



Department for
Business & Trade



**Information Note on
Costa Rica's CPTPP
Accession Working Group**

November 2024

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1 Introduction

The purpose of this Information Note is to provide information and data related to the establishment of an Accession Working Group (AWG) on Costa Rica's application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). It is intended to be used by the public to help inform any responses that they may have to the questions posed as part of the period of public engagement.

The UK is a member of CPTPP alongside Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Viet Nam. CPTPP is an agreement that is set to grow.

The UK signed an Accession Protocol to the CPTPP in July 2023 and deposited its instrument of accession in May 2024, having passed the appropriate legislation in Parliament. The UK's Accession Protocol will enter into force on 15 December 2024.

The UK is one of twelve CPTPP members that will decide on the terms of Costa Rica's accession process. The information gathered through this period of public engagement will inform the UK's negotiating position. The UK will fully engage in Costa Rica's accession process, assessing both their compliance with the CPTPP and their market access offers in goods, services, and related areas.

To inform these discussions, the UK Government is seeking input from stakeholders, including those involved in trading and investing with Costa Rica and those who can provide evidence as to how Costa Rica's trading relationship with the UK could be enhanced.

This Information Note presents information from a UK perspective to inform UK organisations and individuals about the CPTPP accession process, and the current trading relationship between the UK and Costa Rica.

Costa Rica has already been assessed by all CPTPP members – including the UK – and found to satisfy the "Auckland Principles" which are used to assess the readiness of candidates to begin an accessions process, namely:

1. a preparedness to meet the Agreement's high standards
2. a demonstrated pattern of complying with trade commitments, and
3. recognition that decisions are dependent on the consensus of the CPTPP Parties.

Six other economies have applied to join CPTPP: China, Ecuador, Indonesia, Taiwan, Ukraine and Uruguay. The establishment of an AWG for Costa Rica will not prevent the consideration and discussion of the remaining accession requests by CPTPP Members.

Figure 1: Goods and services trade between the UK and Costa Rica, 2023

2023 Total UK trade in goods and services with Costa Rica £1.1 billion



Sources: [ONS, UK total trade: all countries seasonally adjusted data](#), released October 2024. HMRC data source for Regional Trade Statistics business counts data: [UK trade in goods statistics](#). Note: Number of VAT registered business exports/imports only relates to businesses trading in goods, and therefore excludes any businesses that only trade in services. Trade figures have been rounded to the nearest £5 million.

1.1 Executive Summary

This Information Note brings together data to supplement an informed and evidence-based submission to the public engagement period regarding Costa Rica’s candidacy as a new economy to join the CPTPP.

The information presented is from a UK-Costa Rica trade and investment perspective. It outlines economic profiles and trade flows between the UK and Costa Rica detailing goods and services imports and exports. It includes analysis about trade and investment restrictions alongside a high-level breakdown of goods tariffs from the UK’s Most-Favoured-Nation (MFN) schedule and UK-Central America Association Agreement schedule.

This document provides an overview of what it means to be an accession candidate, the timelines and insights into an AWG and how the growth of CPTPP is an essential part of its fabric. This Note further details how organisations and individuals can participate in the public engagement period regarding Costa Rica’s evaluation and what they should include in their responses.

Feedback submitted will inform the UK’s approach to the AWG and it is the aim of this public engagement period to encourage as wide a range of participants as possible.

A response can be submitted here:

https://ditresearch.eu.qualtrics.com/jfe/form/SV_2bnop4ZwgdoynVvk and the questionnaire closes on 24th January 2025.

2. What it Means to be an Accession Candidate to the CPTPP

2.1 Why the Accession Process is Important for the CPTPP Agreement

The expansion of the CPTPP Agreement creates the opportunity for the UK and other CPTPP members to continue widening trading links over time across the world as new members join, diversifying supply chains, bolstering economic resilience and contributing actively to a high standard of international trade.

Importantly, the benefits of the accession process go beyond just the benefits brought by any individual applicant, important though those may be. The expansion of CPTPP means more economies being brought into the orbit of high standard, modern, trading rules, which are well-aligned with the UK's economic and strategic interests. This in turn makes the Agreement – and its rules – attractive to other economies too, creating a virtuous cycle which it is in the UK's economic and strategic interests to support.

The process for an accession economy to join the CPTPP is managed through an Accession Working Group, or an AWG. Detailed discussions with Costa Rica are expected to begin in early 2025. The full process is laid out here: <https://www.mfat.govt.nz/assets/Trade-agreements/CPTPP/Accession-Process.pdf>

The UK, alongside all other CPTPP members, will be part of the AWG. Costa Rica's application will only complete the AWG process if there is consensus among the Parties.

In the shorter term, the responses to this public engagement period will help develop the UK's approach to the AWG process. Once analysed, the UK will publish a factual summary of the responses received.

The UK's own negotiation discussions took just under two years, although every accession negotiation will be unique.

Overall, it has taken the UK nearly four years from applying to join CPTPP in February 2021, to our accession on 15 December 2024.

2.2 CPTPP Compliance

The first stage of the AWG is to ensure that the candidate complies with the terms of the existing CPTPP Agreement. The AWG will take a Chapter-by-Chapter approach to scrutinise how the candidate meets the current Agreement's high standards.

The CPTPP comprises 30 chapters, which set out the detailed provisions of the Agreement. The provisions within CPTPP cover a wide range of areas including goods, services, investment as well as areas like e-commerce, intellectual property rights, labour and the environment.

The full list of CPTPP chapters is below. The full CPTPP text is available on New Zealand's website, as CPTPP depository: <https://www.mfat.govt.nz/en/about-us/who-we-are/treaties/comprehensive-and-progressive-agreement-for-tpp?m=724057#search:Y3B0cHAgdGV4dA==>

The UK's Accession Protocol introduces changes to the scope of the CPTPP to take into account the respective commitments on liberalisation of goods and services resulting from the accession of the UK.

