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Working Party on State Trading Enterprises**STATE TRADING****NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVII:4(A) OF THE GATT 1994
AND PARAGRAPH 1 OF THE UNDERSTANDING ON THE
INTERPRETATION OF ARTICLE XVII**

COSTA RICA

The following communication, dated and received on 21 April 2021, is being circulated at the request of the delegation of Costa Rica.

Pursuant to the provisions of Article XVII:4(a) of the GATT 1994 and paragraph 1 of the Understanding on the Interpretation of Article XVII, Costa Rica submits herewith its notification concerning State trading enterprises. The notification covers the Agro-Industrial Sugar Cane League (*Liga Agrícola Industrial de la Caña de Azúcar*, LAICA) for the period 2018-2019; the Costa Rican Petroleum Refining Company (*Refinadora Costarricense de Petróleo*, RECOPE) for 2018-2019; the Livestock Promotion Corporation (*Corporación Ganadera*, CORFOGA) for the period 2018-2019; the Costa Rican Coffee Institute (*Instituto del Café de Costa Rica*, ICAFE) for the period 2018-2019; and the National Rice Growers Corporation (*Corporación Arrocería Nacional*, CONARROZ) for the period 2018-2019.

REPLIES TO THE QUESTIONNAIRE ON STATE TRADING**LIGA AGRÍCOLA INDUSTRIAL DE LA CAÑA DE AZÚCAR (LAICA)****1 ENUMERATION OF STATE TRADING ENTERPRISES**

The Agro-Industrial Sugar Cane League (*Liga Agrícola Industrial de la Caña de Azúcar*, LAICA) is a non-State public entity, with its own legal personality, that is subject to public law in the exercise of its legal powers and duties and to private law in the conduct of its marketing and other corporate activities.

2 REASON AND PURPOSE FOR ESTABLISHING AND MAINTAINING THE STATE TRADING ENTERPRISE

LAICA was created under Law No. 3579 of 4 November 1965. This law was amended by the Organic Law on Sugar Cane Agriculture and the Sugar Industry (Law No. 7818 of 2 September 1998) and amendments thereto with a view to improving LAICA's operational effectiveness and efficiency.

The provisions of Law No. 7818 seek to maintain equitable relations between cane producers and sugar mills in order to guarantee each sector a reasonable and fair share, and to organize, in the interests of the industry's development and stability, the various factors involved in the production of sugar cane and the manufacturing and sale of sugar cane products.

3 DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

LAICA has two divisions: the Corporate Division, governed by public law, and the Marketing Division, governed by private law.

The Corporate Division is managed by a Board of Directors made up of eight members, comprising the Minister of Agriculture and Livestock, the Minister of the Economy, Industry and Trade, three members appointed by the sugar industry, and three appointed by the cane sector.

The Marketing Division is under the responsibility of the Marketing Board, which is made up of six members. The activities under LAICA's responsibility include the marketing of sugar and the by-products of sugar cane processing.

Regarding the quality control and marketing of the product, Law No. 7818 of 2 September 1998 and its amendments establish the variables that determine the quality of sugar intended for export, and set out LAICA's role in the inspection process, with a view to ensuring the quality of sugar exports (Articles 141-143).

Under Article 9(f), LAICA is responsible for establishing and allocating the national sugar production quota on an annual basis. This quota is equivalent to the domestic sugar consumption recorded in the previous season, multiplied by a fixed factor of 1.5. It is allocated among the mills in proportion to the reference quotas. The individual production quotas establish the amount and type of sugar to be produced within the national sugar production quota for domestic consumption, export or stockpiling.

The export quota is divided among the various export markets in consultation with the industry. If it benefits the industry, and subject to the conditions prevailing on the markets, the Board of Directors may order that the sugar included in the quota be replaced by alcohol.

Written contracts, duly registered with LAICA, are indispensable for sugar exports. Exports must comply with the individual quotas granted for the corresponding sugar crop year.

