

# Evidence-based and policy coherent Oceans Economy and Trade Strategies in Costa Rica<sup>1</sup>

## Sectorial factsheet for Seafood Manufacturing<sup>2</sup>

### 1. INTRODUCTION

The project “Evidence-based and policy coherent Oceans Economy and Trade Strategies” aims to support developing countries such as Barbados, Belize and Costa Rica, in realizing trade and economic benefits from the sustainable use of marine resources within the framework of the 1982 United Nations Convention on the Law of the Sea (UNCLOS). This data factsheet present detailed sectorial information of one (of the four) ocean sector selected in Costa Rica to facilitate the identification and informed selection of key sectors to be considered for the next phase of the project:

Sector 1	Sector 2	Sector 3	➔ Sector 4
Sustainable marine fisheries (all fish but tuna)	Sustainable wild tuna harvesting/fishing sector (only tuna species)	Sustainable crustacean aquaculture	The seafood manufacturing sector

Based on the data presented in this factsheet, there are several overall observations which can be highlighted with respect to seafood manufacturing sector. Firstly, Costa Rica imports more than it exports within this sector. For example, in recent years, despite the reduction in the value of imports, from 227,700,000 dollars in 2012, to 74,500,000 dollars in 2016, the value of exports has been lower (from 26,500,000 for 2012, to 31,300,000 for 2016). Secondly, the tariff items Prepared fish - Sardines, sardinella and brisling or sprats and Prepared fish - Tunas, skipjack and bonito, represent the highest values in terms of millions of dollars in the balance of trade for Costa Rica in recent years. Thirdly, those same tariff items are those that show the greatest Revealed Comparative Advantage (RCA), of 11.76 and 5.30 respectively. Fourthly, the overall average of manufactured seafood is less than 1 for the years 2015 and 2016, with values of 0.1 and 0.14 respectively. Finally, in general terms, the data related to sophistication (complexity), quality of the exported product, and the annual growth of global market demand present negative or relatively low values.

<sup>1</sup> This project is funded by the United Nations Development Account and implemented by the United Nations Conference on Trade and Development (UNCTAD), in cooperation with the Division for Ocean Affairs and the Law of the Sea of the Office of Legal Affairs of the United Nations (DOALOS). This fact sheet was used as an input for a oceans-based sector selection workshop in Costa Rica, November 2018. See: <https://unctad.org/en/pages/MeetingDetails.aspx?meetingid=1930>

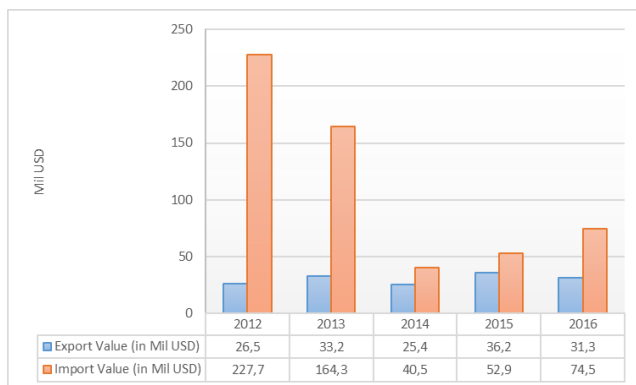
<sup>2</sup> **Note:** The material contained in this publication may be freely quoted or reprinted, but acknowledgement is requested together with a reference to the document number. A copy of the publication containing the quotation or reprint should be sent to the UNCTAD Secretariat, Palais des Nations, 1211, Geneva 10, Switzerland. The designations employed, and the presentation of the material do not imply the expression of any position whatsoever on the part of the United Nations Secretariat concerning the legal status of any country, territory, city area, or its authorities, or concerning the delimitations of its frontiers and boundaries, or regarding its economic system or degree of development. The views expressed in this publication are those of the authors and do not necessarily reflect the views of the United Nations or its Member States.

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The following data sheet presents in a first part (1 to 2.6) the general data on the activity and the specific sector (in relation to the existing data); and in its second part (section 3 to 7), specific data on the sector is presented.

