

essential
COSTA
RICA

 **PROCOMER**
COSTA RICA EXPORTS
INVESTMENT

INVEST IN **COSTA RICA**

SERVICES SECTOR



ECONOMIC AND POLITICAL STABILITY



PEACE



- 75 YEARS **WITHOUT ARMY**
- **1ST PLACE IN LATAM IN THE GLOBAL PEACE INDEX**

Institute for Economics & Peace, 2022

DEMOCRACY



- **OLDEST DEMOCRACY IN LATAM**
- **2ND PLACE IN LATAM IN THE DEMOCRACY INDEX**

The Economist Intelligence Unit

STABILITY

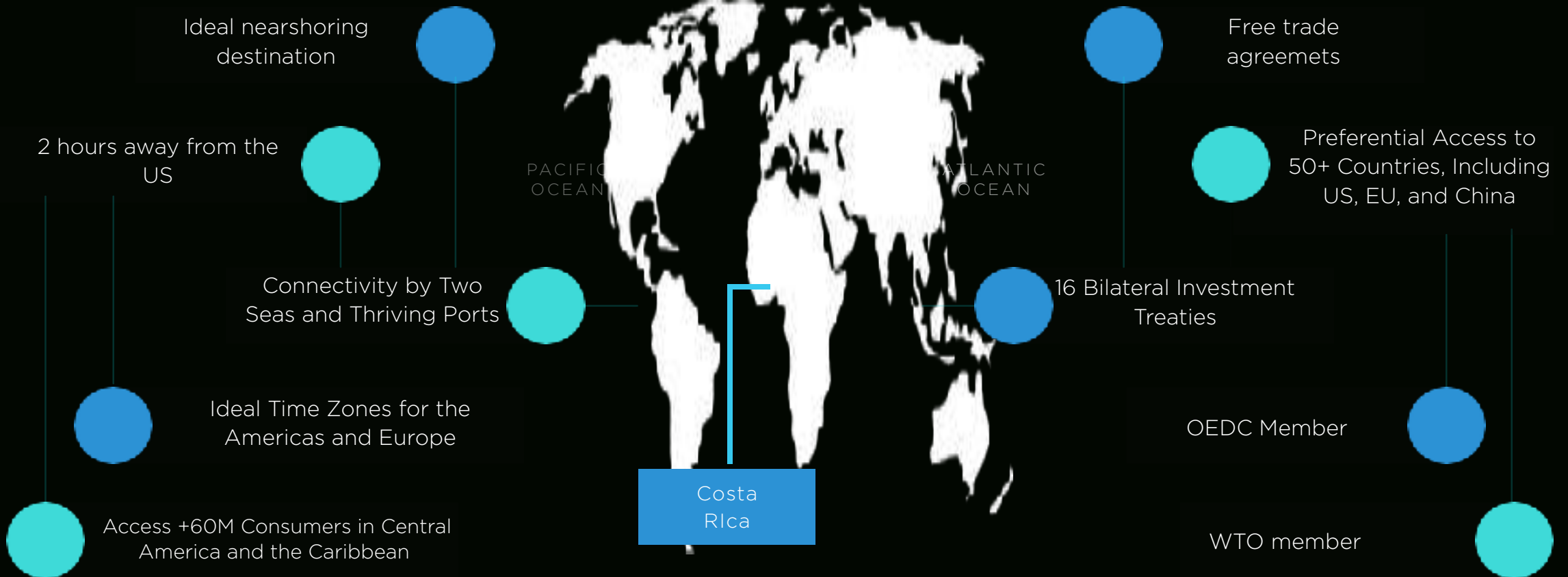


- **1ST PLACE IN LATAM IN POLITICAL STABILITY**

Worldwide Governance Indicators, World Bank 2021.



