



**Trade Policy Review Body
18 and 20 September 2019**

TRADE POLICY REVIEW

COSTA RICA

MINUTES OF THE MEETING

Chairperson: H.E. Mr. Manuel A.J. Teehankee (Philippines)

CONTENTS

1	INTRODUCTORY REMARKS BY THE CHAIRPERSON	2
2	OPENING STATEMENT BY THE REPRESENTATIVE OF COSTA RICA	3
3	STATEMENT BY THE DISCUSSANT	7
4	STATEMENTS BY MEMBERS	9
5	REPLIES BY THE REPRESENTATIVE OF COSTA RICA AND ADDITIONAL COMMENTS ...	36
6	CONCLUDING REMARKS BY THE CHAIRPERSON	43

1 INTRODUCTORY REMARKS BY THE CHAIRPERSON

1.1. The fifth Trade Policy Review of Costa Rica was held on 18 and 20 September 2019. The Chairperson, H.E. Mr. Manuel Teehankee (Philippines), welcomed the delegation of Costa Rica, headed by H.E. Mr. Duayner Salas, Vice Minister of Foreign Trade in the Ministry of Foreign Trade; H.E. Ambassador Gloria Abraham, Permanent Representative of Costa Rica to the WTO; the rest of the delegation; and the discussant, H.E. Ambassador Mikael Anzén (Sweden).

1.2. The Chairperson recalled the purpose of trade policy reviews and the main elements of procedures for the meeting. The report by Costa Rica was contained in document WT/TPR/G/392 and that of the WTO Secretariat in document WT/TPR/S/392.

1.3. Questions by the following delegations were submitted in writing before the deadline: Guatemala; Uruguay; European Union; New Zealand; Canada; Hong Kong, China; Chile; Australia; Switzerland; Brazil; Indonesia; United States; Ecuador; Colombia; Mexico; Dominican Republic; and China. The following delegations submitted written questions after the deadline: Argentina; El Salvador; Peru; Singapore; Republic of Korea; Philippines; Iceland; and Trinidad and Tobago.

1.4. At the time of its previous Review, Members had noted that Costa Rica had successfully diversified its economy and its exports of goods and services. This transformation had been underpinned by open trade and investment policies. However, at the same time, Members had remarked that improving the linkages between the export-oriented activities and the rest of the economy was a challenge, and that Costa Rica's trade had remained heavily dependent on one trading partner. Members had expressed concern about the growing fiscal deficit and had encouraged Costa Rica to restore its fiscal balance and, in this context, review and rationalize fiscal incentives.

1.5. With respect to the investment regime, Members had invited Costa Rica to address issues such as the high costs of doing business, and the role of the State in the economy, which had remained significant even in sectors which had been liberalized. Members had congratulated Costa Rica for implementing measures to bring its free trade zone regime into conformity with WTO obligations, and had asked Costa Rica if it also intended to reform its Inward Processing Regime. Members had called on Costa Rica to make further improvements with respect to IPR protection, especially regarding enforcement.

1.6. From analysing the reports prepared for the current Review, Members noted that Costa Rica had continued to participate actively in the multilateral trading system. Since its last Review, it had taken a number of steps to facilitate trade and modernize customs procedures, and it had ratified the Trade Facilitation Agreement. With respect to the diversification of export markets and the correction of the fiscal imbalance, Members noted that challenges remained. Regarding the latter, the further weakening of Costa Rica's fiscal position during this Review period prompted a response from the authorities, who undertook a process of fiscal reform that would hopefully alleviate this situation. In this respect, the Chairperson was sure that there would be great interest in hearing about this reform and its impact on the economy as a whole.

1.7. With respect to the concerns expressed during the previous Review regarding the investment regime, export policies and IPR protection, the Chairperson was encouraged, from reading the Government and the Secretariat reports, that measures had been taken to address some of these issues. For instance, a National Strategy for Simplification of Procedures and Regulatory Improvement was introduced, the Inward Processing Regime was reformed to address concerns with respect to its WTO compatibility, and measures to strengthen IPR enforcement at the border were introduced. Day one's meeting would offer the opportunity for Members to engage in discussions regarding these and other issues of interest to them.

1.8. Costa Rica received over 350 advance written questions for this Review. The Chairperson looked forward to hearing Costa Rica's updates on these issues, as well as on the range of areas of interest contained in Members' written questions.

1.9. The Chairperson closed his introductory remarks by wishing Costa Rica a very successful fifth Trade Policy Review.

2 OPENING STATEMENT BY THE REPRESENTATIVE OF COSTA RICA (H.E. MR. DUAYNER SALAS)

2.1. Good morning, Ambassador Manuel Teehankee, President of the Trade Policy Review Body, Ambassador Mikael Anzén, discussant at this trade policy review, Ambassadors and delegations present.

2.2. Costa Rica is a country that aspires to boost development by implementing a trade policy and a policy to attract productive investment based on the objectives of the multilateral trading system and aimed at promoting the country's integration into international markets.

2.3. More than a government policy, Costa Rica's foreign trade policy was designed as a state policy in keeping with practice over the years.

2.4. This policy has been instrumental in creating opportunities and prosperity and in driving rapid and deep structural changes to the country's economy. In less than three decades, the country has moved from exporting a few primary agricultural products to becoming a significant importer of sophisticated manufactured goods and high value-added services without giving up its agricultural focus.

2.5. Based on the foregoing, Costa Rica has developed a diversified, sophisticated and balanced productive structure targeting mainly international markets, which allows it to export over 4,500 products to a portfolio of over 150 markets. This sustains and opens opportunities for prosperity to a large portion of its population.

2.6. During the review period, total exports of goods and services grew at an average annual rate of 5.6% from USD 15,549 million in 2013 to USD 20,408 million in 2018. This increase in total exports went hand in hand with a growing balance between goods and services, whose current share of total exports is 55% and 45% respectively. Imports grew at an average annual rate of 3.1% in this period, reaching in 2018 a total value of USD 20.4 million.

2.7. In terms of foreign direct investment, Costa Rica is a net recipient. Over the past six years, Costa Rica has attracted an average flow of about USD 2.6 million, with 2014 having seen the highest amount - USD 3 million - ever recorded for the country. The manufacturing and high tech services sectors such as medical devices and equipment, corporate services and information technology services - which are dependent on the skills and technical and professional know-how of highly trained human resources - accounted for the majority of the perceived flow, reaching close to 60% of the total amount in the previous year, and stood out for their high growth rates in terms of generating new jobs in the country.

2.8. This high contribution to national development, from adding value to production to its growing participation in value global chains and the gradual transformation of the national economy into one that is increasingly knowledge-based, explains why efforts to promote foreign direct investment features so prominently on the country's agenda.

2.9. In fact, the foregoing demonstrates how the external sector has become the strongest driver of the Costa Rican economy. Costa Rica has an internal market of 5 million inhabitants and is signatory to several trade agreements that give it access to markets with preferential conditions and legal certainty. These markets, taken together, represent one third of the world population and two thirds of global GDP. Total trade and foreign direct investment accounted on average for 71% of GDP in the period covered by this report.

2.10. Hence the reason why the exercise that brings us here today is so important for Costa Rica: because the multilateral trading system continues to be the cornerstone of the country's foreign trade policy.

2.11. We are at a moment in history when, regrettably, most headlines point to the rise of protectionist trends and the attendant trade tensions that these generate.

2.12. Beyond a doubt, a robust multilateral trading system based on clear rules is the best instrument we have to navigate the turbulent waters of today's international markets. For this

reason, Costa Rica reaffirms its commitment to the WTO's agenda and to the reform process that is needed to strengthen the Organization. Examples of this commitment are the initiatives we have sponsored to improve compliance with transparency obligations and strengthen the functioning of the Appellate Body.

2.13. The national context in which the foreign trade policy is developed is as challenging as the external context. Although the Costa Rican economy grew at an average annual rate of 3.3% between 2013 and 2018 and GDP per capita on a purchasing power parity rose by 21.3% to USD 17,559 in the previous year, the fiscal imbalances seriously jeopardize macroeconomic instability. This has obliged the country to carry out complex and unpopular reforms to gradually and responsibly restore balance to the public finances. Given its importance, I will refer to this in more detail later on.

2.14. Due to the role that the multilateral trading system plays in Costa Rica's foreign trade policy, a fair share of the work done in the review period is linked to various negotiation initiatives, among them achieving and implementing the Trade Facilitation Agreement, expanded coverage of the ITA, the negotiation processes of the TISA and the EGA, and the agreements on export subsidies and some disciplines in agriculture, achieved during the Nairobi Ministerial Conference.

2.15. All these efforts are part of the shared vision of WTO Members, such as the Cairns Group, which underscores the importance of continuing to advance on the agenda of trade negotiations. Furthermore, we are aware that part of the challenges facing the Organization have to do not only with moving ahead on the traditional issues on the negotiation agenda, but also with identifying and including new issues that can help tackle current challenges and whose future impact are crucial for promoting a more balanced, inclusive and sustainable international development agenda.

2.16. Costa Rica, along with other Members, has been spearheading efforts to achieve an agreement on e-commerce, mindful of the fact that facilitating access would translate into new opportunities for growth and diversification for micro, small and medium-sized enterprises, as well as spread the benefits of trade to more consumers. What is more, we are proud to lead current efforts to conclude the negotiation of disciplines in the area of national regulation on services, and we wish to thank the Members for entrusting us with the task of advancing this process.

2.17. Another important issue on the negotiations agenda which Costa Rica has been following very closely is related to the disciplines applicable to fisheries subsidies. The country is world renowned for its efforts in environmental protection and, therefore, we consider it crucial to establish disciplines that help avoid the overexploitation of marine resources.

2.18. We hope that these efforts that are underway and others that might be deployed in the near future would contribute significantly to promoting more sustainable trade that is more committed to environmental protection. Indeed, the country is working with some Members on an initiative that pursues these objectives.

2.19. The Trade Facilitation Agreement represents one of the most significant milestones for the WTO in recent years. First because it was the first multilateral agreement reached by the Organization since its inception in 1995. Second because it sent a powerful message to the international community about the WTO's capacity to identify and include in its agenda key issues for the development of trade in the 21st century. And lastly, because it provided the multilateral trading system with a valuable instrument for reducing trade costs and fostering participation in global value chains. That is why Costa Rica participated actively in its negotiation and ever since its adoption, has worked for the effective implementation of its disciplines.

2.20. To that end, it established the National Council for Trade Facilitation (CONAFAC), over which I preside in my capacity as Vice Minister for Foreign Trade, and which is composed of my counterparts in the Ministries of Finance, Agriculture and Livestock, Public Works and Transport, Health, Public Safety, and the Interior and the Police, as well as a representative of the Chamber of Exporters of Costa Rica and four representatives of the productive sector designated by the Costa Rican Union of Chambers and Associations of the Private Sector. This new Council acts as a decision-making body to ensure public-private inter-institutional coordination for trade facilitation in ports, airports and land border posts.

2.21. To complement its efforts on the multilateral arena, Costa Rica has been implementing a strategy in which the negotiation of trade agreements (bilateral and regional) has allowed it to intensify its efforts in disciplines and in the process of trade liberalization. This has also contributed significantly to a more diversified and sophisticated exportable supply.

2.22. As part of that strategy, in the period covered by this review, the Free Trade Agreement with the European Free Trade Association and the Free Trade Agreement with Colombia entered into force and the trade pillar of the Association Agreement between Central America and the European Union was implemented. These three agreements allow Costa Rica to strengthen its strategic relations with Europe and South America, providing preferential conditions and legal certainty to its trade with these partners.

2.23. Regarding the negotiation processes that took place in the review period, the trade agreement with the Republic of Korea is notable. That agreement had been duly approved by the Legislative Assembly of Costa Rica and its counterpart institution in the Republic of Korea. It is foreseen that this instrument will enter into force on 1 November 2019.

2.24. The country has also continued to work actively on deepening the process of Central American economic integration, focusing on the adoption of measures to facilitate trade, eliminate non-tariff barriers, harmonize technical regulations and resolve specific problems in intraregional trade.

2.25. The following were part of the results achieved during the review period: approval of the Central American Sanitary and Phytosanitary Directive on Trade Facilitation in Respect of Shipments and Goods; the Central American Strategy for Trade Facilitation and Competitiveness with an emphasis on Coordinated Border Management; the Framework Agreement to Implement Integrated Control Systems at the border crossings between Costa Rica and Panama; and the agreement on information exchange between Costa Rica and Nicaragua.

2.26. The country has been deploying considerable efforts which, although not exclusively in the ambit of the foreign trade policy, contain some elements that are relevant to its implementation. This is the case of the reforms that are being promoted as part of the affiliation process for Costa Rica to become a member of the OECD.

2.27. Committed to this objective, the country is carrying out the widest and most ambitious process of structural reform in recent history in order to implement several of the recommendations issued by 22 WTO committees following review.

2.28. To date, 14 of these 22 committees have given their approval, specifically on issues related to trade, agriculture, health, education, science and technology, employment, labour and social issues, consumer policies, regulatory policy, the digital economy, insurance and pensions, fiscal matters, chemicals, public governance and environmental policy.

2.29. Approvals from the statistics, investment, anti-bribery, corporate governance, financial markets, competition, fisheries, financial analysis and development committees, are underway.

2.30. Without prejudice to the huge relevance of all the reforms under this process, we consider it timely to refer to two in particular for their content and significance in the context of the foreign trade policy.

2.31. The first are competition-related reforms that were included in the recently approved ambitious regulatory framework that modifies the powers, structure and resources of the competition authority. It should be noted that the scope of the competition law was extended to all economic agents; the competition authority has technical, financial, budget and operational independence; the leniency mechanism was established; and the dissuasive effect of its sanctions has been observed.

2.32. The other is strengthening of the National Statistical System, particularly as concerns providing the System's governing body - the National Institute of Statistics and Censuses (INEC) - with the necessary financial resources to achieve its objectives through a multiyear statistics production planning scheme. Furthermore, companies have an obligation to provide the information required to be fed into the design of several variables and indicators produced by the System.

2.33. The Government has set itself the goal of completing all the processes underway for acceding to the OECD by May 2020 and to that end, all actions being taken are aligned with this goal.

2.34. Beyond a doubt, the fiscal reform approved by the Legislative Assembly at the end of 2018 is one of the most important projects undertaken by the current Government administration.

2.35. This reform had been outstanding for over two decades and is not only indispensable but also inevitable in order to restore fiscal sustainability.

2.36. The reform includes provisions that convert the general sales tax into a value added tax; extend their collection to service transactions (it previously applied only to goods transactions); harmonize income tax rates for different sources of income; rationalize salary incentives for public servants; and establish a fiscal rule to cap public spending.

2.37. Costa Rica is also promoting initiatives aimed at women's economic empowerment and MSME innovation to complement the strategy for the diversification of Costa Rica's exportable supply.

2.38. Along these lines, the Foreign Trade Promotion Agency (PROCOMER) has developed the Women Export programme with a view to accelerating the internationalization of companies led by women in sectors such as the food industry, cosmetics, cleaning products, fertilizers and services.

2.39. Regarding the promotion of innovation, PROCOMER formed a partnership with Seedstars World, making Costa Rica one of its event locations. This enables a process of learning and interaction between MSMEs and other stakeholders in the country's innovation ecosystem through preparation workshops and competitions at which the export capacity of start-ups is assessed.

2.40. Even when the results achieved are very satisfactory, we acknowledge that challenges remain which encourage us to keep refining the foreign trade policy. In particular, our future line of action will focus on a series of priority elements that include: broadening the foreign trade platform and enhancing the use of prevailing trade agreements; continuing to deepen and modernize Central American economic integration; strengthening the country's competitiveness through implementation of the Border Integration Programme for the modernization of land checkpoints; and continuing to attract productive investment that helps achieve national development objectives.

2.41. Costa Rica also continues to contribute to the multilateral trading system by participating actively in monitoring compliance with WTO agreements in its different bodies and negotiation processes.

2.42. The country's accession to the OECD will continue to be a top priority until May 2020. We are convinced that this will translate into greater efficiency for the public sector and internal markets.

2.43. We will continue to work on developing and implementing the new programme, DESCUBRE, which aims to diversify agricultural exports and attract new investment to rural areas.

2.44. Furthermore, Costa Rica will continue to develop strategies to promote productivity and more inclusive growth that offer more opportunities to start-ups and businesses led by women, who increasingly involve more stakeholders so that they share in the benefits of trade and help transform our economy into one based on knowledge, innovation and development.

2.45. Mr Chair, I wish to thank all those present for their attention and to reiterate Costa Rica's commitment to strengthening the multilateral trading system and this Organization. Thank you very much.

