

**Broward County Office of Economic Development and Small Business Development
(OESBD)
Justification for Broward County Participation in
Enterprise Florida Export Sales Mission to San Jose, Costa Rica
February 26-March 1, 2018**

Introduction/Background

Costa Rica's market represents vast opportunity for Broward companies interested in increasing their footprint in the Central American market as well as benefiting from reduced tariffs and exporting barriers. Facilitated by the U.S.- Central America Free Trade Agreement, the U.S. has become the chief trading partner for Costa Rica.

Florida is the hub of this vigorous bi-lateral trade. Trade between the U.S. and Costa Rica totaled \$10.2 billion in 2016, where Florida was the leading state in two-way trade. Costa Rica ranks as Florida's 12th largest merchandise trading partner with nearly \$3.6 billion in total trade and nearly \$2.5 billion in exports alone in 2016.

Costa Rica also represents a top trading partner for Port Everglades ranking as its 8th largest trading partner with 34,739 TEUs (twenty-foot equivalent units of the capacity of container ship, container terminals and corresponding to statistics of the container transit in a port) traded in FY2017.

Top products, *exported* in TEUs, between Port Everglades and Costa Rica include: motor vehicles, paper, machinery, medical equipment and manufactured products. Top products *imported* include perishables; mainly bananas and other fruits, medical instruments, rubber, manufactured plastic products and glass/ceramic products. More trade information is available in the Appendix.

Broward businesses are well-positioned to benefit from trade opportunities with Costa Rica. The Florida Export Development Trade Mission to Costa Rica will provide Broward County firms with an excellent opportunity to enter or expand their business in this Central American market.

The Florida Export Sales Mission to San Jose, Costa Rica

The Enterprise Florida Export Sales Mission to San Jose, Costa Rica is part of a statewide strategy to market Florida products and services more aggressively in Central America. This statewide strategy is intended to provide Florida businesses with opportunities to grow their business and build new relationships in Costa Rica. The mission will be extremely active, featuring business matchmaking meetings for Florida exporters, one-on-one business meetings with potential Costa Rican partners and networking opportunities. Costa Rica represents an excellent opportunity for Broward County companies to expand their business in one of the fastest growing economies of Latin America. Florida's Lieutenant Governor, Carlos Lopez-Cantera and Florida's Secretary of Commerce, Peter Antonacci, will be leading this trade mission.

BEST EXPORT OPPORTUNITIES:

Below is a table of leading sectors, according to the U.S. Commercial Service, for Florida exports to Costa Rica and the approximate number of corresponding firms in Broward County:

Leading Sectors:	Approximate Number of Firms in Broward*
Medical Devices Manufacturers	219
Civilian Aircraft, Engines, and Parts	81
Building and Construction Equipment	338
Automotive Parts/Services Equipment	497
Renewable Energy	46
Food Processing Equipment	115
Hotel and Restaurant Equipment	6
Beauty Products	29

* 2015 County Business Patterns - Census Bureau and Reference USA

Several of the leading sectors listed are also Broward County targeted industries. Promotion of international trade is consistent with the Broward County Commission's Value of "Ensuring economic opportunities for Broward's diverse population and businesses" as well as OESBD's mission to grow targeted industries in the county.

The two leading sectors in which Broward County has the greatest number of businesses are the *automotive parts/services equipment* and *building and construction equipment* sectors. Opportunities for both sectors are detailed below. This information is available in the U.S. Country Commercial Guide for Costa Rica and is published by the U.S. Embassy in Costa Rica.

Construction Equipment

Market potential for the construction equipment sectors in Costa Rica include tractors, backhoes, shovel loaders, asphalt and concrete mixers, and dump trucks. The United States' construction equipment enjoys an excellent reputation in the Costa Rican market due to its high quality, the availability of spare parts, maintenance and repair services through dealerships, competitive pricing, and reliable ocean and air shipping services.

The market size for imported construction equipment in 2016 increased slightly compared to the previous year. Construction of new residential and commercial projects account for the 12% increase in construction last year; much of this construction comes from the private sector and offsets the decline in public investment.