Costa Rica: Your Gateway to Global Markets and Nearshoring Paradise





HOSTING THE BEST

+350 GLOBAL COMPANIES CHOOSE COSTA RICA TO ENHANCE THEIR GLOBAL OPERATIONS

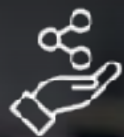
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 **PROCOMER**
COSTA RICA | EXPORTS
INVESTMENT

EXPLORING THE SERVICES SECTOR



COMPLEXITY EVOLUTION



**SHARED
SERVICES
CENTERS**



**BACK
OFFICE**



**ARCHITECTURE,
ENGINEERING
& DESIGN**



**NETWORK
AND
TELECOMMUNICATIONS**



**IT
CONSULTING
SERVICES**



**GAME
DEVELOPMENT
& ANIMATION**



**CLOUD
COMPUTING**

**CUSTOMER
MANAGEMENT
SERVICES**



BPO



**SALES
SUPPORT
OPERATIONS**



SOFTWARE



**DATA
ANALYTICS**



**DIGITAL
MARKETING**



**CYBERSECURITY
OPERATIONS**



SERVICES SECTOR

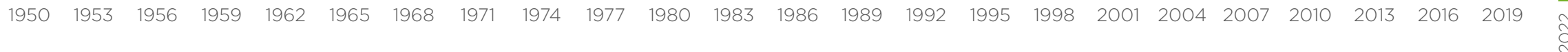
ALMOST HALF OF TOTAL EXPORTS

\$11.8 Billion

SERVICES EXPORT
(2022)

**43% of total exports are services, higher than
OECD average.**

**Services has grown, driven by trade openness,
access to new technologies and human talent
specialization.**





GOVERNMENT OF COSTA RICA

- President office
- Ministry of Foreign Trade
- Investment support



NATIONAL TRADE AND INVESTMENT AGENCY

- Investment advisory
- Soft-landing
- After care
- Productive linkages
- Exports support
- Compliance support

Ranked Best in the World



PRIVATE ECOSYSTEM

WORLD CLASS FIRMS

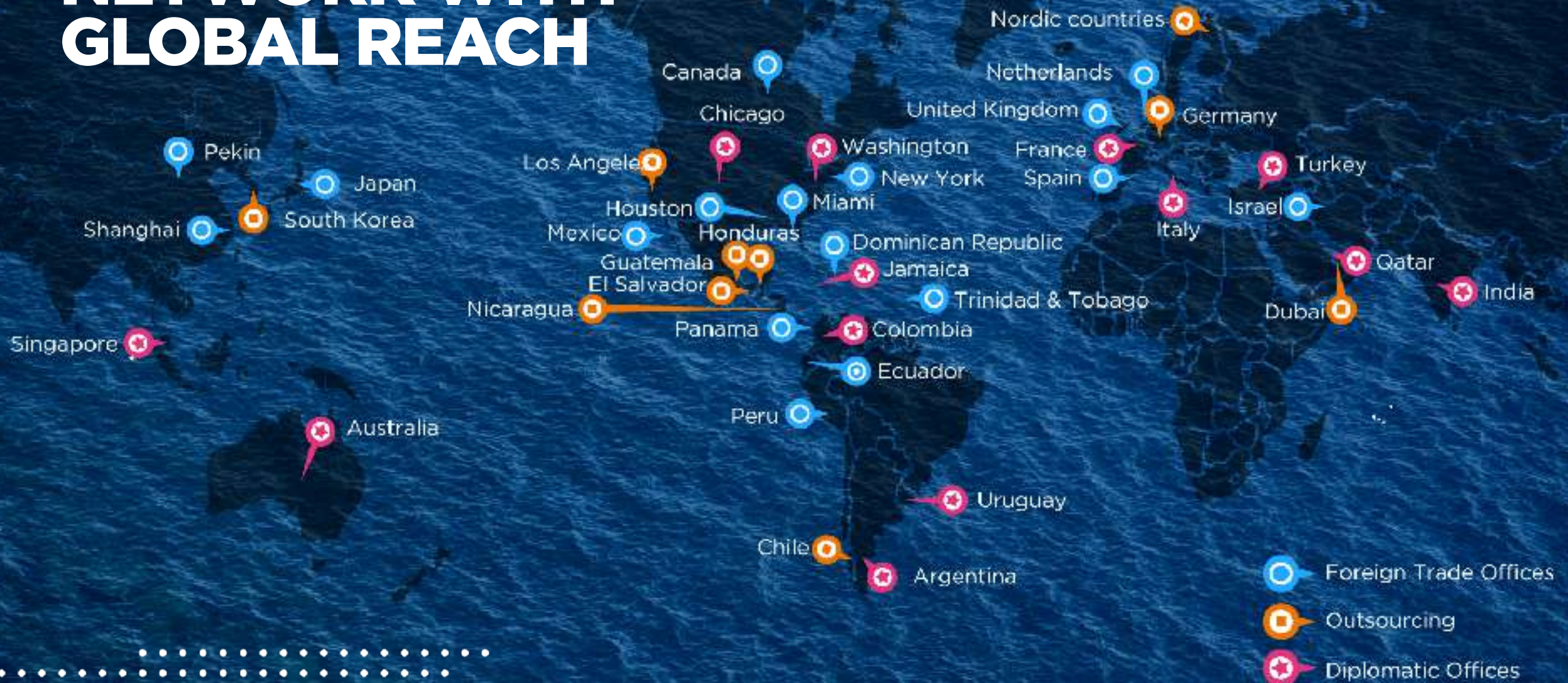
- Legal
- Accounting
- Real Estate
- Advisory
- M&As
- HR