3 STATEMENT BY THE DISCUSSANT

3.1. Vice Minister, excellencies, ladies and gentlemen, colleges. It's a great honour for me to be your discussant here today at the 5th Trade Policy Review of Costa Rica.

3.2. I would also like to welcome the distinguished delegation from San José, Vice Minister of Foreign Trade, Mr. Duayner Salas Chaverri, and Costa Rica's new Ambassador to the WTO, H.E. Gloria Abraham Peralata.

3.3. I like to thank the Chairperson, H.E. Teehankee, for inviting me as a discussant to this review, And, as such, I will try not to repeat everything we just heard but there will be some similarities.

3.4. To start off, being in Switzerland I couldn't refrain from thinking of the saying that Costa Rica is sometimes referred to as "the Switzerland of Latin America". I had to look that up and I found a journalist that has gone to the bottom with this expression. He noted rightly that there were a few similar points: both countries have high life expectancy of their inhabitants, receive the vast majority of their electric power from hydroelectric plants, tourism is an important sector, the area of the countries are roughly the same size, there is access to universal medical care and both countries maintain neutrality when it comes to international disputes.

3.5. But as a Swede, I would like to spell out a word of caution, Sweden and Switzerland are sometimes mixed up, so I hope we will not start to mix up Sweden and Costa Rica right now.

3.6. TPR is a part of WTO's important transparency exercise, and this is a good moment for us to dig into more details on Costa Rica's economy, trade policy and trade regime.

3.7. Going through the different reports, questions and talking to colleagues, I realize that we talk about a rather well established and well-run country, economy, and nation in Central America. As such, Costa Rica is also aiming to join the OECD.

3.8. Let me pin-point a couple of observations on my behalf to set the scene for further discussions.

3.9. On the economic environment, Costa Rica has shown a positive development during the review period: GDP grew at a real average annual rate at 3.5%, which today is rather a good number in a world-wide comparison. But unemployment is still rather high, about 10%. Among the recent legislative changes to boost and stabilize the economy, there is a new VAT law that entered into force on the 1st of July, with a general rate of 13% (the Swedish VAT is 25%).

3.10. The most dynamic sector in the reviewed period was the financial and insurance service sector that grew at an average annual rate of 9.2 %, and this is also a quite remarkable number.

3.11. Concerning the trade and investment regime, and coming from a trade dependent country like Costa Rica, I note from my perspective many positive measures and incentives to promote an open and rule-based trade regime by this country. Costa Rica joined GATT in November 1990 and, consequently, is a founding Member of the WTO since its start in 1995. As a WTO Member, Costa Rica has been very supportive to the multilateral trading system. As already mentioned by the Chair, Costa Rica has ratified the Trade Facilitation Agreement and also the ITA I and II Agreement.

3.12. Since the Buenos Aires Ministerial Conference, Costa Rica also joined the plurilateral initiatives on e-commerce, investment facilitation and MESMS. The country is also a good friend: being a Friend of the system, Friend of e-commerce for developing countries, and Friend of Anti-dumping Negotiations.

3.13. Some core numbers from the report which I think are important: average tariff rate for industrial products is 5.6% and 14.1% for agricultural products, that makes a total tariff average of 7.2%. We find tariff peaks at 1.5% of the tariff lines. Among them, dairy products 53.8%, animal products 28.8%, sugar 17.4% and clothing 14.8%. This is where I must say that Costa Rica is not really the same as Switzerland because I've noted that in Switzerland there are much higher tariff-peaks for dairy and animal products.

3.14. Main markets for exports are the United States, the European Union, and the neighbouring countries in the CACM (Guatemala, Nicaragua, Honduras and El Salvador). For imports we see the same countries, but we can also add China and Mexico. Costa Rican imports are mostly electric machines and apparatus, chemicals and mineral products. Exports are mainly precision instruments, fruits and vegetables, tobacco and beverages. Much of the high-tech export-oriented sector are undertaken in the free trade zones that are not subject to local taxes.

3.15. Overall, there is a structural current account deficit of balance of payments, but a situation that is improving thanks to a net surplus in the services exports.

3.16. You say "Costa Rica" and I think of a country for my next holiday trip. The tourism sector is very dynamic and important for the Costa Rican economy. It is a locomotive for attracting foreign currency. The sector accounted for 6.3% of GDP and 13.2% of employment.

3.17. Outside the WTO, I note that Costa Rica is also an active trade negotiating partner and has free trade agreements with the EFTA-countries, Colombia, the European Union, Mexico, Peru, and I also heard now that they are undertaking negotiations with South Korea.

Some challenges ahead

3.18. Overall in the economy, I read that there are signs of a weakening economic activity with a slowing GDP growth as a consequence. A weakening economy will also affect trade. Combined with the fact that Costa Rica is still heavily dependent on one single trading partner, there is a weakness here. A strategy to lowering that risk would be to further expand the geographical base for trade.

3.19. One specific characteristic of Costa Rica is that there is no army – and consequently no public spending for military purposes. Although, the public sector remains significant in the economy and there are possible efficiency gains to be worked upon. One concrete example is government procurement procedures that could be more streamlined, and possibly helping doing so would be to join the Government Procurement Agreement.

3.20. Like Switzerland, Costa Rica is mountainous, unlike Switzerland the road network and especially the rail road network is limited. In the Secretariat report there is one example of the need of widening the road between San José and the country's second largest port, Caldera, but the approval has been pending for five years.

3.21. Most of the trade (81% in volume) is done by sea, but there is room for improvements for multi-modal transports.

3.22. I think I will stop here for the moment in order to let other delegations put their questions and reflections on the state of affairs in Costa Rica.

3.23. I think you will give me the floor again on Friday to comment upon what we will hear. I thank you very much for your attention.

4 STATEMENTS BY MEMBERS

GUATEMALA

4.1. Guatemala highly values its close relationship with Costa Rica in all areas. We share major trade and development objectives in various forums in the WTO.

4.2. Looking beyond the region, Costa Rica and Guatemala have coordinated their trade policies to negotiate and implement the major trade agreements signed, as a Central American bloc, with the United States, the European Union, Mexico and Chile, among others.

4.3. Regarding bilateral trade, the main products exported by Guatemala to Costa Rica are: articles of clothing; bananas; coffee; sugar; edible fats and oils; cardamom; plastics and plastic products; fresh, dried and frozen fruit; and beverages, spirits and vinegar.

4.4. The main products imported from Costa Rica to Guatemala are: vehicles and transportation equipment; machines and mechanical apparatus for electro-technical use; plastics and plastic products; petrol; diesel; miscellaneous chemical products; pharmaceutical products; transmitters and receivers; textile materials (woven or other fabrics); iron and steel.

4.5. Turning to the review that brings us here today, we highlight the efforts made by the Costa Rican authorities to develop strategies to attract foreign investment, as one of the main pillars of economic growth. As outlined in the 2019-2022 Development Plan, the main objective of the Costa Rican authorities is to promote foreign trade as a tool for trade openness, which enhances development and generates new sources of employment in order to reduce poverty.

4.6. It is important to note that, during the period under review, Costa Rica implemented trade facilitation measures, such as the application of the Single Window for Foreign Trade (VUCE 2.0), which allows for the use of an electronic payment and digital signature system, and the creation of the National Council for Trade Facilitation in 2017, with the aim of effectively implementing the Trade Facilitation Agreement by establishing measures that contribute to flexible and efficient trade.

4.7. The period under review also saw the development of the Woman Export initiative by the Costa Rican Foreign Trade Promotion Agency (PROCOMER) at the end of 2017, with the aim of expediting the process to internationalize enterprises led by women, and the establishment of Seedstars Costa Rica as a tool to promote innovation, entrepreneurship and the creation of new production chains, and the strengthening of the MSME sector.

4.8. We commend Costa Rica for its efforts and achievements during the period under review, and we believe that its endeavours will contribute to strengthening both the country itself and our region across the world.

4.9. We also thank Costa Rica for its replies to Guatemala's questions in the context of this review. We wish Costa Rica and its delegation a successful conclusion of this Trade Policy Review.

URUGUAY

4.10. Uruguay wishes to extend a most cordial welcome to the delegation of Costa Rica on the occasion of its Fifth Trade Policy Review.

4.11. Firstly, we welcome the fact that, during the period under review, per capita GDP in current terms increased by 20% to reach USD 12,017 in 2018. Real GDP also increased and was sustained mainly by the rise in internal demand, with a positive contribution by net exports of goods, particularly services. During the period under review, the changes to the productive structure continued to be consolidated and the contribution of traditional activities to GDP fell, while the importance of the services sector increased.

4.12. As a promoter of multilateralism, Costa Rica supports the inclusion in negotiations of new trade-related topics, including through the various joint initiatives.

4.13. We note that, in 2017, Costa Rica ratified and accepted the Protocol on the Trade Facilitation Agreement, and notified that it would immediately implement almost all of the provisions in the Agreement. Since its previous trade policy review, Costa Rica has adopted various trade facilitation measures. It has continued to develop the Single Window for Foreign Trade (VUCE 2.0) to enable the use of an electronic payment and digital signature system, which will gradually include new functions, and has also made progress on certification processes for authorized economic operators (AEO). Uruguay observes the creation of the National Council for Trade Facilitation in 2017 with the aim of implementing the Trade Facilitation Agreement, but notes that the services of a customs broker remain mandatory for most customs operations.

4.14. Costa Rica is signatory to the Information Technology Agreement (ITA) and is an Observer in the Committee established under the Plurilateral Agreement on Government Procurement. It has regularly submitted notifications under the various WTO Agreements.

4.15. We also note the measures taken to diversify its exportable supply, foster the creation and growth of innovative MSMEs, as well as promote a greater role for women and gender equality in the export sector.

4.16. Like Uruguay, Costa Rica is part of the Cairns Group of countries that produce and export agricultural products, and is a driver of the reform negotiations to significantly and gradually reduce the support and protection granted to agricultural products in accordance with the mandate of Article 20 of the Agreement on Agriculture.

4.17. At the bilateral level, in 2018, our country exported goods to Costa Rica for a value of USD 17,161 million, similar to that recorded in the two previous years. The main export during the period under review was rice, which amounted to USD 11,975 million (equivalent to 70% of total exports) in 2018, down from 15,081 million in 2016.

4.18. Costa Rica continues to have high levels of tariff protection for certain agricultural products, to which it has also applied other intervention measures.

4.19. During the period under review, Costa Rica applied, for four years, a contested safeguard that affected pounded rice and consisted of a tariff surcharge of 24.88% on the applied tariff of 35%. Furthermore, in 2017 and 2018, it implemented a special agricultural safeguard that affected brown rice. To date, it has not been made clear whether this safeguard will be applied in 2019. As stated in the Secretariat report, the protection granted to these products has reduced market competition. Uruguay welcomes the reply received to the question that it submitted in writing in this regard and will continue to closely follow future developments on the matter.

4.20. Uruguay looks forward to further cooperation with Costa Rica to continue strengthening their trade ties, and wishes it every success in its Fifth Trade Policy Review.

EUROPEAN UNION

4.21. We appreciate the opportunity to discuss the trade policy developments of one of the founding Members of the WTO. Costa Rica is a country that is well integrated into its region and the world economy and attaches great importance to the rules-based multilateral trading system. Let me here express appreciation to the excellent cooperation we have with the Costa Rican mission in Geneva.

4.22. The discussant has already noted the positive achievements in the economy of Costa Rica: an average growth rate of 3.5% in the period under review, which resulted in a 13.9% increase in a nominal GDP since the last review in 2013. This is, in particular, due to the strong role of foreign direct investment in the country and foreign trade, which accounted for over 70% of the GDP. With a GDP per capita based on purchasing power parity of around USD 17 600 in 2018, Costa Rica is one of the wealthiest countries in the Latin America region.

4.23. We commend the fact that Costa Rica is developing high-tech manufactures, mainly destined for export, which have achieved a high level of competitiveness. The share of medical instruments and devices in total exports has increased up to 37% in 2018. They also account for an equally large share of Costa Rica's exports to the European Union. As it appears, the success of these high-tech

instruments can be ascribed to the fiscal incentives enjoyed by manufacturing companies in the Free Zone Regimes and foreign investment in the sector.

4.24. We are encouraged by not only the good economic performance, but also Costa Rica's support to the multilateral trading system and its active participation in the WTO work. Costa Rica supports the same values as the European Union, in particular, in the area of gender equality and environment, including commitments to the Paris Climate Change Agreement. Costa Rica is the leader in pursuing environmental policy goals in Latin America as demonstrated by its top-ranking position in the region according to the Environmental Performance index.

4.25. The EU and the Central America Association Agreement, signed in 2012, remains the cornerstone of the EU-Costa Rica relationship and bilateral trade continues increasing. The EU remains the second Costa Rica's exports destination after the United States and the third source of Costa Rica imports. At the same time, over the period of 2013-2017 investments in general increased, more specifically EU investments to Costa Rica increased by 87% in terms of investment stocks and by 32% in terms of investment flows.

4.26. Yet, despite an overall good economic performance, a number of challenges remain for Costa Rica's government to keep the country on a path of sustained and inclusive growth. As the Discussant, we note the increase in the recent years of the unemployment rate to 10% (in 2018), high fiscal deficit resulting in a high debt to GDP ratio (47.7%) and insufficient investment in the country's infrastructure. It requires a significant reform that we know the government is currently undertaking.

4.27. As major deficiencies that should be addressed, the WTO Secretariat has identified a lack of competition in the banking sector, deteriorating condition of the transport system through a lack of investment, a substantial part of the economy exempt from the competition rules, including the electricity sector. Restrictions in the latter are perceived by businesses as major factors contributing to increasing production costs.

4.28. As highlighted by a number of detailed questions that the EU submitted for the purposes of Costa Rica's TPR, there are also some other areas where we believe there is scope for improvement, or where we believe Costa Rica should pay special attention: in particular regarding competition policy, taxation, tariffs and customs procedures as well as services and investment.

4.29. We appreciate Costa Rica's commitment and on-going efforts to facilitate trade and investment and we are hopeful that it will address our concerns in this regard. At the same time, we would like to reiterate our interest and importance to a better protection and effective enforcement of Geographical Indications on the international scene, both on the multilateral and on the bilateral level.

4.30. Despite these concerns, the EU would like to underline that we are equally positive about Costa Rica's trade policy and our bilateral trade relationship. We would thus simply encourage Costa Rica to continue on this path.

4.31. On behalf of the EU, I look forward to a constructive exchange of views during this review and I wish the delegation of Costa Rica a very successful review.

NEW ZEALAND

4.32. New Zealand and Costa Rica were both founding Members of the WTO and continue to be active and constructive Members. We share a conviction that a strong rules-based multilateral trading system is essential and are committed to safeguarding and strengthening the system. We are both also members of the Cairns Group of agricultural exporting countries. For a small economy, Costa Rica makes a big impact, and devotes considerable resource to the smooth functioning of this organisation for our collective benefit. In addition to its active participation across the WTO agenda, and through groups such as the Friends of the System, this can also be seen through current roles chairing the Committee on Subsidies and Countervailing Measures and as facilitator of negotiations under the Joint Statement Initiative for Services Domestic Regulation, as well as its long-standing former Chairmanship of the Special Session of the Dispute Settlement Body.

4.33. We appreciate Costa Rica's active participation across a range of topics of contemporary importance to the WTO, including electronic commerce, services domestic regulation, investment facilitation, women's economic empowerment, MSMEs, fossil fuel subsidy reform and the liberalisation of information technology products and environmental goods.

4.34. We are, however, disappointed to see that Costa Rica's applied tariffs for four product lines exceed their bound rates. We strongly encourage Costa Rica to bring MFN tariffs for these product lines into conformity with its commitments immediately, and update Members on implementation of this change.

4.35. New Zealand and Costa Rica also share a commitment to ensuring that the benefits of trade liberalisation are shared more widely amongst our communities, and that trade promotes sustainable economic development and contributes to solving issues of global concern. We particularly appreciate Costa Rica's support for WTO discussions on trade and climate change issues within the Committee on Trade and Environment, its participation in the Environmental Goods Agreement negotiations, and its ongoing advocacy for the phase out of fossil fuel subsidies as a member of the Friends of Fossil Fuel Subsidy Reform and endorsement of the Joint Ministerial Statement at MC11.

4.36. Costa Rica's decarbonisation plan launched in March 2019, with a view to achieving carbon neutrality by 2050, makes it a trailblazer. We would appreciate any insights Costa Rica is able to share with us as it implements this plan regarding impacts on economic and trade policy.