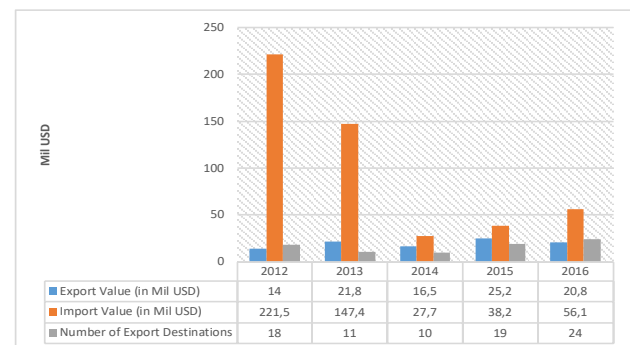
## 1.2. The Seafood Manufacturing Sector

Between 2012 and 2016, the total value of exports within the manufacturing of seafood products sector totaled 152,700,000 dollars. The value of imports totaled 559,900,000 dollars for the same period. As seen in the graph below, there has been a recovery of the total value of imports after 2014, a different situation with the exported values, which went from 36,200,000 dollars in 2015 to 31,300,000 of dollars in 2016.



### KEY POINT:

Out of the grand total, the tariff item Prepared fish - Tunas, skipjack and bonito, shows the highest value of exports and imports. Although the total in the last two years (2015 and 2016) has decreased considerably, it still shows the highest export and import values for Costa Rica, compared to the rest of the world. The graph below shows the values of the last 5 years.



Source: CRI Trade Metric. The Seafood Manufacturing Sector, 2017.

## 1.3. Costa Rica: Fishery Context



**Land:** 51,100 km<sup>2</sup>

**Coasts length:** 1,290 km<sup>2</sup>

**Pacific maritime space:** 538,273 km<sup>2</sup> (\*)

**Caribbean maritime space\*:** 26,000 km<sup>2</sup> (\*)

**Main Pacific landing points:** Cuajiniquil, Playas del Coco, Puntarenas, Quepos y Golfito

**Main Caribbean landing points:** Barra del Colorado, Puerto Limón

(\*Source:

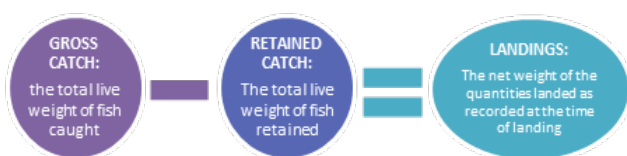
<http://files.snitcr.go.cr/Visor/limites/MAPA%20OFICIAL%20CONTINENTAL%20INSULAR%20Y%20MARITIMO.pdf>)

## 2. PRODUCTION

### 2.1. LANDINGS: GENERAL TERMS

Total national landings in domestic ports production has declined slightly since 2011, from 16,081 tons to 13,382 tons in 2015. Around 80% of this production in 2015 (10,881 tons) includes all fish species (except tuna) landed in the Pacific coast.

There is still a considerable capture production that is not identified to the species level but is instead recorded as marine/freshwater fishes nei (nei = not elsewhere included), marine/freshwater molluscs nei and marine/freshwater crustaceans nei. (<http://www.fao.org/docrep/011/i0327e/i0327E04.htm>)



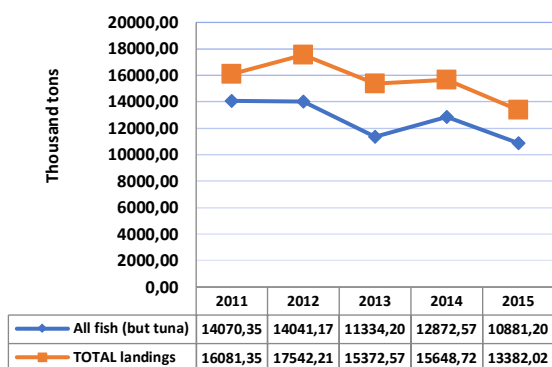
Source: Catch Concepts: Diagrammatic Presentation (<http://www.fao.org/3/bt981t/bt981t.pdf>)

Because of its landing volumes, sharks, rays and skates (3,431 tons), and swordfish (1,366 tons) are one of the most important fish species landed in 2015 in the small-scale commercial sector.

Therefore, national landings in domestic ports reached a total of US\$ 48,591,831 in 2015, US\$ 21,172,149 less than in 2011.

