

**Based on information collected up to July 2002**

### 1. TARIFF MEASURES

#### Structure of the tariff schedule

Costa Rica applies since 15 November 1993, the CACM, the Common tariff system (Sistema Arancelario Centroamericano, SAC), an eight-digit tariff, based on the Harmonized Commodity Description and Coding System. This tariff is applied with significant variations by members of the CACM; it is divided into three parts: the first one covers the list of duties that have been harmonized among all CACM members; the second part consists of headings in the course of being harmonized and bound to be added to the first list gradually; and the third part consists of a small number of headings, which will not be harmonized, but are free to be altered by each member country.

#### Tariff publications

Under the Secretariat Permanente del Tratado General de Integracion Economica Centroamericana (SIECA), the Sistema Arancelario Centroamericano (SAC) has been published on 1 of April 1993.

#### 11 Statutory Customs Duties

Costa Rica's Customs tariff is based on the CACM import tariff (Arancel Centroamericano de importacion), this tariff allows for some differences between the national tariffs of its members (see the tariff structure). All import duties are ad valorem and are applied to the c.i.f. value of the goods. Import duties in Costa Rica generally range from 1% to 28 %, with a ceiling of 51 per cent. Certain agricultural products are subject to high duties, for example duties on dairy products are levied at 72% and poultry at 154% however up to 3% of the national consumption of these products may be imported at the rate of 51%.

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#### 12 MFN Duties

Costa Rica has established the following ad valorem tariff levies in compliance with its commitments within the Central American Tariff System and through the tariff levy policy set in COMRIEDRE Resolution No. 26-96 of 22 May 1996: 0% for raw materials and intermediate and capital goods not domestically produced; 5% for raw materials produced in the region; 10% for intermediate and capital goods produced in the region, and 15% for finished goods.

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#### 13 Bound rates

The general level of Costa Rica bound rates is to be reduced to 45 per cent between 1995 and 2004. Exceptions are industrial and agricultural items, already excluded from the general level of bindings in the schedule of accession. For these products, the rates remain set in accordance with accession commitments. The tariff binding on 1 of January 2001 was set at 72% on dairy products and 154% on poultry products.



## 14 Tariff Quota Duties

Under the minimum access opportunities of the Uruguay Round Agreement on Agriculture, tariff quotas have been introduced to ensure the entry of specific quantities of certain agricultural products at final bound rates set at 15, 30, 35, 40, 45, 50 or 55 per cent. These rates will be implemented progressively between 1995 to 2004.

During this period, tariff quota levels should be increased by around 67 per cent with the exception of the tariff quota for imports of milk and milk cream sweetened concentrates which will grow by 43 per cent. Zero increase affects evaporated and condensed milk, milk serum, dehydrated cheddar cheese and certain other cheeses as well as yellow maize.

The stock exchange for agricultural commodities (Bolsa de Productos Agropecuarios SA, BOLPRO) is used for allocating these quotas. The Regulation on the Allocation of Tariff Quotas is contained in Executive Decree 23914-COMEX-MAG of 22 December 1994, published in Official Gazette No. 246 of 27 December 1994 and revised by Executive Decree 24599-COMEX-MAG of 9 August 1995, published in Official Gazette No. 176 of 18 September 1995.



## 16 Temporary reduced duties

Three customs regimes provide duty-free entry for certain items required in the processing of export goods:

The Free Zones Regime (Régimen de Zonas Francas), covering raw materials, machinery, parts and equipment;

The Export Contracts Regime (Régimen de Contratos de Exportacion), covering raw materials, processed and semi-processed goods, packaging material and other goods, not domestically produced, related to the company's operations;

The Temporary Admission Regime (Régimen de Admision Temporal), suspending the payment of import duties on raw materials, components, labelling material, chemicals, moulds, matrixes, processing machinery and equipment.



## 17.2 Urgency and safeguard duties

Safeguard measures apply to common black bean since 7 May 1999; rice in the husk, skinned and semi-milled or polished since 15 November 1999.



