



## Report Overview

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This report will outline the strongest industries in Costa Rica and further evaluate niches in its top city, San Jose. The research will focus on the cities previously mentioned and will have a focus on the top industries in those cities as well as a focus on the college's interest in Central America.

## Costa Rica at a Glance

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Since 2010, Costa Rica has enjoyed strong and stable economic growth - 3.8% in 2017. Exports of bananas, coffee, sugar, and beef are the backbone of its commodity exports. Various industrial and processed agricultural products have broadened exports in recent years, as have high value-added goods, including medical devices.

Foreign investors remain attracted by the country's political stability and relatively high education levels, as well as the incentives offered in the free-trade zones; Costa Rica has attracted one of the highest levels of foreign direct investment per capita in Latin America and is neighbored by the Pacific Ocean to the west, and the Caribbean Sea to the east. The US-Central American-Dominican Republic Free Trade Agreement (CAFTA-DR), which became effective for Costa Rica in 2009, helped increase foreign direct investment in key sectors of the economy, including insurance and telecommunication. However, poor infrastructure, high energy costs, a complex bureaucracy, weak investor protection, and uncertainty of contract enforcement impede greater investment.<sup>1</sup>

Costa Rica's economy also faces challenges due to a rising fiscal deficit, rising public debt, and relatively low levels of domestic revenue. Poverty has remained around 20-25% for nearly 20 years, and the government's strong social safety net has eroded due to increased constraints on its expenditures. Costa Rica's credit rating was downgraded from stable to negative in 2015 and again in 2017, upping pressure on lending rates, which could hurt small business.<sup>2</sup>

- Population: 5.0 million
- GDP per capita: (CRC) 10,267,938 equiv. (USD) 16,900
- GDP: (CRC) 50.1 trillion equiv. (USD) 83.94 billion
- Unemployment 8.1%
- Youth unemployment: 20.6%
- Inflation: 1.6%<sup>3</sup>

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<sup>1</sup> <http://taxsummaries.pwc.com/ID/Costa-Rica-Overview>

<sup>2</sup> <http://www.costarica-embassy.org/index.php?q=node/19>

<sup>3</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/cs.html>

Costa Rica's impressive biodiversity (6% of the world) also makes it a key destination for ecotourism. Because of Costa Rica's small size, a diverse array of fabulous sites is within easy access. A trip to Costa Rica affords the opportunity to visit 12 different life zones, 20 national parks, 26 protected areas, nine forest reserves, eight biological reserves and seven wildlife sanctuaries. Costa Rica is the birthplace of ecotourism. The country is often cited as a model for conservation in harmony with community development and economic growth.

Today Costa Rica is one of the only developing countries to have adopted a tax on hydrocarbons, partially funding the only national system of payment for environmental services and becoming the largest buyer of forest carbon in the world. Moreover, renewable energy in Costa Rica supplied about 98.1% of the energy output for the entire nation in 2016, and the new energy goal for this nation is to become carbon-neutral by 2021.<sup>4</sup>



### San Jose overview

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Chepe, as San José is affectionately known to its people, is Costa Rica's largest city and cultural capital. San José is the seat of national government, the focal point of political and economic activity, and the major transportation hub of this Central American nation. Ecotourism accounts for the majority of this city's economic output and sits as a major hub that brings in over 1 million people daily from domestic and overseas.

**Population:** 3.6 million      **Unemployment rate:** 8.4%  
**GDP per capita:** (CRC) 36,798 equiv. (USD) 42,145

San Jose's main industries lie in microprocessors, food processing, medical equipment, textiles and clothing, construction materials, fertilizer, plastic products, and it has a substantial sector in services and hospitality to account for its tourism business. The following companies have headquarters in San Jose: Avianca Costa Rica (Airline), Betcris (Online Gambling), U.S. Immigration and Customs Enforcement (Federal agency), Nature Air (Airline), Sansa Airlines (Airline), Ticos Air (Airline), Ujarrás (Food Production), Wagerweb (Online sport gambling).<sup>5</sup> In addition to these companies, The San Jose Brewing Company, a startup craft beer company, and Zero Army, a startup zero-waste natural juice and smoothie company, both have headquarters in San Jose as well.<sup>6</sup>

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<sup>4</sup> <https://www.costarica.com/business/costa-rican-economy>

<sup>5</sup> <https://news.co.cr/5-best-companies-to-work-for-in-costa-rica-2018/73010/>

<sup>6</sup> <https://theculturetrip.com/central-america/costa-rica/articles/10-startups-in-costa-rica/>