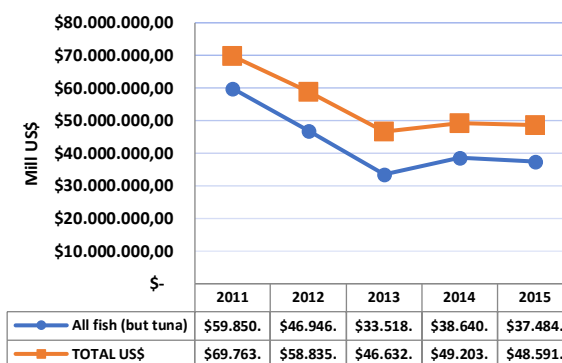
In 2015, around 77% of the total value in US\$ corresponds also to fish species such as sharks, rays, skates, etc (except tuna) (US\$ 15,002,871), swordfish (US\$ 4,871,911) and common Dolphinfish (US\$ 4,381,717).

Landings of fish in domestic ports 2011-2015 (thousand tonnes)



Source: Statistic Department, Research Department, INCOPECSA, 2017

Landings of fish in domestic ports 2011-2015 (mill US\$)



Source: Statistic Department, Research Department, INCOPECSA, 2017

## 2.2. OFFICIAL FEES

For the 2016-2017 period, some of the fees set by INCOPECSA (in Colones)<sup>3</sup> are:

- ¢ Small scale commercial fishing license: **23,700**
- ¢ Medium scale commercial fishing license: **71,000**
- ¢ Advanced scale commercial fishing license: **260,800**
- ¢ Fishing inputs tax exemption authorization: **3,400 per year**
- ¢ Authorization to place fishery products in primary rural markets: **23,600**
- ¢ Authorization to transport fishery products: **40,600–93,600**
- ¢ Authorization to export fishery products: **22,400**

<sup>3</sup> The price in the charts is in Costa Rican Colones, as provided by the source. However, at this point an exchange rate of US \$ 1 = 585 (September 19, 2018, Central Bank of Costa Rica, exchange rate of sale) was considered.

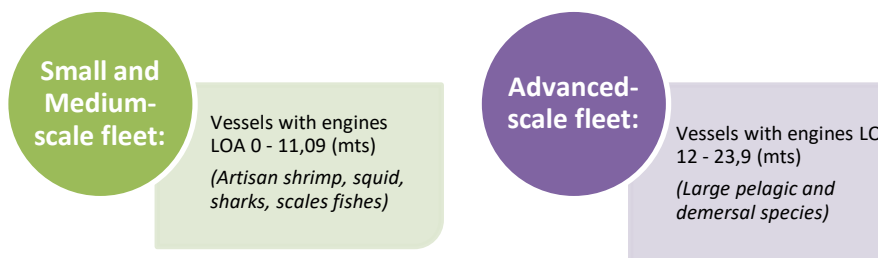
- ¢ Authorization to import fishery products: **28,400**
- ¢ Purchase order of fuel (individual or consolidated): **2,600 (per order)**
- ¢ Authorized fuel: **5.00** (per liter)\*
- ¢ Captain and crew ID card (all types of vessels, national or resident): **5,000 per year**

\*. 5 CRC must be paid per every authorized litter. Represents a specific data.

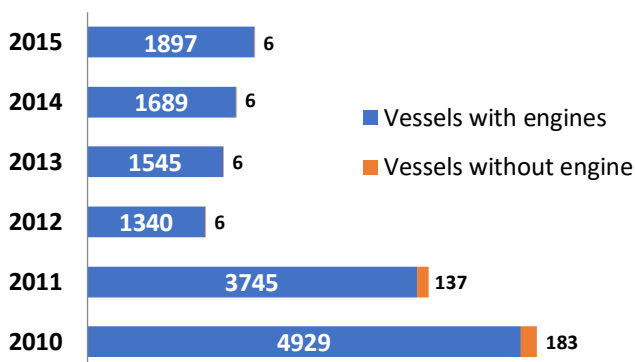
Source: Directive Council Agreement No. AJDIP/328-2016 (Session No. 034-2016, Sept. 08, 2016), INCOPECSA

## 2.3. FISHING FLEET. GENERAL TERMS

The Costa Rican fishing fleet is classified into Small and Medium scale fleet, and Advanced scale fleet:



Fishing fleet 2010-2015 (in vessel numbers)



According INCOPECSA, the Costa Rican fishing fleet has decreased significantly since 2010. In 2010 the fishing fleet was two and a half times larger (5,112 vessels) than in 2015 (1,903 vessels).

