Concluding remarks by the Chairperson

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 His Excellency 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.

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.

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.

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.

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.

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.

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.

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 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.

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.