The Board of Directors determines the periods during which the sugar included in each mill's export quota, destined for preferential markets or markets that are covered by international agreements approved by Costa Rica, may be exported.

Before authorizing sugar exports, LAICA must ensure that they are in conformity with the established quota system and that they do not violate any international agreements concluded by Costa Rica or affect or impede proper compliance with the quotas granted to Costa Rica in the international sugar markets.

Exporters are also required to inform LAICA of the real price of the sugar exported, and LAICA has the authority to reject any sugar export transactions that involve a sales price lower than the prevailing international market prices.

In addition to registering their contracts, exporters must also ensure they are entered in the register kept by LAICA for that purpose, and to that end must provide general data concerning the natural or legal person in question.

4 STATISTICS

Statistical information is attached in Annex I.

ANNEX I: LIGA AGRÍCOLA INDUSTRIA DE LA CAÑA DE AZÚCAR (LAICA)

TABLE I

STATE TRADING: STATISTICAL INFORMATION, IMPORTS

LAICA only reported imports for heading 17.01 amounting to 190.4 tonnes in 2017 and 200 tonnes in 2018.

TABLE II

STATE TRADING: STATISTICAL INFORMATION, EXPORTS

Description of product(s)	Year*	Total quantity exported* (50 kg sacks)	Quantity exported by State trading enterprise (50 kg sacks)	Average procurement price (CRC per 50 kg sack of sugar)	Average representative domestic sales price (CRC per 50 kg sack of sugar)	Average export price (USD per 50 kg sack of sugar)	National production** (50 kg sacks)
Sugar (17.01)	2017-2018	4,167,165	4,167,165	15,201.38	22,305	22.75	8,335,359
	2018-2019	4,047,300	4,047,300	14,935.22	22,487	18.73	8,344,073

Source: LAICA.

* The sugar cane crop year runs from 1 October to 30 September.

** Does not include the production/exports of sugar companies with a low level of production in relation to the national total (LAICA represents over 95%).

TABLE III

STATE TRADING: STATISTICAL INFORMATION, DOMESTIC ACTIVITIES

Description of product(s)	Year*	Domestic purchases by State trading enterprise (50 kg sacks)	National production** (50 kg sacks)	Domestic sales by State trading enterprise (50 kg sacks)	National consumption** (50 kg sacks)
Sugar (17.01)	2017-2018	8,335,359	8,335,359	4,188,254	4,188,254
	2018-2019	8,344,073	8,344,073	4,129,740	4,129,740

Source: LAICA.

* The sugar cane crop year runs from 1 October to 30 September.

** Does not include the production/consumption of sugar companies with a low level of production in relation to the national total (LAICA represents over 95%).

REPLIES TO THE QUESTIONNAIRE ON STATE TRADING

REFINADORA COSTARRICENSE DE PETRÓLEO (RECOPE)

1 ENUMERATION OF STATE TRADING ENTERPRISES

The Costa Rican Petroleum Refining Company (*Refinadora Costarricense de Petróleo S.A.*, RECOPE) has a legal monopoly on the importation, refining and wholesale distribution of crude oil, fuels derived from oil, asphalt and naphtha. RECOPE is a State trading enterprise which was established as a joint stock company. All of its shares are held by the State. It is a legal person regulated, as far as its commercial activities are concerned, by private law.