Source: Statistic Department, Research Department, INCOPECSA, 2017

## 2.4. DESTINATIONS AND COMPANIES

The number of products, destinations and exporting companies has decreased in the recent five years. The number of fishing products exported decreased from 69 in 2013 to 51 in 2017, as well as the number of destinations and companies, from 29 and 31 in 2013 respectively, to 22 and 26 in 2017

Number of fishing products, destinations and companies 2013-2017\*

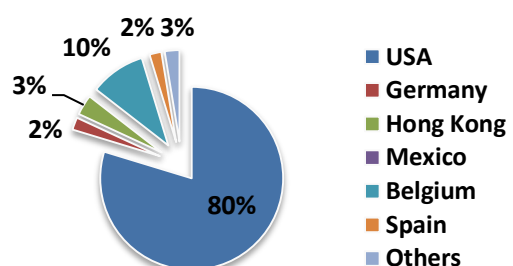
Year	Products	Destination	Companies
2013	69	29	31
2014	63	38	34
2015	54	23	28
2016	45	18	22
2017	51	22	26

\*Includes all fishing products exports

Source: Statistical Yearbook, 2017, PROCOMER

Source: Statistical Yearbook, 2017, PROCOMER

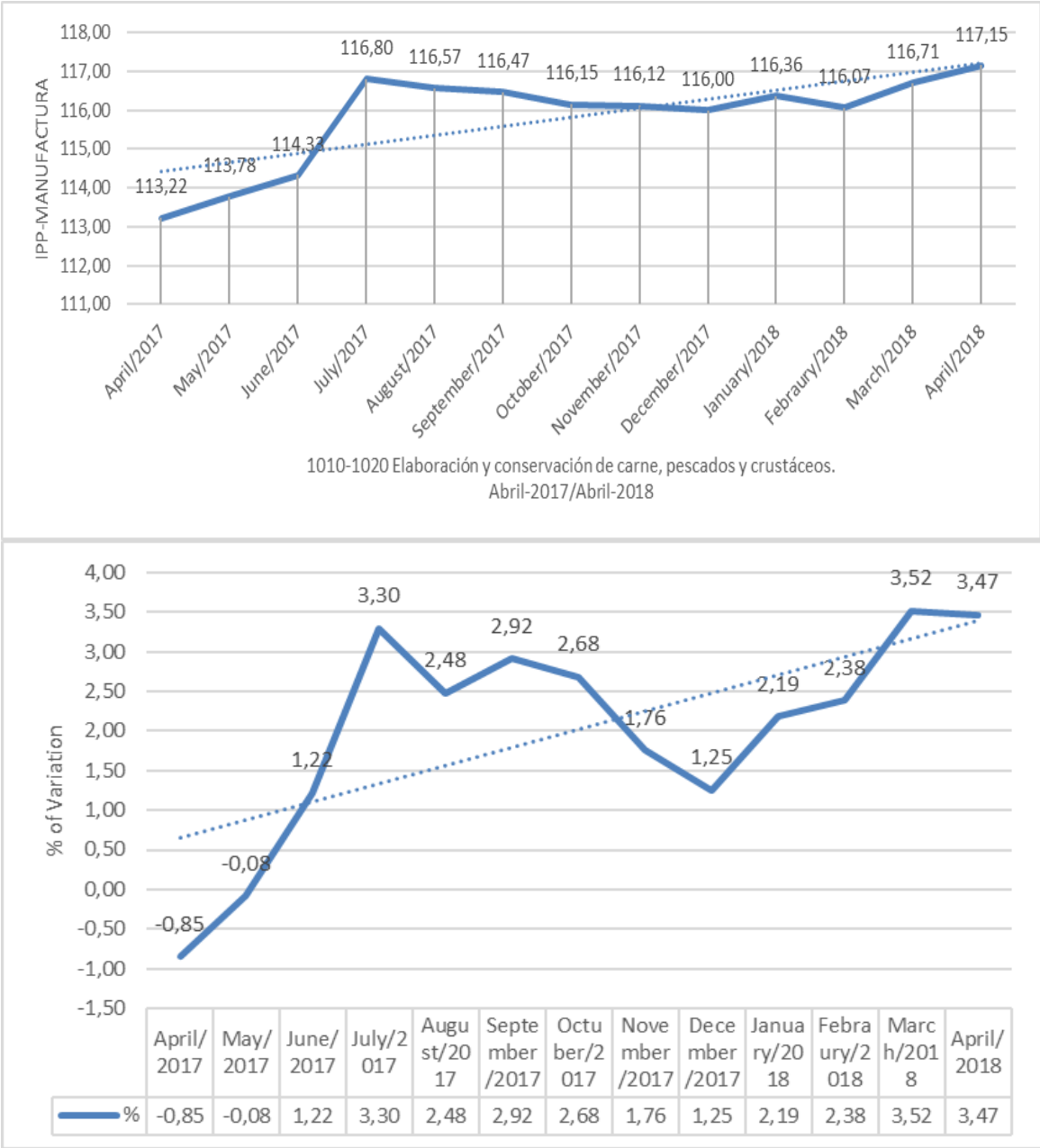
Fishery products main destinations, 2017