State of the art business parks across the country

Diverse supplier ecosystem



PROCOMER: A NETWORK WITH GLOBAL REACH



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COMPETITIVE INCENTIVES



WHAT IS THE FREE TRADE ZONE REGIME?

Set of incentives and benefits granted by the Costa Rican government to companies making new investments in the country

ALLOWED

- Manufacturing in strategic sector
- Traders
- Services in strategic sector
- FTZ parks administrators
- Agricultural/livestock/fishing inputs suppliers*
- Healthcare center services*
- Sustainable adventure parks*



NOT ALLOWED

- Banking, financial and insurance
- Professional services
- Mining
- Armament
- Electricity plants

*New categories to be developed exclusively outside Great Metropolitan Area

Incentives for **Services, Traders & Free** Trade Zone Park Administrators

Greater Metropolitan Area (GMA)

0%
Year 1-8

15%
Year 9-12

30%
After Year 12

Outside GMA

0%
Year 1-12

15%
Year 13-18

30%
After year 18

INCOME TAX RATES

Additional Free Trade Zone incentives



100% exempt from customs duties (imports & exports).

100% exemption of VAT for local purchases.

Exemption of remittance repatriation tax.

Exemption from municipality taxes (up to 10 years).

Exemption from property transfer tax (up to 10 years).

Special Social Security rates (outside GMA only)

Quicker proceedings



REQUIREMENTS TO ENJOY THE FREE TRADE ZONE BENEFITS

SERVICES, TRADERS & FREE TRADE ZONE PARK ADMINISTRATORS

**Greater
Metropolitan Area
(GMA)**

**FTZ
Park**

Investment of US
\$150,000 in fixed
assets

**Stand
Alone**

Investment of US
\$2,000,000 in fixed
assets

**Outside
GMA**

Investment of US
\$100,000 in fixed
assets

Investment of US
\$250,000 in fixed
assets

Minimum IEES (Strategic Eligibility Index) value of 100.51 is necessary to qualify
The company has 3 years to accomplish the investment in fixed assets
Investments are considered from the moment the free trade zone application is submitted
Additional 8/12-year renewal may be granted if significant reinvestment is made (Article 20 bis)

HOW TO BE FTZ GRANTED?

SUBMIT ON-LINE APPLICATION **APPLICATION FORM**

PROCOMER ANALYSIS AND RECOMMENDATION

COMEX APPROVAL

COSTA RICA PRESIDENT APPROVAL

COMPANY IS NOTIFIED

Mandatory Labor Cost Provisions in Costa Rica

Mandatory Benefits paid by Employers	% Contribution
Health and Maternity	9.25%
Disability, old age and death benefits	5.42%
Total Health/Social Security (CCSS)	14.67%
Family Allowances (Welfare benefits)	5.00%
Social Assistance Tax (IMAS)	0.50%
National Training Institute Tax (INA)	1.50%
Labor Accident Insurance (INS)	1.00%
Capitalization Fund	1.50%
Complementary Pensions Fund	2.00%
Workmen's Savings Bank (Banco Popular)	0.50%
Other institutions/funds	12.00%
Total social security contribution	26.67%
Christmas bonus	8.33%
Hazard insurance (ranges from 1.90% and 5.00%)	3.45% ^{a/}
Total mandatory contributions	38.45%
Severance pay ^{b/} (ranges from 1.00% and 5.33%)	3.00% ^{a/}
Total contributions	41.45%

Source: Caja Costarricense de Seguro Social, CCSS 2023

Notes: a/ average

b/ works as an accounting provision, it is not mandatory, buy it is highly recommended.