4.37. We commend Costa Rica's active and constructive engagement in agriculture and fisheries subsidies negotiations. New Zealand welcomes the ongoing advocacy for a successful outcome on fisheries subsidies by December in accordance with the 2017 MC11 decision and Sustainable Development Goal target 14.6. We also value Costa Rica's participation and contribution to the agriculture negotiations, particularly contributions in the Cairns Group and on enhancing domestic support disciplines.

4.38. We share these priorities and look forward to continuing to work alongside Costa Rica toward positive outcomes this year and at MC12.

CANADA

4.39. Canada warmly welcomes the delegation of Costa Rica. I am pleased to participate in Costa Rica's Trade Policy Review, a country with which we have a solid trading relationship and one that has consistently been a regional pioneer in its adoption of a liberal trade policy and its commitment to sustainable economic development.

4.40. Costa Rica is an active and engaged WTO Member and has contributed to our work since being a founding member of the Organization in 1995. Over the years, the Government of Costa Rica has taken measures aimed at ensuring that its trade policy tools facilitate the establishment of clear, predictable and transparent rules governing trade and that the tools enable the country to better integrate international markets. One of the main thrusts of the country's trade policy has been trade facilitation. Adoption and entry into force of the WTO's Trade Facilitation Agreement (TFA) during that period has gone a long way to helping achieve this goal. Canada recognizes Costa Rica's exemplary notification record and its active and constructive contributions to committee work. In doing so, Costa Rica is supporting the WTO's monitoring function and the ability of other Members to understand the policy actions taken by it.

4.41. We also want to commend Costa Rica for its active and constructive role in the MC11 joint initiatives on Investment Facilitation for Development, Electronic Commerce and on MSMEs, and for supporting the Buenos Aires Declaration on Women and Trade. We also wish to highlight Costa Rica's leadership as Chair of the initiative on Services Domestic Regulation; and we remain convinced that a meaningful outcome is reachable by MC12. On the negotiations on fisheries subsidies, Canada is proud to be a co-sponsor with Costa Rica and others of a draft text that would prohibit subsidies to illegal, unreported and unregulated fishing.

4.42. These efforts from Costa Rica have helped to consolidate the foundation of trade agreements which, thanks to the entry into force in Costa Rica of three new instruments since its previous Trade

Policy Review (TPR) and the recent ratification by parliament of another, create a more conducive environment for growth, diversification and sophistication of trade and investment in the country.

4.43. Moreover, we are pleased that Costa Rica has made it a priority to significantly strengthen its public policy as part of its process of affiliation to the Organization for Economic Co-operation and Development (OECD). Costa Rica's recent efforts to become a full member of the OECD are a welcome exercise, one which Canada has been supporting and we strongly encourage the Government to continue this difficult but important work.

4.44. Permit me to briefly identify three areas that merit further focus in Costa Rica's ongoing reform efforts.

4.45. First, we note Costa Rica's solid economic performance and its efforts to continue with the modernization and simplification of its trade regime. Canada and Costa Rica have established a longstanding trade relationship through its Free Trade Agreement. Building on this key accomplishment, Canadian exporters are still keen to increase trade with Costa Rica but find it increasingly difficult to take full advantage of the business opportunities, due to a challenging trade environment and restrictive market access conditions imposed on some agriculture and agri-food products. Understanding there are particular circumstances surrounding agricultural production and imports, Canada trusts that Costa Rica will maintain a regulatory framework that follows international norms which pursue legitimate policy objectives and facilitate free trade as per WTO agreements.

4.46. Secondly, Costa Rican services exports have been extremely dynamic. Services exports not only grew in size, but also in degree of sophistication. While a number of subsectors that were previously state monopolies were opened to competition during the review period, Canada encourages Costa Rica to continue this openness and consider where further services liberalization can be pursued and consolidated.

4.47. Finally, we note positively that the country continues to implement actions aimed at increasing flows of productive investment and the opportunities that such actions provide for Costa Ricans to progress and improve their well-being. Similarly, we encourage Costa Rica to continue to work on optimizing the use of the foreign trade platform, through coordination with PROCOMER, for increased exports and support for initiatives on trade promotion and production chains. Also, we support the Government to pursue cooperation with the Agency for the Promotion of Investment in Costa Rica (CINDE) to promote the country as an investment destination. Such initiatives are useful tools to modernizing infrastructure that encourage FDI attraction.

4.48. In closing, I look forward to the discussion of Costa Rica's trade and investment policies, and I wish Costa Rica a very successful trade policy review.

HONG KONG, CHINA

4.49. Hong Kong, China (HKC) maintains close economic ties with Costa Rica, which has been an important trading partner of ours in Latin America. In 2018, HKC was Costa Rica's 9th largest source of imports and 18th largest exports market.

4.50. At a time when the WTO is facing unprecedented challenges, we welcome Costa Rica's pledge in its Government report that it will fully commit to the multilateral trading system and that it will assist in steering the work agenda of the WTO. We also thank Costa Rica for its participation in the discussions of WTO reform and various trade subjects, including fisheries and agriculture. We firmly believe that Members' active engagement in these dialogues is crucial to the effective functioning of the WTO.

4.51. Foreign trade remains a strong driver of Costa Rica's economy. In this regard, in accordance with its latest National Development Plan, the main objective of Costa Rica's foreign trade policy is to foster greater openness to trade and internationalisation of its economy. We are pleased to note that the Costa Rican Government has undertaken various reform measures to ensure that its trade policy tools are clear, predictable and transparent. We would encourage Costa Rica to continue to further its trade liberalisation and facilitation policies, and see to their effective implementation.

4.52. Costa Rica ratified the Agreement on Trade Facilitation (TFA) in May 2017 and notified that it would immediately implement almost all provisions. Since then, Costa Rica has adopted various measures to promote trade facilitation, such as the Single Window for Foreign Trade and the Authorised Economic Operators. We welcome Costa Rica's efforts in implementing the TFA and maintaining a high degree of transparency in this regard.

4.53. On tariffs, we appreciate that Costa Rica has bound and maintained ad valorem rates for all its tariff lines, and the structure of its MFN tariffs is stable during the review period. Nonetheless, we note that Costa Rica's MFN applied tariff exceeds the bound tariff for a few dairy products, beverages and industrial products. We look forward to seeing reduction of the MFN applied tariff of these products to a rate within the corresponding bound tariff.

4.54. Meanwhile, we note that the state plays a leading role in Costa Rica's economy, and there were no substantial changes concerning state enterprises during the review period. Most of these state entities operate in the services sector, including the financial, telecommunications and electricity sectors. A draft law to align the corporate practices of public enterprises is in the pipeline, while an advisory unit for the management and coordination of state-owned enterprises has been established for systematising information on the performance of such enterprises and carrying out periodic performance audits. The efforts taken to achieve better performance by state-owned enterprises and promote transparency in their management and decision-making process are appreciated. We would encourage Costa Rica to further analyse the impact of its state enterprises on the competitiveness of its economy, with a view to promoting further reforms for better economic efficiency.

4.55. HKC looks forward to fostering further the bilateral trade and economic relations with Costa Rica. I would like to thank Costa Rica for its replies to our written questions, which we will study carefully. We wish Costa Rica a successful Trade Policy Review.

CHILE

4.56. We commend Costa Rica for the transparency that it has shown in subjecting itself to the scrutiny of its peers. This decision will, no doubt, help strengthen the system.

4.57. For the purpose of this exercise, we submitted eight questions. We welcome the replies that we have received, which will be analysed by our teams in Santiago.

4.58. Costa Rica and Chile have enjoyed excellent relations since bilateral ties were established in 1857. Our countries share principles and common values such as: defence of democracy, the promotion of human rights, individual freedoms, the fight for peace and disarmament, and protection of the environment. Our two States have common positions at international forums, as demonstrated by Chile's active support for Costa Rica's accession to the Organisation for Economic Co-operation and Development (OECD), which we hope will be completed soon.

4.59. The two countries also share the belief that economic openness and free trade are an engine for prosperity and sustainable development. At the WTO, Chile and Costa Rica agree on the importance of ensuring an open, transparent and rules-based multilateral trading system. They also actively support the ongoing negotiations and the regular work of the different committees, and share the same viewpoints on various areas of work, such as: trade and environment, services, investment facilitation, electronic commerce and agriculture. Both Members also attach great importance to regional integration, as reflected by the many trade agreements that they have signed.

4.60. Trade relations between Costa Rica and Chile have been governed by the Free Trade Agreement signed by Chile and Central America, and the Bilateral Protocol that has been in force since February 2002. In 2018, bilateral trade amounted to USD 288 million.

4.61. Chile notes the new measures adopted by Costa Rica during the period under review in order to facilitate foreign trade. Chile also appreciates the diversification of Costa Rica's production, the low use of trade defence measures, the exportation of manufactured products with high value added (such as medical and electronic equipment), the positive results achieved for exports of services, and the high level of foreign direct investment (FDI) received by Costa Rica.

4.62. Chile also observes that the open trade and investment regime has been fundamental in achieving the objectives of economic growth and development in Costa Rica, as reflected by the sustained growth of its GDP in real terms and per capita.

4.63. Lastly, we must also mention the areas in which we have observed opportunities for further liberalization, as is the case for the energy sector and tariffs that affect certain agricultural products, and the introduction of greater competition, as is the case for the telecommunications and financial services sectors.

4.64. In conclusion, we wish to reiterate our interest in continuing to work with Costa Rica within the various bodies of our Organization, and wish it a very successful Fifth Trade Policy Review.

AUSTRALIA

4.65. Australia welcomes the opportunity to participate in Costa Rica's fifth Trade Policy Review.

4.66. Australia and Costa Rica enjoy friendly relations underpinned by our shared membership of a number of international fora such as the Cairns Group of agricultural exporting countries and the Forum for East Asia-Latin America cooperation. Costa Rica is a member of the Central American Integration System, of which Australia has been an extra-regional observer since July 2011. Australia and Costa Rica are also both observers of the Pacific Alliance, a trade liberalizing bloc with Chile, Colombia, Mexico and Peru.

4.67. The Australia-Costa Rica bilateral relationship is growing. In 2017, Costa Rica opened an embassy in Canberra and has a consulate in Sydney. Overall trade is modest. Two-way merchandise trade in 2018 stood at A\$135 million with Australia's main exports being ships, boats, and floating structures. Australia provides Costa Rica tariff preferences under our Generalised System of Preferences scheme: the Australian System of Tariff Preferences. Australia's trade in services with Costa Rica is growing— we imported over \$22 million of services from Costa Rica in 2018 and exported \$6 million.

4.68. Australia commends Costa Rica's commitment to the WTO and free trade. This includes Costa Rica's ratification of the Trade Facilitation Agreement. We note in particular Costa Rica's commitment under this Agreement to implement virtually all provisions immediately on its entry into force in February 2017.

4.69. This commitment to the WTO and free trade also includes Costa Rica's good record in meeting its notification obligations. In line with this record is Costa Rica's efforts to improve the level of notifications by its co-sponsorship of the

4.70. Council for Trade in Goods joint proposal on "Procedures to Enhance Transparency and Strengthen Notification Requirements Under WTO Agreements".

4.71. Australia also welcomes Costa Rica's constructive approach and engagement in the Joint Statement initiatives on e-commerce, services domestic regulation, investment facilitation and MSMEs. We would particularly like to thank the leadership of Jaime Coghi, Costa Rica's DPR, as Chair of the Domestic Regulation open-ended negotiations.

4.72. Australia encourages Costa Rica to continue to ensure that all tariff commitments made under the WTO are realised across all products. We recognize Costa Rica's undertaking to ensure that its domestic laws and regulations are consistent with the Marrakesh Treaty and invite Costa Rica to maintain its progress on this issue.

4.73. We wish Costa Rica well in its Trade Policy Review and warmly anticipate the continuing growth in our bilateral relationship.

SWITZERLAND

4.74. Costa Rica is a "true friend of the system". The Costa Rican delegation's constructive and active engagement in support of the multilateral trading systems is held in high esteem by all of us. Moreover, we wish to commend the country's commitment in the endeavour to phase out fossil fuel

subsidies. It is also worth pointing out that Costa Rica has fostered a sensitivity and creative mind with respect to the issues of trade and environment long before the question of climate change took centre-stage.

4.75. We may glean from the excellent report provided by the Secretariat that Costa Rica continues to make great strides on its economic reform path. Per capita income has developed positively. There is continuous economic growth, albeit at a slowing pace. The importance of the services sector keeps growing. The country's workforce is known to be skilful and well-educated. And many knowledge-intensive sectors have the capacity to turn out complex and competitive industrial products.

4.76. However, Costa Rica's public finances must give rise to some concern. This is somewhat astonishing given the relatively modest role played by the government as an employer. Yet tax revenues do not keep pace with the government's expenditures, which include high costs of servicing an ever-rising national debt. This predicament makes the economy vulnerable to economic shocks, especially since some of the debt needs foreign funding. There is virtually no fiscal space to counterbalance the adverse effects of an economic downturn in the future.

4.77. Moreover, the fact that the central bank has not shied away from monetizing a certain amount of the debt could undermine confidence in the country's currency. We note that the dollarization rate of the Costa Rican economy remains high.

4.78. The unemployment rate has reached a high level and refuses to go down. This stickiness is perhaps an indication of rigidities inherent in the labour market or an excessively generous minimum wage. Costa Rica's economy could benefit from a loosening up of a somewhat tight regulatory framework to make better use of its tremendous potential. The country's competition policy might also be strengthened as many economic operators do not fall under its remit.

4.79. We encourage the Costa Rican authorities to continue to put more emphasis on a dual education system to offer better vocational training for the young. The cherished tradition of the system of dual training has always stood the Swiss economy in very good stead.

4.80. Switzerland takes a particular interest in Costa Rica as a trading partner not least because of our free trade agreement with our partners from Central America which was negotiated together with the European Free Trade Association. Entry into force of the Agreement in 2014 was immediately followed by an increase in bilateral trade.

4.81. Switzerland had submitted a series of questions in writing and wishes to thank Costa Rica for the timely and extensive replies. We are in particular interested in the function and added value of the institution of a customs broker for imports or even exports. We are also aware of the efforts being made with the help of the Inter-American Development Bank to render customs procedures more efficient. Like others, Switzerland has doubts whether a special tax levied on imported but not domestically produced beer is compatible with WTO rules. We understand that the case is undergoing legal scrutiny and intend to study the result of the review very carefully.

4.82. To conclude, I would like to underscore Switzerland's interest in Costa Rica's comprehensive answers to our queries with respect to the interface of trade and sustainable development. We agree with Costa Rica that the adoption of rules and disciplines for e-commerce, for example, can make a valuable contribution. And yes, Costa Rica is right: it should indeed be possible for both the trade and the climate change communities to work together to everyone's benefit. We wish Costa Rica a successful outcome of this Trade Policy Review.

BRAZIL

4.83. We start by praising Costa Rica for the positive performance in terms of per capita GDP, which had an increase of 20% between 2012 and 2018. Real GDP also increased by an annual average rate of 3.5%.

4.84. We recognize, nevertheless, that in recent years there have been challenges in relation to the maintenance of healthy public finances. According to the Secretariat, during all the years within this

review the budget deficit has remained above 5% of GDP, while total public debt of the public sector reached 70.6% of GDP in 2018.

4.85. Moving on to WTO related issues, Brazil notes with satisfaction that Costa Rica ratified and approved in 2017 the Protocol on the Trade Facilitation Agreement, notifying that there would be immediate implementation of almost all of its provisions.

4.86. A worrisome aspect we wish to highlight, tariff protection for agricultural products remains higher than that for non-agricultural products, making it more difficult on average for agricultural exports to get into Costa Rica. As an important exporter of agricultural products Brazil encourages Costa Rica to reconsider its current tariff levels on agricultural products.

4.87. We note that during the review period safeguard measures were imposed on pounded rice and, also, that special agricultural safeguard measures have been applied on brown rice. Furthermore, in June this year a safeguard investigation on the import of white sugar has been initiated. Brazil is following closely this procedure as it could affect our exports. We hope that investigations will lead to a result that does not affect our trade.

4.88. We also would like to call attention to the fact that certain support programmes to the fisheries sector, including exemption of customs duties as well as the establishment of competitive fuel prices, have not yet been notified to the WTO. We encourage the Government of Costa Rica to further examine the need of notifying these programmes.

- Costa Rica and Brazil enjoy a very good bilateral relation.
- Bilateral trade in 2018 amounted to USD 534 million.

