



COSTA RICA:

Quality without borders

HK Hamburg

March 2009



COSTA RICA

Basic Facts

- Population: 4.44 million
- GDP per capita: US \$6,842
- Life expectancy: 78.3 years
- Literacy rate: 94.9%



COSTA RICA

- **Ranked 50th (of 177 countries) in the Human Development Index** (2008 HDI Report, UNDP)
- **5th High-Tech Exporter of the world** (2006 Human Development Report, UNDP)
- **“Central American Country of the Future”** (2007/2008 FDI Magazine)
- **“Third most competitive country in Latin America”** (2008 World Economic Forum Global Competitiveness Index)
- **“Second most trade enabled country in Latin America”** 2008 World Economic Forum, Enabling Trade Index (44th Worldwide)



Costa Rica: Strategic Location

- **Bridge between North and South America**
- **Access to the Caribbean, as well as the Pacific Ocean – aprox 300 km**
- **Ports on both Caribbean and Pacific, 24 maritime cargo lines**
- **Main airport located 15 km from the capital, San Jose**



Outward Looking Economy

Preferential Access to:

- Canada (FTA)
- Central America (CACM)
- Chile (FTA)
- United States (CAFTA)
- Mexico (FTA)
- Panama (FTA signed)
- Dominican Republic (FTA)
- Trinidad & Tobago and CARICOM (FTA)
- European Union (GSP Plus)

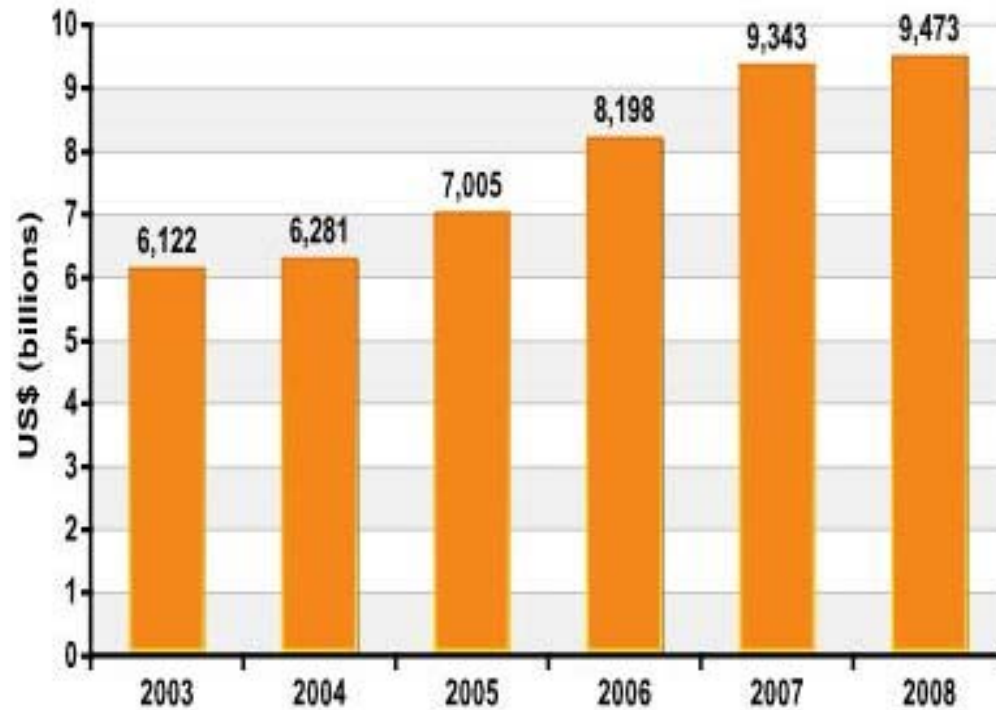


Recent negotiations:

- People's Republic of China (preliminary negotiations)
- Singapore (preliminary negotiations)
- Association Agreement with the European Union (preliminary negotiations)