Salaries in Costa Rica

Position	Average Monthly Salary	Monthly Salary P75*
Software Developer Expert	5 169	5 621
SR Architect	4 016	4 609
SR Software Developer	3 701	4 304
SR Business Consultant	3 575	4 219
Head of Systems Support	3 563	4 220
IS Quality Assurance SR Engineer	3 235	3 504
SR Technical Support Engineer	2 817	3 408
Software Developer	2 802	3 126
IS Quality Assurance Engineer	2 516	3 085
JR Business Consultant	2 066	2 257
Technical Support Engineer	2 000	2 286
IS Quality Assurance JR Engineer	1 906	2 648
Data Analyst	1 901	2 405
JR Software Developer	1 754	2 077
Support Technician	1 172	1 366

Source: PROCOMER based on data from PwC Costa Rica (SEIS). First semester 2023

Notes: Data for services companies
Exchange rate: US\$1 = 600 colones

*Monthly unloaded salaries corresponding to the third quartile



CONNECTED TO
THE WORLD
AND OPEN
TO TRADE



A DIVERSE PORTFOLIO OF OF GOODS AND SERVICES EXPORTS

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RICA INVESTMENT

24%
Medical
Devices

22%
Knowledge-
intensive
services

4%
Pineapple

8%
Digital
Technologies

4%
Banana

3%
Transformation
Services

2%
Other syrups &
concentrates

2%
Transportation
Services

1%
Palm oil

1%
Electric
cables

1%
Tires

1%
Electrical
materials

1%
Textiles &
clothing

1%
