Investing in Costa Rica

The place. The people. The opportunities.
CINDE
Costa Rican Investment Promotion Agency

- Private, non-profit, non-political organization, founded in 1982
- Declared of public interest by the Costa Rican Government in 1984
- Active promotion of foreign investment, local support, and post-establishment services
- Ranked as one of the top 10 IPAs in the world, according to the Investment Climate Advisory Service (FIAS) of the World Bank Group
Proven track record
Contact Center
Back-office
Shared Services
Software Development
Entertainment, Advertising & Audiovisual
Engineering & Design
Architecture & Construction
Services - from a site location perspective

- Low cost labor
- Access to highly skilled labor pool

**Back office**
- Basic data entry
  - Application forms
  - Data conversion
- Transaction processing
- Document management
- Customer contact
  - Customer relations
  - Call Centers (inbound & outbound)
  - Online customer service
- Telemarketing
- Collections

**Common Corporate functions**
- Corporate services
  - Finance/accounting
  - HR
  - Procurement
  - IT
    - Help desk
    - Maintenance
    - Infrastructure
    - Application development

**Knowledge Services and decision analysis**
- Research services
- Customer analysis
- Portfolio analysis
- Claims processing
- Risk management
- Credit underwrite

**Research & Development**
- Content development, engineering and design
- New product design
  - Design specs
  - Pilot/prototypes
  - Testing
  - Production design and optimization

Increasingly complex transactions
Contact Centers

ACE
Aegis Communications
Amadeus
Amazon
BA Continuum
Concentrix
Credits World
Dell Costa Rica
First Data
Fujitsu
Hewlett Packard (ITO)
Language Line
McKinsey & Co. Support Services
Micra Consulting
Motif
Omnex
Pacific Interpreters
Qualfon
Startek
Stream International
SYKES
Tech Data
Teletech
United Collection Bureau
UPS Supply Chain
Van Ru

Interactive Advertising and Audiovisual

Aniden Interactive
avVenta
Costa Rica Production Services
Digital Arbor
Schematic (WPP)
The Hangar Interactive
(Critical Mass)
Via Luna Group

Engineering & Design

Agilis Engineering
Align Technologies
Emerson

Architecture and Construction

Gensler
Holland Roofing
Rehkemper and Sons
Stratosource
Shared Services

- Amway
- Astra Zeneca SS
- Baxter Americas
- British American Tobacco
- Chiquita Brands
- Citi Business Services
- DHL
- Dole SS
- Emerson
- Hellmann Logistic
- Intel SS
- Lyon Resources (Publicis)
- Oracle
- Procter & Gamble GBS

Software

- 4Thought Marketing
- Avionyx
- Fiserv
- Global Insurance Technologies
- JD Soft
- Lux Red Consulting
- Prosoft Nearshore
- Ridge Run
- Round Box Media
- Simple Software Solutions
- Sistemas Galileo
- Slim Soft
- Via Information Tools

Back Office

- Access Personnel
- Amba Research
- APL
- Arcus
- BPO International
- Equifax
- Experian Marketing Services
- Hewlett Packard (BPO)
- IBM
- Lightstorm
- LL Bean
- Pacific West
- Paysource
- Project Resources Group CR
- Seton Centra
- Trax Technologies
- Western Union
- WNS
WHY COSTA RICA?
Costa Rica’s value proposition:

- Stable political & economic environment
- Safe location
- World-class education
- Qualified workforce
- Strategic Location
- Quality Infrastructure
We have a strong and world renowned tradition of peace and stability

- Army abolished in 1948
- Among the highest ranked in Political Stability and Absence of Violence index in Latin America (World Bank, 2008)
- More than 100 years of democracy
- Presidential system
- 3 independent powers
- 4 year-term with possibility of reelection
Costa Rica is the safest country in Latin America

Ranks 1\textsuperscript{st} in the Latin Security Index

<table>
<thead>
<tr>
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<tr>
<td>Costa Rica</td>
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Note: This index measures the countries’ insecurity based on homicide rates as well as other factors affecting corporate security, and the safety of foreign business executives.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Costa Rica</th>
<th>El Salvador</th>
<th>Guatemala</th>
<th>Honduras</th>
<th>Nicaragua</th>
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<tbody>
<tr>
<td>Homicides per 10,000 inhabitants</td>
<td>0.8</td>
<td>5.6</td>
<td>4.5</td>
<td>4.2</td>
<td>1.5</td>
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<tr>
<td>Judicial budget per capita</td>
<td>$30</td>
<td>$24</td>
<td>$7</td>
<td>$8</td>
<td>$9</td>
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<tr>
<td>Police officers per 100,000 inhabitants</td>
<td>228</td>
<td>234</td>
<td>155</td>
<td>144</td>
<td>143</td>
</tr>
<tr>
<td>Judges per 100,000 inhabitants</td>
<td>18</td>
<td>10</td>
<td>6</td>
<td>8</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Estado de La Nación, 2008

Homicides per 10,000 inhabitants in Mexico reached almost 4 in 2008

Source: Public Health Institute of Mexico
Our people make the difference

- **Population as of July 2009:**
  - 4.62 million
  - 34.2% of the population is 15 to 35 years old
  - Annual population growth: 1.9%
  - GDP / Capita: $6,492