## Preferential duties under trade agreements

### 19.1 Interregional agreements

In 1963, Costa Rica became member of the General Treaty on Central American Integration (Tratado General de Integracion Economica Centroamericana) which established the Central American Common Market (CACM). The Treaty which entered into force in 1961 was amended by the Protocol to the General Treaty on Central American Economic Integration, known, as the Guatemala protocol, in 1993. The other participating members are El Salvador, Guatemala, Honduras, and Nicaragua. From the outset of the ratification of the General Treaty, a free trade in all products originating in the Member States was established between the five, with a few exceptions listed in Annex A of the Treaty, mainly roasted coffee, alcoholic beverages and petroleum products which are subject to customs

duties, while the rest are subject to import controls through Resolution No. 24-96 (COMRIEDRE IV) of 22 May 1996, as amended by Resolution 18-98 (COMIECO-VI) of 24 February 1998.

In line with the CACM, Costa Rica as a party, grants duty free treatment to most goods from other member i.e.. El Salvador, Guatemala, Honduras and Nicaragua.



## 19.2 Regional and sub-regional agreements

In June 1994 Costa Rica joined the Association of Caribbean States (Asociacion de Estados del Caribe) settled down on 23 June 1993. Its objective is to establish a framework for flexible co-operation on issues such as economic integration trade, investment, transport, communications, science and technology and environmental protection. Apart from Caribbean island States, the Association comprises Colombia, El Salvador, Honduras, Mexico, Nicaragua, Suriname and Venezuela.

Costa Rica together with Belize, El Salvador, Guatemala, Honduras, Nicaragua and Panama, with Mexico, launched in 2001 the PUEBLA-PANAMA PLAN, which objectives among others is to facilitate trade by promoting the elimination of non-tariff barriers and other obstacles to intra-regional commerce.

On 12 of February 1993, Costa Rica and the other CACM countries signed in Caracas, Venezuela, with the presidents of the "Group of Three" member countries i.e. Colombia, Mexico and Venezuela, a framework agreement applicable as of 30 June 1993, for the establishment of a free zone in the sub-region. The Agreement provides for the elimination of import duties on most products originating from member countries; import duties on remaining products will be eliminated within one to three years with respect to Central American Products and within five to ten years for Colombian and Venezuelan Products. Tariff reductions between Mexico and Central American countries will be agreed on a bilateral basis. The Declaration of Caracas, lays the foundation for a free trade zone between the Group of Three, Central American and the Caribbean.

Recently Costa Rica signed on 16 April 1998 a free trade agreement together with El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic. The Agreement came into force on 15 October 2001.

In December 1994, Costa Rica participated in the Summit of the Americas at which, Heads of State from all countries in the western hemisphere (except Cuba) agreed on a programme for a Free Trade Area for the Americas (FTAA) by the year 2005.

After a meeting of deputy foreign ministers of Central America and Chile on 17 of August 1998 in Santiago during the 2nd summit of the Americas, the presidents of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Chile, signed on 18 October 1999 in Guatemala City, the definitive text of the free trade agreement between Central America and Chile.

Costa Rica and other 23 countries from Central America and the Caribbean area, benefit from the CBI, the Caribbean Basin Initiative in force since 1984, an US programme which grants total exemption from import tariffs until 2008 for a wide range of goods originating in the CBI area, with the exception of the following goods: clothing and textiles (for which exists a special programme guaranteeing access to the american market for clothes

made in the CBI); canned tuna, petroleum and petroleum products, footwear excepted disposable articles and shoe parts, some leather rubber and plastic gloves, certain leather garments, clocks and clock parts.

Relations between CBI countries and the United States of America have been strengthened with the signature by president Clinton on 2 October 2000, of the Caribbean Basin Trade Partnership Act (CBTPA) which grants the countries of the Caribbean Basin, beneficial tariff rates and quotas in the USA, to textiles and apparel products assembled from U.S. fabrics but excluded from the programme.



### 19.3 Bilateral agreements

Costa Rica maintains a cooperation agreement with the European Union providing for mutual most-favored-nation treatment, economic cooperation, and increased European aid and investment.

Upon the signature of the five CACM members on 20 August 1992, of a framework agreement setting common guidelines for separate bilateral talks with Mexico, Costa Rica signed a Free Trade Agreement (Tratado de Libre Comercio) with Mexico, in April 1994;

The Agreement which entered into force on 1 January 1995, provides for the progressive elimination of tariffs on nearly all goods in less than ten years and the suppression of all non-tariff barriers, except for items such as mineral oils and fuels, rubber and made-up textiles for Costa Rica, and mineral oils and fuels, organic chemicals and transport equipment for Mexico.

In 1973 Costa Rica signed a Free Trade Agreement with Panama (Tratado de Libre Comercio e Intercambio Preferencial).