Sauces and
preparations

1%
Diapers

0%
Medicines

0%
Glass
containers

1%
Bovine
Meat

2%
Coffee

1%
Antivenom

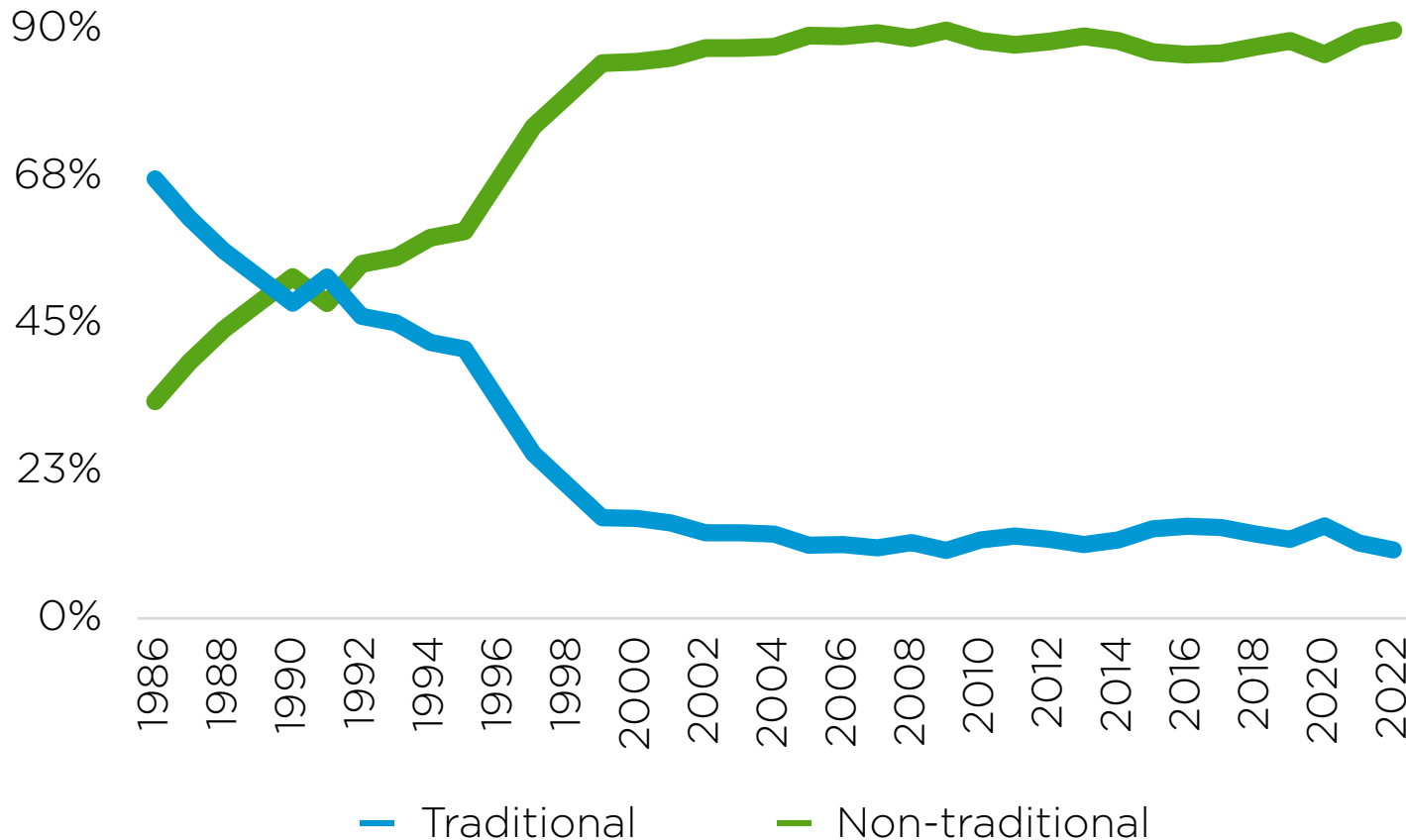
1%
Fruit Juices &
concentrates

1%
Iron or
Steel
base

COSTA RICA HAS TRANSFORMED ITS GOODS EXPORT STRUCTURE TOWARDS HIGHER VALUE ADDED



Traditional vs Non-traditional Goods Exports



The relative share of exports of non-traditional goods, with more value added, has increased from 33% in 1986 to 90% in 2022



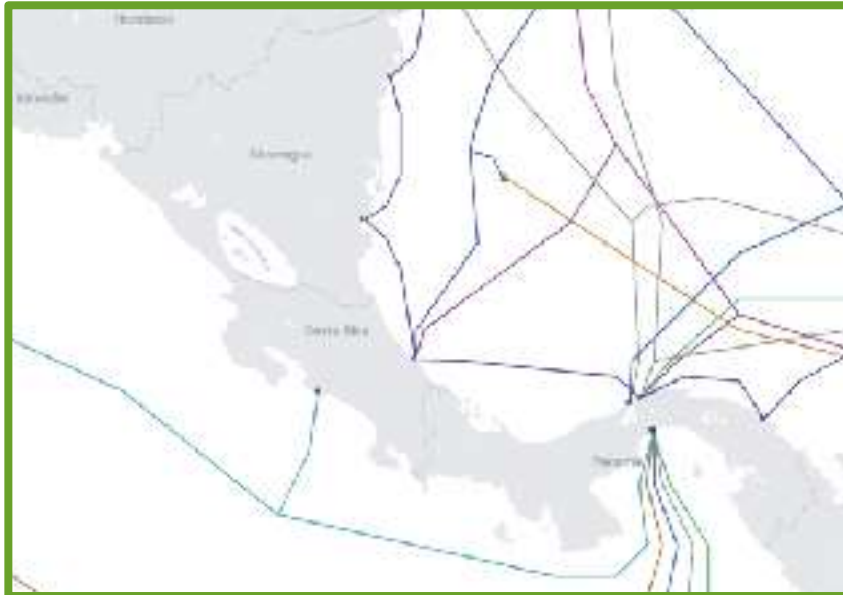
Costa Rica exports 4,220 different products to 165 destination countries (2022)

Source: PROCOMER / Traditional exports include coffee, banana, beef and sugar

CONNECTED TO THE WORLD AT ALL TIMES

HIGH-SPEED UNDERWATER INTERNET CONNECTIONS, 100+ TBPS COMBINED:

- **PAN-AMERICAN CROSSING (Pacific)**
- **ARCOS (Atlantic)**
- **AMX-1 (Atlantic)**
- **MAYA-1 (Atlantic)**



#2 ICT ACCESS IN LATAM

(Network Readiness Index 2022)

\$500+ MILLION USD

invested in 2023 by America Movil,
enabling Costa Rica as the #2 country
in Central America with the most
connections to submarine cables

5G network

in the bidding process in 2023 for its
prompt implementation in national
territory

A decorative pattern of green dots arranged in a grid-like fashion, located at the bottom of the page.