The U.S. is the largest supplier of construction equipment to the Costa Rican market. 2016 import figures show that U.S. construction equipment reached \$30 million out of a total of \$77 million, representing a 39% market share. For 2017, U.S. imports to Costa

Rica are expected to be \$31 million, representing approximately 40% market share of the Costa Rican market. Major third-country competitors are Brazil (14% market share), China (9% market share), as well as Japan, South Korea, Sweden, the U.K., Italy and Germany.

Opportunities exist across a range of construction sub-sectors in Costa Rica in the residential building sector. 2017 residential construction building is projected to increase due to the opportunities for financing offered by public and private banks, which will assuredly increase the overall performance of the construction sector in Costa Rica.

A good opportunity for U.S. companies in Costa Rica is the Expo-Construcción Trade Fair which takes place in mid-February every year. This year's fair will host international companies providing a more regional appeal for Central American buyers.

The Costa Rican Government, with Cocosna (Regional Aviation Authority), has started the process of developing a master plan for a new airport to serve the Greater San Jose Metropolitan Area in Orotina. Construction is expected to start in 2020. Meanwhile, the government and the current Juan Santamaría International's (SJO) administrator, AERIS, will invest to improve current infrastructure to serve increasing tourism and cargo needs in the main international airport of Costa Rica.

The concession tender to build a new port in Moin (Limón Province) was issued in 2010. This port project has an estimated total cost of \$1 billion; construction began in 2015. Although the project was granted to the Dutch-based company, APM Terminals, U.S. companies have been able to participate in subcontracts for this project.

The Costa Rican Institute of Electricity (I.C.E.) is completing the design and bid documents for the construction of a hydroelectric project, "El Diquis", in the southern part of the country for a capacity of 630 MW. The project has been stalled for some time but the I.C.E. asserts the importance of "El Diquis", calling it an 'essential' project.

The Ministry of Public Works and Transportation has announced that it will be using new public tenders for the construction of several roads. One project is the construction of a peripheral road (Circunvalacion Norte) from la Uruca to Calle Blancos. Announced in 2015, this project includes three miles of road and two miles of aqueducts. The total cost is \$150 million (U.S. Currency) and the funding will come from the Central American Bank of Economic Integration (CABEI). The project is currently in the design stage and the government is in the process of expropriating properties found along the aqueduct's route.

Finally, the Costa Rican Institute of Aqueducts and Sewage has published tenders for construction projects of the Greater San Jose Metropolitan Sewage System estimated at \$270 million. The largest part, which is 400 km of tubing, is still pending.

Broward County's construction equipment and material suppliers are well positioned to compete in the Costa Rican market. In addition, Broward County has several certified

firms that have experience working on infrastructure projects such as the Port and Airport expansion that may also take advantage of the opportunities in this market.

Automotive Parts and Accessories

The number of cars in Costa Rica has more than doubled since 2005 to an estimated 1,800,000 cars. The average age of a Costa Rican car is 16 years.

Some of the cars on Costa Rican roads are imported as “used” from the United States. The U.S. has a surplus of pre-owned, damaged but repairable cars that have been through collisions, water damage, etc. These cars are generally bought at auctions in the U.S., repaired in Costa Rica, and sold for cheaper as “used”. This trend is decreasing due to the promotion of new vehicles and better support from the local banking system to offer financing options for new cars. The 10-day automobile fair, Expo Auto, organized by the Chamber of New Car Importers (AIVEMA) has been very successful in past years and has helped new car dealers to do business in Costa Rica.

Costa Rican importers of automotive parts and accessories purchase their products in the U.S. although a significant portion of these items are not of U.S. origin.

According to several Costa Rican importers of automotive parts, increased sales opportunities continue for virtually all categories of products in this sector. The main factors for increasing U.S. sales of these products are high quality, durability, availability, assortment of vehicle parts, and fast delivery.

While it is foreseeable that there will be increased opportunities in the hybrid and electric car markets, the regular auto parts market will remain important for many years to come. Electric chargers are being installed by different electric companies throughout the country as a way to promote the acquisition of imported electric cars.

Broward’s automotive parts distributors and manufacturers can take advantage of these opportunities as well as other opportunities that are available for specialty equipment and equipment for cars including wheels and accessories, racing parts, mobile electronics and auto care accessories.