### 3. MANUFACTURER PRICE INDEX<sup>4</sup>

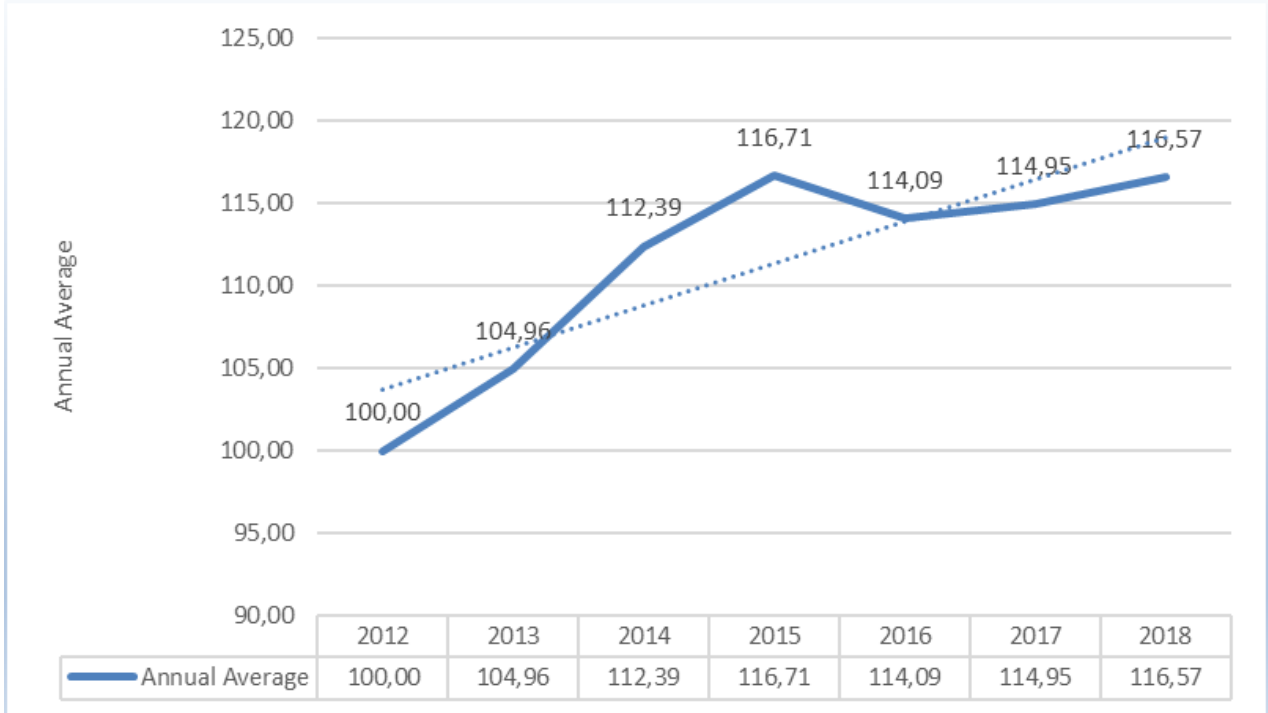
This section describes the evolution of Costa Rica’s manufacturer price index (IPP-MAN 2012), with a view to gauge the price competitiveness of that sector. To that end, both level and percentage variation are considered.

