean exports to Costa Rica reached \$2.9 million in 2016, up 732 percent from the previous year. In volume, the United States exported 424 MT in 2015 and 3,221 MT in 2016. Most of the beans shipped to Costa Rica from the United States were black beans.

Bean imports in Costa Rica have fluctuated significantly depending on market conditions and international prices in the past. The highest U.S. dried bean export years have coincided with periods when weather conditions severely affected the local crop. The expected large increase in the TRQ and the problems mentioned above with Chinese production present a good market opportunity for U.S. bean exporters this year.