For more detail on how these chapters relate to the UK specifically, please refer to the CPTPP Agreement Summary published by the UK at Signature:
<https://www.gov.uk/government/publications/cptpp-agreement-summary>

2.3 Breakdown of the CPTPP Agreement

Chapter title	Chapter Objectives and Main Coverage of Provisions
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) text	Incorporates the chapters below from the TPP into the CPTPP, with the exception of a small number of suspended provisions – the most numerous being in the Intellectual Property Chapter – and some amendments to the provisions on entry into force, accessions and withdrawal in Chapter 30.
Chapter 1: Initial Provisions and General Definitions	Sets out overarching definitions for the CPTPP and clarifies the relationship between CPTPP and other free trade agreements.
Chapter 2: Trade in Goods	Parties agree to eliminate and reduce tariffs and non-tariff barriers on goods. The precise schedules for tariff elimination (including staging periods) by each country is set out in an annex to the chapter (2-D).
Chapter 3: Rules of Origin	A single set of rules that define whether a good is “originating” and therefore eligible to receive preferential tariff benefits under CPTPP, as well as agreeing a common system for verifying origin of goods. The product-specific rules of origin are annexed to the chapter (3-D). In general, inputs from one CPTPP country are treated the same as materials from any other CPTPP country, and so can count as “originating”.
Chapter 4: Textiles and Apparel Goods	Sets out some sector specific rules of origin for trade in textiles within CPTPP region, as well as some additional measures on customs co-operation. A list of the product specific rules of origin is annexed at (4-A).
Chapter 5: Customs Administration and Trade Facilitation	Contains rules designed to improve trade facilitation and transparency in customs procedures; for example, by publishing customs regulations, committing to provide for release of goods without unnecessary delay, and provide expedited customs procedures for express shipments.

<p>Chapter 6: Trade Remedies</p>	<p>Provides for a transitional safeguard mechanism, which allows a CPTPP member country to apply temporary protective measures if an increase in imports as a result of tariff cuts cause harm to a domestic sector. Confirms each parties' rights and obligations under the existing WTO Agreements relating to trade remedies and sets out best practice process for anti-dumping and countervailing duty investigations.</p>
<p>Chapter 7: Sanitary and Phytosanitary (SPS) Measures</p>	<p>Commits Parties to ensure transparent, non-discriminatory rules based on scientific principles to protect human, animal or plant life or health in their countries. It sets out procedures for seeking mutual recognition of regulation and putting in place emergency measures.</p>
<p>Chapter 8: Technical Barriers to Trade (TBT)</p>	<p>Aims to establish transparent, non-discriminatory rules for developing technical regulations, standards and conformity assessment procedures for goods that do not create unnecessary barriers to trade.</p>
<p>Chapter 9: Investment</p>	<p>Provides protection for investors in the territory of other parties, including commitments to: give equivalent treatment to investors from CPTPP countries and domestic investors; to prohibit expropriation that is not for public purpose, without due process, or without compensation; and to prohibit "performance requirements" on, for example, local content or technology localisation. The chapter also includes provisions for investor-state dispute settlement.</p>
<p>Chapter 10: Cross-Border Trade in Services</p>	<p>Includes a commitment between the parties to liberalise their services markets. It requires parties to treat service suppliers from other CPTPP countries at least as well as domestic suppliers and it prevents parties from imposing trade restrictions on the supply of services from CPTPP countries. Parties have made these commitments on a "negative-list basis," meaning that these commitments apply to all service sectors unless otherwise specified.</p>

Chapter 11: Financial Services	Incorporates and adapts certain provisions from the foreign investment chapter and cross-border trade in services chapter. These aim to increase cross-border trade and investment in financial services within CPTPP countries, while ensuring that parties in CPTPP will retain the ability to regulate financial markets and institutions and to take emergency measures in the event of crisis.
Chapter 12: Temporary Entry for Business Persons	Aims to facilitate the temporary movement of business persons between CPTPP countries; for example, by ensuring that decisions on applications for entry are made as quickly as possible, and companies can transfer staff abroad. Each CPTPP Country has made commitments on access for each other's business persons, in their schedule of commitments, annexed to this chapter (12-A).
Chapter 13: Telecommunications	CPTPP Countries commit to ensure that their telecommunications suppliers will provide key services in their territory, and to transparent and non-discriminatory regulation.
Chapter 14: Electronic Commerce	Contains a commitment to ensuring the free flow of data and prohibits the imposition of customs duties on electronic transmissions and the imposition of data localisation requirements. It maintains consumer protection laws and ensures that privacy and other consumer protections can be enforced.
Chapter 15: Government Procurement	The Parties commit under this chapter throughout the procurement process to treat suppliers to government from CPTPP Parties in a fair, transparent and non-discriminatory manner. The entities and activities covered by these commitments are listed in an annex to the chapter (15-A).
Chapter 16: Competition Policy	Requires parties to have a legal regime in place to prevent anticompetitive conduct, and to cooperate around competition law, policy and enforcement.
Chapter 17: State-Owned Enterprises (SOEs) and Designated Monopolies	Focuses on State-Owned-Enterprises, ensuring that they are regulated impartially, operate on a commercial basis, and do not discriminate against suppliers from CPTPP countries.