The second graph shows monthly data from April 2017 to April 2018. The variation in the IPP-MAN was drastic for the month of July 2017, at 3.30%. In the following months, the variations ranged between the levels of 116 and 117. In the case of the percentage changes of the IPP-MAN, the greatest change occurred during the month of April 2018. This reached a change of 3.47%.



<sup>4</sup> See APPENDIX 1 for further explanation. The manufacturer price index includes 2,532 products and 449 informants; the version used was first published for the first time in February 2015, with monthly data since January 2012. It should be noted that the three indicators cited measure the evolution of the prices paid by the domestic market to manufacturers, in this case: "1010-1020 Elaboration and conservation of meat, fish and crustaceans".

The general average per year helps to visualize the annual changes of the IPP-MAN. The year 2015 and the year 2018 (up until the month of April), present similar variations. For 2016 and 2017, the values are similar as well. As shown by the average annual data and the data of the monthly variations between April 2017 and April 2018, the data of variability for the month of July 2017 increases considerably, but remains constant after, with small changes, up to the month of December 2017. In general, the data allows the analysis of the variability of the index of prices for seafood manufactures in Costa Rica.



Source: Elaborated with data from the Central Bank of Costa Rica, 2018 (BCCR).

# 4. TRADE METRICS

## 4.1. SECTOR OVERVIEW:

Table 2: Export metrics of sectors in 2016, weighted by HS6 export value

Dimension Sector	HS6 Products	Exports in Mil USD (in Mil Tones)	Diversification # of distinct export destinations # of distinct HS6 exports	Revealed Comparative Advantage	Demand in global market Annualized average growth rate in import values	Employment Men vs. women	Perception of competitiveness Survey-based evaluation [0 1]
<b>Crustacean</b> 0.12% of total exports	•Shrimps and prawns •Cold-water shrimps and prawns •Other shrimps and prawns	11.9 (1.1)	5/3	0.8	7.5	1100 200	0.18
<b>Fish</b> 0.65% of total exports	•Tilapia •Hake •Swordfish •Salmon •Trout •Other	64.4 (9.4)	16/31	169.5	4.9	5900 800	0.46
<b>Tuna</b> 0.08% of total exports	•Yellowfin tuna •Bigeye tuna •Tunas, skipjack or stripe-bellied bonito	7.8 (1)	2/3	28.2	1.2	5900 800	0.48
<b>Seafood manufacturing</b> 0.33% of total exports	•Tunas, skipjack and bonito •Sardines, sardinella and brisling or sprats •Other prepared or preserved fish •Salmon	32.4 (8.7)	27/6	5.8	-3.3	3700 200	0.51

Source: UN-COMTRADE, survey-based evaluation

	Low Values
	Medium Values
	High Values

## 4.2. SEAFOOD MANUFACTURING TRADE METRICS, 2012-2016:

Table 3: Export metrics of seafood manufacturing sector, 2012-2016

	2012	2013	2014	2015	2016
Export Value (in Mil USD)	28,7	33,5	31,1	37,8	32,4
Exports QTY (in Mil Tonnes)	9,6	9,9	8,9	10,1	8,7
Number of Export Destinations	18	13	17	20	27
Number of HS6 Exports	7	10	9	10	6
Total Exports (in Mil USD)	11250,8	11472,1	11242,5	9578,2	9907,8
Sector share (in %)	0,26	0,29	0,28	0,39	0,33

Source: UN-COMTRADE Note : Relevant HS6 codes for seafood manufacturing products as defined in the Appendix 1.