The list of products imported and/or marketed by RECOPE during the period 2018-2019 and their tariff headings is as follows:

Product description	Tariff heading
Crude oil	27.09.00.10.00.00
Aviation gasoline (AvGas)	27.10.12.20.00.00
95 RON gasoline	27.10.12.30.00.22
91 RON gasoline	27.10.12.30.00.21
Jet fuel	27.10.12.90.00.11
Kerosene	27.10.19.11.00.00
Heavy naphtha	27.10.19.13.00.10
Diesel	27.10.19.21.00.90
Bunker oil	27.10.19.22.00.00
IFO-380	27.10.19.22.00.00
Fuel oil 2% S	27.10.19.23.00.00
Fuel oil 3%	27.10.19.23.00.00
Liquefied petroleum gas (LPG)	27.11.12.00.00.10
Propane	27.11.12.00.00.90
Asphalt	27.13.20.00.00.00
Methyl tertiary-butyl ether (MTBE)	29.09.19.00.00.00
Gas oil	-

2 REASON AND PURPOSE FOR ESTABLISHING AND MAINTAINING THE STATE TRADING ENTERPRISE

RECOPE has the exclusive right to manage the State monopoly on the importation, refining and wholesale distribution of crude oil and derivatives in order to satisfy domestic demand. This right is derived from Law No. 5508 of 8 April 1974 and Law No. 7356 of 24 August 1993 (ratification of the above-mentioned State monopoly administered by RECOPE).

The importation and marketing of fuels is a strategic national interest. State intervention guarantees effective control over fuel price policies; fuel prices in turn have a powerful impact on the stability of the prices of a wide range of other goods and services, hence even a slight increase in fuel prices is enough to appreciably affect inflation. It follows that, through the intermediary of RECOPE, the State performs an important social function, namely to maintain macroeconomic stability. Likewise, RECOPE must take proper account of the needs relating to the country's energy programme.

3 DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

The monopoly held by RECOPE consists firstly of the exclusive right to import and refine all crude oil and oil by-products, and secondly of exclusive wholesale fuel distribution rights. In this connection, and in accordance with Executive Decree No. 24943-MINAE of 13 January 1996, wholesale sales are defined, for the purposes of establishing the distribution monopoly, in terms of the following minimum volumes:

Products	Minimum sales volume (litres)
AvGas	1,900
95 RON gasoline	1,900
91 RON gasoline	1,900
Jet fuel	1,900
Kerosene	1,900
Heavy naphtha	1,900
Light naphtha	1,900
Diesel	1,900
Heavy diesel	1,900
Bunker oil	1,900
IFO-380	25,000
IFO-180	25,000
LPG	757
Asphalt	1,900
Asphaltic emulsion	1,900

Article 4 of the Regulation under Law No. 6588 (law regulating the activity, objectives and other aspects of RECOPE) provides that RECOPE may sell oil and oil derivatives abroad, provided that domestic market requirements are guaranteed. In addition to the above, it should be pointed out that, with regard to hydrocarbon exploration and production (national oilfields), Article 36 of the Hydrocarbons Law provides that such production shall be used as a matter of priority to cover domestic requirements and the national reserve. These requirements are determined by the Executive, through the Ministry of Natural Resources, Energy and Mining, and every contractor is obliged to sell to the State the amount of output required to satisfy domestic market needs. Accordingly, and in view of the monopoly managed by RECOPE, the output of national oilfields must be sold to RECOPE on a priority basis.

Furthermore, Article 6 of Law No. 6588 of 30 June 1981 provides that RECOPE may participate individually or jointly in tendering procedures organized by the Directorate-General of Hydrocarbons for the exploration and production of hydrocarbons, in accordance with the provisions of the Hydrocarbons Law.

RECOPE imports, processes and markets all the crude oil and derivatives consumed domestically in Costa Rica and exported (the country does not produce oil). On the basis of its yearly demand estimates, RECOPE buys crude oil and finished products on the international market. Import quantities are determined on the basis of local demand and the refining and storage capacity of RECOPE plants. Export levels are set principally in the light of storage capacity and the size of shipments.

With regard to import prices and resale prices for imported products, RECOPE purchases crude oil and oil by-products on the international market on the basis of strict market criteria. These are determined by reference to international market prices in the United States Gulf Coast. RECOPE issues supply contracts for crude oil and fuel through international competitions; these have a one year limit and prices are negotiated each year in the light of price fluctuations on the international oil market.

