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**Committee on Subsidies and  
Countervailing Measures**

Original: Spanish

## **SUBSIDIES**

### **NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI:1 OF THE GATT 1994 AND ARTICLE 25 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES**

COSTA RICA

The following communication, dated and received 4 October 2021, is being circulated at the request of the delegation of **Costa Rica**.

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Costa Rica hereby submits this new and full notification pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures.

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## **I. THE DUTY-FREE ZONE REGIME**

### **1. Description of the subsidy**

The Duty-Free Zone Regime is the set of incentives and benefits offered by the State to enterprises making new investments in Costa Rica, subject to compliance with the requirements and obligations laid down in the Duty-Free Zone Regime Law No. 7210, the amendments thereto, and its implementing Regulations. The Regulations establish the definition of new investments in the country. The establishment location of a group of enterprises operating as beneficiaries of this Regime is called a "duty-free zone", which is required to be a defined area, without a resident population, authorized by the Executive to operate in this capacity.

### **2. Period of notification**

This notification provides a description of the Duty-Free Zone Regime for the calendar years 2019 and 2020.

### **3. Policy objective**

The primary objective of Law No. 7210 is to foster the socioeconomic development of Costa Rica by attracting foreign direct investment, encouraging domestic investment and promoting exports. The Duty-Free Zone is an important government policy tool for raising the standard of living of the population of Costa Rica by creating sources of quality jobs and supporting human development, while also taking into account the less-developed areas of the country. This type of regime is conducive to the establishment of enterprises engaged in a wide range of highly sophisticated operations and production processes that contribute to the generation of wealth and transfer of technological know-how and increase the country's international competitiveness. Moreover, this Regime promotes the establishment of links with enterprises providing goods and services at the national level, and, in certain cases, even allows for enterprises providing goods to be admitted to the Duty-Free Zone Regime. This strengthens both the promotion of employment and the country's development.

### **4. Background and authority**

- Duty-Free Zone Regime Law No. 7210 of 23 November 1990 (full text attached as an Annex to Costa Rica's notification in document G/SCM/N/71/CRI of 5 March 2002) and the amendments thereto;
- Regulations implementing the Duty-Free Zone Regime Law - Executive Decree No. 34739-COMEX-H of 29 August 2008 (full text attached as an Annex to Costa Rica's notification in document G/SCM/N/211/CRI of 12 July 2010) and the amendments thereto;
- General Customs Law No. 7557 of 20 October 1995, Section I, Chapter V (Duty-Free Zone Regime)<sup>1</sup> and the amendments thereto;
- Regulations implementing the General Customs Law - Executive Decree No. 25270-H of 28 June 1996,<sup>2</sup> Chapter X (Duty-Free Zone Regime), and the amendments thereto.

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<sup>1</sup> The parts referred to are attached as Annexes to Costa Rica's notification in document G/SCM/N/71/CRI of 5 March 2002. The full text is available for consultation in the archives of the Rules Division.

<sup>2</sup> The parts referred to are attached as Annexes to Costa Rica's notification in document G/SCM/N/71/CRI of 5 March 2002. The full text is available for consultation in the archives of the Rules Division.

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## 5. Form of the subsidy

The subsidy consists of exemption from payment of taxes and consular fees for enterprises situated in duty-free zones. The incentives granted by this regime, as set forth in the Duty-Free Zone Regime Law No. 7210, are:

- (a) Inward clearance into the duty-free zone of raw materials, manufactured and semi-manufactured products, components and parts, packing materials and containers and any other goods required for the operations of the enterprise, without payment of any taxes or consular fees on their import. Exemption from all import or internal taxes on packing and packaging materials and containers, as well as on computer equipment and electronic waste and any other waste resulting from the enterprise's activities in the duty-free zone provided that these packing and packaging materials, containers and waste are to be recycled or reused.
- (b) Inward clearance into the duty-free zone of machinery, equipment, accessories and spare parts for such machinery and equipment, without payment of any taxes or consular fees on their import. Likewise, exemption from all import taxes and consular fees on the import of motor vehicles required for their operation, production, administration and transport activities. Machinery or equipment that has been imported duty-free more than five years previously may be freely transferred, used for a different purpose or brought into national territory, without the requirement to pay any tax. Vehicles purchased by enterprises covered by the Duty-Free Zone Regime may transit via the national territory; the enterprises shall obtain the appropriate permits for that purpose from the relevant authorities. If persons operating within national customs territory purchase such vehicles, they shall pay the relevant taxes for both transit and import into the national territory, with no exemption from payment.
- (c) Exemption from all tax and consular fees payable on imports of fuel, oil and lubricants required for the operation of the enterprises. This exemption shall be granted solely where these goods are not produced within the country with the required quality, quantity and timeliness. The Ministry of the Economy, Industry and Trade shall grant prior authorization for imports of these items.
- (d) Exemption from all taxes relating to the export or re-export of products. This exemption shall be granted for the re-export from the zones of production machinery and equipment that entered pursuant to the Law.
- (e) Exemption for a period of 10 years from commencement of the operations from payment of taxes on capital and net assets, land tax and tax on the conveyance of real estate.
- (f) Exemption from sales and consumption tax on purchases of goods and services.
- (g) Exemption from all tax payable on remittances abroad.
- (h) Exemption from all taxes on profits, and any other taxes for which the tax base is determined according to gross or net earnings, dividends paid to shareholders, or revenue or sales, according to the following distinctions:
  - For enterprises based within the Greater Metropolitan Area (GAM), the exemption shall be 100% for a period of up to eight years, and 50% for the following four years.
  - For enterprises based outside the GAM, the exemption shall be 100% for a period of up to 12 years, and 50% for the following six years.

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The durations shall be calculated from the starting date of the production operations of the beneficiary enterprise, provided that that date is no more than three years after the publication of the relevant executive decision. In the definition of "within" and "outside" the GAM, the Foreign Trade Promotion Agency (PROCOMER) shall have regard to the rules laid down by the Ministry of National Planning and Economic Policy (MIDEPLAN) for this purpose.

- (i) Exemption from all municipal tax and business tax for a period of 10 years. The enterprises covered by this Article shall be required to pay for the municipal services they use. In this situation, the municipality in question shall be entitled to charge up to double the tariffs laid down by law for these services. Notwithstanding the preceding, enterprises based in duty-free zones shall be entitled to commission these services from any natural or legal person.
- (j) Exemption from all taxes on the import or export of commercial or industrial samples, subject to prior authorization from PROCOMER.
- (k) To enhance their business operations, enterprises covered by the Duty-Free Zone Regime may freely execute all kinds of deeds and contracts in foreign currency - in which case the amounts must be paid in that currency - with respect to their international transactions or transactions with other enterprises established under the Duty-Free Zone Regime.

The enterprises covered by the Duty-Free Zone Regime shall be freely entitled to hold and manage the foreign currency they acquire according to the provisions of the preceding paragraph or arising from their ordinary business activity, and they shall be exempted from application of the foreign exchange regulations. The Central Bank of Costa Rica shall lay down rules for this entitlement and activities deriving therefrom.

- (l) Enterprises based in duty-free zones located in "relatively less developed" areas according to the classification applied by the Ministry of Foreign Trade (COMEX), subject to a report by MIDEPLAN, shall be entitled to receive a credit equal to 10% of the amount paid as wages and salaries during the previous year, after deduction of the amount paid to the Costa Rican Social Security Fund (CCSS) on those wages and salaries, in accordance with the payroll reported to the CCSS. These enterprises may apply for coverage under this Law within five years after the entry into force of the provisions of this paragraph. The entitlement shall be granted for five years, and shall decrease by two percentage points per annum, through to its termination in the last year. This credit shall be charged against the national budget in the manner laid down in the Regulations implementing this Law. Enterprises wishing to operate as beneficiaries under this Law shall apply by no later than 31 December 1999. The entitlement shall last for five years; for the first four years it shall decrease by two percentage points per year, and it shall terminate in the last year. This credit shall be charged against the National Budget, and shall be in the form of registered negotiable securities.
- (m) Export processing enterprises operating as beneficiaries of the Duty-Free Zone Regime which, upon completion of four years of operation under that Regime, reinvest in the country may be granted an additional exemption from payment of income tax, according to the following criteria:
  - If the reinvestment is in excess of 25% of the original investment, the exemption shall be for one additional year;
  - If the reinvestment is in excess of 50% of the original investment, the exemption shall be for two additional years;
  - If the reinvestment is in excess of 75% of the original investment, the exemption shall be for three additional years;
  - If the reinvestment is in excess of 100% of the original investment, the exemption shall be for four additional years.

