

# COSTA RICA: GATEWAY TO THE AMERICAS

*Posted on 31 August 2011*



Category: [Special focus: Latin America](#)



## **Central America is a region booming with opportunities across the services, infrastructure and energy sectors, despite the global economic downturn**

Doing business across Central and Latin America always presents challenges but also a learning journey with Costa Rica at the forefront of the region's economic evolution, asserts Pedro Oller, Senior Partner of Oller Abogados. Nonetheless to avoid pitfalls clients need to rely on advisers with the right experience, relationships and market knowledge.

"The current financial situation is one that has burdened everyone. We are under a global economic crisis that does not place any region in an obviously better position, yet opportunities to grow here do remain."

His own firm is celebrating its tenth anniversary, yet stands out among other firms in the region in that it has preferred to maintain an independent "best friends" approach to facilitating the

increasingly important regional connections.

The United States-Dominican Republic-Central America Free Trade Agreement (CAFTA) came into being in 2009 and eliminates barriers to trade and investment among the seven signatory countries: Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and the United States.



"CAFTA presents major opportunities for all but Europe is a market of choice for Costa Rica and Central America as a whole. Exports have proven that as a fact and now the rising levels of investment from Europe confirm it."

Last May, CAFTA also signed a reciprocal agreement with the European Union (EU) to expand trade between the two regions. "The association with the EU represents a huge opportunity, but Costa Rica has already singled itself out. We have seven free trade agreements from Chile to Canada. Pending is the Costa Rica-China FTA, as well as the ongoing negotiations with Singapore and Colombia," says Oller.

In 2010, EU-Costa Rican trade was valued at US\$1.6bn and once the EU agreement is fully ratified, Costa Rican exports alone will save \$240m in import taxes, he says. "We wish to be aligned with the EU. We aim to be in-sync with the EU. And we strive to be in position with the EU."

CAFTA is an opportunity in itself but it is not the end but a means to let Central America, and especially Costa Rica, become a beacon of prospect in a troubled global environment, he says. Among the recently announced regional deals is a £300m investment by IBM that is anticipated to generate 1,000 new jobs by 2014.

In the first quarter of 2011, foreign direct investment reached \$468m in Costa Rica alone, 16 percent up on the same period last year – an example is Bridgestone's recent confirmation of the country as a regional financial centre, with a \$70m investment.

His own firm is seeing particular interest also in the energy sector, he says, and is now advising China National Petroleum Corporation in an agreement with domestic fuel supplier Recope. "Such accords translate to other sectors where we are also collaborating with a number of environmentally conscious investments from Canada and the US and with partners in the EU."

Costa Rica offers both domestic and regional opportunities, says Oller. "It is well known that we have a strategic location, an excellent business climate, quality infrastructure and proven track record with successful and visionary companies – over 200 have already chosen Costa Rica as their preferred regional location."

Looking forward, he sees growing opportunities in the domestic tourism sector – with revenues up two percent to around \$670m on last year – but also in services: software, entertainment and media, engineering and design, call centres and back office functions. The healthcare and medical devices sectors are also seeing growing investment, while as a result of CAFTA membership, Costa Rica is now liberalising the state's monopoly in the insurance and telecom markets.

Significant also has been the enactment this year of the UNCITRAL protocol for international arbitration which opens the door to even more commercial and legal activity, believes Oller.

"Despite its relatively small size, Costa Rica is 'punching above its weight'. It continues to be a beacon of international law and investment, its culture, legal system and economic success are helping to point out a new regional economic direction."