OESBD Participation in the Export Development Trade Mission

The role of the OESBD’s representative on the mission will be to provide support and export assistance to Broward County firms, as needed, during the mission. OESBD’s representative will also work to build and strengthen ties with Costa Rican government agencies and associations at the national, state and local levels to identify future export opportunities for Broward County firms. OESBD’s representative will also be available to provide international protocol support for the Broward County delegation.

To date, Enterprise Florida indicates that three (3) Broward County firms have applied for the Gold Key Package and one (1) Broward County firm registered as a Delegate. These applicants are still being processed by Enterprise Florida for the Gold Key

Program. The Gold Key Program provides vetted matchmaking and appointment-setting services to qualified Broward County firms with potential buyers in Costa Rica. The industry sectors represented by these three (3) businesses include: medical devices, renewable energy, and engineering/construction services.

OESBD anticipates that four (4) to six (6) additional Broward County firms will participate in this mission as Delegates; this includes attendance at key strategic meetings; i.e. meeting at the Ambassador's residence and networking luncheons with Chambers of Commerce and trade associations in Costa Rica.

OESBD will work with all Broward County firms to provide one-on-one technical assistance, counseling and protocol support during and following the mission. OESBD will also identify additional organizations and contacts in Costa Rica which may lead to future export opportunities for these firms.

Port Everglades will also participate in this mission and OESBD will extend invitations to Port Everglades' staff to participate in strategic meetings with the Broward businesses and key associations in Costa Rica. The Broward County Aviation Department is also presently evaluating if they will participate in this mission.

Tentative Meetings for the Mission

- Meetings that are included in the mission agenda (U.S. Department of Commerce Briefing in Costa Rica by The U.S. Embassy, Session / Conference / Seminar Targeting Export Opportunities in Costa Rica, Meeting the U.S. Ambassador to Costa Rica, one-on-one matchmaking meetings for Gold Key participating companies)
- Special meetings for Broward County elected officials and leaders of Florida delegation
- Potential meetings for Broward County:
 - Local chambers of commerce
 - Association of importers / exporters in Costa Rica / other related associations
 - Media: potential interviews with the largest newspaper/TV/radio station in Costa Rica
 - Meetings with large importers/distributors

OESBD Mission Goals and Objectives

1. Provide international protocol support to the Broward County delegation.
2. Provide export assistance to participating Broward County businesses as needed.
3. Participate in meetings with Costa Rican government agencies and associations at the national, state and local level to build relationships that will aid in identification of future export opportunities for Broward County firms.
4. In addition to meetings arranged for participating Broward County firms through the Gold Key Program, OESBD is also working to arrange meetings for Broward County firms with economic, trade and industry organizations/associations

designed to help Broward County firms build relationships that will lead to future export opportunities. Targeted organizations/associations include:

- a. Association of Importers and Exporters in Costa Rica
- b. National Manufacturing Industry Chamber
- c. U.S.- Costa Rica Chamber of Commerce

Based on the opportunities outlined above, OESBD recommends that Paola Isaac Baraya, Economic Development Specialist for International Trade, participate in this trade mission.

Estimated Mission Costs:

REGISTRATION: Delegate Package \$600

HOTEL

Room Rate: **\$140/night**

This rate includes taxes and internet

FLIGHT

Miami-Buenos Aires roundtrip **\$410.00 + tax (estimated)**

Costs for ground transportation, per diem have yet to be estimated

APPENDIX – Additional Information

This appendix provides additional information on the trade between Broward County firms and Costa Rica.

Data Sources

OESBD uses two main sources to gather international trade data. These sources are:

- U.S. Trade Data Online
- Trade numbers provided by Port Everglades through a software called PIERS.

U.S Trade Data Online

U.S. Trade Data online is the official and most reliable source for U.S. Exports and Import Statistics (waterborne and airborne) created by the U.S. Bureau of the Census. Data is collected through the Automated Export System (AES). The Automated Export System (AES) is the system used by U.S. exporters to electronically declare their international exports, known as Electronic Export Information (EEI), to the Census Bureau to help compile U.S. export and trade statistics.

The U.S Bureau of the Census does not provide information on what specific companies are importing and exporting. All data collected by the Census Bureau is considered private and confidential. U.S. Code Title 13 makes it illegal for the Census to release data from companies or individuals doing the trading as opposed to the individual commodities that are traded.