Article 4 of Law No. 5508 provides that, given RECOPE's status as a public enterprise (carrying with it certain general prerogatives and privileges which it enjoys exclusively or in conjunction with all other public entities), the Ministry of Finance is authorized, on the State's behalf and under its responsibility, to give RECOPE the guarantee(s) it needs to obtain financing for its working capital, provided that the total amount does not exceed USD 5,000,000.00 (five million US dollars). To this end, approval must be obtained from the Central Bank of Costa Rica and loans must be negotiated with leading banks and institutions.

Lastly, RECOPE has an obligation, which also takes the form of a right, to engage in an activity related to its principal, statutory and routine corporate activity when situations arise requiring the efficient and effective supply of fuels in the national interest. This obligation and right is derived directly from Article 5.1 of Law No. 5508, which in turn comes within the framework of the public objectives assigned to RECOPE. For example, RECOPE would be required to engage in wholesale distribution activity when there is a need for an effective supply at that level and development of the activity is affected by serious or unexpected problems.

RECOPE calculates fuel prices on the basis of the principle of service at cost, pursuant to Article 3(b) of Law No. 7593 (Public Services Act); these must be approved by the Public Services Regulatory Authority (ARESEP), in accordance with Laws No. 6588 and No. 7593. Export sales prices are set by RECOPE on the basis of prescribed formulae which take both local prices and prices on other markets into consideration; these are not controlled by the ARESEP.

In conclusion, as regards market structure, RECOPE - as mentioned earlier - has a monopoly on the importation and domestic distribution of petroleum products given that it was granted exclusive statutory powers to these ends. The situation is different with regard to exports, since any natural or legal person who buys products from RECOPE can resell them for export to another country. However, this type of transaction is not at all common.

4 STATISTICS

Statistical information is attached in Annex II.

ANNEX II: REFINADORA COSTARRICENSE DE PETRÓLEO

TABLE I.A

STATE TRADING: STATISTICAL INFORMATION, IMPORTS

2018

Product description	Description of product(s) (including HS number(s))	Total quantity imported (barrels)	Quantity imported by State trading enterprise ¹ (barrels)	Average import price (USD/barrel)	Average representative domestic sales price (USD/barrel)	Mark-up (USD/barrel)	National production
AvGas	27.10.12.20.00.00	7,650	7,650	157.25	256.32	99.07	-
95 RON gasoline	27.10.12.30.00.22	4,048,583	4,048,583	81.41	165.63	84.22	-
91 RON gasoline	27.10.12.30.00.21	3,778,643	3,778,643	78.69	158.73	80.05	-
Jet fuel	27.10.12.90.00.11	1,703,835	1,703,835	86.41	113.33	26.92	-
Diesel 0.0015% S	27.10.19.21.00.90	7,722,233	7,722,233	84.34	136.01	51.66	-
Fuel oil 3% S	27.10.19.23.00.00	759,387	759,387	62.87	73.92	11.05	-
Fuel oil 2% S	27.10.19.23.00.00	67,198	67,198	65.01	82.79	17.78	-
LPG	27.11.12.00.00.10	1,955,732	1,955,732	45.07	57.67	12.60	-
Propane	27.11.12.00.00.90	4,611	4,611	62.90	61.69	-1.20	-
Asphalt AC-30	27.13.20.00.00.00	706,561	706,561	67.99	79.59	11.60	-
MTBE	29.09.19.00.00.00	29,953	29,953	105.15	-	-	-

Notes:

1. Import data are expressed in barrels and the average price data in USD per barrel.
2. MTBE is used as an oxygenate in 95 RON gasoline and is therefore not sold separately.
3. The average domestic price corresponds to the annual average at the point of sale and includes taxes and RECOPE's operating margin as approved by the ARESEP.
4. The differences in the margin observed among products are due to the fact that the single tax on fuel is not the same for each product and that a subsidy for asphalts, LPG and bunker oil exists under the diesel and gasoline sectoral policy.
5. The sole product produced by RECOPE is the asphaltic emulsion in various forms. However, this product was not imported in 2018 and 2019, but should have been imported in part in 2020.

