

Nearshoring: Costa Rica's Success Story in Attracting Foreign Direct Investment to Increase Employment and International Trade



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Faced with the uncertainty generated by recent world events (COVID-19 pandemic, container crisis, substantial increase in transportation time and costs, among others), companies have rethought their strategy and have once again set their sights on relocation of their businesses. That is, greater emphasis has been placed on installing or relocating operations in areas closer to the final consumer market for their goods and services; also called nearshoring. These decisions are complex, with various reasons that influence the internationalization of companies. Among the motivations for foreign investment are having access to new technologies, , having access to scarce natural resources, having access to cheaper resources than in the country of origin, follow a competitor, avoiding high tariffs, taking advantage of opportunities for better production conditions, taking advantage of better access to final markets, among others (Dunning, 2000 and 2001). In addition, the country to which they decide to move must meet certain conditions such as availability and cost of human capital, shorter transportation and energy times and costs, legal certainty, among others. In this study we will focus on the case of Costa Rica and how greater sophistication of its exports of goods and services has been largely due to the arrival of new foreign companies and the expansion of new operations of foreign companies already established in the country. country.

References:

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