



## Thornhill Capital Global Newsletter - September 2014

### China and Costa Rica – More than Oil

Chinese immigration to Costa Rica first started to gain traction in the nineteenth century, as immigrants began to flee a country that was becoming increasingly unstable during the First and Second Opium Wars, the First Sino-Japanese War, and the increasing incursion of foreigners. Arriving in Costa Rica, most Chinese found themselves working on the country's national railroad system. Since that time Chinese immigration to Costa Rica has increased to where, according to China's former ambassador to Costa Rica, Wang Xiaoyuan, more than 60,000 people of Chinese origin now live in the country. Most work in the retail industry where, according to R. Evan Ellis, a professor at the Center for Hemispheric Defense Studies, they work in pulperias and in small Chinese restaurants.

Today Costa Rica is China's second largest trading partner in Central America, and the country wants to further increase its trade with the world's second largest economy. China, with 1.3 billion consumers, one-quarter of the world's population, has a preference for foreign goods as they believe products that are produced outside of China are of a higher quality than domestically produced goods. In fact, dairy cooperative Don Pinos RL, which recently shipped two 31,500 litre tankers of milk to China, became the first Costa Rican dairy company to export there. Costa Rica's high tech manufacturers also find China to be attractive. Intel's in-country manufacturing facilities, for example, has traditionally focused on servers for the U.S. market. But that's beginning to change as original equipment manufacturers in Asia, according to Robin Martin, vice president of Intel's technology manufacturing group, have been experiencing an increasing demand from Asia. Intel's Costa Rican manufacturing plant has sold computer chips to manufacturers such as Lenovo, Hewlett-Packard, and Dell whose manufacturing plants are located in China. In meat export, Costa Rica is also one of only six countries China allows to import beef, a rapidly growing market in China as beef is seen as a higher quality product than China's meat staple, pork. Exports of coffee to China, a product which is rapidly gaining popularity, especially among the country's young, continues to do well.

International tourism is also becoming increasingly popular in China with tropical setting such as the Seychelles, Maldives, and Hawaii being favorite destinations for Chinese travelers. Pacifico, located in Playas del Coco, Guanacaste, has been working with Chinese companies for the past

year to attract buyers to purchase their upscale condos for their yearly tropical escape. Other projects in the country have also worked to attract Chinese buyers who have an increasing affinity for purchasing real estate outside of China. Because the country is politically and economically stable in the face of so much international instability, Costa Rica is becoming increasingly attractive to China.

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