TABLE I.B

STATE TRADING: STATISTICAL INFORMATION, IMPORTS

2019

Product description	Description of product(s) (including HS number(s))	Total quantity imported (barrels)	Quantity imported by State trading enterprise ¹ (barrels)	Average import price (USD/barrel)	Average representative domestic sales price (USD/barrel)	Mark-up (USD/barrel)	National production
AvGas	27.10.12.20.00.00	8,810	8,810	147.27	254.93	107.67	-
95 RON gasoline	27.10.12.30.00.22	4,519,951	4,519,951	73.95	155.70	81.74	-
91 RON gasoline	27.10.12.30.00.21	4,196,248	4,196,248	72.39	149.84	77.45	-
Jet fuel	27.10.12.90.00.11	1,947,056	1,947,056	80.55	105.17	24.63	-
Diesel 0.0015% S	27.10.19.21.00.90	7,745,113	7,745,113	79.44	129.61	50.17	-
Fuel oil 3% S	27.10.19.23.00.00	691,144	691,144	57.02	69.52	12.50	-
Fuel oil 2% S	27.10.19.23.00.00	155,272	155,272	72.33	92.15	19.82	-
LPG	27.11.12.00.00.10	2,180,882	2,180,882	29.82	40.88	11.06	-
Asphalt AC-30	27.13.20.00.00.00	710,115	710,115	65.70	80.68	14.98	-
MTBE	29.09.19.00.00.00	24,057	24,057	77.96	-	-	-

Notes:

1. Import data are expressed in barrels and the average price data in USD per barrel.
2. MTBE is used as an oxygenate in 95 RON gasoline and is therefore not sold separately.
3. The average domestic price corresponds to the annual average at the point of sale and includes taxes and RECOPE's operating margin as approved by the ARESEP.
4. The differences in the margin observed among products are due to the fact that the single tax on fuel is not the same for each product and that a subsidy for asphalts, LPG and bunker oil exists under the diesel and gasoline sectoral policy.
5. The sole product produced by RECOPE is the asphaltic emulsion in various forms. However, this product was not imported in 2018 and 2019, but should have been imported in part in 2020.

TABLE II

STATE TRADING: STATISTICAL INFORMATION, EXPORTS

RECOPE made no exports in 2018 or 2019.

TABLE III.A

STATE TRADING: STATISTICAL INFORMATION, DOMESTIC ACTIVITIES

2018

Product description	Tariff heading	Domestic purchases by RECOPE (m3)	National production and blending (m3)	Domestic sales by RECOPE (m3)	National consumption (m3)
AvGas	27.10.12.20.00.00	-	-	1,257	1,257
95 RON gasoline	27.10.12.30.00.22	-	-	665,875	665,875
91 RON gasoline	27.10.12.30.00.21	-	-	629,819	629,819
Jet fuel	27.10.12.90.00.11	-	-	272,110	272,110
Kerosene	27.10.19.11.00.00	-	-	7,132	7,132
Heavy naphtha	27.10.19.13.00.10	-	-	0	0
Diesel	27.10.19.21.00.90	-	-	1,233,245	1,233,245
Bunker oil	27.10.19.22.00.00	-	-	116,161	116,161
IFO-380	27.10.19.22.00.00	-	-	0	0
LPG	27.11.12.00.00.10	-	-	322,393	322,393
Asphalt	27.13.20.00.00.00	-	-	112,525	112,525
Gas oil	-	-	-	10,846	10,846

Source: RECOPE, Sales Department.

Note: "-" indicates zero.