Since 1981, Costa Rica maintains a trade agreement with the Dominican Republic (Convenio Commercial), amended by Law No. 7882 of 8 July 1999.

Costa Rica and Canada Free Trade Agreement was signed on 23 April 2001.

Costa Rica and Mexico Free Trade Agreement signed on 5 April 1994, came into force on 1 of January 1995.

Costa Rica and Venezuela signed on 18 July 1993, a Partial Scope Economic Complementation Agreement.

Free Trade Agreement with Chile was approved by Costa Rica on 25 January 2001, and entered into force on 15 February 2002.



## 2. PARA-TARIFF MEASURES

### 21 Customers surcharges

A tax of 1 per cent of customs value (impuesto sobre el Valor Aduanero) is levied on most imports. The proceeds of the tax are earmarked for welfare, medical and child care centres. Are exempted from this tax, medicines for human consumption and raw materials for industry and imports covered by the Free Trade Treaties signed by Costa Rica with Mexico and Panama, goods of CACM origin and goods included in the WTO information Technology Agreement (ITA).

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## 22.1 Tax on foreign exchange transactions

A tax of 15% is levied on all foreign exchange transactions in the exchange market.

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## 22.9 Additional charges n.e.s.

- The IFAM tax (Impuesto del Instituto de Fomento y Asesoría Municipal, has been introduced in 1961, and is collected at a uniform rate of 10% of the c.i.f. value plus the import duties; it is levied on alcoholic beverages, certain bottled waters and cigarettes.

- The IDA tax (Impuesto del Instituto de Desarrollo Agrario), introduced in 1982, applies at rates of 2.5% on cigarettes; 5% on beer; 8% on fermented beverages, whisky, rum, gin and other spirituous beverages; 10% and 14% on bottled waters containing sweeteners.

- The tax on used vehicles (Impuesto al Traspaso de Vehículos Usados) is levied at the rate of 5% on the import value.

- The tax-exempt vehicles tax (Impuesto al Traspaso de Vehículos Exonerados) is applied at a rate of 30% on the value cited in an official list published by the Ministry of Finance.

- A cement consumption tax (Impuesto al Consumo de Cemento), introduced in 1983, is charged at 5 per cent on the sales price of cement.

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## Internal taxes and charges levied on imports

### 23.1 General sales taxes

The Sales Tax (Impuesto sobre las ventas) set by Law. No. 7543 of 19 September 1995, is levied at the rate of 13% and it applies on most imported goods not intended for official government use, and on local goods and services. It is based on the sum of the CIF value, ad valorem duty, and selective consumption tax. Six categories of products are exempt: basic foodstuffs and goods essential for education, medicament veterinary products, agricultural inputs, fishery inputs, and miscellaneous goods.

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### 23.2 Excise taxes

The selective consumption tax (Impuesto Selectivo de Consumo) ranging from 5 to 75% and based on the CIF value plus ad valorem duty, is levied on imports including arms and munitions at 75%; costume jewelry, fireworks, and whiskey, at 50%; and for wine and beer at 40%.

- The selective consumption tax on imported vehicles is based upon the CIF value of the vehicle using the wholesale price when the vehicle is imported by a registered importing business; when a vehicle is imported by an individual, the retail price is used to determine the tax.

Exemptions from payment of sales and selective consumption taxes cover imports under the Free Zone (for 10 years only), export contracts and Temporary Admission Régimes; basic products including staple foods, school uniform; certain inputs for agriculture; fisheries; the pharmaceutical industry; medicines and medical equipment.

### 3. PRICE CONTROL MEASURES

The Directorate of Unfair Business Practices and Safeguard Measures (Dirección de Prácticas de Comercio Desleal y Medidas de Salvaguardia, DPCDMS), is the body responsible for the adoption and implementation of anti-dumping and countervailing measures. Costa Rica adopted in December 1995, the Central American Regulations on Unfair Business Practices (Executive Decree No. 24868-MEIC of 19 December 1995; the Decree entered into force in Costa Rica on 12 January 1996. In the same context, Costa Rica adopted the Central American Regulation on Safeguard Measures.

#### 31.9 Administrative pricing n.e.s.

Price control regulations apply equally to imports and domestically produced goods. At present rice is the only item in the basic basket subject to official price controls.