4.89. The main products exported by Brazil to Costa Rica in 2018 were airplanes, mechanical machines and cars. In the same year Brazil mainly imported precision instruments, rubber and electric machines.

4.90. There is room for potential growth and improvement, especially in order to obtain a more balanced mix of imports and exports in both directions: While in 2018 Brazil was the 7th main origin of imports to Costa Rica, we were only the 25th main destiny for the country's exports.

4.91. Let me conclude by thanking the delegation of Costa Rica for the replies to Brazil's questions and by wishing Costa Rica a very successful Trade Policy Review.

INDONESIA

4.92. This TPR has provided a forum for Indonesia to understand further on how Costa Rica administers international trade, and also a forum on how Indonesia could possibly learn from Costa Rican best practices in managing international trade.

4.93. This TPR is also an important platform for Indonesia to explore further avenues in improving bilateral trade relation with Costa Rica.

4.94. By the numbers, bilateral trade activities between Indonesia and Costa Rica have been increasing.

4.95. Between the years 2014 up to 2018, bilateral trade demonstrated an average yearly increase of 10.6%. This positive growth in bilateral trade is more heavily attributed to the growth in imports from Costa Rica.

4.96. The numbers confirmed that between the years 2014 to 2018, the average yearly growth of imports from Costa Rica demonstrated an increase of 14.57%, which is higher than the average yearly growth of 6.9% experienced by Indonesian exports to Costa Rica

4.97. Indonesia is of the view that there are rooms yet to be explored in order to maintain the healthy level of our bilateral trade. We view that our discussions leading up to this TPR meeting has provided insights into this joint effort for improvements in trade relations.

4.98. Indonesia believes that the objectives of Costa Rica's trade policy – which includes fostering greater openness to trade, while at the same time fostering greater economic internalization – demands that the Government intervenes in managing various aspects of the economy.

4.99. Such interventions are conducted, amongst others, through the state-owned enterprises including in the telecommunication sector; and through significant government involvement in the banking and insurance sector as well as the mining sector.

4.100. Thus, to ensure the presence of a business environment with minimal discretionary decision-making habits, in which businesses can conduct trade routines with a higher degree of predictability, Costa Rica will benefit from a greater degree of transparency in the rules and regulations on trade and related investment being adopted and enforced.

4.101. In the spirit of transparency, we have forwarded our inquiries, in written questions that we have submitted.

4.102. We, in this regard, wish to express our appreciation to the delegation of Costa Rica for the responses we have received, to our advanced written questions, amongst others:

- on the legal basis and operational benefits of some aspects of the custom procedures that are currently being enforced;
- on the economic compensation and the related compensation scheme for agricultural projects;
- on the detail of a specific farmers' support program provided to the agricultural sector; and
- on the implementation of the Single Window programme.

4.103. Let me conclude by wishing the delegation of Costa Rica, a successful process in the remaining phase of this TPR.

UNITED STATES

4.104. In the last five years, we observe that the Costa Rican economy experienced positive economic growth, with an average 3.5% GDP rate of growth, as noted in the Secretariat's report. This economic growth reflects several steps that the government of Costa Rica has taken to further integrate its economy into the global trading system. The Secretariat, in its report, points to accomplishments in such areas as increase in internal demand, net exports of goods and services, and the good performance of service exports.

4.105. We commend Costa Rica for the importance it has placed on trade liberalization and integration into the global economy as a means to economic growth. The United States and Costa Rica are partners under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). This comprehensive free trade agreement covers trade in goods and services, intellectual property rights, investment, telecommunications, labour, and environment, and it promotes economic integration within Central America and with the Dominican Republic. In addition to Costa Rica's entry into force of the CAFTA-DR in 2009, Costa Rica has continued to expand its liberalization and has undertaken a number of reforms that also benefited Costa Rica's trading partners more broadly. Since its previous review, Costa Rica has adopted significant trade facilitation measures, in addition to substantive legislative and regulatory measures to comply with its FTA commitments, which we believe contributed widely to the multilateral trading system and to the expansion of global trade, while also helping to protect and preserve the environment.

4.106. As Costa Rica's principal trading partner, the United States' commercial relationship with Costa Rica is strong, positive, and growing. Our total two-way goods trade during 2018 was USD 11.2 billion. U.S. goods exports to Costa Rica in 2018 were \$6.3 billion, and U.S. goods imports from Costa Rica totalled USD 4.9 billion. U.S. exports of goods and services to Costa Rica supported an estimated 37,000 jobs in 2015. Costa Rica is currently the United States' 45th largest goods trading partner.

4.107. As noted in the Secretariat's and Costa Rica's reports, Costa Rica modified a number of laws and regulations in order to implement the CAFTA-DR and other international trade commitments, including technical barriers to trade. We are also pleased to recognize the details in the Secretariat's

reporting on the various trade facilitation measures adopted by Costa Rica and Costa Rica's entry into the WTO's Trade Facilitation Agreement during this period. We recognize Costa Rica's recent ongoing efforts to strengthen IP enforcement, such as the issuance of decrees to address piracy issues and the streamlining of the tasks of the IP offices in general. We encourage continued work on ensuring that government agencies use only licensed software. We look forward to updates from Costa Rica in this respect.

4.108. While these changes are important and noteworthy actions, they are not sufficient alone. It is also important to provide regulatory transparency to facilitate investment and market access, as well as to ensure effective enforcement to protect traders' rights and benefits under those laws. We therefore encourage Costa Rica to increase its efforts towards regulatory transparency and effective enforcement and ensure that such efforts are followed-through on the ground.

4.109. Costa Rica has taken significant steps in improving its economic competitiveness since its last Trade Policy Review. In order to further improve its competitiveness in an increasingly globalized economy, we urge Costa Rica to continue strengthening its policies and practices regarding standards and safety, to avoid impeding global trade in such products as food, pharmaceuticals, agricultural goods, and chemicals and cosmetics. We hope to hear more in this review about Costa Rica's plans to address these types of issues.

4.110. Costa Rica has continued to take steps to solidify its presence in the global economy by fostering dynamic, inclusive and sustainable economic growth. As part of those efforts, Costa Rica has notably taken measures to foster the creation of growth of innovative MSMEs in addition to diversifying its exportable supply. The United States recognizes the notable achievements Costa Rica has made in the last half decade and is optimistic for further growth to come.

4.111. We have submitted a substantial list of questions about specific issues in Costa Rica's trade regime. We look forward to reviewing Costa Rica's responses.

4.112. The United States looks forward to further deepening our trade and economic partnership with Costa Rica. As a founding Member of the WTO, we commend Costa Rica on its active participation in the organization and for its longstanding commitment to the multilateral trading system. We remain committed to continued close cooperation with Costa Rica to deepen our relationship bilaterally, in regional fora, and in the WTO.

ECUADOR

4.113. The replies to the questions that we submitted regarding this Trade Policy Review have been forwarded to Quito. We welcome Costa Rica's diligence in submitting this information. Ecuador's concerns include issues relating to the export incentives regime and free zone regime, and the nature of certain rates.

4.114. The delegation of Ecuador recognizes the positive effects of the steps taken by Costa Rica with the aim of achieving healthy and stable public finances. We also wish to highlight the role played by foreign trade as a source of revenue and development in Costa Rica. It is a benchmark in terms of transformation of the productive structure and diversification of exports, including high technology goods.

4.115. The Mission of Ecuador recognizes the efficiency of Costa Rica's public policies, which have led to dynamic growth in services in a wide variety of sectors.

4.116. We trust that the measures taken to revitalize the economy will have the desired effect. The strength of Costa Rica's institutions is a key element that will undoubtedly contribute to this task.

4.117. Costa Rica is an important partner for Ecuador. The flow of FDI from Costa Rica to Ecuador tripled in 2017 compared with 2016. Costa Rican investment contributes to economic growth in Ecuador.

4.118. Total trade has remained stable in recent years, though the trade potential of both parties has yet to be harnessed. Our exports amounted to USD 33 million in 2018, while imports from Costa Rica totalled USD 44 million. The main products traded include paper, sardines, tuna,

medicines and motor vehicles. Bilaterally-traded goods with potential for growth include medicines, canned tuna, preparations for animal feed, frozen shrimps and prawns, and kitchen ranges of iron or steel.

4.119. Lastly, Ecuador shares Costa Rica's intention to strengthen the multilateral trading system, with, of course, a development perspective. To conclude, we wish Costa Rica a successful conclusion of its Trade Policy Review.

COLOMBIA

4.120. Costa Rica is one of the most dynamic economies in Latin America, with which Colombia has maintained strong bilateral cultural, diplomatic and trade ties for years.

4.121. We recognize Costa Rica's commitment to the multilateral trading system and its founding principles, and the country's active participation in the ongoing negotiations and the functioning of the regular bodies.

4.122. Regarding tariff policy, we note that Costa Rica has average applied tariffs of 7% and a simple tariff structure that has not undergone significant changes, which demonstrates its openness to international trade. However, as mentioned in the Secretariat report, some tariff peaks have been recorded in specific sectors.

4.123. We also wish to take this opportunity to thank Costa Rica for the further information provided on tariff quota administration in the agricultural sector.

4.124. Costa Rica attaches great importance to regional integration as one of the main underpinnings of its foreign policy. In this regard, Colombia considers that it is important for Costa Rica to pursue the process of reviewing and deepening relations with its natural trading partners, with a view to achieving more favourable access conditions for trade in goods. Taking into consideration Costa Rica's openness regarding the granting of quotas for certain products for which there are supply difficulties on the domestic market, Colombia sees a good opportunity for both countries to explore possibilities for working together.

4.125. In the area of customs procedures and foreign trade, we welcome the progress made and concrete actions carried out during the period under review, which built on the commitments arising from the Trade Facilitation Agreement. We draw attention to the progress made in terms of the modernization of checkpoints and coordinated action for border management, the implementation of technological and regulatory improvements to increase the effectiveness of control processes, and the creation of the National Council to promote coordination between public agencies and the private sector.

4.126. We also highlight the relevance of the FDI policy for Costa Rica's economy and export performance. The reports show that the investment regime has played an important role in the transformation of the economy and in socio-economic development. We recognize, for example, that investment in the manufacturing sector has increased, especially in high technology segments, and amounted to 46% of the total FDI received in 2017. We also note the growth recorded in the tourism sector. This momentum has resulted in job creation, increased productivity and the diversification of the economy.

4.127. In this regard, Colombia would like to know more about Costa Rica's experience of creating and implementing the Investment Single Window.

4.128. The Secretariat and Government reports demonstrate the importance of preferential, bilateral and regional trade agreements. Currently, there are 14 free trade agreements in force in Costa Rica. We are pleased that one of the three new agreements that entered into force during the period under review was the Bilateral Agreement with Colombia, which was implemented on 1 August 2016.

4.129. For our country, the Agreement with Costa Rica was a fundamental and natural step towards the consolidation of trade relations with Central America, which has enabled us to increase trade, and to access a sophisticated and highly competitive market with the fifth greatest purchasing power

in Latin America. This Agreement has yielded positive results for both parties and has leveraged an increase in trade, particularly in manufactured goods and food products.

4.130. We welcome the sharing of information in the Government report with regard to women's empowerment in foreign trade, and support for the internationalization of micro, small and medium-sized enterprises. This is a demonstration of Costa Rica's commitment to addressing these new topics in the Organization.

4.131. Lastly, we wish Costa Rica and its delegation a successful Trade Policy Review. We extend our warm appreciation to the team in Geneva for the cooperative relationship between our two Missions. We reiterate our full support for Ambassador Abraham and wish her every success in her work in Geneva.

MEXICO

4.132. I would like to begin by commending Costa Rica for maintaining its human development indicators and for ranking 63rd out of 189 countries, according to the report of the United Nations Development Programme (UNDP). It also maintained its satisfaction and happiness indicators, ranking 13th in the world, according to the World Happiness Report in 2018. We also recognize that GDP per capita in Costa Rica grew at an average annual rate of 3.5% during the period under review (2012-2018), sustained mainly by the rise in internal demand.

4.133. Despite this economic growth and its high levels of human development and satisfaction, Costa Rica continues to face macroeconomic challenges, including the consolidation of its public finances and the reduction of its unemployment rate which is almost 10%. We commend the Costa Rican Government for taking measures to revitalize its public finances through the adoption of the Law on the Strengthening of Public Finances, with the aim of limiting public debt as a percentage of GDP.

4.134. The Costa Rican Government's involvement in the banking sector continues to be significant. The report indicates that, since 2013, State banking activity has demonstrated low profitability. The preferential treatment granted to State banks has damaged private banking and has also limited competition in the sector, resulting in high intermediation margins.

4.135. Greater efforts are required to ensure effective competition in the sector, and to expand access to credit and deepen financial inclusion.

4.136. We recognize that Costa Rica's trade policy has been particularly successful in terms of the export of services. Costa Rica has a services trade surplus and the tourism sector is one of the main sources of foreign currency. Furthermore, the export of services related to telecommunications and computing and IT has contributed to this surplus. Costa Rica has developed a very successful strategy for the exportation of this type of services, which has helped to lower the deficit in the balance of trade in goods, thus improving the current account balance as a share of GDP.

4.137. Mexico and Costa Rica signed a free trade agreement in 2013. Since then, Mexico has become one of Costa Rica's main trading partners and an important investor in the country. In 2018, 7% of Costa Rica's imports came from Mexico and Mexico was the fourth main investor in Costa Rica. Our trade relations have always been mutually favourable. However, we continue to have differences of opinion regarding the suspension of the issuing of forms on phytosanitary requirements for the import of Mexican avocados, which resulted in a complaint brought against Costa Rica under the WTO dispute settlement system. Mexico will pursue the following steps in this process and hopes that Costa Rica will reconsider its measures against Mexican avocados.

4.138. We recognize the active role that Costa Rica has played in the WTO, particularly as the coordinator of the group of "Friends of E-Commerce for Development", to which Mexico also belongs, and also as the current coordinator of the Joint Initiative on Domestic Regulation.

4.139. Lastly, we welcome the replies to the questions submitted by my delegation and wish Costa Rica a successful conclusion of its Fifth Trade Policy Review.

DOMINICAN REPUBLIC

4.140. The Dominican Republic enjoys close bonds of friendship with the Republic of Costa Rica as signatory to the Free Trade Agreement between Central America, the Dominican Republic and the United States (DR-CAFTA) and the Bilateral Free Trade Agreement between Central America and the Dominican Republic.

4.141. The Dominican Republic has an important trading relationship with the Republic of Costa Rica. It is important to indicate that exports from the Dominican Republic to Costa Rica amounted to USD 27,788,453 in 2018, according to data from the General Directorate of Customs in the Dominican Republic.

4.142. The main exports include electrical switches, flat-rolled products, and angles, shapes and sections. It should be noted that exports of circuit breakers to Costa Rica totalled USD 5,535,000.

4.143. Imports to the Dominican Republic from Costa Rica amounted to USD 211,884,000 in 2018.

4.144. As regards the state of the economy of the Republic of Costa Rica, we note with appreciation that, in response to structural challenges linked to the inadequate level of competition and competitiveness in the economy, as well as insufficient investment in infrastructure, Costa Rica has developed a strategy to reactivate the economy and has identified issues to be addressed, such as ensuring macroeconomic stability, mainly by consolidating public finances, and addressing lags in terms of business competitiveness and human resource skill sets in order to bridge productivity and income gaps.

4.145. Regarding trade policy, it is important to note that, in order to meet its foreign trade objectives, Costa Rica ratified and approved the Protocol on the Trade Facilitation Agreement in 2017. It also participated, between 2012 and 2015, in the negotiations to expand the scope of the Information Technology Agreement, and since 2015, it has been an Observer in the Government Procurement Committee.

4.146. Since its last Trade Policy Review in 2013, Costa Rica has applied the trade agreements signed with the European Free Trade Association (EFTA) States and Colombia, Mexico, Peru, Singapore and the EU. Moreover, in 2018, it signed a free trade agreement with the Republic of Korea.

4.147. In conclusion, we welcome the two trade facilitation initiatives implemented by the Government of Costa Rica in 2017.

4.148. The first initiative involved the creation of the National Council for Trade Facilitation (CONAFAC) to apply the Trade Facilitation Agreement, with two main objectives, namely: the implementation of the Border Integration Programme (PIF) to modernize infrastructure, equipment and information technology systems at interior border crossings to make customs controls more efficient, thereby reducing waiting times and improving competitiveness; and participation in the implementation of the Central American Digital Foreign Trade Platform to promote the use of IT best practices and simplify procedures.