Trade



Exports
2008 = US\$ 9.5
Billion US\$

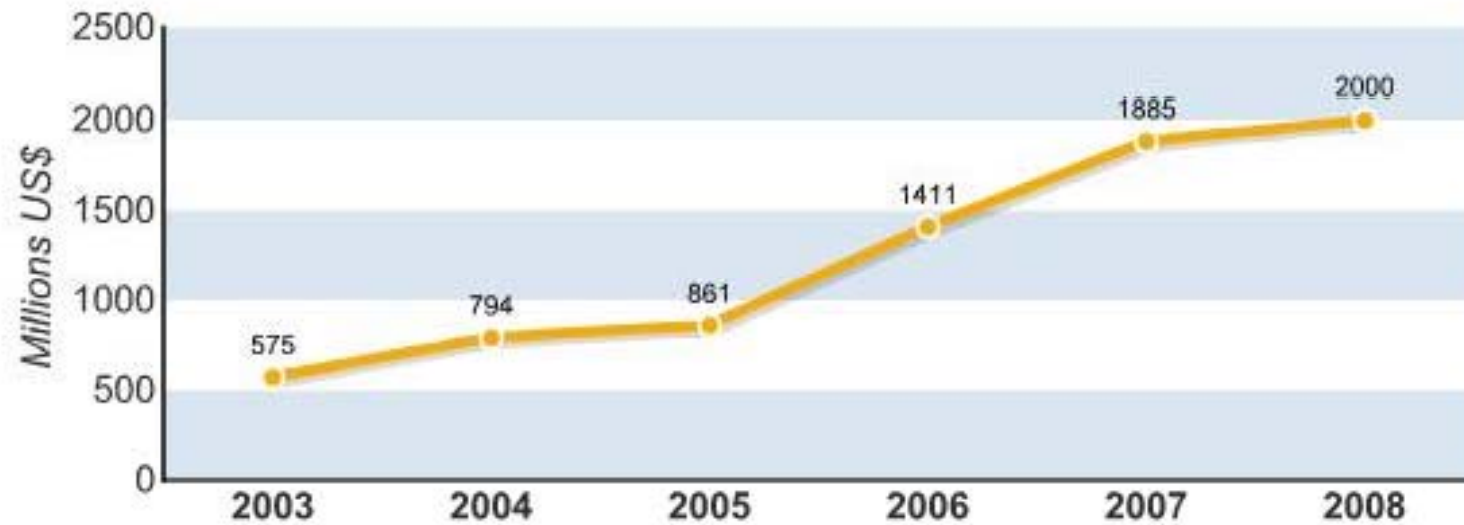
9,12%
CAGR
2003-2008

Imports + Exports
= **72% of GDP**



Foreign Direct Investment

FDI over the years



Investment Incentives



Foreign Investment in CR

- Same level of protection for investments as locals
- Equal treatment per constitutional rights and duties
- No limitation on land ownership
- Free movement of capital
- Intellectual Property Rights in line with WTO regulations



Laws providing incentives

- Law 7210 of the Free Trade Zone regime
- Inward Processing (Law 7557)
- Law 6990 for Incentives to the Tourism Industry
- Law 7575 of the Forestry Regime
- Law 7169 to Promote Scientific Development
- Law 8542 for the Promotion of Organic Agriculture



Free Trade Zone Regime

- Fiscal Incentives (income, import, profits)
- More than 12 Free Zone Parks, privately owned
- 218 active companies
- 52.5% of total exports
- 1,076 products sent to 100 different countries
- 38% are in the services industry



Future Incentives: FTZ

- Maintain fiscal/tax advantage
- Increasing local productive linkages/suppliers
- Investment in Less Developed Areas
- No export requirements
- Re-investment & tech transfer tax credits



In Good Company...



Growth Opportunities



Energy

- Natl. Installed Capacity: **2182 MW**
- **95%** from renewable sources
- National Grid coverage: **98,6%**
- State utilities: **91,1%** of capacity
- Estimated demand growth: **5,4%** (2010-2030)
- Required capacity by 2020: **3.500 MW aprox**

Source: ICE Natl. Expansion Plan / Ministry of Environment, Energy & Telecom



Energy

- Identified & Installed vs. Potential:

Source	Raw Potential MW	Identified (Incl. Installed) MW	Installed MW	Installed as % of Identified
Hydro	25.500	6.633	1.408	21%
Geothermal	865	257	159	62%
Wind	600	274	66	24%
Biomass	318	95	30	32%
Total	27.283	7.259	1.663	23%

- Incoming Projects:

- Pailas Geothermal 35 MW (2011)
- PT Garabito (Fuel Oil) 200 MW (2010)
- PH Diquis (Hydro) 622 MW (2016)