#### 34.2 Antidumping duties

Anti-dumping measures have been initiated as of 18 of August 1998 against the following products from Venezuela: lavatories and washbasins (to be built in or with pedestals) of glazed porcelain in H.S. number 6910.90.00. Four investigations were initiated against imports of the following products: polymethyl methacrylate sheet from Mexico in March 1996, dried onion from the United States, Guatemala and Nicaragua in October 1996, and domestic refrigerators from Mexico in August in March 1997.

### 6. QUANTITY CONTROL MEASURES

Licensing under the authority of

#### 61.4 Licence linked with local production

Within the framework of CACM there are restricted products subject to import licensing or to payment of import duties: coffee whether or not roasted, sugars, wheat flour and ethyl alcohol.

#### 61.43 Barter or counter trade

Imports made on a barter basis require a barter license (licencia de trueque) issued by the Ministry of Economy, Industry and Commerce upon confirmation by the foreign supplier, unless the goods originate in CACM countries or Panama.

#### 61.71 To protect human health

An import permit from the Costa Rica Ministry of Health is required for pharmaceuticals, drugs, cosmetics, certain chemical products such as solvents and precursors, agricultural chemicals, toxic substances, insecticides, pesticides, and processed food and beverage products. The permit is valid for five years.

#### 61.78 To ensure national security

Imports of arms and ammunition require an import licence issued by the Costa Rican Ministry of Public Security.

## Prohibitions

### 63.1 Total prohibition

Import prohibitions cover 37 tariff lines for health, security and environmental reasons.



### 63.71 To protect human health

Imports of animals, meat, milk, and milk products from Belgium are prohibited for reasons of foot-and-mouth disease.

Imports of used cardboard egg separators are banned based on health protection, optimum sanitary conditions, hygiene and the prevention of diseases and contamination transmitted by eggs. Natural products in pharmaceutical form and tisanes are also prohibited in Executive Decree No. 26872-S of 15 April 1998. Import prohibition is set equally on cosmetics by Executive Decree No. 27020-S of 5 June 1998 amended by Executive Decree No. 27256-S of 11 September 1998; and on medicaments in Executive Decree No. 28466-S of 29 February 2000.



### 63.72 To protect animal health and life

Imports of animals, meat, milk, and milk products from Belgium are prohibited for reasons of foot-and-mouth disease. Chloramphenicol as a veterinary drug is prohibited.

The Ministry of Agriculture and Livestock has set an import ban since 13 of June 2000 on poultry and poultry parts for reasons of Newcastle disease, and avian influenza, from the following countries: Mexico, Guatemala, Honduras and El Salvador.



### 63.73 To protect plant health

The importation of coffee husk and skin are prohibited by the Plant Health service of the Ministry of Agriculture and Livestock as a measure of protection against broca; Ban on cucurbitaceae seeds from China and Thailand.



### 63.74 To protect environment

Import prohibitions on mercury-based fungicides against coffee plant diseases, diethylstilboestrol; Law No. 7223 of 2 April 1991, bans ozone depleting substances prescribed by the Montreal Protocol.

The import of the following organic fertilizers is prohibited: the dung of all animals except marine birds, fertilizers containing dung residues, waste of animal origin, hay, or straw, fertilizers made from blood, meat, fats, etc., of any animal unless the manufacturing process is based on temperatures of not less than 70 degrees C for a period not less than 30 minutes.

It is prohibited to import used bags and all other types of used containers and agricultural products, fertilizers, hormones, pesticides packed in used bags or other used containers.



### 63.75 To protect wildlife

Endangered species of fauna and flora listed under CITES are prohibited.



**63.76** To control drug abuse

Imports of psychotropic substances, narcotics, and illicit drugs are prohibited by Law No. 7786 of 30 April 1998.



**63.77** To ensure human safety

Imports of used tyres without rims are prohibited. Are prohibited as well, imports of certain dogs, e.g. the American Pit Bull Terrier and the Staffordshire Terrier.

A ban is set as well on imports of asbestos through Executive Decree No. 25056-S-MEIC-MINAE of 16 April 1996, and on hazardous products by Executive Decree No. 28113-S of 6 October 1999.



**63.78** To ensure national security

Imports of firearms, chemical weapons and explosives are prohibited by Executive Decree No. 25120-SP of 17 April 1996.



## 7. MONOPOLISTIC MEASURES

**71.1** State trading administration

**71.2** Sole importing agency

Refinadora Costarricense de Petroleo S.A. (RECOPE) is a state trading enterprise established as a joint stock company, which shares are held by the State. RECOPE has a monopoly on the importation, refining and wholesale distribution of crude oil, fuels derived from oil, asphalt and naphtha.