The additional exemptions shall be for 75% of the income tax payable. The additional exemptions granted in this context shall apply as from the end of the eighth year of operations, without prejudice to the exemptions for the final period of four years initially granted, which shall come into effect on the expiry of the additional exemption period referred to here. In the case of enterprises based in "relatively less developed" zones, the additional exemption shall apply on completion of the twelfth year of operations, without prejudice to the exemptions for the final period of six years initially granted, which shall come into effect on the expiry of the additional exemption period. The reinvestment giving rise to the additional exemption must be made after completion of the fourth year and before the start of the eighth year of operations under the Duty-Free Zone Regime. The additional exemption may only be granted to enterprises whose original investment in fixed assets was at least two million United States dollars (USD 2,000,000.00).

#### 6. Beneficiaries and mechanism

Enterprises within the following categories qualify for the Duty-Free Zone Regime:

- (a) Export processing industries that produce, process or assemble for export or re-export.
- (b) Export trading enterprises, with no production activity, which merely handle, re-pack or re-distribute non-traditional goods and products for export or re-export.
- (c) Service enterprises that comply with the Strategic Eligibility Index for Service Enterprises (IEES). Banking, financial and insurance entities based in duty-free zones do not qualify for the benefits of this Regime. Natural or legal persons engaged in providing professional services do not qualify for the Regime either.
- (d) Enterprises administering industrial parks intended for occupation by enterprises operating under the Duty-Free Zone Regime, provided that the parks meet the minimum conditions in terms of infrastructure and the availability of services as set out in the Regulations implementing this Law. Such enterprises shall qualify for the exemptions specified above, provided that the industrial park developed by them is occupied solely by enterprises covered by the Duty-Free Zone Regime. If enterprises not covered by the Duty-Free Zone Regime set up in the park, the administrator shall forfeit the exemption referred to in Article 20(g) of the Duty-Free Zone Regime Law from that time, and the other exemptions shall be reduced on a pro rata basis, in the same way as in the case of sales in the national customs territory pursuant to Article 22 of the Duty-Free Zone Regime Law.
- (e) Enterprises or entities engaged in scientific research to raise the technological level of the country's industrial or agribusiness activity and foreign trade. Enterprises operating shipyards or dry or floating docks for the construction, repair or maintenance of ships.
- (f) Processing industries that produce, process or assemble goods, irrespective of whether or not they export, provided that they meet the requirements laid down in Article 21 bis of the Duty-Free Zone Regime Law.

Enterprises engaged in mining, exploration or extraction of hydrocarbons, the production or sale of arms and ammunition containing depleted uranium, companies engaged in the production or sale of any type of arms are not eligible for the Duty-Free Zone Regime. Likewise, enterprises that generate electric power, unless the power is for their own consumption, shall not be eligible.