Source: ICE Natl. Expansion Plan / Ministry of Environment, Energy & Telecom



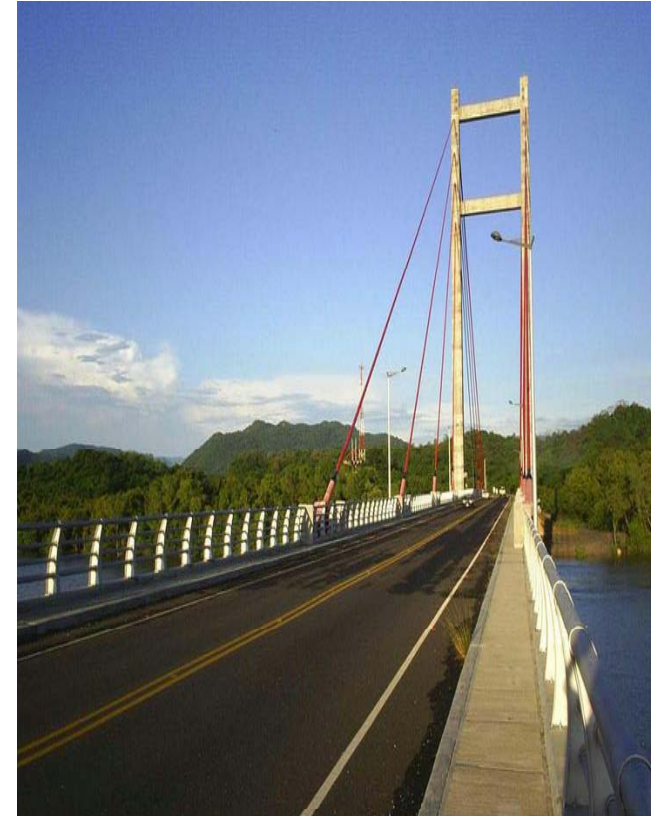
Energy

- Demand growth \neq capacity growth
- Focus is towards renewable energy
- Govt. pushing legislation reform
- State utilities (ICE, ESPH, JASEC) open to co-investment
- Future regional market (SIEPAC)



Infrastructure

- Weak Infrastructure
- Better resource allocation
- Public Concession
- *"Private Initiative Public Works-Concession"*



Current projects

Greater Metro Area Light Rail

Description: A modern and efficient tram network running through the Great Metropolitan Area.

- 3 stage development
- Population served: 220.000
- Length of network: 18,7km
- Lines: 3
- Stations: 21
- Number of trams: 18



Current status: feasibility studies began in September 2008.
(pre-start: April 2009, tender: August 2009).

Investment:

Stage 1: \$200 millions (2010)
Stage 2: +\$100 millions (+5 years)
Stage 3: +\$400 millions (+15 years)

TOTAL: \$700 millions



Current projects

SAN JOSÉ-CARTAGO ROAD CONCESSION

Investment:

- Section I (New): US\$ 26 million
- Section II (Existing): US\$ 47 million
- Ancillary works: US\$ 40 million
- **Total Investment: US\$ 115 million**

- *Tunnel Alternative: To avoid land expropriation process on section I. Reduces project completion timeline but increases cost by US\$30MM*



Current status: updating and completing the feasibility studies

Description:

Section I length: 4 km

Section II: 17,6km Tunnel length: 2,9km (Radial Zapote - Curridabat)



Current projects

Moin Container Terminal

Current Status

- Labor negotiations.
- Defining business model.
- Preparing tender sheet.
- Investment (based on Royal Haskoning Master Plan Puerto Moín).
- **Cost \$450 millions**
- **GOVT PRIORITY**



Private Initiative Public Works Concession

- Trans Oceanic Continental Train
 - *50 Yr Concession proposal / US\$2.7BN*
 - Atlantic Transshipment Mega-port
 - *50 Yr Concession proposal / US\$652M*
 - Central Valley – Limon Port Highway
 - *New project/ US\$670M*
 - Government open to unsolicited bids
(sewage/water treatment, buildings, etc..)
-



Other Investment Sectors

- Tourism
- New Media – Film postproduction
- Advanced Manufacturing
- Business Services
- Software Development
- Medical Devices
- Biotech



The Foreign Trade Corporation of Costa Rica
invites you to the:



COSTA RICA
SERVICES SUMMIT
2009

1st Edition

Business meetings with companies in:

- Information and Telecommunication Services
- Audiovisual Services Industry
- Engineering, Architecture and Design
- Medical Services



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Hotel San José Palacio, Costa Rica

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Thank You !