THE HUMAN CAPITAL IS OUR OIL



WE ARE SPEAKING TO THE WORLD

Costa Rica ranks 2nd in LATAM in the
English proficiency Index

(Education First, 2022)

Costa Rica offers multilingual capabilities in
English, Spanish, Portuguese and French.

#1 in the TOEIC test in LATAM

(ETS, 2022)

Education First: English Proficiency Index
2022



OUR PEOPLE: THE FOUNDATION OF OUR ECONOMIC GROWTH



DEMOGRAPHIC STATS

POPULATION: 5.2 MILLION

50.4%  |  49.6%

25.6% from 0 to 17 years

64.8% from 18 to 64 years

9.6% +65 years

LABOR FORCE:

2.3 MILLION

6.4% OF GDP IN EDUCATION

5.6% OF GDP IN HEALTHCARE

EDUCATION FREE AND MANDATORY SINCE 1870

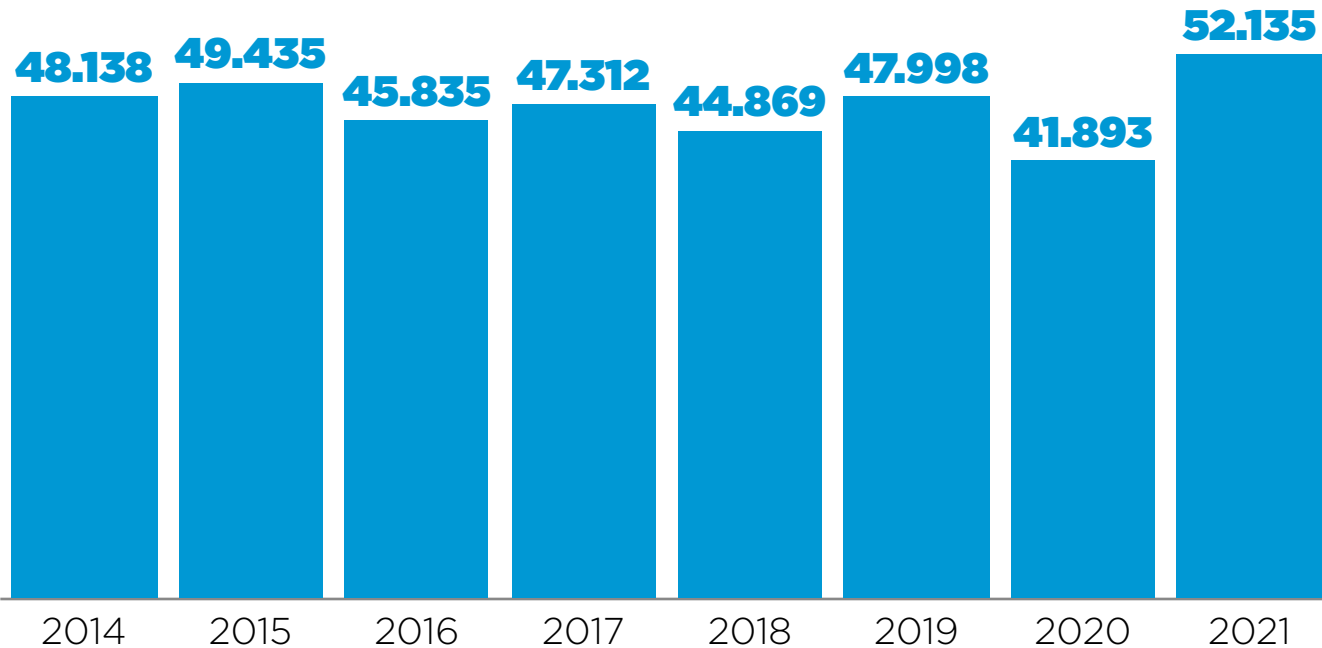