There are various requirements for the granting of Regime status:

- (a) Any natural or legal person wishing to obtain Duty-Free Zone Regime status is required to submit the relevant application to PROCOMER in digital format using the form available to users on the site <http://www.procomer.com> and provide the requisite

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detailed information, in accordance with the relevant instructions issued by PROCOMER, according to the terms and conditions defined in the Regulations.<sup>3</sup>

- (b) Within two working days of submission of the application, PROCOMER shall notify the applicant of any missing documentation, or of any requirement that has not been met relating to the application for admission to the Regime, granting a period of 10 working days for compliance with the requirements.<sup>4</sup>
- (c) Within not more than one working day of receipt of all the required information, the competent technical unit of PROCOMER shall forward an opinion to the Board of Directors or to the entity to which the Board of Directors has delegated this role; the opinion shall include an assessment of the aspects set out in these Regulations and a recommendation, with supporting arguments, on whether or not Regime status should be granted to the applicant enterprise. The Board of Directors, the entity to which this role has been delegated, or PROCOMER may seek the opinion of other government entities or bodies where it considers that this will assist with the assessment of the project. After examining the application, within five working days of receipt of the complete application, the Board of Directors or the relevant entity of PROCOMER shall submit the final recommendation to COMEX so that the Executive can make a decision on the matter within not more than four working days from receipt of PROCOMER's recommendation.<sup>5</sup>
- (d) At its discretion, PROCOMER is empowered to seek expert opinions from various State institutions to assist its examination of the enterprise's application.<sup>6</sup>

If the recommendation is approved, the Executive grants the applicant enterprise Regime status and issues an Executive Resolution, which must contain the information defined in Article 14 of the Regulations implementing the Duty-Free Zone Regime Law.<sup>7</sup> The Executive Resolution granting Regime status, the amendments thereto, and the Resolution relinquishing the Regime shall be published in full in the Official Journal.

#### 7. Estimated amount of the subsidy

As this subsidy involves exemptions from a number of different taxes and consular fees, which vary according to the level of compliance with the specified requirements, the comprehensive information required to estimate the amount of the subsidy is not available.

#### 8. Duration of the subsidy

The benefits granted to enterprises by the Law take effect as of the date on which the Resolution granting Regime status is forwarded to the applicant, without prejudice to the second paragraph of Article 20(g) of the Duty-Free Zone Regime Law and the provisions in subparagraph (d) of Article 21 *ter* of the Law. Notwithstanding the foregoing, performance of the activities under the Regime and actual enjoyment of the benefits may not commence until such time as the beneficiary enterprise has signed an operating contract with PROCOMER, in the format established for this purpose.

In order to commence production operations under the Regime, the enterprise must have been authorized by the Directorate-General of Customs to act as a Customs Service Auxiliary, in accordance with the General Customs Law and its implementing Regulations.

The Executive Resolution granting Regime status, the amendments thereto, and the Resolution relinquishing the Regime shall be published in full in the Official Journal.

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<sup>3</sup> Article 10 of the Regulations implementing the Duty-Free Zone Regime Law.

<sup>4</sup> Article 13 of the Regulations implementing the Duty-Free Zone Regime Law.

<sup>5</sup> Article 13 of the Regulations implementing the Duty-Free Zone Regime Law.

<sup>6</sup> Article 26 of the Duty-Free Zone Regime Law.

<sup>7</sup> Article 27 of the Duty-Free Zone Regime Law.

The main incentives of the Duty-Free Zone Regime are subject to a specific expiry, depending on the case and as defined in the Law. Moreover, where there is non-compliance with the conditions laid down, the Regime may be revoked by COMEX.

Of the incentives described in Section 5 of this notification, the following are subject to a specific expiry date:

- (a) Exemption from taxes on capital and net assets, payment of land tax and the tax on the conveyance of real estate for a period of 10 years from the commencement of operations.<sup>8</sup>
- (b) Exemption from all taxes on profits and any other taxes for which the tax base is calculated in relation to gross or net earnings, dividends paid to shareholders, or revenue or sales, according to the following distinctions:<sup>9</sup>
  - For enterprises based within the GAM, the exemption shall be 100% for a period of up to eight years, and 50% for the following four years.
  - For enterprises based outside the GAM, the exemption shall be 100% for a period of up to 12 years, and 50% for the following six years.
- (c) Exemption from all municipal and business taxes for a period of 10 years.<sup>10</sup>
- (d) Enterprises based in duty-free zones located in relatively less-developed areas are entitled to a credit of 10% of the amount paid as wages and salaries during the previous year, which will be granted for five years and shall decrease by two percentage points per annum, through to its termination in the last year.<sup>11</sup>
- (e) The additional 75% exemption from income tax for export processing enterprises operating as beneficiaries of the Duty-Free Zone Regime which, on completion of four years of operation under that Regime, reinvest in the country will be:<sup>12</sup>
  - For one additional year if the reinvestment is in excess of 25% of the original investment.
  - For two additional years if the reinvestment is in excess of 50% of the original investment.
  - For three additional years if the reinvestment is in excess of 75% of the original investment.
  - For four additional years if the reinvestment is in excess of 100% of the original investment.