Chapter 18: Intellectual Property	Covers patents, trademarks, copyrights, industrial designs, geographical indications, trade secrets and enforcement of intellectual property rights. It includes commitments on trademarks, including the extension of trade marks into non-visual representations such as sound and scent; cooperation between patent offices and measures specific to pharmaceutical products; a commitment to provide civil remedies for infringement of intellectual property rights, and requirements to ratify international intellectual property conventions.
Chapter 19: Labour	Agrees to protect labour rights, and to eliminate forced labour and child labour.
Chapter 20: Environment	Agrees to encourage high levels of environmental protection, reaffirms commitments under international conventions, and commits to protect the natural environment in several areas including sustainable fisheries and preventing illegal wildlife trade.
Chapter 21: Cooperation and Capacity Building	Establishes a Committee on Cooperation and Capacity Building to identify and review areas for potential cooperative and capacity building efforts.
Chapter 22: Competitiveness and Business Facilitation	Aims to help the CPTPP reach its potential to improve competitiveness, by creating formal mechanisms to review the impact of the CPTPP and establishing dialogues between government, business and non-governmental groups.
Chapter 23: Development	Includes specific areas of development to be considered for collaborative work once CPTPP enters into force for each Country: (1) broad-based economic growth; (2) women and economic growth, and (3) education, science and technology, research, and innovation.
Chapter 24: Small- and Medium-Sized Enterprises	Includes commitments by each CPTPP Country to provide easily accessible information on the CPTPP and ways small firms can take advantage of it.

Chapter 25: Regulatory Coherence	Aims to facilitate regulatory coherence in each CPTPP country and encourages widely-accepted good regulatory practices.
Chapter 26: Transparency and Anti-Corruption	Re-affirms commitments to eliminating bribery and corruption in international trade and requires them to have an appropriate legal framework in place to tackle it.
Chapter 27: Administrative and Institutional Provisions	Establishes the institutional governance structure of the agreement and sets up the Commission to oversee and review the implementation and operation of the agreement. Additionally establishes overall contact points and an office to provide administrative assistance for a dispute panel.
Chapter 28: Dispute Settlement	Allows countries to address disputes over implementation of the CPTPP and sets up a mechanism to resolve those disputes – initially through consultation and cooperation, then via an impartial panel.
Chapter 29: Exceptions and General Provisions	Reaffirms the principle established in the WTO that nothing in the CPTPP shall be construed to prevent the adoption or enforcement by a Country of measures necessary to, among other things, protect public morals, human, animal or plant life or health, intellectual property or national security.
Chapter 30: Final Provisions	Defines the way the CPTPP will enter into force, the way in which it can be amended, and the rules for accession by new members – although these are largely replaced by the CPTPP text that sits above the chapters.

Two particular areas of stakeholder interest are the environment and labour standards. A short summary of what it means to be compliant in these areas is below.

2.4 CPTPP and the Environment

This Government is committed to being an international leader on environmental issues, including tackling climate change, achieving net zero and delivering growth. We will continue to promote high environmental standards and deepen cooperation with trade partners on climate and environment issues.

CPTPP's high standards include an extensive environment chapter, which commits Parties to strive to encourage high levels of environmental protection, to continue to improve their respective

levels of environmental protection, and to not derogate from their environmental laws in order to encourage trade and investment between Parties.

It also reaffirms commitments to implement Multilateral Environmental Agreements to which members are a party, recognises Parties' rights to set their own levels of domestic environmental protection and environmental policies, and ensures Parties have recourse to dispute settlement if environment chapter commitments are not met. The Agreement strengthens cooperation between Parties and establishes a dedicated Environment Committee to oversee the implementation of the chapter.

The Chapter facilitates cooperation in the transition to low emission and resilient economies, such as promoting cooperation in energy efficiency, sustainable transport, and the development of low emission technologies. CPTPP recognises the importance of promoting trade and investment in environmental goods and services and endeavours to address and remove barriers to trade in those areas. For example, under the Agreement, there will be no tariffs on UK exports of green goods such as new electric vehicles and wind turbine towers.

Under the CPTPP Agreement, the UK can cooperate with other members on issues such as: addressing deforestation and forest degradation; promoting sustainable fisheries management; promoting conservation and biodiversity; protecting the ozone layer and preventing marine pollution from ships.

2.5 CPTPP and Labour Standards

The UK works internationally to strengthen workers' rights and enhance labour standards globally. The Government is committed to protecting our labour standards in trade agreements, including CPTPP.

CPTPP contains a comprehensive labour chapter with binding provisions that help to protect labour rights, improve working conditions, and promote enhanced cooperation and consultation on a range of labour issues.

The Labour Chapter reaffirms CPTPP Parties' obligations as members of the International Labour Organization and requires Parties to have laws governing acceptable conditions of work, including minimum wages, hours of work, and occupational health and safety.

The Labour Chapter also prohibits Parties from weakening protections afforded to workers under their labour laws, or from failing to enforce them, in order to gain a trade advantage. This means UK workers can be confident that their jobs will not be threatened or undercut by unfair labour practices and businesses can be confident of a fair trading environment.

The Chapter promotes enhanced co-operation and consultation on a range of labour issues. The Chapter also provides for the application of the agreement's dispute settlement procedure, as well as a range of mechanisms to facilitate implementation of the Chapter, including public submissions.

2.6 CPTPP Market Access

As well as the compliance process, the AWG will also undertake negotiations on market access, working with Costa Rica to achieve the highest-possible commitments on trade in goods, services, investment, government procurement and temporary entry of businesspersons.

More information on the current trading relationship is detailed in the next section of this Information Note.