4.149. The second initiative involved the introduction of a new version of the Single Window for Foreign Trade (VUCE 2.0), which in addition to enabling the processing of the Single Administrative Document, import/export permits, certificates of origin, and certificates of free sale for food products, it now offers a 24/7 service to operators, through which it is possible to track procedures, use digital signatures, make payments electronically, and apply for the permits needed to import foodstuffs, chemicals and pharmaceuticals.

4.150. To conclude, Mr Chair, we welcome the timely reply from the Republic of Costa Rica to the questions raised by the Dominican Republic regarding various points in the report, which is being examined in the capital. We recognize the efforts made by the Costa Rican authorities to facilitate trade and wish Costa Rica every success in its Fifth Trade Policy Review.

CHINA

4.151. We are delighted to see that, during the review period, the Costa Rican economy experienced higher economic growth, with an average 3.5% real GDP rate of increasing, which was sustained mainly by the rise in internal demand. We commend Costa Rica's continuing efforts to further integrate its economy into the global trading system since its last trade policy review. These include promoting regional integration, developing exports of goods and services and attracting foreign direct investment. We also welcome the trade facilitation efforts to continue developing the Single Window for Foreign Trade to enable the use of an e-payment and digital signature system, and implementing the Trade Facilitation Agreement (TFA). We are impressed that the Costa Rica's foreign direct investment stock grew significantly at 93% to USD 43,100 million From 2012 to 2018. Though there are still challenges facing Costa Rica including fiscal deficit, China believe that with the concerted efforts of the government and people, Costa Rica will foster greater openness to trade and economic internalization, and achieve the balance and efficiency of economic development.

4.152. As a founding Member of the WTO, Costa Rica consistently supports the multilateral trading system and negotiations. Since its last TPR in 2013, Costa Rica has reinforced its multilateral, regional and bilateral integration into the global economy. China commends Costa Rica's commitment to the multilateral trading system and its contribution to the global trade liberalization.

4.153. China and Costa Rica enjoy fruitful economic ties. Recent years have seen significant growth in bilateral trade and investment between China and Costa Rica. China is the third largest trading partner of Costa Rica. The total bilateral trade in goods amounted to US\$2.4 billion, which was an increase of 6.7% from 2017 to 2018. China's direct investment abroad into Costa Rica reached USD 27.7 million last year. The trade relationship of the two countries has been strengthened by a comprehensive free trade agreement which has entered into force for China since 2011. We are confident that the bilateral FTA will help us to further strengthen the business and people-to-people links between our two countries.

4.154. In early November last year, both the Costa Rica's Government and its enterprises actively participated in the first China International Import Expo held in Shanghai. Well-known merchandise of Costa Rica, especially agriculture products were exhibited to the Chinese business and consumers. This year, we would also like to invite Costa Rica and its business sectors to participate in the second China International Import Expo with a good will to further exploring the potential of bilateral trade and increase China's import from Costa Rica.

4.155. In September of 2018, China and Costa Rica have jointly signed "One Belt One Road" memorandum of understanding. China is looking forward to promoting cooperation with Costa Rica under the Belt and Road Initiative with the main objective of benefiting the people of two countries and boosting the economic growth in the region.

4.156. To conclude, we would wish Costa Rica delegation a full success review.

EL SALVADOR

4.157. We would like to thank the Government of Costa Rica for the information shared with WTO Members and for the replies provided during the process of its fifth trade policy review. This provides an opportunity to more deeply explore the reforms that Costa Rica has undertaken in order to reach its foreign trade policy goals.

4.158. From the report submitted by the Government, we take note of its work on tax matters aimed at securing greater stability in public finances, and the implementation of economic recovery measures, some of which simplify processes and are focused on micro, small and medium-sized enterprises (MSMEs) and start-ups, while others seek to promote employability and enhance road infrastructure. These measures have led to meaningful advances in Costa Rica's process of accession to the Organisation for Economic Co-operation and Development (OECD), one of the strategic moves currently pursued by the Government.

4.159. The Secretariat report demonstrates the importance that Costa Rica gives to regional integration, one of the main underpinnings of its foreign policy. It also highlights the signing of new agreements and the consolidation of existing ones, and shows how efforts are focused on promoting

and diversifying goods and services exports and markets, fostering the creation and growth of innovative MSMEs, and promoting a greater role for women and gender equality in the export sector.

4.160. Costa Rica has continued to use free zones and other incentive schemes to attract investment for high value-added sectors, thus allowing for the integration of Costa Rican products into global value chains. We also note the PROCOMER production support programme for MSMEs, which aims to transform MSME production methods through the incorporation of green technologies, and the National Energy Plan, which encourages the use of electric vehicles.

4.161. At the bilateral level, our country has maintained close trade and cooperation links with Costa Rica for several decades. These historical ties were strengthened by the signing of the General Treaty on Central American Economic Integration in 1960. As participants in the Central American economic integration process, we were both involved in the creation of the Central American Customs Union, which is a valuable tool for bolstering competitive development in the region, and for promoting sustainable social and economic development for our people.

4.162. Both our countries are members of the Central American Integration System (SICA) and we share common foreign policy objectives such as respect for democracy, consolidation of peace and regional security. Within the Central American integration subsystem, we support the process for strengthening the Customs Union, and we are pushing forward with the implementation of the regional trade facilitation strategy.

4.163. In the area of trade, Costa Rica ranks fifth among El Salvador's export destinations, and is our seventh largest supplier of goods, which illustrates the commercial importance of Costa Rica for El Salvador.

4.164. As far as bilateral trade is concerned, exports in 2018 were 10% higher than in 2013, amounting to USD 259 million, while imports decreased by 6% in 2018, totalling USD 264 million.

4.165. Exports to Costa Rica were chiefly in the form of paper products, fish preparations, cardboard boxes, and preforms for beverage containers, among other things. The main goods imported from Costa Rica included preparations for the beverage industry, aluminium wires and cables, sardines and liquid milk.

4.166. At the multilateral level, we recognize the Costa Rican delegation's important role in the Organization's committees, working groups and various negotiating forums.

4.167. Finally, all that remains is for me to congratulate our sister republic, Costa Rica, and wish her every success in this review.

PERU

4.168. We welcome the positive economic results achieved in Costa Rica during the review period, such as the growth of real GDP per capita, the proper management of inflation, and the country's success in attracting foreign direct investment. Nevertheless, the risk posed by the country's substantial and sustained fiscal deficit over this period, and the increase in the debt/GDP ratio cannot be overlooked. Costa Rica has taken satisfactory steps to adopt measures to facilitate trade integration, such as the entry into force of several regional trade agreements and the development of the Single Window for Foreign Trade, factors which have, among other things, led to the growth and diversification of its exports.

4.169. In the context of this review exercise, it is worth noting that Peru and Costa Rica share some aspects of trade policy, encompassing multilateral and bilateral integration, that seek to improve our economies' levels of competitiveness and ensure greater international exposure.

4.170. In the multilateral sphere, Costa Rica and Peru, along with other Members from the Latin American region, promote the application and observance of the agreements on which this Organization is based. We both cooperate fully in advancing negotiations on fisheries subsidies and the domestic regulation of services, and in various multilateral negotiations and joint initiatives at WTO headquarters. It is therefore important to recognise the valuable input of the Mission of Costa Rica in the work of this Organization.

4.171. At the bilateral level, an FTA has been in force between Peru and Costa Rica since June 2013. It has helped to maintain a rising trend in our trade, which reached USD 92 million in 2018. Peru's exports to Costa Rica are non-traditional goods such as chemicals and textiles; its imports from Costa Rica comprise manufactured goods, namely, medical instruments and tyres, and other products that enhance the diversity of our trading relationship and promote development in our respective industries.

4.172. Like other Members, and in keeping with the point made in the report by Secretariat for this review, Peru would like to have further explanation as to why certain tariffs applied by Costa Rica exceed their bound rates, and we call on Costa Rica to regularize this situation so as to ensure compliance with WTO rules.

4.173. Peru has also been interested in Costa Rica's good practices regarding the participation of women in production and trade. In an attempt to learn more about the methods and objectives of this important policy, we have posed two questions, and we thank the Costa Rican delegation for its replies.

4.174. In conclusion, we take this opportunity to express our desire to continue working with Costa Rica on developing trade between our two countries. On behalf of the Peruvian delegation, all that remains is for me to wish Costa Rica a successful outcome to this fifth Trade Policy Review.

SINGAPORE

4.175. Allow me to highlight three points.

4.176. First, Singapore applauds Costa Rica for its leadership and constructive contributions in the WTO. With a population of about 5 million, which is rather similar to Singapore, Costa Rica has been punching above its weight and engaging actively in a wide spectrum of issues. This includes agriculture, dispute settlement, sustainable trade and transparency. In particular, we appreciate the efforts of Costa Rica's Minister Counsellor's Jaime Arias' (pronounced Hai-Me A-ri-as) in chairing discussions on the Joint Statement Initiative on Services Domestic Regulation. We further note from the Secretariat's report that Costa Rica "*has regularly submitted notifications under various WTO Agreements*". Indeed, Costa Rica puts into action its belief that the "*multilateral trading system continues to be a cornerstone of global trade relations*".¹ We believe that Costa Rica active and constructive role in the WTO has set a positive example and underscore the fact that Members' contributions to strengthening the WTO need not be limited by size.

4.177. Second, we welcome Costa Rica's efforts to deepen its integration into the global economy. In particular, Costa Rica's has negotiated several important trade agreements, including the Central American Common Market agreement and the Dominican Republic-Central America-United States Free Trade Agreement, which signal Costa Rica's outward-looking approach to economic growth. Additionally, Costa Rica has simplified customs formalities in order to boost its competitiveness and encourage cross-border trade. All these developments have yielded economic benefits as evidenced in the steady growth of the Costa Rican economy, which averages 3.3% between 2013-2018². Greater regional and global integration has also enabled Costa Rica to maintain its attractiveness as a destination of foreign investments.

4.178. Third, Singapore looks forward to enhancing bilateral trade with Costa Rica. The Singapore-Costa Rica Free Trade Agreement, which entered into force in 2013, has eliminated tariffs, provided investment protection and promoted a more predictable operating environment for service suppliers. From 2016 to 2018, trade in goods between Singapore and Costa Rica has also increased around 30% to USD 115.73 million. Naturally, we firmly believe that there is scope to deepen economic relations between our countries in the coming years.

4.179. To conclude, Singapore looks forward to continuing to strengthen our cooperation with Costa Rica, both on the multilateral and the bilateral fronts. We wish Costa Rica every success for this TPR.

¹ Secretariat report, paragraph 1.2.

² Government report page 3.

REPUBLIC OF KOREA

4.180. As Costa Rica's real GDP is an annual average of 3.5%, it is maintaining its status as an upper middle-income country based on the high potential demand which supports this growth. However, as mentioned in the Secretariat's TPR report, the Costa Rican government is faced with solving a high unemployment rate of 8% to 9% annually and achieving healthy public finance.

4.181. Meanwhile, it is noteworthy that the Costa Rican government has established the Law on Strengthening of Public Finances as a measure of reformation to solve the public finance issue. Moreover, the fact that Costa Rica is proceeding with open trade policies is appreciated. In particular, the government has ratified and implemented relevant notification obligations as part of economic internalization (for job creation and effective distribution of national resources) and has participated as an observer at the GPA committee (Committee on Government Procurement) since 2015.

4.182. In the same vein, Costa Rica is placing much emphasis on regional integration, such as the Central American Common Market (CACM). To note, the Republic of Korea and five Central American countries (El Salvador, Honduras, Nicaragua, Panama) including Costa Rica have concluded an FTA in 2018. The FTA is expected to enter into force soon, as each country completes the domestic procedures. Korea looks forward to a more active trade and investment exchange with Costa Rica.

4.183. Lastly, I appreciate Costa Rica's responses for the advance written questions.

PHILIPPINES

4.184. The Philippines and Costa Rica enjoy a modest but growing trade relation in the recent years. Philippine imports from Costa Rica expanded by 23.33% from USD 11.50 Million in 2017 to USD 14.18 Million in 2018 due to the increase in importation of fungicides, airplanes parts, and other instruments and appliances used in medical services. Philippine exports to Costa Rica also rose by 2.01% from USD 22.38 Million in 2017 to USD 22.83 Million in 2018 due to the increase in the exportation of semiconductor devices and printed circuits.

4.185. Foreign trade has been the strongest driver of the Costa Rican economy. It has remained active in bilateral and regional trade negotiations and is a party to 14 FTAs that regulate its trade with 50 trading partners that represent one third of the world population and two thirds of global GDP.

4.186. The Philippines recognizes Costa Rica's efforts to reform its fiscal policies to restore fiscal balance and ensure greater sustainability of its public funds through the passage of the Law on Strengthening Public Finances in December 2018. We also acknowledge the measures taken by Costa Rica to diversify its exports by fostering the creation and growth of innovative MSMEs, and promoting a greater role for women and gender equality in the export sector.

4.187. Further, we share the priority given by Costa Rica in the discussions under the WTO informal work programme on MSMEs to enhance the participation of MSMEs in international trade, and we continue to work together in advancing this initiative in the WTO.

4.188. The Philippines has submitted some advance written questions on the trade policy review reports, and we thank the delegation of Costa Rica for their preliminary replies. We also look forward to receiving the rest of the responses in due course.

4.189. In closing, the Philippines looks forward to further enhancing the mutually beneficial economic relations between our countries in the bilateral, regional, and multilateral fora.

ICELAND

4.190. Iceland would like to welcome the distinguished delegation of Costa Rica to their fifth trade policy review. I would like to express appreciation to the WTO Secretariat, as well as to Costa Rica, for the reports prepared, as well as the discussant, for his excellent framing of the issues for our discussion today.

4.191. It is a true honour and pleasure to participate in the review of Costa Rica. We appreciate our good and open trade relations based on the FTA between the EFTA states and the Central American States. Please allow me to follow up on the Discussant's comparative analysis. Costa Rica and Iceland may seem like two very different countries, one a tropical Central American country with colourful wildlife, the other a cold, windswept island in the North Atlantic Ocean. But at closer look the similarities are surprising; as both countries have in recent years focused policies on the use of renewable energy resources, including geothermal energy, the development of sustainable tourism and the promotion of gender equality.

4.192. Like Iceland, Costa Rica is a small country, considered exotic with rugged, volcanic landscapes that are well suited to adventurous activities. Both countries have experienced a tourism boom in recent times, with tourism surpassing the more established and traditional industries in terms of foreign exchange earnings.

4.193. Since the last review in 2013, Costa Rica has made impressive economic and social progress, improving its standard of living while protecting the environment and its abundant biodiversity. Iceland congratulates Costa Rica on successfully developing a greener economy focusing on sustainable tourism and the development of renewable energy sources.

4.194. Costa Rica is a country rich with renewable energy and gets about 99% of all its electrical energy from clean sources and is aiming to be the first country to become carbon neutral.

4.195. We also share the same views when it comes to gender equality. I would like to thank Costa Rica for a fruitful cooperation in advancing the gender agenda within the WTO. Costa Rica was among WTO members taking the initiative to launch the joint declaration on trade and women's economic empowerment that aims inter alia at sharing best practices and working together here at the WTO to remove barriers for women's economic empowerment and increase their participation in trade.

4.196. According to the report of the Secretariat the main objective of the country's foreign trade policy is to foster greater openness to trade and economic internalization in order to ensure more efficient resource allocation and thus create more sources of employment while reducing poverty and inequality.

4.197. Costa Rica has continued to take steps to deepen its integration into the global economy by fostering dynamic, inclusive and sustainable growth. As part of those efforts, it has notably taken measures to diversify its exportable supply, as well as promote a greater role for women and gender equality in the export sector

4.198. The trade policy review provides an excellent opportunity to share best practices in this field. Iceland submitted advance written questions on the participation of women in the economy of Costa Rica. We wish to thank Costa Rica for the responses to our written questions. We will review the answers thoroughly and request clarifications as necessary during the course of this TPR. The answers are very useful as we implement the joint declaration on trade and women's economic empowerment and gather best practices.

4.199. Iceland appreciates Costa Rica's active engagement in WTO, including on fisheries subsidies as well as the joint statement initiatives, and their continued support for the multilateral trading system in general. We wish the delegation of Costa Rica every success for their third trade policy review.

TRINIDAD AND TOBAGO

4.200. Having established diplomatic relations since 1971 and worked towards deepening cooperation in several areas inclusive of trade, culture, sport and tourism, my delegation is indeed pleased to participate in the review of such a valuable regional partner. We take note of the efforts over the reporting period towards ensuring that the country's trade policy tools facilitate the establishment of clear, predictable and transparent rules governing trade and enable better integration into international markets.