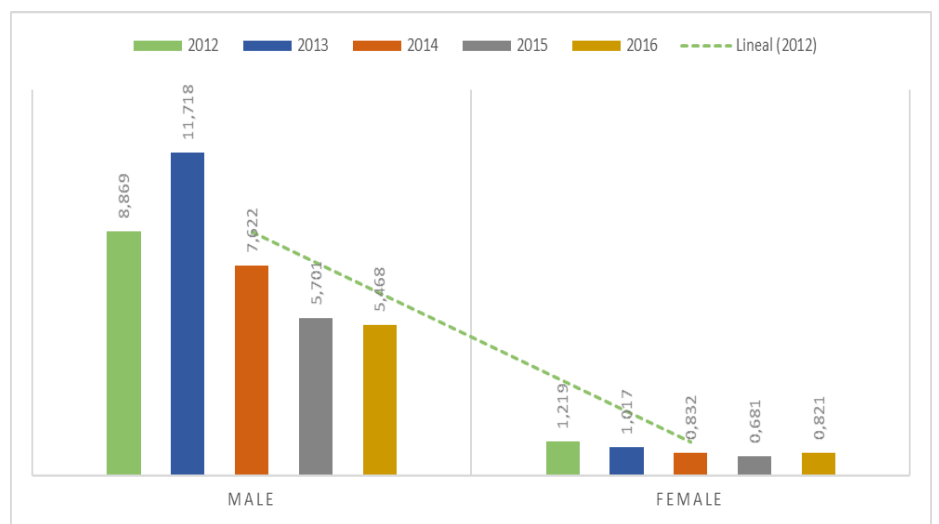
Exports increased in value and proportion of Costa Rica's total exports from 2012 to 2016, the latest year of available data. Volume decreases were less exacerbated. Export diversification remained moderate, both in terms of distinct destinations and exported HS6 product lines.



## 5. EMPLOYMENT

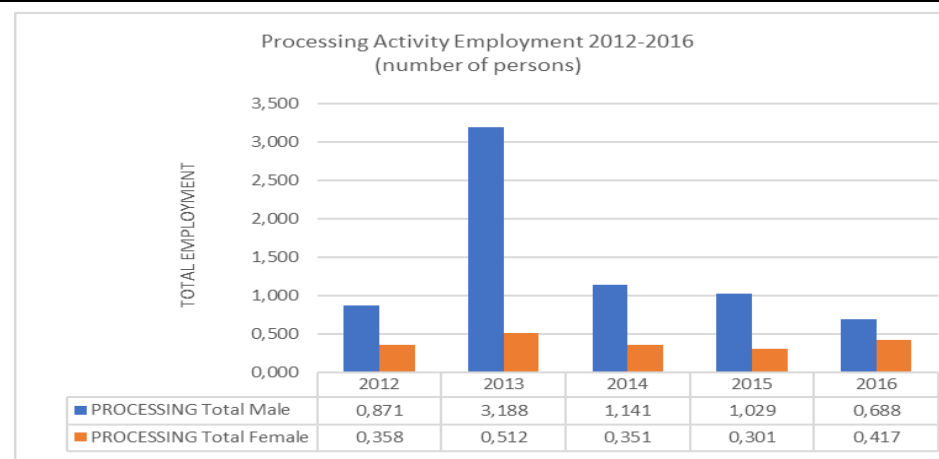
In relation to employment, the graph on the right shows the total employment rates, that include fishing activity in general, and aquaculture and manufacturing. There is a greater employability of men, where in 2013, it reached the highest value with a total of 11,718. The largest number of women was employed in 2012, totaling 1,219.

Source: Adapted by author from data provided by INEC, 2017.



In the specific case of employment in the processing activity, the employment rate reached the highest values in 2013, where it was 3,188 for men and 512 for women. The general average of employment, during the last 5 years, reached 1,383 for men and 387 for women.

Source: Adapted by author from data provided by INEC, 2017.



## 6. RELEVANT INTERNATIONAL REGULATORY FRAMEWORK<sup>5</sup>

### 1. International Trade Treaties:

- a. World Trade Organisation (WTO) and goods and services related Uruguay Round Agreements (1994). The WTO Agreements on Technical barriers to Trade and on Sanitary and phytosanitary measures will be particularly relevant in the case of seafood manufacturing.
- b. Free Trade Agreement among Central America – United States and Dominican Republic (2012)
- c. Association Agreement between Central America and the European Union (2012)
- d. Member of the Central American Integration System (SICA)
- e. Various Free Trade Agreements with EFTA, CARICOM, Canada, Chile, China, Colombia, México, Peru, Dominican Republic and Singapore.

<sup>5</sup> Note: For further information on the legal and institutional framework, see “Ocean governance in Costa Rica: An overview on the legal and institutional framework in ocean affairs”, prepared by Mariamalia Rodriguez Chaves as a consultancy under the OETS Project.