3. UK-Costa Rica Trading Relationship

3.1 Overview of Economic Profiles

In 2023, Costa Rica had a gross domestic product (GDP) of £70 billion.¹ Total trade with the world (imports plus exports) is 72% of GDP for Costa Rica and 65% of GDP for the UK.²

Table 1: Headline economic indicators for the UK, Costa Rica and CPTPP, 2023

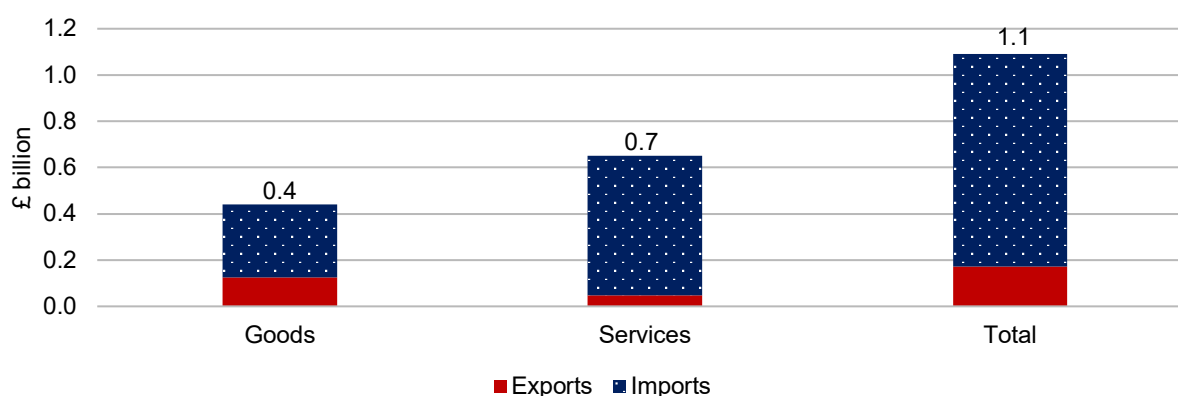
Economic indicator	GDP (£billion)	GDP per capita (£)	Population (millions)	Trade (% of GDP)
Costa Rica	70	13,182	5	72
UK	2,720	39,929	68	65
CPTPP plus UK & Costa Rica	12,515	21,048	595	71

Source: [IMF World Economic Outlook Database](#), October 2024 edition. UNCTAD: [Goods and Services \(BPM6\): Exports and imports of goods and services, annual](#).

3.2 Trade Flows between the UK and Costa Rica

Costa Rica is the UK's 87th largest trading partner, accounting for 0.1% of total UK trade in 2023. Total trade in goods and services between the UK and Costa Rica was £1.1 billion in 2023. As seen in Figure 2, UK exports to Costa Rica were just under £200 million in 2023, accounting for 0.02% of all UK exports. UK imports from Costa Rica were around £900 million over the same period, accounting for nearly 0.1% of all UK imports.³

Figure 2: Trade between the UK and Costa Rica, 2023 (£, billion)



Source: [ONS, UK total trade: all countries seasonally adjusted data](#), released October 2024

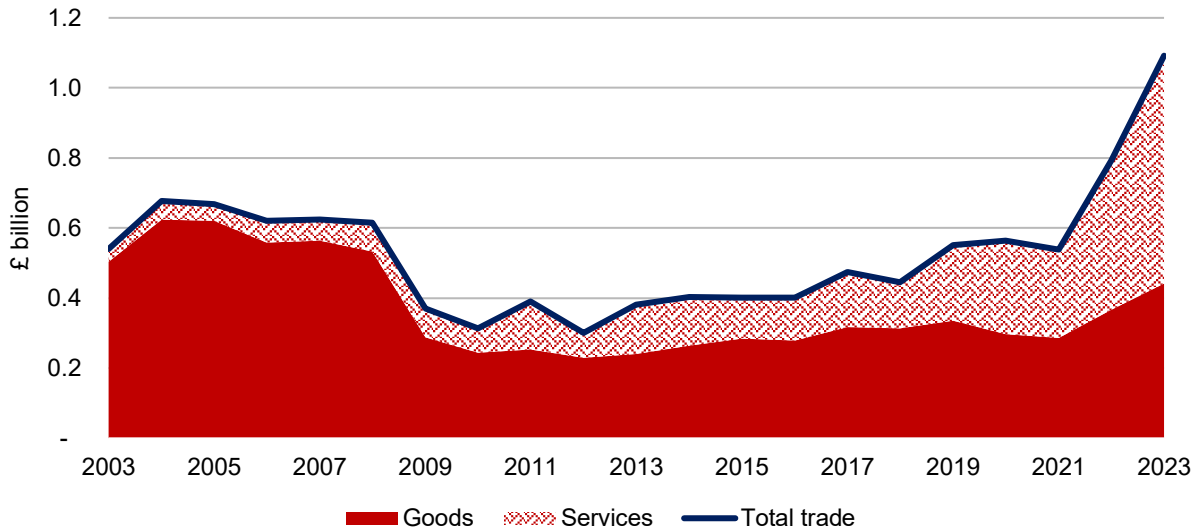
¹ [IMF World Economic Outlook Database](#), October 2024 edition. [Bank of England Data, average annual spot exchange rates](#).

² UNCTAD: [ONS, UK total trade: all countries seasonally adjusted data](#), [Goods and Services \(BPM6\): Exports and imports of goods and services, annual](#).

³ [ONS, UK total trade: all countries seasonally adjusted data](#), released October 2024

Figure 3 shows how UK trade with Costa Rica has evolved since 2003, broken down by goods and services. UK trade with Costa Rica has doubled from 2003-2023, from around £0.5 billion to around £1.1 billion and has been predominantly focused on services trade over the last two years.