98% LITERACY RATE



WE OFFER A POOL OF PROFESSIONAL TALENT

Total number of university graduates

2014 -2021



Source: PROCOMER based on data from CONARE

Breakdown by area

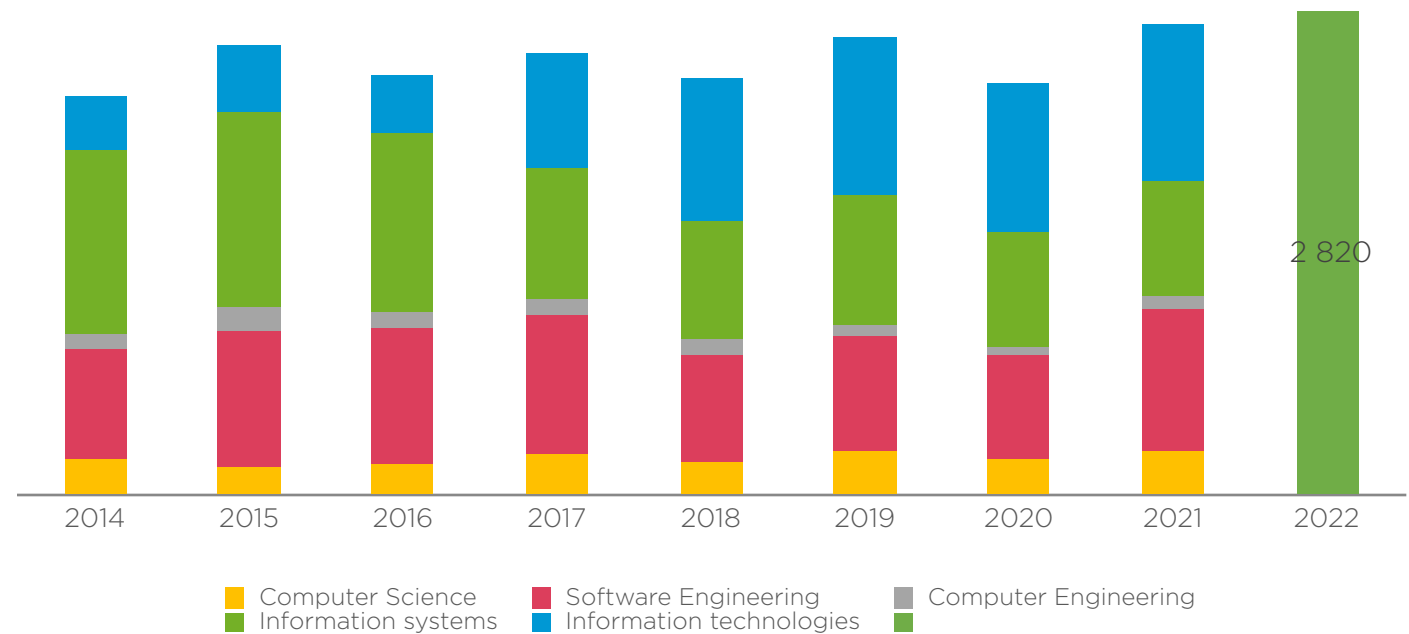
Economic Sciences	31%
Education	27%
Social Sciences	9%
Engineering	9%
Health Sciences	8%
Law	6%
Technology	5%
Art and literature	2%
Science	2%

Our educational system offers a wide range of IT programs

- IT programs are taught across the country
- Most of the graduates are from Computer Engineering degree.
- 63.04% of graduates are in Engineering related majors
- The number of graduates has grown at an average rate of 2.4% every year since 2017

