

Indirect Tax Alert

News from EY Americas Tax

Costa Rica signs new free trade agreements with Korea and the United Kingdom

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On 4 September 2019, Costa Rica approved the free trade agreement (FTA) between Central America and Korea. The FTA is effective as of that date. Central America and the United Kingdom signed an Association Agreement on 18 July 2019, guaranteeing continuity in the commercial relationships between both.

Central America and Korea FTA

Costa Rica, El Salvador, Honduras, Nicaragua, Panama, and Korea signed the Republic of Korea - Central America Free Trade Agreement on 21 February 2018. Costa Rica's Legislative Assembly approved the FTA on 4 September 2019. Under the FTA, 80% of Costa Rican products will enter into the Korean market tariff free, 16% of Costa Rica's products will be subject to a gradual tariff reduction and 4% will be excluded from the FTA. The agreement will open new opportunities for Costa Rican exports and will become a tool for attracting foreign direct investment.

Central America and United Kingdom Association Agreement

The Association Agreement guarantees that the tariff conditions will remain the same as they were before the United Kingdom exited the European Union.

This agreement will enter into force as soon as the Central America - European Union Agreement no longer applies to the United Kingdom. Each Central American country, however, will need to ratify the agreement before it can enter into force.

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