#### 9. Trade effects of the subsidy

The Duty-Free Zone Regime has played a crucial role in the diversification of the country's exportable supply. Over the years, it has seen a shift from high volume and less complex activities to activities that are more sophisticated and value-adding. This is the result of the increased professionalization of human talent, greater openness to trade and solid conditions for setting up enterprises. The exports of goods under the Duty-Free Zone Regime over the last three years are set out in the table below:

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<sup>8</sup> See section 5(e) of this notification.

<sup>9</sup> See section 5(h) of this notification.

<sup>10</sup> See section 5(i) of this notification.

<sup>11</sup> See section 5(l) of this notification. In practice, this incentive has not been requested by any beneficiaries and therefore has not been applied for a number of years.

<sup>12</sup> See section 5(m) of this notification.



**Table 1 Costa Rica: Exports of goods under the Duty-Free Zone Regime (2018-2020)**

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Value of exports (USD million)	5,669	6,085	6,461
Growth (%)**	11	7	6

Source: PROCOMER.

\* Preliminary figures subject to revision.

\*\* Figures prepared by the author, based on data from PROCOMER.

## II. THE INWARD PROCESSING REGIME

### 1. Description of the subsidy

The Inward Processing Regime is the customs regime allowing the entry of goods into national customs territory with the suspension of all types of taxes, subject to lodgement of a guarantee deposit. The goods must be processed, repaired, reconstructed, installed, assembled and incorporated into sub-assemblies, machinery, transport equipment or appliances with a higher degree of complexity, under the conditions laid down in the Regulations and in accordance with the provisions stipulated for this purpose by the competent administrative authority.

### 2. Period of notification

This notification provides a description of the Inward Processing Regime for the calendar years 2019 and 2020.

### 3. Policy objective

The Inward Processing Regime is designed to promote production, employment, and foreign direct and domestic investment. The conjunction of all these aspects helps to achieve national development objectives, such as raising the standard of living of the population, increasing income levels, reducing unemployment and increasing the country's productivity and ability to compete internationally.

### 4. Background and authority

- General Customs Law No. 7557 of 20 October 1995, Chapter VI (Processing Regimes)<sup>13</sup> and the amendments thereto;
- Regulations implementing the General Customs Law - Executive Decree No. 25270-H of 28 June 1996,<sup>14</sup> Chapter XIII (Inward Processing Regime) and the amendments thereto;
- Regulations on the Inward Processing Regime - Executive Decree No. 40198 of 13 December 2016.<sup>15</sup>

### 5. Form of the subsidy, beneficiaries and mechanism

To be eligible for the Inward Processing Regime, the enterprise must choose one of the modalities available:

- 100% direct or indirect re-export modality: this modality is available to Regime beneficiaries which directly or indirectly re-export the whole of their production.

<sup>13</sup> The parts referred to are attached as Annexes to Costa Rica's notification in document G/SCM/N/71/CRI of 5 March 2002. The full text is available for consultation in the archives of the Rules Division.

<sup>14</sup> The parts referred to are attached as Annexes to Costa Rica's notification in document G/SCM/N/71/CRI of 5 March 2002. The full text is available for consultation in the archives of the Rules Division.

<sup>15</sup> The full text is attached as an Annex to Costa Rica's notification in documents G/SCM/N/299/CRI and G/SCM/N/315/CRI of 23 October 2017.