4.201. In the context of the Buenos Aires Declaration on Trade and Women's Economic Empowerment to which we also subscribe, we commend the launch of the Women Export initiative

in 2017 by the Costa Rican Foreign Trade Promotion Agency (PROCOMER). The promotion of equal access to international markets for women entrepreneurs based on the four pillars identified, that is, information, awareness-raising, capacity building and internationalization, will certainly contribute to the achievement of gender equality.

4.202. We recognize the steps being taken to stimulate innovation and entrepreneurship through the Seedstars Costa Rica initiative. This strategy which engenders a process of training and interaction with various stakeholders inclusive of investors, private enterprises, incubators and government agencies, is designed to foster partnerships, create opportunities as well as develop the capacity of start-ups and micro, small and medium enterprises. Such an endeavour will augur well in the drive towards the diversification of the country's export base.

4.203. My delegation extends its best wishes to the delegation of Costa Rica for its ongoing efforts towards improving its trade policy regime and for a successful Trade Policy Review.

PANAMA

4.204. Apart from being geographical neighbours, our two countries share a vast history of trade and strong ties, which make Costa Rica our main trading partner in Central America.

4.205. Over the past decade, we have seen Costa Rica reinforce its economy and social sector to the extent that it now has one of the highest human development indexes in the region. It has also begun working towards membership of the OECD.

4.206. Trade in goods plays a fundamental role in the economy of Costa Rica, and the country's steady economic growth has been the result of opening up to the world through trade agreements. Panama and Costa Rica have promoted and participated in the negotiation of several of these, such as our agreements with the EU, the EFTA States and, more recently, with Korea. Mention must be made of the 2007 FTA between Costa Rica and Panama, and both countries are actively promoting economic integration with Central America.

4.207. The FTA between Central America and Panama is considered a new-generation agreement that covers most tariff subheadings for goods, with tariff preferences between both countries, and includes areas such as services, investment, and government procurement. Since the entry into force of the Bilateral Protocol between our countries in 2009, over 91% of tariff lines were automatically liberalized with respect to the Republic of Panama.

4.208. Trade between Costa Rica and Panama exceeds USD 1,200 million. Costa Rica is among our five main trading partners both in terms of imports and exports. More than half of this trade is from sales to Costa Rica in the Colón Free Zone. In 2018, Costa Rican exports to Panama, valued at USD 450 million, included a variety of products, such as extracts, syrups used in the production of aerated beverages, medicines and diapers. For its part, exports from Panama included aluminium cans, dairy products and crude palm oil.

4.209. In addition to trade in goods, Panama is the second largest Central American investor in Costa Rica, followed by Nicaragua. The air route between Panama City and San José served more than 800,000 passengers last year, and is Costa Rica's most active air route, and Panama's second busiest. We would also like to draw attention to the presence of major Panamanian and Costa Rican companies in the finance, agriculture and tourism sectors operating in both countries.

4.210. We wish to commend Costa Rica on its active role in the multilateral system, as one of the founding Members of the WTO. Costa Rica is a Member that is working alongside Panama in the negotiations on fisheries. It is a major collaborator on the Committee on Trade in Goods, and is also involved in initiatives such as investment facilitation, electronic commerce, gender, and in discussions aimed at improving the operation of this Organization. We wish to express our appreciation to Costa Rica for the cooperation and friendship between our Missions in Geneva, and convey our best wishes for its success in this Review.

ARGENTINA

4.211. Argentina is pleased to observe that during the review period Costa Rica experienced sustained economic growth and an increase in per capita GDP, which rose to USD 12,000 in 2018. We note that Costa Rica's external trade is expected to continue to diversify due to increased levels of services among its exports.

4.212. All this reflects the positive implementation of the National Development Plan, although, certainly, the pillar that seems to have borne the most fruit is the investment-attraction policy, with an increase of over 90% in the foreign direct investment stock, which currently exceeds USD 43,000 million. Foreigners do not need prior authorization to invest in Costa Rica, although certain restrictions may apply.

4.213. It is also worth highlighting the trade facilitation measures adopted by Costa Rica, such as the improvement of the Single Window for Foreign Trade (VUCE 2.0) and of procedures for the certification of authorized economic operators (AEO), and the establishment of the National Trade Facilitation Council. In 2018, over 90% of imports passed through the green channel and were allowed in without inspection.

4.214. Relations between Argentina and Costa Rica have been traditionally close, given our common positions regarding the value placed on democracy, respect for human rights and the strengthening of multilateralism in international relations. We agree fully with Costa Rica that it is essential to continue to have a strong WTO and a rules-based multilateral trading system.

4.215. In this regard, we commend the active involvement of Costa Rica in various working groups, as mentioned in paragraph 2.17 of the Report by the Secretariat. To this we wish to add the fact that Costa Rica chairs the group of Members who negotiate disciplines concerning domestic regulation in services and co-sponsors, along with Argentina and other delegations, the proposal on transparency submitted to the Council for Trade in Goods.

4.216. We understand the challenges faced by the Government of Costa Rica in restoring the health of the country's public finances, and reducing the rate of unemployment, and we can only encourage it to persevere in its efforts.

4.217. Our countries cooperate actively through a Mixed Commission, in the sectors of tourism sustainability, agroindustry, innovation, management and health. Among our exports to Costa Rica are automobiles, rice, oils, wine and black beans. The year 2018 was positive in terms of reciprocal market opening in SPS matters and we continue to hold discussions for the expansion of this opening to include other products.

4.218. We have expressed our interest to Costa Rica in having more details on the implementation of the Border Integration Programme, the simplification of export procedures for MSMEs, incentives granted to business women, and the protection of on-line consumers. We appreciate the responses provided, which have been transmitted to our capital for due consideration by the authorities.

4.219. Furthermore, we acknowledge the recent adoption of Law 9703 concerning trade in and the distribution of containers and recipients made from expanded polystyrene. We look forward to the due notification of this measure so that we can submit our comments.

4.220. While reiterating our appreciation for this renewed opportunity to exchange views on Costa Rica's trade policies and practices, we again stress the importance of this exercise in transparency and we wish the Costa Rican authorities a successful conclusion to this Review.

PARAGUAY

4.221. Paraguay acknowledges the work undertaken by Costa Rica to ensure that its trade policy tools facilitate the establishment of clear, predictable and transparent rules, so that inclusive and sustainable trade becomes the driver for the economic development of its people.

4.222. A few brief comments on the chief reforms that deserve our attention: Costa Rica has adopted important reforms aimed at promoting trade and investment. The implementation of a fiscal

reform package aimed at reducing fiscal imbalances and restoring public finances in the long term has been one of Costa Rica's main challenges. As stated in the Secretariat report, the significant rise in the debt/GDP ratio since 2013 triggered a deterioration of public accounts, a critical situation that eventually led to the adoption of the Law on the Strengthening of Public Finances in 2018. This Law introduced a series of changes, notably income tax reform; the introduction of a value-added tax; the adoption of measures to contain growing expenditure; and the establishment of a fiscal rule that limits current expenditure and links it to the level of Central Government debt as a percentage of GDP, and to average growth of nominal GDP.

4.223. Additionally, the drafting of a powerful agenda for markedly inclusive economic reactivation defines the roadmap towards its commitment to fulfil the 2030 Agenda's Sustainable Development Goals. In that regard, we applaud the progress made in the area of trade facilitation, the inclusion of government programmes focused on the participation of MSMEs, and a greater role for women and gender equality in the Costa Rican economy.

4.224. It has been a priority for the Government to significantly strengthen its public policy as part of its process of accession to the Organisation for Economic Co-operation and Development (OECD).

4.225. Costa Rica has lent much support in promoting bilateral and regional trade negotiations. The fact that there are now 14 free trade agreements governing trade with 50 trading partners, who together account for 92.6% of exports and 82.9% of imported goods, shows the intention of the Government to boost regional economic integration with a view to improving trade conditions between key partners.

4.226. Within the WTO itself, we commend Costa Rica for according such importance and support to bolstering the multilateral trading system, and we especially note its active participation in the various WTO committees, groups and initiatives.

4.227. Costa Rica has exercised leadership in chairing important committees and negotiation processes, among which we would like to highlight the joint initiative for domestic regulation in services. We also commend its high level of commitment to transparency, as is evident through regular compliance with its notification requirements and the constructive multilateral work carried out by its delegation in Geneva.

4.228. We cannot omit mentioning our joint cooperation in achieving progress in the area of agriculture within the framework of the Cairns Group. In that context, Costa Rica has provided invaluable support to us in technical discussions on market access, particularly with regard to tariff escalation and tropical products. In the same vein, the Costa Rican Mission's contribution through joint actions on SPS measures in Geneva must be recognized.

4.229. On behalf of my country, I offer renewed congratulations to those conducting this review and to the delegates from the Permanent Mission of Costa Rica in Geneva, on their invariably active involvement and contribution to the work of the Organization.

INDIA

4.230. Costa Rica is an upper middle-income country with positive human development indicators. During the period under review, the GDP of Costa Rica grew at an annual average rate of 3.5%, mainly driven by internal demand in consumption. The per capita GDP also increased by 20% to reach USD 12,017 in 2018.

4.231. Costa Rica's trade in goods and services and the inflow of foreign direct investment also registered a growth during the period. However, Costa Rica also faces challenges, including addressing unemployment, rise in debt-to-GDP ratio, structural challenges in the economy linked to competitiveness, and investing in infrastructure development.

4.232. We commend the Government of Costa Rica for its efforts to address these challenges, including measures for managing public finances, attracting foreign investment, and diversifying the economy.

4.233. India and Costa Rica share warm, close and friendly relations. There is a broad bilateral framework in place for strengthening our relations, including in the area of trade and investment.

4.234. Trade between both countries, which stood at USD 186.71 million in 2018-19, although modest, has considerable potential to grow in areas including minerals, electrical equipment, machinery, textiles, chemicals, pharmaceuticals, automobiles, and other areas.

4.235. There is also a growing presence of Indian IT companies in Costa Rica, and there is considerable potential for promoting investments in the area of new and renewable energy, minerals, pharmaceuticals, IT and software.

4.236. Under our development partnership cooperation, India is also offering Costa Rica assistance which includes setting up of a solar energy research laboratory for training purposes at the University of Heredia, assistance in the area of telecommunications, and setting up a centre of excellence and information technology.

4.237. To conclude, we look forward to working closely with the authorities of Costa Rica for further expanding and harnessing the potential of our trade and investment ties for mutual benefit. We wish the delegation of Costa Rica a productive and successful Trade Policy Review.

THE SEPARATE CUSTOMS TERRITORY OF TAIWAIN, PENGHU, KINMEN AND MATSU

4.238. My delegation is pleased to note that Costa Rica's economy has continued to register positive results since its last Review in 2013. GDP has grown at a real average rate of 3.5% annually, and per capita GDP reached a new high level in 2018. We therefore commend Costa Rica on its successful economic performance over the last 5 years. We have also noted, however, that despite this growth the unemployment rate has remained relatively high, at around 9 to 10%, and the Central Government's total public debt has increased significantly from 34.3% of GDP in 2012 to 53.6% in 2018. This suggests that Costa Rica still faces some tough challenges in sustaining economic growth while reducing unemployment and public debt at the same time.

4.239. As the Secretariat's Report confirms, Costa Rica is a strong supporter of the multilateral trading system, with a good record of constructive positions offered and notifications submitted under various WTO Agreements. Besides that, Costa Rica has actively participated in the Joint initiative on E-commerce and MSMEs. As we review the challenges and opportunities facing global trade today, it is vital that we continue our joint efforts on these initiatives to modernize the global trading architecture to ensure a sustainable and growth-oriented economic environment for all.

4.240. In addition, through its co-sponsorship of the proposal entitled "Procedures to Enhance Transparency and Strengthen Notification Requirements under WTO Agreements" in the General Council, Costa Rica demonstrates its recognition of the crucial importance of transparency. We appreciate Costa Rica's consistent efforts to improve and strengthen the multilateral trading system.

4.241. In terms of foreign trade, my delegation notes Costa Rica's efforts on trade facilitation, such as its upgrade of the single window, its establishment of Authorized Economic Operators, as well as a National Trade Facilitation Council (CONAFAC) to implement the Trade Facilitation Agreement.

4.242. With respect to its tariff regime, Costa Rica's applied MFN tariffs since 2013 have remained at around the 7% level. However, we notice there are 3 of its tariff lines where the tariffs exceed the bound tariff - on dairy spreads, concentrated grape-juice, and resistance-heated furnaces. We suggest Costa Rica to review these tariff lines to ensure they are in accordance with the WTO commitment.

4.243. In conclusion, chair, the bilateral trade between Costa Rica and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has been increasing steadily in recent years. We strongly encourage Costa Rica to continue its structural reforms to further improve the business and investment environment. We look forward to strengthening our trade relationship with Costa Rica in the future.

4.244. We wish Costa Rica a very successful Review.

THAILAND

4.245. Thailand and Costa Rica have growing bilateral trading relations. Costa Rica is the second largest trading partner of Thailand in Central America, and Thailand is number one trading partner of Costa Rica in ASEAN. In 2018, bilateral trade amounted to USD 143.4 million, increasing by 6% from 2017. Thailand hopes that our bilateral trade will continue to grow to further strengthen our economic relations.

4.246. Thailand welcomes the impressive growth of Costa Rica's per capita GDP at current prices of 20% from 2012 to 2018. We commend Costa Rica's consistent efforts in promoting trade facilitation and modernization by adopting various trade facilitation measures since the last review. These measures include the development of "Single Window for Foreign Trade", the certification processes for authorized economic operators, and the establishment of National Trade Facilitation Council to implement the Trade Facilitation Agreement (TFA). We are convinced that these measures will improve business environment and contribute to economic growth in the country.

4.247. Thailand values Costa Rica's contribution and commitment to preserving and strengthening the multilateral trading system. During the review period, Costa Rica ratified the Protocol on the TFA and regularly submitted notifications under various WTO Agreements. Costa Rica is also a member of the ITA Expansion Agreement. However, the modification to Costa Rica's Schedule of Concessions has not entered into force, pending the completion of its domestic procedures. We, therefore, encourage Costa Rica to finalize its domestic procedural requirements at the earliest.

4.248. As Cairns Group Members, Thailand has close working relationship with Costa Rica in agriculture negotiations with a shared view of pushing for successful reforms in agriculture. We appreciate Costa Rica's proactive contributions in the ongoing negotiations with a view to achieving outcomes in this crucial area by MC12.

4.249. In conclusion, we wish Costa Rica every success in this Trade Policy Review.

JAMAICA

4.250. Jamaica and Costa Rica have shared strong bonds of friendship and cooperation for many years at the bilateral, regional and international levels. Historically, these have been grounded in, inter alia, migration flows and people to people exchanges and have further extended to the field of trade with both countries exporting to each other's markets. In general, the trade balance while stable, has been skewed in favour of Costa Rica. In 2018 alone, Jamaica's imports from Costa Rica were valued at approximately USD 58.5 million, while our exports to Costa Rica for that same period amounted to approximately USD 1.1 million.

4.251. Manufactured goods such as beers, soft drinks and wines account for Jamaica's main purchases from Costa Rica. Other imports include items such as banana and plantain chips and paper products. In contrast, Jamaica's principal export items to Costa Rica, while relatively modest, include rum, waste and scrap (batteries and electric accumulators) and small quantities of condiments such as jam and crushed peppers. Both countries are committed to further strengthening commercial and other ties in the coming years.

4.252. We note from the reports that Costa Rica has made significant progress in a number of areas since its last trade policy review in 2012. Despite some challenges, including high levels of inflation and debt and rising unemployment within the country, Costa Rica's economy grew at an average of 3.3% between 2013 to 2018.

4.253. Trade and investment are key drivers of the economy and have been pursued within the framework of Costa Rica's National Development Plan: 2019-2022. While the agricultural sector continues to play an important role, with bananas being the country's main agricultural product, services exports have been increasing and represented about 45% of Costa Rica's total exports between 2013 and 2018.

4.254. As a founding Member of the World Trade Organization, Costa Rica firmly believes that the multilateral trading system continues to be a cornerstone of global trade relations. Consequently, Costa Rica has been actively participating in the multilateral trading system, in addition to

strengthening its integration and engagement with its Central American neighbours and other key partners through a range of free trade agreements.

4.255. We further commend Costa Rica for its ongoing efforts to advance the implementation of the Agreement on Trade Facilitation which it signed in 2017 at the national level, including through the introduction of its Customs Control Information Technology System

4.256. (TICA), the Foreign Trade Single Window (VUCE), the Investment Single Window (VUI) and the Authorized Economic Operator programme, as well as the implementation of a comprehensive risk management system.