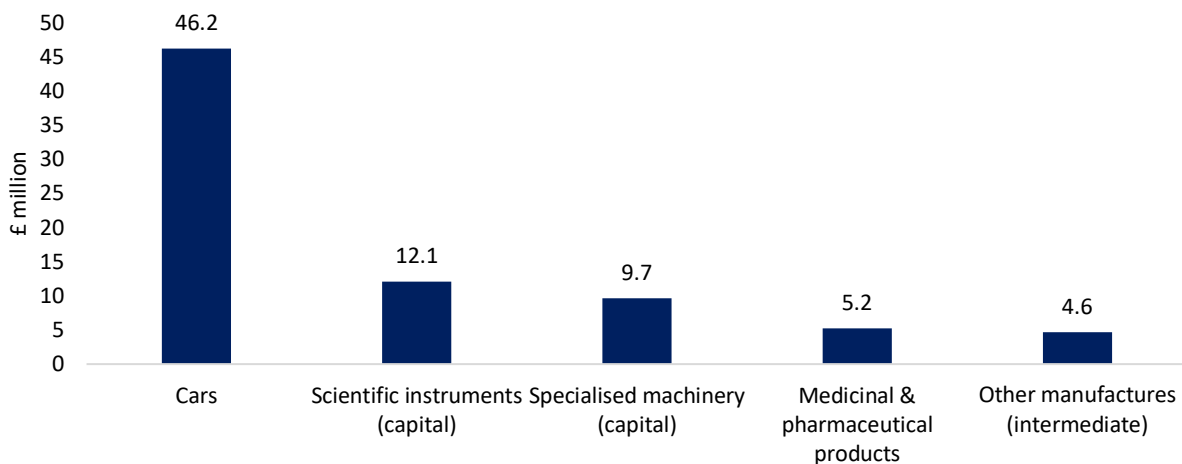
Figure 3: UK trade with Costa Rica over time (£, billion)



Source: [ONS, UK total trade: all countries seasonally adjusted data](#), released October 2024

The UK's top three goods exported to Costa Rica in 2023 were cars (£46.2 million), scientific instruments – capital (£12.1 million), and specialised machinery (£9.7 million). These categories account for 54% of all UK goods exports to Costa Rica. The top five UK goods exported to Costa Rica in 2023 are shown in Figure 4.

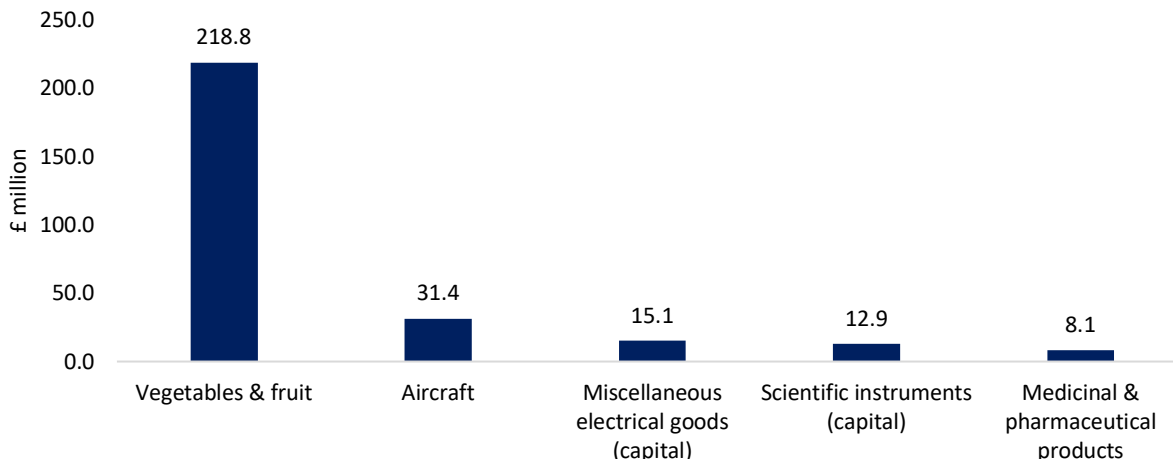
Figure 4: Top 5 UK goods exports to Costa Rica, 2023 (£ million)



Source: ONS, [Trade in goods: country-by-commodity, non-seasonally adjusted](#), Oct 2024 release. The commodities are categorised based on SITC codes using level 2 and 3 codes.

The UK's top three goods imported from Costa Rica in 2023 were vegetables & fruit (£218.8 million), aircraft (£31.4 million), and miscellaneous electrical goods - capital (£15.1 million). These categories account for 84% of all UK goods imports from Costa Rica.⁴

Figure 5: Top 5 UK goods imports from Costa Rica, 2023 (£ million)



Source: Source: ONS, [Trade in goods: country-by-commodity](#), non-seasonally adjusted, October 2024 release. The commodities are categorised based on SITC codes using level 2 and 3 codes.