- Direct or indirect re-export and domestic sale modality: this modality is available to Regime beneficiaries which directly or indirectly re-export and sell their production on the domestic market, under the terms and conditions previously authorized by COMEX.

Enterprises operating under the "domestic sale" option are required to pay the full tax payable for the definitive importation of the goods. Similarly, at the time of inward clearance of machinery and equipment under the Regime, they are required to pay the proportion of tax corresponding to the percentage of sales on the domestic market in relation to the total sales of the enterprise.

The obligations for Regime beneficiaries include the following:

- To submit reports on all their operations to PROCOMER's Special Regimes Administration;
- To keep a log of operations carried out under the Regime;
- Prior to commencing operations, to apply to the Directorate-General of Customs for permission to operate as a Customs Service Auxiliary;
- To keep goods entering under the Regime in authorized premises or plants;
- To keep a separate stock control system and accounting records for operations carried out under the Regime;
- To comply with customs legislation.

#### 6. Estimated amount of the subsidy

The information required to estimate the amount of the subsidy granted under this Regime is not available.

#### 7. Duration of the subsidy

Regime benefits apply as from the date of issue of the authorization to commence activities under the Inward Processing Regime. The benefits granted by this Regime continue for an indefinite term, except in the event of revocation of authorization to operate under the Regime by COMEX, or relinquishment of Regime status by the beneficiary enterprise.

#### 8. Trade effects of the subsidy

The value of the exports of goods under the Inward Processing Regime is set forth in the table below:

**Table 2 Costa Rica: Exports of goods under the Inward Processing Regime (2018-2020)**

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Value of exports (USD million)	144	150	138
Growth (%)**	-8	4	-8

Source: PROCOMER.

\* Preliminary figures subject to revision.

\*\* Figures prepared by the author, based on data from PROCOMER.

### III. FISHING

This section sets out the production, export and import data from the domestic fisheries sector over the past years. It also provides details on the specific subsidy programmes granted to this sector under the Agreement on Subsidies and Countervailing Measures.

**Table 3 Costa Rica: Production of the main trading groups in the domestic fisheries sector (tonnes), 2017-2020**

Category	Production (tonnes)			
	2017	2018	2019	2020*
Gutted	6,652.7	9,208.6	6,172.5	2,816.4
Pelagics	1,161.2	1,541.4	8,075.3	16,180.1
Sharks	3,184.2	2,817.6	3,058.5	3,458.4
Crustaceans	631.9	321.3	109.1	n.a.
Molluscs	49.2	54.7	30.2	n.a.
Other	153.5	139.4	166.6	n.a.
<b>Total</b>	<b>11,832.6</b>	<b>14,082.9</b>	<b>17,612.2</b>	<b>22,455.0</b>

Source: INCOPECA.

\* The data available for the most recent three full years are provided, as the figures for 2020 are preliminary, since the data for certain species are still in the process of being collected.

**Table 4 Costa Rica: International trade statistics on the fisheries subsector, 2018-2020**

Fisheries sector	2018	2019	2020
<b>USD million</b>			
Exports	98.6	88.7	61.5
Imports	86.7	77.1	83
<b>Tonnes</b>			
Exports	13,954.3	12,506.9	8,764.1
Imports	29,904.6	26,859.2	30,015.9

Source: Based on data from the Central Bank of Costa Rica (BCCR) and PROCOMER.

Note: These figures cover chapter 3 of the Harmonized System.

#### A. FUEL SUBSIDY PROGRAMME (DIFFERENTIATED PRICING)

##### 1. Description of the subsidy

The non-sport national fishing fleet shall purchase fuel (petrol and diesel) from the Costa Rican Petroleum Refinery (RECOPE) at a price that is competitive in relation to the international price and takes into account only the following elements:

- i. The cost of the product (refined product: amount of the purchasing invoice. Unrefined product: cost of refinement in Costa Rica).
- ii. Freight costs incurred until reaching the port of destination in Costa Rica.
- iii. Insurance for the fuel.
- iv. The cost of transporting the final product within the national territory to the point of distribution.
- v. The cost of storage and pumping for the establishment where the fuel is sold. These amounts will be set based on the previous month's average import cost, or the most recent similar information available.