4.257. Like Jamaica, Costa Rica is also a member of the Small Vulnerable Economies (SVEs) Group. We therefore share the view that an effective, rules- based multilateral trading system is of critical importance given that trade remains the primary vehicle for the pursuit of economic growth, job creation and national development, as well as the attainment of the Sustainable Development Goals.

4.258. In closing, Jamaica wishes to again congratulate the Costa Rican delegation and extend best wishes for a successful Review.

JAPAN

4.259. We appreciate Costa Rica's efforts and economic achievements during the review period, which include a 20% increase of per capita GDP as well as an average of 3.5% real GDP growth. We welcome the fact that trade, especially in the form of a good performance in service exports, made a positive net contribution to Costa Rica's GDP.

4.260. We believe that Costa Rica's achievements are the result of its positive attitude toward and active participation in the rules-based multilateral trading system embodied in the WTO. As a founding Member, Costa Rica has shown strong commitment to and extended its support for the WTO on many occasions. I would like to highlight a few ways in which Costa Rica has been doing this. As a party to the Trade Facilitation Agreement (TFA), Costa Rica set up the National Council for Trade Facilitation to promote implementation of the Agreement's provisions, and gave notification that it would immediately implement almost all of the provisions, except for those for which it would require technical assistance. Costa Rica is also a party to the Information Technology Agreement (ITA), and took part in the negotiations to expand its scope from 2012 to 2015. Japan positively evaluates these efforts on the part of Costa Rica. At the same time, we encourage Costa Rica to take steps toward accession to the Agreement on Government Procurement, which the country has been involved in since 2015 as an Observer to the Government Procurement Committee. This would contribute to further decreasing Costa Rica's fiscal deficits through promoting an open and transparent government procurement environment, and the efficient and effective management of public resources.

4.261. Additionally, at the Eleventh Ministerial Conference in Buenos Aires in 2017, Costa Rica agreed on the "Joint Statement on Electronic Commerce", the "Joint Statement on Investment facilitation for development" and the "Declaration on the Establishment of a WTO Informal Work Programme for Micro, Small and Medium Enterprises". We appreciate Costa Rica's active participation in these agreements, especially on E-commerce and look forward to seeing Costa Rica further engaging with the respective agendas. We believe that thorough implementation of such agreements will promote further economic growth for Costa Rica.

4.262. We appreciate that Costa Rica recognizes the importance of foreign trade as a vehicle for the country's further economic and social development, as manifested in its National Development Plan.

4.263. As a great supporter of the rules-based multilateral trading system, Costa Rica also emphasizes the importance of regional integration. We appreciate Costa Rica's participation in trade agreements negotiated within the region and the country's continuing endeavours to achieve an open, modern and accessible economic environment. When promoting regional trade, it is important to be consistent with the rules of the multilateral trading system. In this regard, we appreciate Costa Rica's commitment to the WTO rules, as evidenced by, for example, its regular submission of the required notifications.

4.264. At the same time, we look forward to seeing Costa Rica achieving an even more open, fair and transparent market environment. According to the report by the Secretariat, the State plays a major role in some sectors, namely: financial services, communications and energy. Especially, in the financial sector — both in regard to banking and insurance — State-owned institutions benefit from significant advantages for business operations and remain primary players. While recognizing the role of State financial institutions from the development aspect, we believe that achieving a more competitive market environment in the financial sector would contribute to greater benefits for the people of Costa Rica in the long run. At the same time, we believe that promoting an open and fair market environment for the financial sector would lead to a better overall business environment. Japan appreciates Costa Rica's policy on the Free Zone Regime and its achievement of increased Foreign Direct Investment in the manufacturing sector, especially for high-tech segments such as medical instruments, which enable Costa Rica to produce high value-added goods for export. We therefore look forward to seeing continued commitment on the part of Costa Rica to making its business environment even more open, fair and competitive in order to continuously attract greater investment by the private sector.

4.265. In conclusion, we are convinced that Costa Rica will be well placed to continue pursuing an open, transparent and non-discriminatory market by observing its commitments to the WTO. We wish Costa Rica a successful and productive TPR, and look forward to hearing of further progress regarding its trade and investment policies at its next TPR.

HONDURAS

4.266. From an assessment of the reports provided, we are pleased to note that in our region Costa Rica is classified as an upper middle-income country with positive human development indicators.

4.267. Costa Rica is one of the oldest democracies in Latin America, and its stable political system has allowed it to achieve constant economic, social and environmental progress over time.

4.268. The OECD reports that levels of poverty, income inequality and gender inequality, are low by Latin American standards, albeit high compared with the OECD countries.

4.269. The reports show that between 2012 and 2018, per capita GDP at current prices increased by 20%. The economy grew by 2.7% in 2018, and foreign trade has been the strongest driver of the Costa Rican economy.

4.270. Costa Rica is a net recipient of foreign direct investment and continued to receive large FDI flows during the review period. From 2012 to 2018, the FDI stock rose by 93%, which represents 71.7% of GDP.

4.271. FDI in the manufacturing sector went up, especially in high technology segments, such as medical equipment produced in free zones.

4.272. We also observe that during this same period, Costa Rica implemented significant reforms aimed at promoting trade and investment, reducing fiscal imbalances, revitalizing the economy and attracting FDI, among other things.

4.273. Costa Rica has also worked to consolidate and modernize the legal and institutional framework in the area of trade defence, economic competition, and consumer protection, and has sought to introduce a national statistical system, all with a view to implementing procedures and tools in accordance with international best practices, and to formulating and efficiently administering public policy.

4.274. It is to be noted that from 2013 to 2019, the country continued to strengthen its prudential supervision of the banking system, implementing the Basel principles to that end, and adopting minimum capital requirements for market risk, as a means of protecting bank capital adequacy.

4.275. In bilateral terms, as natural partners spanning the decades, our countries have had a solid and close relationship, which allows us to have a shared vision and to intensify and modernize the Central American integration process. We have adopted a series of measures and regional policies

to facilitate trade, eliminate non-tariff barriers, harmonize community legislation and resolve our differences.

4.276. As regards regional trade, member countries of the Central American Common Market (CACM), as a whole, received 16% of Costa Rica's exports in 2018 and our joint exports represented 5.5% of the total in 2018.

4.277. At the bilateral level, the value of trade in 2018 reached approximately USD 537 million. We exported more than USD 106 million worth of paper and cardboard, baked tortillas, grain-based preparations, coffee, tobacco and manufactured tobacco substitutes to Costa Rica, and the value of our imports from Costa Rica amounted to more than USD 431 million.

4.278. Like Costa Rica, our country has been building a foreign trade platform based on the rules and disciplines of this Organization, the instruments of Central American economic integration, and various free trade agreements. We would therefore like to congratulate Costa Rica on its outstanding and significant achievements and wish the country every success.

5 REPLIES BY THE REPRESENTATIVE OF COSTA RICA AND ADDITIONAL COMMENTS

5.1. Before turning to substantive aspects, I would like to take this opportunity to join several other delegations in thanking you and Ambassador Mikael Anzén of Sweden for your work.

5.2. I would also like to express our thanks to the Trade Policy Review division, above all Angelo Silvy, Eugenia Lizano and Stéphanie Dorange, for the enormous amount of effort that went into preparing this review. Your dedication was clearly key to ensuring a comprehensive analysis that would serve as a basis for discussion.

5.3. I also extend my country's profound and sincere thanks to all the delegations for their active and enthusiastic participation at our session on Wednesday, especially to those which, through their questions and comments, contributed significantly to making this exercise a more enriching experience. Having taken note of all your observations, suggestions and questions, and I will now turn my attention to the issues most frequently raised.

5.4. Costa Rica is proud to have been the first country to have its trade policies reviewed under WTO rules. Since then, we have viewed the purpose of this important exercise as two-fold. Firstly, it provides us with an objective assessment - one based on the criteria of Secretariat experts and your analysis and scrutiny as our peers - of the things that we have done well, which is vital, as this satisfaction of a duty fulfilled can then serve as a basis for the work needed to address other challenges. Secondly, the exercise enables us to clearly identify areas in which there is room for improvement or in which adjustments need to be made - areas on which we can then focus our actions and efforts.

5.5. In order to make my statement easier to follow for Members, we have grouped the issues most frequently raised at the first session into the following four categories: (1) trade and investment policy; (2) other trade-related policies; (3) trade facilitation, promotion and competitiveness; and (4) reform in areas other than trade policy.

Trade and investment policy

5.6. I will begin by addressing the comments received from several Members concerning a limited number of very specific cases in which, according to the Secretariat report, the MFN applied tariff appears to exceed the bound rate. The three tariff items concerned - dairy spreads; concentrated grape juice, whether or not frozen; and resistance heated furnaces for temperatures up to 900°C, except laboratory furnaces - are listed in Table 3.3 of the Secretariat report.

5.7. In the case of concentrated grape juice and furnaces, the apparent excess in the MFN applied tariff in relation to the bound rate stems from differences regarding the tariff classification of these products. However, our preliminary review of the situation shows that the MFN applied tariff does not exceed the bound rate in either case. The tariff subheading under which grape juice is classified is not 2009.61, but 2009.69, which means that the MFN applied tariff is 1% and not 15% as indicated in the report. And while resistance heated furnaces are indeed classified under heading 8486.20.91, their bound rate is not 0%, since they were transferred to this heading, following the fourth amendment to the Harmonized System, from tariff heading 8514.30.10, which has a bound rate of 45%.

5.8. However, regarding dairy spreads classified under tariff subheading 0405.20, we saw that the bound rate for this product - which prior to the second amendment to the Harmonized System fell under subheading 2106.90 - is 45%, thus resulting in the inconsistency of the MFN applied tariff.

5.9. We can assure you that we will carry out the relevant checks to confirm for definite what I have told you regarding these three products, and, on that basis, will take the steps required to make the necessary clarifications or corrections.

5.10. The other trade policy matter I would like to comment on is the use of safeguard measures. Costa Rica has used trade defence measures only when required and in strict compliance with international trade commitments.

5.11. The safeguard that was imposed on husked rice several years ago was introduced in response to a petition filed by the domestic industry and complied with WTO Agreement rules, including in respect of the negotiation and granting of compensation for Members affected by the measure.

5.12. In June this year, a safeguards investigation concerning refined white sugar was initiated in response to a petition filed by the domestic industry. It should be noted that the decision to launch the investigation was based on a preliminary analysis of the relevant information by the investigating authority. Not until the current investigation is complete will it be possible to determine whether WTO Agreement requirements for establishing a safeguard measure have been met. Nevertheless, our track record shows that Costa Rica will, as always, honour its commitments regarding the use of this type of instrument.

5.13. I feel I should also refer to the comments made by some Members on the tariffs applied to certain agricultural products. Under the Uruguay Round, Costa Rica undertook to apply *ad valorem* bound rates to all products, and tariffs applied on an MFN basis do not exceed the bound rates, except in the case I mentioned before. Costa Rica shares the interest in further deepening agricultural trade reform, an issue that must be addressed within the framework of the multilateral negotiations.

Other trade-related policies

5.14. We thank all the delegations that have highlighted the importance of transparency in the area of regulatory policy. In this respect, a concerted effort has been made to streamline regulatory policy, using as a benchmark the best practices adopted within the framework of the Organisation for Economic Co-operation and Development (OECD).

5.15. In the specific case of authorization procedures for the importation of products of sanitary interest and products of animal and plant origin, we must emphasize that the transparency obligations established in the Agreements on Technical Barriers to Trade and Sanitary and Phytosanitary Measures are met on a regular basis, in relation to both the adoption of national regulations and measures, and the approval of Central American technical regulations.

Trade facilitation, promotion and competitiveness

5.16. Some delegations correctly pointed out that Costa Rica has a number of infrastructure gaps that are affecting the country's competitiveness. In this regard, it should be noted that the Government of the Republic is fully committed to improving the country's infrastructure, including ports and roads. To this end, it recently launched the National Growth, Employment and Well-Being Strategy, which establishes total fixed capital investment of 9,500 million dollars for the 2019-2022 period, more than two thirds of which corresponds to road and hospital infrastructure works, while the remainder will be oriented towards *inter alia* water, energy, education and housing projects.

5.17. Furthermore, this year saw the beginning of operations at a new, modern container port on the Atlantic coast, which has benefited from total investment of more than a billion dollars. This new port permits the berthing of Post-Panamax II vessels, thereby allowing for the handling of increased volumes of freight while reducing the transport costs deriving from economies of scale. The Government is also implementing an initiative to modernize all land border posts so as to ensure they meet current international trade requirements. This initiative, scheduled for completion in 2022, will provide for new infrastructure, aligned control procedures and upgraded computer systems, all within the framework of coordinated border management.

Reform in areas other than trade policy

5.18. Regarding the economic environment, I welcome the useful comments we have received on how Costa Rica should seek to ensure more balanced public finances in order to avoid compromising the country's future macroeconomic stability. Although not directly within the purview of trade policy, Costa Rica attaches great importance to this matter, and I would therefore like to expand upon our initial presentation to describe some of the specific measures that are being adopted in this area.

5.19. One of the most pressing issues for Costa Rica during this period was the introduction of a tax reform that would enable it to correct a persistent imbalance in, and enhance the sustainability

of, its public finances. To this end, after a lengthy and arduous process, the Law on Strengthening Public Finances was adopted in December 2018.

5.20. The most significant aspects of this reform include the extension of the levying of VAT to service transactions. Generally speaking, the tax rate is 13%, with few exceptions. Amendments have also been made to the Law on Income Tax in order to standardize the tax rates applied to different sources of income. The tax rate for the highest wage levels has been increased to 20%.

5.21. The Law on Public Service Salaries has also been amended so as to streamline salary incentives for government officials. Changes include the introduction of a chapter on fiscal responsibility, which establishes a rule limiting the growth of current expenditure according to the level of public debt and the growth of the economy, and which also prohibits the creation by law of new expenditure responsibilities for which there is no source of financing.

5.22. According to the Central Bank of Costa Rica, the full implementation of this tax reform together with the administrative measures adopted in the second half of 2018 to curb spending growth, would lead to a significant fiscal adjustment and set the country on the path to gradually restoring the sustainability of its public finances. Accordingly, it is estimated that the total debt of the central Government as a percentage of GDP will begin to decrease as from 2024.

5.23. Regarding the financial sector, there are currently 15 banks operating in Costa Rica, 11 of which are private. Of the latter, nine are foreign-owned and operate on a non-discriminatory basis under the same prudential regulations applied to state-owned banks, with no limitations regarding capital ownership, or requirements concerning joint ventures with nationals. Legislative reforms have recently been approved with a view to enhancing the independence of both the Central Bank and regulators and supervisors. Furthermore, only a few days ago, Costa Rica passed a law authorizing foreign banks to provide banking services through branch offices, together with another law broadening investment opportunities through various financial instruments and derivatives. Costa Rica is also discussing reforms to enhance the consolidated supervision of financial groups and the protection of financial consumers.

5.24. Thanks to the opening up of the insurance sector, we have gone from having one monopoly supplier in 2008 to 13 insurance companies (one state-owned and 12 private) in 2019. These companies supply more than 700 different products to this market.

5.25. Regarding the telecommunications market, Costa Rica opened this sector up to competition in 2008, and since then has permitted private companies to invest in the sector in accordance with the principle of non-discrimination. Both state- and privately owned companies currently operate in the telecommunications sector, which is an extremely dynamic area of activity. It should be noted that between 2013 and 2018, the number of authorized service suppliers rose from 117 to 152 and that, in 2018, mobile phone penetration stood at 175 lines per 100 inhabitants and mobile internet at 94 subscriptions per 100 inhabitants. Prices have fallen significantly. For instance, the mobile telecommunications services price index showed an average fall of 12.5% in the first half of 2018 compared to the first half of 2017. This confirms that people in Costa Rica currently have access to high-quality services, thanks to there being not only more choice, but an optimal regulatory framework.

5.26. With regard to the energy sector, private companies, municipal companies and cooperatives can participate under various schemes in all electricity market activities - including generation, distribution and marketing - except for transmission.

5.27. Measures have been taken to foster competitiveness and reduce electricity costs; these include promoting inter-institutional coordination so as to offer more competitive electricity rates to high-consumption users in the commercial, services and industrial sectors. Such rates include those that differentiate between the cost of energy during the day and at night.

5.28. Another relevant aspect concerns existing regulations that authorize the generation of electricity for one's own consumption through the use of renewable sources, so that industry and commerce can reduce the size of monthly energy bills. The publication of an updated National Energy Plan is expected in 2019.