TABLE III.B

STATE TRADING: STATISTICAL INFORMATION, DOMESTIC ACTIVITIES

2019

Product description	Tariff heading	Domestic purchases by RECOPE (m3)	National production and blending	Domestic sales by RECOPE (m3)	National consumption (m3)
			(m3)		
AvGas	27.10.12.20.00.00	-	-	1,281	1,281
95 RON gasoline	27.10.12.30.00.22	-	-	686,865	686,865
91 RON gasoline	27.10.12.30.00.21	-	-	660,546	660,546
Jet fuel	27.10.12.90.00.11	-	-	289,336	289,336
Kerosene	27.10.19.11.00.00	-	-	5,920	5,920
Heavy naphtha	27.10.19.13.00.10	-	-	0	0
Diesel	27.10.19.21.00.90	-	-	1,224,166	1,224,166
Bunker oil	27.10.19.22.00.00	-	-	123,447	123,447
IFO-380	27.10.19.22.00.00	-	-	0	0
LPG	27.11.12.00.00.10	-	-	342,062	342,062
Asphalt	27.13.20.00.00.00	-	-	103,386	103,386
Gas oil	-	-	-	9,999	9,999

Source: RECOPE, Sales Department.

Note: "-" indicates zero.

REPLIES TO THE QUESTIONNAIRE ON STATE TRADING

CORPORACIÓN GANADERA (CORFOGA)

1 ENUMERATION OF STATE TRADING ENTERPRISES

The Livestock Promotion Corporation (*Corporación Ganadera*, CORFOGA), a non-State public law entity with its own legal personality and assets, was created under Law No. 7837 of 5 October 1998 to promote livestock production.

CORFOGA does not perform marketing functions, or export or import bovine meat, although it does receive revenue generated by a mandatory payment that is required for each animal slaughtered for domestic consumption, and for imports of bovine meat and exports of live cattle. The information concerning CORFOGA is therefore being submitted for transparency purposes and without prejudice to Costa Rica's legal position in respect of whether or not the enterprise is in compliance with Article XVII:4(a) of the GATT 1994. For the purposes of this notification, bovine meat shall be understood to mean the following:

Product	Tariff classification
Live cattle	0102.2
Meat of bovine animals, fresh or chilled	0201
Meat of bovine animals, frozen	0202

2 REASON AND PURPOSE FOR ESTABLISHING AND MAINTAINING THE STATE TRADING ENTERPRISE

The existence, maintenance and promotion of bovine livestock, in particular that of small and medium-sized producers dedicated to this activity, is of public interest. Accordingly, the Corporation seeks to promote sustainable cattle-farming, the development and modernization of this activity, and increased productivity. The law also seeks to promote and support the technological and entrepreneurial restructuring of the livestock sector and the various segments of the agro-industrial meat chain; to draw up and implement plans, programmes and projects for both the promotion of sustainable livestock farming, and the generation and application of appropriate technology for producer groups.

CORFOGA's other aims include to monitor compliance with national and international agreements, treaties, conventions and negotiated outcomes that directly or indirectly affect livestock farming, and to ensure that the country is adequately self-sufficient in terms of bovine meat.

3 DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

CORFOGA enjoys an exclusive or special right or privilege in participating in the administration of the "settlement system", which involves the collection of a tax for each animal slaughtered for domestic consumption or export; for each live bovine animal exported; or for imported bovine meat. This money is paid to CORFOGA, which uses the funds for internal administration purposes. The money is not distributed among producers, but used for the Corporation's activities.

CORFOGA, in collaboration with the Ministry of Agriculture and Livestock, participates in the preparation and implementation of plans, programmes and projects to promote bovine livestock. In this respect it:

- Generates, compiles, processes, analyses and disseminates statistical information
- Prepares the technical and economic studies needed to improve the analysis and monitoring of livestock-farming activity
- Participates in the preparation, defining and implementation of livestock-farming policies that promote sustainable production
- Protects the genetic heritage of bovine livestock; and
- Fosters and supports livestock farming, through agreements, loans or donations

4 STATISTICS

Not applicable, as CORFOGA does not market, export or import bovine meat.

