

APPENDIX 1 TO ANNEX X

COSTA RICA - SCHEDULE OF COMMITMENTS – FOSSIL FUEL SUBSIDIES

2) Scheduled subsidies

referred to in paragraph 3 of Article 4.5 (Prohibition and Scheduling of Fossil Fuel Subsidies)

Name and form of the subsidy	Details (including reference to laws, regulations or policies under which the subsidy is granted)	Beneficiaries	Annual monetary amount
Exemption of companies operating under the Free Trade Zone Regime from the single fuel tax	<p>Article 20(c) of Law No. 7210 creating the Free Trade Zone Regime, dated December 14 1990 (as amended by subsection h of Article 1 of Law No. 7830 of 22 September, 1998), provides an exemption from all taxes and consular fees on the importation of fuels, oils, and lubricants required for the operation of companies operating under this regime. In turn, Article 1 of Law No. 8114 of 4 July, 2001 (Law for streamlining and simplifying tax collection) collapses all tax burden on fuels in a single tax, which then becomes the one from which firms operating under the Free Zone Regime through Article 20(c) of Law No. 7210 are exempted.</p> <p>http://www.pgrweb.go.cr/scij/Busqueda/Normativ</p>	<p>Law No. 7210 provides a broad set of incentives to companies that, upon making new investments in the country and satisfying other requirements set forth in this law, are entitled to operate under the Free Trade Zone Regime. One of those incentives is the exemption from the single fuel tax previously described. This tax exemption is granted indefinitely and is not subject to any type of reduction, so companies are entitled to it as long as they remain operating under said regime.</p>	<p>CRC ₡975.4 million (2023)</p>

	a/Normas/nrm_texto_completo.aspx?nValor1=1&nValor2=11593		
Fixing of before tax ex-works selling prices for Liquefied Petroleum Gas (LPG) and Bunker	<p>Article 2 of Executive Decree No. 39437-MINAE of January 12 2016, the “Sectoral Pricing Policy for liquefied petroleum gas, bunker, asphalt, and asphalt emulsion” establishes the fixing of before-tax ex-works selling prices for liquefied petroleum gas, bunker, asphalt, and asphalt emulsion products to ensure they preserve the same relation to the international price they had during the period 2008-2015. It is worth noting that the aim of this pricing policy is to preserve a competitive cost of access to the referred fuels. The difference between the price set by the Regulating Authority of Public Services (ARESEP) and the price fixed by this policy is a subsidy whose cost, according to this Decree, shall be charged to the prices of the other fuels not covered thereby. This is relevant because the subsidy does not necessarily imply a net stimulus to fossil fuel consumption (i.e. it incentivises some at the expense of others).</p> <p>http://www.pgrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm_texto_completo.aspx?nValor1=1&nValor2=80941&nValor3=103011</p>	<p>This Sectoral Pricing Policy aims to satisfy national energetic needs at reasonable costs for all actors, in a way that develops efficient productive capacities to foster employment and economic activity and reduce poverty. The beneficiaries of this pricing policy encompass both households and firms, although some of them may benefit less if they consume other types of fuels whose prices will absorb the cost of the referred Sectoral Pricing Policy.</p>	CRC ₡17.7 billion (2023)

	<p>In turn, Executive Decree No. 43576- MINAE dated June 3, 2022, modified Executive Decree No. 39437-MINAE to exclude asphalt and asphalt emulsion from Item V of the aforementioned Sectoral Pricing Policy. Consequently, asphalt and asphalt emulsion no longer benefit from the subsidy.</p> <p>http://www.pgrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm_texto_completo.aspx?nValor1=1&nValor2=97158</p>		
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