Trade statistics provided through U.S Trade Data Online are available in value measured in U.S. dollars and weight measured in kilograms.

PIERS

PIERS is the world's largest database of U.S. waterborne trade in the world. PIERS gathers raw import Bills of Lading for all waterborne cargo vessels that enter and exit ports in the United States, sourced by U.S. Customs and Border Protection. Additionally, PIERS staff reporters manually collect export Bills of Lading from each port in the United States. The raw data is subsequently verified, analyzed, and synthesized with supplementary data sourced from The United Nations, United States Census, Dun & Bradstreet, and direct international country sources for use in PIERS trade intelligence tools. Blending these multiple data sources forms the foundation for PIERS trade intelligence resources.

Trade statistics provided through PIERS are presented in twenty-foot equivalent units (TEUs). The two most common international standardized containers are those of twenty and forty-foot.

Sea Trade in TEUs and Value

Costa Rica is Port Everglades' 8th trading partner in twenty-foot container units (TEU) with 34,739 TEUs traded in FY2017.

Port Everglades has five (5) container services with Costa Rica:

- Dole -- King Ocean - U.S. East Coast/Colombia/C America Service Loop 2
- Maersk Line -- Safmarine/SeaLand - South Atlantic Express
- SeaLand/Maersk Line -- APL - North Atlantic Express-NAE
- Crowley -- AFCO/King Ocean - Florida/Costa Rica/Panama Service
- MSC -- Great White Fleet - Central America Express

Total Export Trade in TEUs

Sea Trade Summary

Direction:	FY2016	FY2017
Export TEUs	8,061	15,714
Import TEUs	4,744	19,024
Total TEUs	12,805	34,739

Source: PIERs, Loaded TEUs

Exports, Imports and Total TEU(s) have increased significantly between FY 2016 and FY 2017. This is partly due to Crowley Ship Line Service which had a Vessel Sharing Agreement (VSA) with Seaboard Marine in Miami that just ended. That VSA routed all Dominican Republic cargo through Port Everglades and all Costa Rican cargo through PortMiami. Now that the VSA is over, we are seeing the Costa Rican cargo come back to Port Everglades.

Total Sea Trade in Value

Sea Trade Summary

Direction:	FY2016
Exports (U.S. Dollar)	\$320,613,613
Imports (U.S Dollar)	\$224,229,594
Total (U.S. Dollar):	\$544,843,207

Source: World City 2017 Port Everglades Trade Numbers

Below are Port Everglades top 10 export commodities in TEUs and top 10 import commodities in TEUs between Port Everglades and Costa Rica.

Top Export Commodities

Export Commodity:	FY2016	FY2017
Motor Vehicles	3,689	5,806
All Others	955	3,471
Paper	389	1,331
Machinery	387	877
Other Food Product	228	521
Apparel	54	448
Medical	154	398
Manufactured Prod	625	380
Furniture	125	292
Textiles	80	284
Export TEUs:	8,061	15,714

Top export commodities in TEUs include “All Other” which are commodities not specifically listed by a specific shipping classification code such as miscellaneous consumer products for example. The table above demonstrates that the top export is “Motor Vehicles” which is consistent with one of the leading sectors of exports which is *Automotive Parts/Services Equipment*.

Top Import Commodities

Import Commodity:	FY2016	FY2017
All Others*	3,494	13,212
Medical	457	1,729
Rubber	216	1,045
Other Manufactured Plastic Products	104	711
Glass/Ceramic		275
Other Food Products	47	267
Machinery	4	260
Plastics	36	252
Aluminum & Non Ferrous	25	203
Household Products	26	184
Import TEUs:	4,744	19,024

Top import commodities in TEUs include “All Others” For Costa Rica, “All Other” mainly pertains to perishable cargo such as bananas and fruits.

Flights to Costa Rica from Fort Lauderdale

Below is a table that lists the airline carriers that offer flights to Costa Rica and the frequency:

Airline Name	Destination Name	Daily Departures
JetBlue Airways	San Jose, CR	1
Southwest Airlines	San Jose, CR	1
Spirit Airlines	San Jose, CR	2