5.29. Regarding competition, I would like to begin by reaffirming that our country is fully aware of the need for effective legislation in this area - legislation which encourages companies to constantly compete and innovate, and which ensures that the benefits deriving from a consolidated and steadily expanding open trade policy fully reach consumers.

5.30. The recent legal reform regarding competition therefore marks one of the most important milestones reached by Costa Rica in recent years. I think it is important to elaborate on the scope of this reform, since it was approved barely two weeks ago and was therefore not yet ready to be examined in the reports on which the current review is based.

5.31. This reform, which follows the main recommendations put forward by the OECD and is the most comprehensive reform of competition law ever to be carried out, is a clear sign of Costa Rica's commitment not only to promoting and protecting competition in all sectors of the economy, but to increasing the country's productivity and competitiveness and improving its overall economic performance.

5.32. One of the most important changes is the reform of the institutional structure of the Commission for the Promotion of Competition (COPROCOM). This reform seeks to provide the Commission with instrumental legal personality and technical, administrative and functional independence; it also provides for the appointment of three full-time commissioners and two alternates and the establishment of an operational budget with a significantly larger resource envelope than at present.

5.33. In addition to this, the scope of the Law on Competition has been extended to include all economic agents whose actions impact Costa Rica. This amendment eliminates all the exceptions that existed previously (holders of public service concessions, state monopolies and municipalities) and clarifies that only actions expressly authorized by special laws are exempt. The Supervisory Authority for Telecommunications (SUTEL) continues to have exclusive authority over this sector in view of the technical nature of the subject matter and the experience it has acquired since its creation in 2008.

5.34. Regarding the financial sector, the new law grants COPROCOM the power to authorize mergers between economic agents supervised by financial regulators, with the exception of transactions that may pose a prudential risk to the financial system. Such transactions will be addressed solely by the National Council for Financial System Supervision (CONASSIF) and the respective supervisory authority. This will prevent the creation of mergers that may be detrimental to market stability and thus pose a risk to the economy. It is important to note that COPROCOM remains solely responsible for investigating and sanctioning anti-competitive practices in these markets.

5.35. Other relevant reforms focus on providing the competition authorities with the appropriate tools to detect and sanction anti-competitive practices and mergers. Such tools most notably include the clemency mechanism (exemption from or reduction of fines) and increased penalties to ensure a deterrent effect. Costa Rica is also increasing the powers and tools of its competition authorities in regard to competition law. This includes having the authority to contest, before the Constitutional Chamber and the Courts of Justice, any acts, decisions, administrative conduct or regulations that run counter to the principles of competition.

5.36. Lastly, Costa Rica is well aware of the need to take steps to reduce unemployment, given the steady rise in its level since the international economic crisis in 2008. Accordingly, the National Growth, Employment and Well-Being Strategy promotes the implementation of a dual education system. We are, in fact, pleased to announce that, on 12 September this year, the President of the Republic signed a law formalizing this method of education in Costa Rica. The system fosters student training in two learning environments: an educational institution and an enterprise, thus facilitating the student's successful transition into the job market. This instrument could have a significant impact in terms of reducing the level of unemployment for young people under 24 years of age, who, according to figures issued by the National Statistics and Census Institute, accounted for 35% of all unemployed persons in 2018.

5.37. Costa Rica will continue to participate actively and constructively in the WTO's various working and negotiating groups and initiatives, with a view to further strengthening the rules-based

multilateral trading system and ensuring that the Organization achieves the laudable objectives that guide its actions.

5.38. I shall conclude by reiterating our most sincere and profound thanks for the huge efforts made to ensure the successful completion of this fifth review of Costa Rica's trade policies. We shall endeavour to ensure that the next review yields benefits that are as positive as those produced on this occasion and in previous reviews. Thank you very much.

DISCUSSANT

5.39. Thank you, Mr. Chairperson, for letting me come back and make some final comments with you here today.

5.40. In my last intervention I forgot to thank the Secretariat, the Trade Policy Review Division, for all the work and efforts they put into this report and to make this meeting possible. I would also like to extend great thank you to the interpreters who are doing a great job.

5.41. First of all, I would like to make a little reflexion of Sweden's relations with Costa Rica. And there are actually two things that struck my mind.

5.42. One is your biggest export merchandise bananas. Sweden happens to be an importer, 90% of our trade flows are bananas. And rightly so, Swedes are the biggest consumers of bananas in the world as a non-producing country. I can just look at myself, I have at least one banana a day and calculating, that makes about 55 kg of bananas for just me.

5.43. The second important merchandise is coffee. Next to bananas, Swedes are as well the biggest consumers of coffee per capita (next to Finland) and some of the most appreciated verities we roast in Sweden comes from Costa Rica.

5.44. So, now to my impressions from this TPR: I would first like to than Vice Minister Salas for his comments on all the questions you put here today. I was struck by the high level of engagement on Wednesday's session. More than 300 written questions and 35 delegations took the floor during the meeting.

5.45. On substance, I think we all went from here with a very positive impression of Costa Rica's trade policy.

5.46. As I mentioned in my initial remarks, the country is a very good and active WTO Member, fulfilling its obligations. A good friend of the system and also a good trading partner – and besides the WTO, it has negotiated many bilateral and regional free trade agreements. We also heard that appraisal repeated by many delegation's comments and someone said that Costa Rica is "a small economy with a big impact". That is a pretty good note for you.

5.47. One thing I would especially like to highlight is Costa Rica's attention to gender. This was also noted and raised by many delegations. Costa Rica is a signatory of the Buenos Aires gender declaration and an active partner in continuing pushing for gender and trade, women export and gender equality. In line with that, I'm very pleased that Costa Rica will add to the number of women in trade by the nomination of Ambassador Abraham to the WTO. Welcome to Geneva, one more time.

5.48. Another important area where Costa Rica was applauded is their work related to SDG-goals, such as the commitments to the Paris climate change agreement, renewable energy, sustainable tourism, fish subsidies negotiations, phasing out fossil fuels and a decarbonization plan making the country carbon neutral by 2050. Costa Rica is not only saying that they prioritize and negotiate these areas, but it's a country that actually lives what they are saying, which we all should do.

5.49. So, that was the congratulation part. But even observing the Latin American sun, bureaucrats were able to note some spots. So, let us recall some of the challenges the delegations raised in their questions and comments.

5.50. My first finding was that most of the comments related to Costa Rica's economic environment – and not necessarily to trade environment.

5.51. Comments focused on high fiscal deficit resulting in a high debt to GDP ratio, and the recommendations to the need of fiscal reform. There were comments concerning the competition in the financial sector and competition policy in general. Some economic operators do not even fall under the competition remit and taxation. I believe that the Vice Minister just addressed these questions and I hope that Members are happy with the answer.

5.52. On Costa Rica's trade and investment regime, in my initial remarks I referred to tariff peaks on dairy products, animal products, sugar and clothing. The same observation was repeated by delegations.

5.53. There are state enterprises in financial-, telecom- and electricity sector and Members, therefore, called for further services liberalization. We also heard about the new law in the financial sector

5.54. A Member was worried about the safeguard measures on rice and the initiated investigation on sugar. SPS-requirements of avocados was also mentioned by another Member.

5.55. We noted, as well, that Costa Rica is not a signatory of the Government Procurement Agreement – which, from the outside – is not really in line with the otherwise very ambitious trade profile of the country.

5.56. Three tariff lines were pin-pointed where the applied tariff rate exceeded the bound tariff rate. I think that Vice Minister Salas just addressed that question too so I hope Members are satisfied with the reply.

5.57. One Member noted that the ITA Expansion agreement, or ITA II, has not entered into force in Costa Rica because of pending or completion of domestic procedures.

5.58. As discussant, I would urge Costa Rica to look into these issues.

5.59. I'm not sure my Swiss colleague, Ambassador Chambovey, liked the comparison I did between Switzerland and Costa Rica, but I must still make a final comparison between Costa Rica and Switzerland, and that relates to the high cost of living which is an issue. But since my colleague, the Icelandic Ambassador Asplund, himself made even better comparisons between your countries in his statement, maybe we should now not call Costa Rica the Switzerland of Latin America but rather the Iceland of Latin America.

5.60. I would also like to repeat some maths because we heard that there was the 3rd or the 4th Trade Policy Review but I would just say that it was the fifth.

5.61. On a more serious note, on maths, I will come back to the question of gender. Often, I get the question how Sweden – but I think it goes as well for Costa Rica – can be so successful. Well, if you, as you do in Costa Rica, focus on gender equality, it means that you actually include half of your population in the economy and trade, the other half doesn't have to work for two. Focusing on gender is therefore smart economics. I think we can all learn something from this, and Costa Rica has shown this clearly.

5.62. I would now urge Members and Costa Rica to follow-up on all those questions and answers, see that we all are satisfied with it, and work actively on this so that when we will come back in five years' time, I hope we will not discuss the same issues. I thank you very much for your attention.

UNITED STATES

5.63. The United States thanks Vice Minister Salas and the Costa Rican delegation for their participation in their fifth Trade Policy Review. We also thank Ambassador Anzén for his remarks and the Secretariat for their Report.

5.64. The United States recognizes the notable achievements Costa Rica has made during this Review and, as multiple Members pointed out, Costa Rica punches above its weight, and we are optimistic that Costa Rica will continue on this positive trajectory.

5.65. We thank the Costa Rican delegation for the answers to our written questions, as well as the comprehensive remarks made today by Vice Minister Salas which address many of our comments from Day 1 of this TPR, regarding regulatory transparency and enforcement, business competitiveness, and policies and practices regarding standards and safety.

5.66. The United States recognizes Costa Rica's recent ongoing efforts to strengthen IP enforcement, and we welcome updates to ensure government agencies use only licenced software.

5.67. We remain committed to continue close cooperation with Costa Rica, and wish all those returning to capital safe travels.

EUROPEAN UNION

5.68. First, let me thank Costa Rica for the comprehensive overview presented last Wednesday of the main developments in its trade and economic policy which occurred during the review period, and for the presentation of the Vice Minister today, as well.

5.69. The EU is pleased to note that this Review has been very useful for better understanding the trade policy of Costa Rica, and we hope that it will duly take into account some of the challenges highlighted by Members.

5.70. The EU appreciates the very timely replies provided to our written questions by Costa Rica. Nevertheless, we would like to reiterate one question on the tax on imported beer, to which we believe we did not receive a full reply. Just to repeat: does the IFAM tax replacement by IVA mean that IVA will be equally charged on both imported beer and domestic beer? What is the new IVA rate applicable to beer, and does it differ from the IFAM tax?

5.71. We look forward to our future cooperation and thank you very much for the Review.

MR DUAYNER SALAS (HEAD OF DELEGATION)

5.72. We once again thank you for your stewardship of this trade policy review. We also reiterate our thanks to the Secretariat, and to all the delegations for their interest in the comments received on Wednesday and for their presence here today. We note the question posed by the delegation of the European Union and will reply to it in a written note. Thank you, Mr Chairman, and thank you Ambassador Anzén for acting as the discussant in our presentation.

6 CONCLUDING REMARKS BY THE CHAIRPERSON

6.1. This fifth Trade Policy Review of Costa Rica has allowed us to deepen our understanding of Costa Rica's trade and investment regime since its last review in 2013. I would like to thank H.E. Mr. Duayner Salas, Vice Minister of Foreign Trade of Costa Rica, as well as Ambassador Gloria Abraham, and the rest of the Costa Rican delegation, for their active and constructive participation. I would also like to thank Ambassador Mikael Anzén, Permanent Representative of Sweden to the WTO, for his remarks as discussant, which were instrumental in framing our discussions, as well as to the 33 delegations that took the floor during this meeting. Costa Rica has provided comprehensive written responses to almost all of the 350 advance written questions posed by Members.

6.2. Members noted the overall positive achievements of Costa Rica's economy during the period under review. In this regard, Costa Rica was congratulated for posting an average GDP growth rate of 3.5% during the period, which had allowed an increase in per capita income of some 20%, and for keeping inflation under control. This positive performance was linked to the strong role of foreign investment and trade, which had resulted from the steps taken to further integrate Costa Rica's economy into the global trading system. However, it was also noted that some challenges to the quest of keeping the economy on a path of sustained and inclusive growth remained. These included dealing with labour market rigidities, witnessed by a 10% unemployment rate, continuing with the process of regulatory reform, and addressing the persistent fiscal deficits resulting in a high debt to GDP ratio, which was an area of particular concern. In this context, Members welcomed the approval and recent implementation of a comprehensive fiscal package, and we thank Vice Minister Salas for his extensive comments today on fiscal reforms.

6.3. Costa Rica was commended for its increasing integration into global value chains and the global economy in general, a result of its adoption of clear, predictable and transparent trade policies and measures. Members remarked the importance of trade in both goods and services for Costa Rica. They noted that, although it was a major exporter of agricultural products, such as pineapples and bananas, Costa Rica had also become a significant exporter of manufactured goods, such as electrical equipment and parts, and that exports of services have continued to increase considerably in recent years. This had been particularly the case for tourism, which had become an important source of foreign exchange, but also for other services, such as back office services. Although Costa Rica's investment regime was open, with few barriers to market access, Members highlighted that state ownership and participation in the economy remained important, and that some sectors were reserved for public investment. It was noted that the State continues to play a major role in financial services, communications and energy.

6.4. Members applauded Costa Rica's support for the multilateral trading system and its active engagement in the WTO. It was noted that Costa Rica had ratified the Trade Facilitation Agreement (TFA), had participated in the ITA negotiations, and, in 2015, had become an observer to the Agreement on Government Procurement (GPA). Members appreciated Costa Rica's active participation across a range of topics of importance to the WTO, including electronic commerce, services domestic regulation, investment facilitation, women's economic empowerment, micro, small and medium-sized enterprises, fossil fuel subsidy reform and the liberalization of information technology products and environmental goods. Members commended Costa Rica's active and constructive engagement in the agriculture and fisheries subsidies negotiations. Members also recognized Costa Rica's exemplary notification record and its active and constructive contributions to committee work in the WTO.

6.5. Costa Rica was commended for its commitment to implement virtually all provisions of the TFA immediately on its entry into force, and for taking steps towards the facilitation of trade, including the introduction of an electronic payment system and of digital customs clearance forms; the implementation of a Single Window for Trade; and the certification of Authorized Economic Operators (AEOs). However, Members questioned the need for maintaining the requirement to use a customs broker for imports or exports.

6.6. Members commended Costa Rica for the stability and predictability of its trade regime. They noted that Costa Rica's applied average MFN tariff had remained mainly unchanged since the last Review, but that tariffs on agricultural products remained high, above the average rate of protection. Members also highlighted that applied tariffs for three tariff product lines exceeded their bound rates, and strongly encouraged Costa Rica to bring them into conformity with its commitments, for which we have heard some clarifications from Vice Minister Salas' comments today. The resort to safeguard

measures affecting rice were also noted, as was the initiation of a safeguard investigation on sugar. The compatibility with multilateral rules of the special tax levied on imported but not domestically produced beer was questioned, for which we hope to also have a reply.

6.7. Members recognized Costa Rica's recent ongoing efforts to strengthen IP enforcement, such as the issuance of decrees to address piracy issues and the streamlining of the tasks of the IP offices. At the same time, they reiterated the importance of better protection and effective enforcement of IPRs. Members encouraged Costa Rica to take steps toward accession to the GPA so as to promote an open and transparent government procurement environment and the efficient and effective management of public resources. Members welcomed the adoption of the new competition law, and encouraged Costa Rica to continue opening and liberalizing the services sector, in particular the financial sector, where state-owned institutions are granted advantages for business operations and remain primary players. Members encouraged Costa Rica to further open its agriculture market, as they found that restrictions to market access were imposed on some agriculture and agri-food products.

6.8. In conclusion, Costa Rica was commended for its long-standing commitment to the multilateral trading system and its engagement in a wide range of issues such as the environment, gender, MSMEs and e-commerce. Members welcomed the importance that Costa Rica has placed on trade liberalization and deepening its integration into the global economy as its path towards inclusive and sustainable economic development. Members also recognized the notable achievements Costa Rica has made, and encouraged it to continue on this path. Members noted that they looked forward to continuing working with Costa Rica in the WTO and in other fora.

6.9. I thank Vice Minister Salas, the discussant, and Members for contributing to an insightful and interesting Trade Policy Review. I hope that Costa Rica will give further thought and consideration to the constructive suggestions and comments made by Members during this Review. This TPR will be successfully concluded once all replies to questions are received in one month's time.