University IT graduates

2014-2022*



Source: PROCIMER based on data from CONARE, 2023

*2022 projected

TECHNICAL TALENT

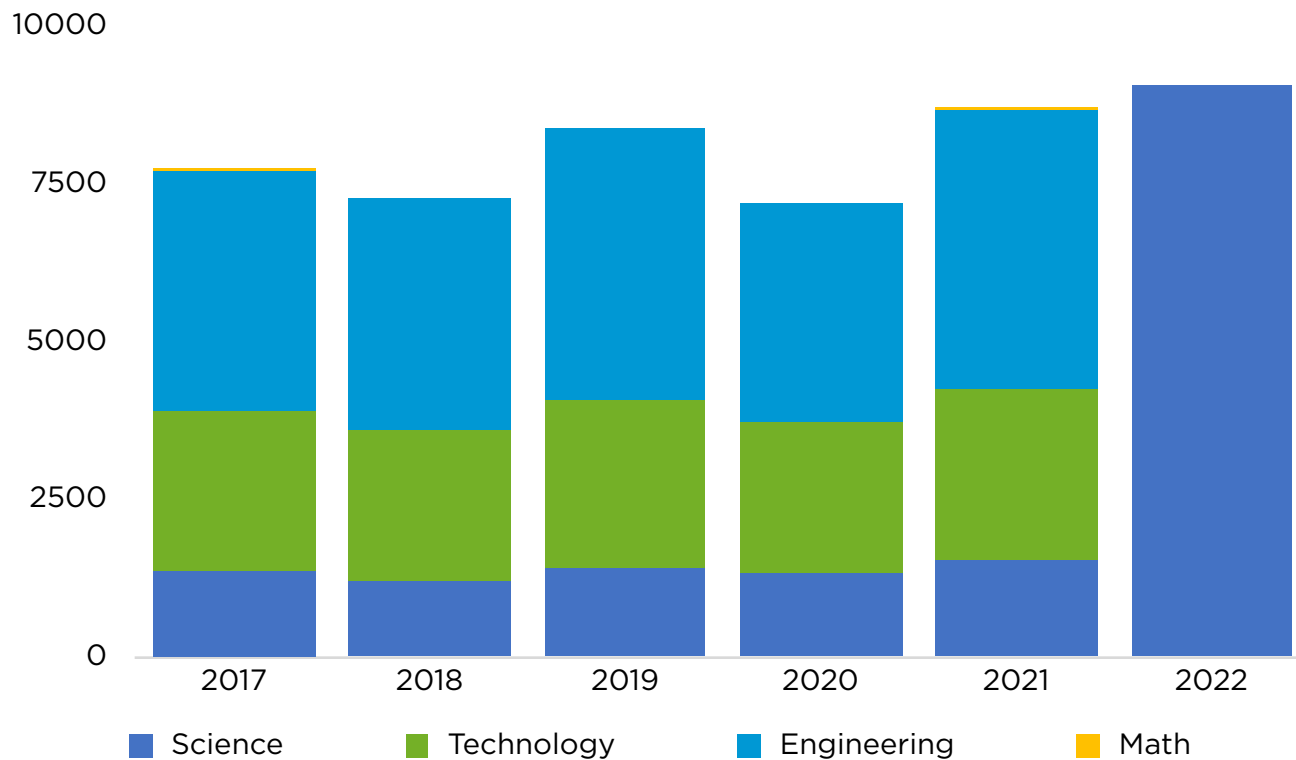
TECHNICAL HIGH SCHOOL GRADUATES IN SERVICE SECTOR FIELDS

2014 -2022*

STEM GRADUATES ARE AT THE FOREFRONT OF INNOVATION



University Graduates in STEM related majors 2017-2022*



Source: PROCOMER based on data from CONARE, 2023
Notes. *Forecast for 2022. STEM graduates are according to the CONARE'S classification but excluding health related majors



A record number of graduates in STEM related majors in 2021: +8,700 graduates



The number of graduates in STEM has grown at an average rate of 2.8% every year since 2017



51% of total STEM graduates are in Engineering related majors

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**WE ARE CHAMPIONS
OF THE EARTH**



BUSINESS WITH PURPOSE



- 99% electricity comes from renewable sources
- Decarbonization plan up and running for 2050
- Pioneer in conscious business

CONSERVATION



- 6.5% of the world's biodiversity
- +30% of the country's territory is protected
- 1st tropical country to reverse deforestation

MITIGATION



- Home to 1 of the 5 blue zones in the world
- World's first champion of the Earth
(United Nations, 2019)
- 1st place in the Global Economy Index
(Dual Citizen, 2022)



WHY COSTA RICA



**STRATEGIC
LOCATION**



**EDUCATION FREE
AND MANDATORY
FOR BOYS & GIRLS
SINCE 1870**



**NO STANDING
ARMY
SINCE 1948**



**COMPETITIVE
INCENTIVES**



**OLDEST DEMOCRACY
IN LATAM
SINCE 1889**



**KNOWLEDGE
TRANSFER
CAPABILITIES**



**LEGAL SECURITY
AND LABOR RIGHTS**



**CREATIVE, YOUNG
AND INNOVATION
DRIVEN LABOR
FORCE**



Thank you!

Laura Darce
Services Sector Specialist
ldarce@procomer.com



INVESTOR- FRIENDLY ENVIRONMENT

STRONG COLLABORATION BETWEEN THE GOVERNMENT, ACADEMIC INSTITUTIONS , AND THE PRIVATE SECTOR TO SUPPORT THE SERVICES SECTOR.



CYBERSECURITY
CLUSTER

BUSINESS
CHAMBERS

COOPERATIVE
ACADEMIA