The Costa Rican Fisheries and Aquaculture Institute (INCOPECA) is the authority responsible for the administration and control of the efficient use of fuel intended for non-sport fishing.

## 2. Period of notification

This notification provides a description of the fuel subsidy programme (differentiated pricing) for the calendar years 2019 and 2020.

## 3. Policy objective

Pursuant to Law No. 8436, fishing activity is declared to be of public and social interest, and it is also in the national interest to promote and develop this activity and the related industry. In this respect, this subsidy seeks to strengthen this sector, particularly its capacity to create employment opportunities in the coastal communities with few alternatives for the generation of income and, thus, with high levels of economic and social vulnerability.

## 4. Background and authority

- Article 45 of Law No. 7384 establishing the Costa Rican Fisheries and Aquaculture Institute (INCOPECA), published in Official Journal No. 62 of 29 March 1994.
- Article 123 of Law No. 8436 on the Law on Fishing and Aquaculture, published in Official Journal No. 78 of 25 April 2005.
- Law No. 9134 on the authentic interpretation of Article 45 of Law No. 7384 and Article 123 of Law No. 8436, published in Official Journal No. 113 of 13 June 2013.
- Amendment to the Regulations governing and controlling the efficient use of fuel at a competitive price, intended for the non-sport national commercial fishing fleet, within or outside jurisdictional waters. INCOPECA Executive Board Agreement AJDIP/330-2016, published in Official Journal No. 40 of 24 February 2017.

## 5. Form of the subsidy, beneficiaries and mechanism

Legal or natural persons possessing commercial fishing licences may purchase fuel at a differentiated price. The Regulations governing and controlling the efficient use of fuel at a competitive price stipulate that each beneficiary may apply to purchase fuel at a competitive price, either personally or through their representatives with individual or collective power of attorney when the application is made through organizations.

## 6. Estimated amount of the subsidy

The estimated amount of the annual subsidy granted to fishers by means of a competitive price is set out below:

**Table 5 Costa Rica: Subsidy provided to fishers by means of a competitive price, 2018-2020**

<b>Year</b>	<b>USD million</b>
2018	1.37
2019	1.09
2020	0.92

Source: RECOPE.

## 7. Duration of the subsidy

The benefits take effect as soon as the subsidy is established and continue for an indefinite term.

**B. EXEMPTION FROM THE SINGLE TAX ON FUEL**1. Description of the subsidy

The non-sport national fishing fleet is exempt from payment of the single tax on fuel, pursuant to Law No. 8114.

2. Period of notification

This notification provides a description of the exemption from the single tax on fuel for the calendar years 2019 and 2020.

3. Policy objective

Pursuant to Law No. 8436, fishing activity is declared to be of public and social interest, and it is also in the national interest to promote and develop this activity and the related industry. In this respect, this subsidy seeks to strengthen this sector, particularly its capacity to create employment opportunities in the coastal communities with few alternatives for the generation of income and, thus, with high levels of economic and social vulnerability.

4. Background and authority

- Article 1 of Law No. 8114 on tax simplification and efficiency, published in Official Journal No. 131 of 9 July 2001.

5. Form of the subsidy, beneficiaries and mechanism

The benefit is granted to the non-sport national fishing fleet. When purchasing petrol or diesel, fishers must present the purchase authorization issued by INCOPECA so that the exemption from the single tax on fuel may be applied.

6. Estimated amount of the subsidy

The estimated amount of the annual subsidy provided by means of the exemption from the single tax on fuel for the fishing fleet is set forth below:

**Table 6 Costa Rica: Subsidy provided to fishers by means of the exemption from the single tax on fuel, 2018-2020**

Year	USD million
2018	7.07
2019	6.90
2020	7.05

Source: RECOPE.

7. Duration of the subsidy

The benefits take effect as soon as the subsidy is established and continue for an indefinite term.