Figure 6: UK regional trade in goods with Costa Rica, 2023

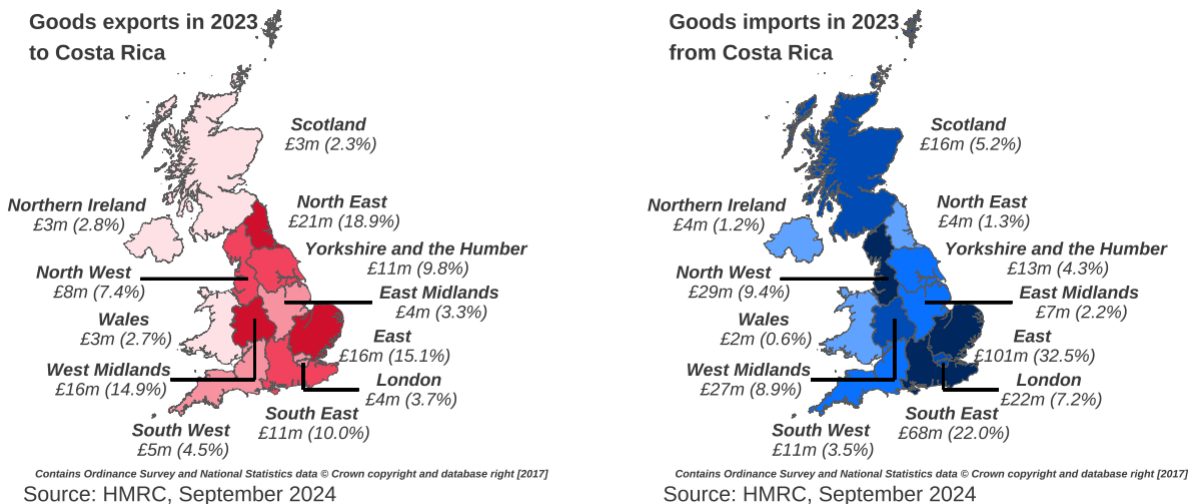


Figure 6 shows the value of UK goods exports and imports between each UK region and Costa Rica in 2023. Of the goods exports destined for Costa Rica, the North East (£21 million or 18.9%), the East of England (£16 million or 15.1%) and the West Midlands (£16m or 14.9%) accounted for the most. Of the goods imported from Costa Rica, the East of England (£101 million or 32.5%), the

⁴ ONS, [Trade in goods: country-by-commodity, non-seasonally adjusted](#), October 2024 release. The commodities are categorised based on SITC codes using level 2 and 3 codes.

South East (£68 million or 22.0%), and the North West (£29 million or 9.4%) accounted for the most.⁵

In 2022 the stock of Foreign Direct Investment (FDI) from the UK in Costa Rica was £275 million. This accounted for less than 0.01% of the UK's total outward FDI stock.⁶

3.3 Basis of the Current Trading Relationship

The UK and Costa Rica are covered by the UK-Central America Association Agreement. This is a continuity trade agreement, which replicated, as far as possible, the trade arrangements between Costa Rica and the EU.

3.3.1 Goods Market Access Between the UK and Costa Rica

Goods chapters in trade agreements set out the preferential treatments that are applied to the originating goods of each of the respective parties.

Under Costa Rica's Most-Favoured-Nation (MFN) tariff schedule, 50% of tariff lines are already subject to a zero MFN tariff. The existing UK- Central America Association Agreement fully liberalises a further 40% of tariff lines covering around £35 million in Costa Rican imports from the UK.

This means that currently, 90% of Costa Rica's tariff lines on imports from the UK are fully liberalised, covering 94% of Costa Rican imports from the UK on average between 2022 and 2023.⁷

The remaining 10.0% of Costa Rica's tariff lines not fully liberalised under the current agreement relate to a range of agricultural and non-agricultural products accounting for around £7 million in annual Costa Rican imports from the UK. These tariff lines are either subject to a Tariff Rate Quota (TRQ), a partial tariff reduction, or are excluded from any tariff reduction altogether.

⁵ HMRC data source for regional UK trade data: [HMRC Regional Trade Statistics](#) (data extracted from the spreadsheet download using the HMRC interactive tables). Totals presented will differ from overall HMRC trade figures due to the exclusion of trade in non-monetary gold and non-response estimates and the exclusion of data not allocated to a UK country or region. Figures from HMRC were reported on a physical movement basis and are not directly comparable to trade data from ONS which are reported on a change of ownership basis. Percentages will not total 100% as data not allocated to a single UK country or English region are not presented.

⁶ [ONS Foreign direct investment \(FDI\) totals for inward and outward flows, positions and earnings](#), October 2024

⁷ DBT calculations using MacMaps, UK-Central America Association Agreement text and ITC Trademap (2022-2023 averages)

Table 2: Breakdown of tariff lines in Costa Rica’s MFN schedule and UK-Central America Association Agreement schedule

Tariff line type	Tariff lines		Costa Rican imports from the UK (£m)	
	Number	Share	Value	Share
MFN zero	5597	50%	75	64%
MFN non-Zero but preferential rate zero	4442	40%	35	30%
Partial liberalisation under Agreement (including TRQs)	493	4%	6	5%
Excluded under Agreement	618	6%	1	1%

Source: DBT calculations using ITC Market Access Map (MacMap), UK-Central America Association Agreement text and ITC Trade Map (2022-2023 averages)

Under the current UK Global Tariff schedule, 47% of tariff lines are already subjected to zero MFN tariff. The existing UK-Central America Association Agreement fully liberalises a further 47% of tariff lines, covering £129 million in UK imports from Costa Rica.

This means that currently for UK imports from Costa Rica, 94% of the UK’s tariff lines are fully liberalised, covering 73% of the value of UK imports from Costa Rica on average between 2022 and 2023.

The remaining 6% lines are only partially liberalised or not liberalised at all under the existing agreement. Based on average trade flows over the period, these lines account for around £121 million in annual UK imports from Costa Rica.

Table 3: Breakdown of tariff lines in the UK’s MFN schedule and UK-Central America Association Agreement schedule

Tariff line type	Tariff lines		UK imports from Costa Rica (£m)	
	Number	Share	Value	Share
MFN zero	4608	47%	200	44%
MFN non-Zero but preferential rate zero	4599	47%	129	29%
Partial liberalisation under Agreement (including TRQs)	87	1%	117	26%
Excluded under Agreement	469	5%	4	1%

Source: DBT calculations using UKGT, UK-Central America Association Agreement text and HMRC Import data by preference (2022-2023 averages).