- **Labor force 2009:** 2.12 million
  - Unemployment, 2009*: 7.8%
  - Underemployment, 2009*: 7.8%
  - Annual labor pool growth: 3.0%

- **Universal Health Care and Education System**
  - Pillars of the national stability
  - 6% of the GDP is allocated to education

* Mid-Year estimates
Costa Rica’s educational system is ranked #1 in Latin America

**Quality of the Educational System (Rank)**

- Canada: 5
- Ireland: 8
- United States: 22
- Malaysia: 23
- Czech Republic: 25
- Costa Rica: 26
- Germany: 27
- India: 37
- Phillipines: 50
- China: 52
- Puerto Rico: 53
- Colombia: 73
- Argentina: 94
- El Salvador: 102
- Chile: 107
- Panama: 111
- Mexico: 115
- Dominican Republic: 129

**Source:** World Economic Forum. The Global Competitiveness Report 2009 - 2010

**Adult Literacy Rate (%)**

- Canada: 99.0
- Ireland: 99.0
- United States: 99.0
- Czech Republic: 99.0
- Croatia: 98.7
- Argentina: 97.6
- Chile: 96.5
- Costa Rica: 95.9
- Philippines: 93.4
- Panama: 93.4
- China: 93.3
- Mexico: 92.8
- Malaysia: 91.9
- El Salvador: 82.0
- India: 66.0

**Source:** United Nations. Human Development Report 2009
The export offshore service sector employs less than 2% of the labor market

- Agriculture, Livestock & Fishing: 12%
- Industrial: 12%
- Retail: 20%
- Construction: 7%
- Others: 3%
- Tourism, transportation, financial intermediation and others: 47%
- Corporate Services (Offshoring & Outsourcing): 1.5%

Source: National Statistics Institute, 2009
Services Sector Transaction Language Distribution

Source: CINDE, Service Sector Survey
Continuous investment to build our human capital

Costa Rica Multilingual: a comprehensive program to develop bilingual capabilities in the country’s labor market.

Goals

- **2009:** 25,000 people at B1 to C1 level.
- **2012:** 40,000 people at B1 to C1 level.
- **2017:** 100% of high school graduates B1 to C1 level.

*Common European Framework.*

Solid Results

- **13,000** people graduated from *Conversational English Courses* (INA and CONARE, 2009).
- **20,000** people enrolled in conversational English courses in language academic institutes (2009).
- **US$21 million** allocated to English and IT Training in the four main universities, and INA (CONARE and INA, 2009).
- **500** new English language professionals entered the market in 2008 to improve the population’s skills.
Costa Rica is your platform to the Americas...

<table>
<thead>
<tr>
<th>City</th>
<th>Flights Frequency</th>
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<tbody>
<tr>
<td>Atlanta, GA</td>
<td>Daily</td>
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<tr>
<td>Charlotte, NC</td>
<td>Daily</td>
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<tr>
<td>Chicago, IL</td>
<td>Once a week</td>
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<tr>
<td>Dallas, TX</td>
<td>Daily</td>
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<tr>
<td>Denver, CO</td>
<td>Daily</td>
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<tr>
<td>Fort Lauderdale, FL</td>
<td>Daily</td>
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<tr>
<td>Houston, TX</td>
<td>Daily</td>
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<td>Los Angeles, CA</td>
<td>Daily</td>
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<td>Miami, FL</td>
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<td>New York, NY</td>
<td>Daily</td>
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<td>Newark, NJ</td>
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<td>Orlando, FL</td>
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<td>Philadelphia, PA</td>
<td>Once a week</td>
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<tr>
<td>Phoenix, AZ</td>
<td>Daily</td>
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<tr>
<td>Toronto, Canada</td>
<td>Daily</td>
</tr>
</tbody>
</table>

Average time to major cities in the US is between 3 - 5 hours

Source: Juan Santamaría International Airport, May 2009
Solid utilities infrastructure

Telecommunications:

- Redundant fiber optic submarine cables (Atlantic: Maya & Arcos; Pacific: Global Crossing)
- Satellite and terrestrial microwave network in place to meet demand in fixed, mobile and Internet services

Electricity

- Redundant 93% of electricity is generated from renewable sources (hydroelectric, geothermal, and wind)

Quality of electricity supply (Rank)

<table>
<thead>
<tr>
<th>Country</th>
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<tbody>
<tr>
<td>Canada</td>
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<tr>
<td>United States</td>
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<td>Puerto Rico</td>
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<td>China</td>
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<td>Honduras</td>
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<td>Mexico</td>
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<td>Argentina</td>
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<tr>
<td>India</td>
<td>106</td>
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<tr>
<td>Dominican Republic</td>
<td>130</td>
</tr>
</tbody>
</table>

Services incentives in the free trade zone regime

**100% EXEMPTION ON:**

- Import duties for raw materials, equipment and components
- Corporate income tax (8 years, 50% exemption during the following 4 years) *
- Export taxes, local sales tax and excise taxes
- Remittances repatriation tax

* Projects in the Great Metropolitan Area (GMA)

Corporate income tax in Costa Rica: 30%
Great Potential

5th Global Services Location in America
Global Services Locations Index, 2009, AT Kearney

Costa Rica: A Central American success story in competitiveness

1st High-Tech exporter of Latin America
World Development Indicators 2009, World Bank

4th High-Tech exporter of the world
World Development Indicators 2009, World Bank
Thank You!

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