5 REASON WHY NO FOREIGN TRADE HAS TAKEN PLACE

CORFOGA does not participate in the marketing of bovine meat or livestock.

REPLIES TO THE QUESTIONNAIRE ON STATE TRADING

INSTITUTO DEL CAFÉ DE COSTA RICA (ICAFE)

1 ENUMERATION OF STATE TRADING ENTERPRISES

The Costa Rican Coffee Institute (*Instituto del Café de Costa Rica*, ICAFE) is a non-State public entity governed by the provisions of Law No. 2762 of 1961 ("Law on Relations between Coffee Producers, Processors and Exporters").

ICAFE exercises regulatory authority over the following products:

Product	Tariff classification
Green coffee (café oro)	0901.1130

2 REASON AND PURPOSE FOR ESTABLISHING AND MAINTAINING THE STATE TRADING ENTERPRISE

ICAFE's objective is to ensure equitable relations among coffee producers, processors and exporters, with a view to guaranteeing each sector's rational and effective participation in the coffee industry.

3 DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

ICAFE exercises regulatory authority over the coffee sector. The National Coffee Congress is ICAFE's highest governing and administrative body. The Institute has a Board of Directors made up of nine members: five regular members representing the production sector; one regular member from the processing sector; one regular member from the export sector; one regular member from the roasting sector; and the Minister of Agriculture and Livestock or a representative of the Executive of an equal or higher ranking, appointed by the Government Council.

ICAFE's Board of Directors is authorized to appoint work committees. Furthermore, pursuant to Article 103(h) of Executive Decree No. 28018, the Chairman of the Board of Directors has the power to appoint the committees that he believes are needed to study and implement institutional policies.

ICAFE's functions include the following:

- Buying and selling coffee in the country and abroad (although it does not exercise this right in practice)
- Regulating certain aspects of transactions between individuals, for example:
 - (i) Authorizing individual export transactions (ICAFE most notably controls the price and quality of exported coffee)
 - (ii) In the event of a dispute between the buyer and the seller, determining material impossibility on the grounds of force majeure or unforeseen circumstances; and
 - (iii) Authorizing the purchasing of coffee through channels other than direct purchasing through the National Consumption Coffee Exchange
- Officially accrediting entities that participate in the coffee sector, such as regional chambers, syndicates and unions
- Managing registers of producers, processors, exporters, roasters and manufacturers that engage in the further processing of coffee and its by-products
- Promoting Costa Rican coffee on the domestic market and on international markets
- Providing coffee producers in areas where there are no processing plants, either directly or through other official entities, with the material facilities to process and market their products
- Financing transactions for producers
- Researching and developing agricultural and industrial technology relevant to coffee production and processing

Individuals may export coffee once ICAFE has approved the respective contract. The aim of such approval is to guarantee the quality and price of the exported product. Individuals may import freely without any need for prior authorization.

4 STATISTICS

Not applicable, as ICAFE does not market, export or import coffee.

5 REASON WHY NO FOREIGN TRADE HAS TAKEN PLACE

ICAFE is authorized to participate in international trade, but, in practice, does not engage in any commercial activity.

REPLIES TO THE QUESTIONNAIRE ON STATE TRADING

CORPORACIÓN ARROCERA NACIONAL (CONARROZ)

1 ENUMERATION OF STATE TRADING ENTERPRISES

The National Rice Growers Corporation (*Corporación Arrocera Nacional*, CONARROZ) is a non-State public entity created under Law No. 8285 of 30 May 2002.