3.3.2 Services Relationship between UK and Costa Rica

The OECD Services Trade Restrictiveness Index (STRI) highlighted that the 2023 STRI of Costa Rica is below the OECD average. It was also low compared to most countries in the STRI sample, being placed 14th out of the 50 countries included. This means that Costa Rica is relatively open when comparing Costa Rica's sectors to the STRI sector world average. Legal services, air transport services, courier services and commercial banking services are the sectors with the relatively lowest scores, meaning they are the least restrictive sectors compared to the world average.⁸

The UK and Costa Rica's baseline commitments are governed by their commitments under the General Agreement on Trade in Services (GATS), which set out the level of access and treatment guaranteed to all WTO members. The UK and Costa Rica are also covered under the UK-Central American Association Agreement. This Agreement includes a Trade in Services section, which builds upon the level of access and the treatment granted between all WTO members under GATS, whilst protecting governments' right to regulate their domestic markets.

The UK-Central America Association Agreement ensures that service suppliers in specified sectors are not subject to quantitative restrictions such as quotas, are not treated less favourably than domestic service suppliers, and are not treated less favourably than non-parties. The Agreement also contains specific provisions on regulatory transparency.

The UK-Central America Association Agreement also provides a framework which encourages the mutual recognition of professional qualifications, although this has yet to be pursued by regulators. It also contains additional sector-specific facilitative provisions related to international maritime transport services, telecommunications services, and courier services.

With regards to Financial Services, the UK-Central America Association Agreement allows financial institutions and investors' financial service suppliers in the UK and Costa Rica to benefit from fair, equal access to each other's markets in specific sectors. However, the current commitments are not extensive. An agreement with Costa Rica through CPTPP could help encourage more dynamic business models, such as provisions on the performance of back-office functions, avoiding restrictions on residency requirements, measures that help liberalise cross-border trade including to protect the free flow of financial information and robust transparency commitments, improving the operating environment for firms trading in the region.

Overall, accession of Costa Rica to CPTPP offers the opportunity to improve the treatment and level of market access for UK and Costa Rica's businesses, building on our existing annual bilateral trade in services worth £651 million in 2023.⁹

3.3.3 Temporary Entry between the UK and Costa Rica

The chapter of UK-Central America Association Agreement covering Temporary Entry supports the movement of skilled professionals between the UK and partner countries to facilitate trade in goods and services as well as investment.

⁸ OECD (2023). [Service Trade Restrictiveness](#) country note.

⁹ [ONS, UK total trade: all countries seasonally adjusted data](#), released October 2024

The agreement with Costa Rica provides greater certainty for professionals who temporarily enter the UK or Costa Rica to supply a service or perform business activities.

The chapter includes commitments which support the entry of Business Visitors, Intra-Corporate Transferees, Graduate Trainees and Business Services Sellers.

The chapter also reaffirms commitments made by the UK and Costa Rica under the GATS regarding Contractual Service Suppliers and Independent Professionals.

Through CPTPP accession, UK business persons will benefit from facilitative provisions on transparency and the processing of applications. The UK would consider seeking further business mobility commitments from Costa Rica to facilitate business travel.

3.3.4 Investment between the UK and Costa Rica

The OECD FDI Restrictiveness Index highlights that in 2020 Costa Rica was more restrictive than the OECD average in 4 out of 22 sectors, including mining & quarrying and electricity. It was also more restrictive than the UK in 8 sectors. Overall however, Costa Rica was less restrictive than the OECD average and the UK. On average in 2020, around 65% of Costa Rica's restrictions on FDI reflected equity restrictions which are limitations on the level of foreign ownership allowed in a company within a particular sector.¹⁰

Investment liberalisation provisions seek to improve market access for businesses, providing investors with certainty and transparency, through reducing said restrictions and requirements. The existing UK-Central America Free Trade Agreement with Costa Rica contains commitments on investment limited to investments in services companies (establishing a commercial presence). Commitments on commercial presence (mode 3 services) are also governed with Costa Rica by commitments under the General Agreement on Trade in Services (GATS), as above.

Investment protection provisions set out countries' commitments on their treatment of investors.

Accession of Costa Rica to CPTPP offers the opportunity for the UK to secure new benefits, such as locking in investment liberalisation commitments for non-services sectors (for example, investment in manufacturing) with Costa Rica for the first time, strengthening our investment relationship.

3.3.5 Government Procurement in Costa Rica

The government procurement chapter in CPTPP provides enforceable rules and standards for an open, transparent and non-discriminatory framework on government procurement. The Chapter applies to those procurements covered in each Party's market access schedules, with respect to the fair treatment of goods, services and suppliers from other CPTPP Parties.

The UK and Costa Rica are currently Party to the UK-Central America Association Agreement which broadly replicates the rules and standards for government procurement set out in CPTPP.

¹⁰ OECD, [FDI Regulatory Restrictiveness Index](#)

The UK-Central America Association Agreement provides UK suppliers with guaranteed access to covered government procurement opportunities by requiring Costa Rica procuring entities to treat UK goods, services and suppliers equally when competing in covered government opportunities. This means UK suppliers receive the same treatment Costa Rica gives to their domestic suppliers and throughout the procurement process.

The UK-Central America Association Agreement establishes procedural safeguards and considerations that procuring entities from Costa Rica are required to apply at different stages of the procurement process. For example, the UK-Central America Association Agreement establishes requirements concerning the transparency of procurement information and domestic review procedures.

The UK-Central America Association Agreement specifies which Costa Rican procuring entities are covered by the rules and standards of the government procurement chapter as well as the goods, services and construction activities and any exclusions to certain types of procurement.

Accession of Costa Rica to CPTPP will reaffirm the non-discriminatory framework established in the UK-Central America Association Agreement and build upon existing safeguards and considerations. The accession of Costa Rica also offers the opportunity to improve the market access opportunities available for UK suppliers in Costa Rica by expanding coverage of procuring entities in important economic sectors.