**72.1** Compulsory national insurance

Costa Rica maintains since 1924 a state monopoly through the National Insurance Institute (INS) for all types of insurance.



## 8. TECHNICAL MEASURES

**81** Technical regulations

Industrial standards are elaborated and regulated through the Instituto de Normas Tecnicas de Costa Rica (INTECO).

The Standards Office (Oficina Nacional de Normas Tecnica y Unidades de Medida (ONNUM) is entrusted with the technical aspects of standardization, and ensure that legitimate objectives are reached in this area. Testing laboratories are accredited by ONNUM. Costa Rica uses international standards such as those of ISO, the Codex Alimentarius, the International Organization of Legal Metrology, and the International System of Units, as well as regional norms such as those of the Pan-American Standards Commission (COPANT).

The National Accreditation Body (ENA) is in charge of supervising activities such as certifying bodies, calibration and testing laboratories and inspection and monitoring bodies.



### 81.11 To protect human health

The Ministry of Health in Costa Rica requires that all imported or locally manufactured medications, pharmaceuticals, cosmetics, foods and beverages, be subject to registration with the Ministry of Health every five years, and to sanitary and phytosanitary measures with the Direccion General de la Sanidad Publica.



### 81.12 To protect animal health and life

General Law on Animal Health No. 6243, published in the Official Journal "La Gaceta" on 24 May 1978 governs the importation of animals (swine, bovine, fish etc.) and animal products, and by products, and veterinary preparations which could carry diseases. These goods require sanitary and phytosanitary measures, and are subject to mandatory control and specific mandatory control in accordance with Decree No. 21 858-MAG No. 49 of 11 March 1983.



### 81.13 To protect plant health

Sanitary and phytosanitary measures and requirements established by the Ministry of Agriculture and Livestock, Directorate General of Agricultural protection, apply to imports of plants, plant products, botanical seeds of vegetables, grasses, fodder, vegetables, spices, trees, ornamental plants, flowers and any other plant species, seeds, and propagative plant materials capable of harbouring pests. Recent detection of bacterial fruit blotch of watermelon in cucurbitaceae seeds from China and Thailand, has established emergency phytosanitary measure requirements D02-01 of the Plant Protection Directorate, for the importation of commercial consignments of those seeds in Costa Rica.



### 81.14 Product characteristics requirements to protect environment

Registration, sanitary and phytosanitary requirements with the Ministry of Agriculture apply to imports of toxic or dangerous substances and products, agricultural pesticides, chemical and mineral fertilizers, pesticides and hormones, and insecticides to be used in agriculture. These imports must be approved by the Directorate General of Agriculture and Livestock.



### 81.2 Marking requirements

For entry in Costa Rica, packages may be marked with either stencil or brush and each package must bear a mark and be numbered.



### 81.3 Labelling requirements

Special labelling requirements apply to imports of fertilizes, pesticides, hormones, veterinary preparations, vaccines, and poisonous substances, mouth-washes, food products, and pharmaceuticals, cosmetics, health products, food additives and alcoholic beverages. The items must be labelled in Spanish and denominated in the metric system.

Labelling requirements applicable to food are based on national standards and on those of the Codex Alimentarius by Executive Decree No. 26012-MEIC of 14 May 1997.

Labels of both domestic and imported food products should follow the Codex Alimentarius and must contain the following information in Spanish, printed clearly on the label: product name, list of ingredients in quantitative order, nutritional content, expiration or best used by date, country of origin, weight or volume in metric units, name and address of importer, local

distributor, or representative.

In addition, irradiated food and genetically modified food are subject to labelling requirements.



### **81.5 Testing, inspection and quarantine requirements**

Sampling for analysis of vegetable crops used in human consumption to detect pesticides residues.

Health and veterinary inspection regulation on abattoirs and meat production and processing by Executive Decree No. 29588-MAG-S, published in Supplement No. 120 of the Official Journal "La Gaceta" of 22 June 2001.



### **81.6 Information requirements**

The new competition law (Ley de promoción de la Competencia y Defensa del consumidor, enacted on 20 December 1994, makes compulsory the use of the same documentation, procedural, control and other requirements relating to human, animal and plant health, public security, the protection of the environment and quality standards, for all goods from any origin.