CONARROZ markets the following products:

Tariff heading	Description
10.06	Rice
1006.10	Rice in the husk (paddy or rough)
1006.10.90	Other

2 REASON AND PURPOSE FOR ESTABLISHING AND MAINTAINING THE STATE TRADING ENTERPRISE

Rice is one of the most widely consumed food products in Costa Rica. CONARROZ was therefore created to promote all aspects of the rice sector, including agricultural production, agro-industrial processing, domestic trade, and exports and imports.

CONARROZ is responsible for regulating relations between agricultural producers and processors in such a way as to ensure the rational, fair and orderly participation of farmers and processors in the production, agro-industrial processing, domestic trading, and export and import of rice and its by-products.

CONARROZ is authorized by law to assist the Ministry of Agriculture and Livestock (MAG), the National Production Council (CNP) and the Ministry of the Economy, Industry and Trade (MEIC) in the process of importing and exporting rice in the husk with a view to preventing supply shortages on the domestic market and ensuring food security.

3 DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

CONARROZ is a non-State public law entity, with its own assets, and operational and administrative autonomy. Its legal representatives, at both the judicial and extrajudicial level, are the Executive Director and the Chairman of the Board of Directors.

Pursuant to Law No. 8285 and its implementing regulations (Executive Decree No. 32968-MAG), CONARROZ is responsible for compiling and updating statistical information on the rice sector related to sowing, production, inventories of rice in the husk and pounded rice stored in processing establishments, exports, imports, production costs, and any other type of information that is vital for ensuring adequate domestic market supply.

Each month, processors are required to submit sworn declarations to CONARROZ detailing their purchases of domestically harvested rice, their sales and the value of these sales, and their rice stocks.

Producers and processors are required to pay a contribution amounting to 1.5% of the price of the clean and dry in-the-husk or pounded rice that is delivered. Of this contribution, 0.75% must be paid by the producer and 0.75% by the processor, within eight working days from when the rice is received. This amount, paid to CONARROZ, enables the entity to meet its operating costs, strengthen producer and processor organizations, and finance research, outreach, technological innovation and training projects in accordance with each region's contribution to domestic rice production.

CONARROZ has a permanent information and research system, and conducts technical studies that make it possible to ascertain in advance where overproduction or production shortfalls will occur. The results of these studies must be notified to the MAG or the MEIC with a view to the determination of supply requirements and the opening of a quota.

Rice in the husk imported due to rice shortages is distributed among processors by CONARROZ on the basis of the amounts of domestically produced rice purchased during the previous rice year.

When importing clean, dry in-the-husk or pounded rice, a contribution amounting to 1.5% of the price must be paid to CONARROZ. The document confirming this payment must be shown in order to bring the goods into the country.

4 STATISTICS

CONARROZ has the legal authority to import quotas to cover supply shortfalls. The following imports were made during the period in question:

- Executive Decree No. 40783-MAG-COMEX-MEIC authorized the importation of 42,176 metric tonnes (MT) of rice in the husk (code 1006.10.9000), with an import tariff rate of 0%. This volume could be imported between January and June 2018.
- Executive Decree No. 41067-MAG-COMEX-MEIC amended Decree No. 40783-MAG-COMEX-MEIC, increased the volume to be imported to 62,507 MT and extended the import period until August 2018.
- Executive Decree No. 41466-MAG-MEIC-COMEX authorized the importation of 44,403 MT of rice in the husk (code 1006.10.9000), with an import tariff rate of 0%. This volume could be imported between January and June 2019.
- Executive Decree No. 41945-MAG-MEIC-COMEX authorized the importation of 19,520 MT of rice in the husk (code 1006.10.9000), with an import tariff rate of 0%. This volume could be imported between August 2019 and June 2020.
- Executive Decree No. 42226-MAG-MEIC-COMEX amended Decree No. 41945-MAG-MEIC-COMEX and increased the volume to be imported to 39,662 MT.

5 REASON WHY NO FOREIGN TRADE HAS TAKEN PLACE

CONARROZ did not export rice, nor did it participate in the marketing of rice at the domestic level over the period in question.