4. Questions for Stakeholders

The UK's public engagement period for the new accession candidate for CPTPP has two main questions:

1. What issues would you like us to consider when engaging in discussions on whether Costa Rica should join CPTPP and the terms on which they should join?
2. Based on your selection(s) in the previous question, please provide further detail on why you think the UK Government should consider these issues when engaging in discussions on Costa Rica's application to join the CPTPP?

The objective of this public engagement period is to understand stakeholders' views on how Costa Rica conforms to the CPTPP Agreement and the market access opportunities available from an enhanced trading relationship. With this in mind, responses to this public engagement period could highlight:

- Challenges or constraints when trading or investing in Costa Rica, and if so, what are these challenges and constraints, and how significant is this on your business activity?
- How would you expect your business to respond if restrictions were removed on trade or investment with Costa Rica? For example, might you look to increase trade and investment or attract increased trade and investment from Costa Rica?
- Are there any areas where you see opportunities from increased liberalisation of trade between the UK and Costa Rica?
- Are there any areas where you would have concerns about increased liberalisation of trade between the UK and Costa Rica?
- Are there any areas where you feel Costa Rica does not, or could not, meet the CPTPP rules?

5. Drafting a Response to the Questions

The Department for Business and Trade (DBT) is committed to delivering benefits across the UK and fulfilling the UK's obligations as an active and leading CPTPP Member.

The responses to this public engagement period will help inform the UK's strategy and positions for engaging with Costa Rica and so it is important that you set out your priorities in your response.

Prior to submitting your response, we encourage you to talk to a range of experts in your organisation to understand the fullest picture of current trading priorities.

Where it is relevant, we welcome the inclusion of figures, data and evidence to illustrate the examples you give in your response. More detailed answers will help the UK to best understand your needs. Further, we are keen to ensure consideration is given to those with characteristics under the Equality Act 2010 as part of this questionnaire.

Once you have answered several questions to tell us who you represent, this public engagement period provides the opportunity to provide information in three ways:

1. You will be able to answer the questionnaire
2. You may submit your own evidence directly.
3. You will also have the option to complete both the questionnaire and submit your own evidence.

Please follow the link to see the questions:

https://ditresearch.eu.qualtrics.com/jfe/form/SV_2bnop4ZwgdoyNVk

The questionnaire should take no longer than 10 minutes to complete and closes on 24th January 2025.

6. Conclusion

This Information Note has presented data about the UK and Costa Rica's trading relationship. It does not interpret the data and is available for respondents to the public engagement period to use this in their analysis if they wish to do so.

Responses can also refer to experiences and insights from other sources to support their submission. The more detail that can be provided the better as this enables a more informed UK stance in the CPTPP AWG. Ideas for what to include in a response have been provided in Section 5 of this document.

The UK Government encourages feedback from as wide a range of stakeholders as possible.

A response to the public engagement period can be submitted here: https://ditresearch.eu.qualtrics.com/jfe/form/SV_2bnop4ZwgdoyNVk and the questionnaire closes on 24th January 2025.

7. Glossary

Aspirant: an economy that wishes to join the CPTPP. This can include economies that have both formally applied and those that have expressed an interest in joining the CPTPP trade group.

Accession Working Group: a workstream made up of representatives from CPTPP Parties to take forward the CPTPP accession process for a particular candidate.

Auckland Principles: the three overarching benchmarks by which a new candidate joining the CPTPP must be assessed.

Economy: a broader term for an aspirant or candidate that wishes to join the CPTPP.

Foreign Direct Investment (FDI): Investment by an entity in a foreign operation, or establishment of a new operation in another country.

Free Trade Agreement (FTA): A treaty among two or more countries to form a free trade area. This means having zero tariffs (or reduced tariffs) and reducing other regulatory restrictions on trade in substantially all goods and/or services.

Gross Domestic Product (GDP): the standard measure of the value added created through the production of goods and services in a country during a certain period.

Market access: Conditions set by governments to control which goods or services can or cannot enter their domestic market.

Member: a broader and more inclusive term for economies in CPTPP regardless of their ratification / Entry into Force status in the agreement.

Most-Favoured-Nation (MFN): A non-discrimination principle enshrined in many WTO rules that prohibits a WTO member from treating some WTO members more favourably than others. The MFN obligation requires each WTO member, in its trade with all other WTO members, to give the best (“most-favoured”) treatment that it accords in trade with any other WTO member. If, for example, a country lowers tariffs on goods from the GCC, it must also do so on similar goods from Argentina. Exceptions to the MFN principle exist under WTO law, such as in the form of Customs Unions, Free Trade Agreements, Generalized System of Preferences and certain trade remedies. FTAs often contain their own MFN commitments between the treaty partners.

National Treatment: A non-discrimination principle enshrined in many WTO rules that prohibits a WTO member from treating imported goods or foreign services and services suppliers less favourably than domestic goods or services and services suppliers in its domestic market. The national treatment obligation helps ensure imported goods and services are not unfairly disadvantaged compared with their domestic counterparts. Such obligations may also be included in FTAs between the country parties.

Party (plural Parties): An economy that has ratified or acceded to the CPTPP and for which the treaty is in force.

Tariff Rate Quota (TRQ): The application of a higher tariff or tax on certain goods once an agreed quota (amount) of imports is reached.

Tariffs: Refers to customs duties on imports of goods, levied either as a percentage of value or on the basis of a formula (e.g. 10 per cent or £7 per 100 kg).

Trade liberalisation: The removal or reduction of restrictions or barriers to trade.

Department for Business and Trade

We are the department for economic growth. We support businesses to invest, grow and export, creating jobs and opportunities across the country.

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