2. Law of the Sea (for further analysis of the law of the sea and multilateral environmental agreements, see study on the law of the sea, regulatory and governance framework in selected ocean-based sectors by UNCTAD-DOALOS (2018).
  - a. Convention on the Law of the Sea (1982)
  - b. The United Nations Fish Stocks Agreement (1995)
3. Instruments and soft law applicable to post harvesting and trade:
  - a. The FAO Code of conduct on Responsible Fisheries (Article 11) (1995)
  - b. The FAO Guidelines for The Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries (2009)

## Appendix 1: Sector definition

Sector	HS2012 name	HS6 product code (HS2012)
Seafood Manufacturing	Extracts and juices of meat, fish or crustaceans, molluscs or other aquatic invertebrates	160300
Seafood Manufacturing	Prepared fish -- Salmon	160411
Seafood Manufacturing	Prepared fish -- Herrings	160412
Seafood Manufacturing	Prepared fish -- Sardines, sardinella and brisling or sprats	160413
Seafood Manufacturing	Prepared fish -- Tunas, skipjack and bonito	160414
Seafood Manufacturing	Prepared fish -- Mackerel	160415
Seafood Manufacturing	Prepared fish -- Anchovies	160416
Seafood Manufacturing	Prepared fish -- Eels	160417
Seafood Manufacturing	Prepared fish -- Other	160419
Seafood Manufacturing	Prepared fish -- Other prepared or preserved fish	160420
Seafood Manufacturing	Prepared Crustaceans-Crab	160510
Seafood Manufacturing	Prepared Crustaceans-- Not in airtight container	160521
Seafood Manufacturing	Prepared Crustaceans-- Other	160529
Seafood Manufacturing	Prepared Crustaceans-Lobster	160530
Seafood Manufacturing	Prepared Crustaceans-Other crustaceans	160540
Seafood Manufacturing	Prepared Crustaceans-- Oysters	160551
Seafood Manufacturing	Prepared Crustaceans-- Scallops, including queen scallops	160552
Seafood Manufacturing	Prepared Crustaceans-- Mussels	160553
Seafood Manufacturing	Prepared Crustaceans-- Cuttle fish and squid	160554
Seafood Manufacturing	Prepared Crustaceans-- Octopus	160555
Seafood Manufacturing	Prepared Crustaceans-- Clams, cockles and arkshells	160556
Seafood Manufacturing	Prepared Crustaceans-- Abalone	160557
Seafood Manufacturing	Prepared Crustaceans-- Snails, other than sea snails	160558
Seafood Manufacturing	Prepared Crustaceans-- Other	160559
Seafood Manufacturing	Prepared Crustaceans-- Sea cucumbers	160561
Seafood Manufacturing	Prepared Crustaceans-- Sea urchins	160562
Seafood Manufacturing	Prepared Crustaceans-- Jellyfish	160563
Seafood Manufacturing	Prepared Crustaceans-- Other	160569
Seafood Manufacturing	Residues and waste from the food industries - Flours-Flours, meals and pellets, of fish or of crustaceans, molluscs or other aquatic invertebrates	230120

## Appendix 2: Abbreviations

<b>CENADA</b>	<b>National Supply Central</b>
<b>CIF</b>	Cost, Insurance and Freight
<b>COMEX</b>	Costa Rican Ministry of Foreign Trade
<b>DOALOS</b>	Division for Ocean Affairs and the Law of the Sea of the Office of Legal Affairs
<b>EEZ</b>	Economic Exclusive Zone
<b>FAO</b>	Food and Agricultural Organisation
<b>IACCT</b>	Inter-American Tropical Tuna Commission
<b>INCOPESCA</b>	Costa Rican Fishing and Aquiculture Institute
<b>LDC's</b>	Least Developed Countries
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>OETS</b>	Oceans Economy and Trade Strategies
<b>PROCOMER</b>	Costa Rican Export Promotion Agency
<b>PCI</b>	Product Complexity Index
<b>RCA</b>	Revealed Comparative Advantage
<b>SIDS</b>	Small Island Development States
<b>UNCLOS</b>	United Nations Convention on the Law of the Sea
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNDP</b>	United Nations Development Programme
<b>UNFSA</b>	United Nations Fish Stock Agreement
<b>WTO</b>	World Trade Organisation

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