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## Costa Rica : Selected Issues

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INTERNATIONAL MONETARY FUND

COSTA RICA

**Selected Issues**

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Approved by the Western Hemisphere Department

June 28, 2001

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## Costa Rica: Basic Data

### I. Social and demographic indicators

| | | | |
|---|---|---|---|
| Area (sq. km.) | 50,700 | Nutrition (1998) | |
| | | Child malnutrition (% Under 5 years) | 5 |
| Population (2000) | | | |
| Total (in thousands) | 3,825 | Health | |
| Annual rate of growth (1984-00) | 2.9 | Per 1,000 people (1990-98) | |
| Density (per sq. km.) | 75 | Population per physicians | 1.4 |
| GDP per capita (US$) | 4,127 | Population per hospital beds | 1.9 |
| Population characteristics (1998) | | Access to safe water (1900-98) | 96 |
| Life expectancy at birth (years) | 77 | Access to sanitation | 97 |
| Crude birth rate (per thousand) | 22 | Urban | 100 |
| Crude death rate (per thousand) | 4 | Rural | 95 |
| Infant mortality (per thousand live births) | 13 | | |
| Under 5 mortality rate (per thousand) | 15 | Education (1997) | |
| | | Adult literacy rate, in percent | 95 |
| Income distribution (1996) | | Gross enrollment rates, in percent | |
| Percent of income received: | | Primary education | 91.8 |
| By highest 10 percent of households | 35 | Secondary education | 55.8 |
| By lowest 20 percent of households | 4 | Tertiary education | 33 |
| Gini coefficient | 47 | | |
| Distribution of labor force (2000) | | GDP (2000) | |
| Agriculture | 20.4 | In millions of colones | 4,864,461 |
| Industry and mining | 14.6 | In millions of US$ | 15,784 |
| Services | 65.0 | | |

### II. Economic Indicators, 1997-2001

| | 1997 | 1998 | 1999 | Prel. 2000 | Proj. 2001 |
|---|---|---|---|---|---|
| **(In percent of GDP)** | | | | | |
| **Origin of GDP** | | | | | |
| Agriculture and mining | 11.3 | 11.3 | 11.0 | 10.8 | ... |
| Manufacturing and construction | 25.0 | 25.9 | 28.8 | 27.7 | ... |
| Services | 63.7 | 62.8 | 60.3 | 61.5 | ... |
| **(Annual percent changes, unless otherwise indicated)** | | | | | |
| **National accounts and prices** | | | | | |
| Real GDP | 5.7 | 8.4 | 8.3 | 1.7 | 3.2 |
| Real GDP percapita | 5.4 | 6.8 | 7.8 | -1.9 | 3.9 |
| GDP deflator | 14.9 | 12.2 | 13.8 | 7.0 | 10.2 |
| Consumer price index (average) | 13.2 | 11.7 | 10.0 | 11.0 | 10.0 |
| Consumer price index (end of period) | 11.2 | 12.4 | 10.1 | 10.2 | 10.0 |
| Unemployment rate (in percent) | 5.7 | 5.6 | 6.0 | 5.2 | ... |
| **(Ratios to GDP)** | | | | | |
| Gross domestic investment | 18.1 | 19.6 | 16.5 | 17.1 | 17.2 |
| *Of which* | | | | | |
| Public investment | 3.2 | 3.5 | 3.4 | 3.5 | 3.2 |
| Gross national savings | 13.2 | 14.4 | 12.1 | 12.3 | 11.6 |
| External savings | 4.9 | 5.2 | 4.4 | 4.8 | 5.6 |
| Private consumption | 76.0 | 74.1 | 69.8 | 70.2 | 69.3 |
| Public consumption | 11.3 | 10.6 | 10.0 | 10.0 | 10.2 |
| **Public finances** | | | | | |
| Central government | | | | | |
| Total revenues | 12.7 | 12.7 | 12.2 | 12.7 | 12.6 |
| Total expenditures | 15.6 | 15.1 | 14.9 | 15.7 | 16.1 |
| *Of which* | | | | | |
| Interest 1/ | 3.8 | 3.2 | 3.7 | 3.6 | 4.1 |
| Savings | -1.3 | -1.1 | -1.4 | -1.4 | -2.0 |
| Primary balance | 0.9 | 0.7 | 0.9 | 0.6 | 0.5 |
| Overall balance | -2.9 | -2.5 | -2.7 | -3.0 | -3.5 |
| Consolidated public sector | | | | | |
| Primary balance | 2.0 | 1.5 | 0.8 | 0.2 | 0.0 |
| Overall balance | -2.5 | -2.0 | -3.5 | -4.2 | -4.5 |

## Costa Rica: Basic Data

| | 1997 | 1998 | 1999 | Prel. 2000 | Proj. 2001 |
|---|---|---|---|---|---|
| (12-month percentage changes, unless otherwise indicated) | | | | | |
| **Money and credit** | | | | | |
| Liabilities to the private sector | 27.7 | 22.5 | 30.5 | 15.6 | 8.7 |
| *Of which* | | | | | |
| Money | 43.8 | 12.4 | 18.7 | 14.3 | 28.2 |
| Quasi-money | 9.1 | 28.5 | 22.4 | 21.8 | 55.5 |
| Net domestic assets of the banking sector | 20.3 | 27.1 | 18.3 | 19.1 | 9.3 |
| *Of which* | | | | | |
| Credit to the public sector (net) | -53.5 | -23.9 | 67.1 | -77.3 | -482.8 |
| Credit to the private sector | 27.5 | 51.9 | 18.2 | 31.3 | 21.8 |
| Liabilities to the private sector, in percent of GDP | 31.7 | 32.0 | 33.8 | 35.9 | 34.3 |
| Interest rate, average six-month bonds (in percent) | 19.3 | 20.8 | 20.3 | 15.9 | ... |
| (In millions of U.S. dollars) | | | | | |
| Balance of payments | | | | | |
| Current account | -632 | -730 | -692 | -758 | -949 |
| Merchandise trade balance | -650 | -609 | 619 | -182 | -831 |
| Exports (f.o.b.) | 4,068 | 5,328 | 6,611 | 5,850 | 4,882 |
| Imports (f.o.b.) | -4,718 | -5,937 | -5,992 | -6,032 | -5,713 |
| Services , Income and transfers (net) | 18 | -120 | -1,311 | -576 | -118 |
| *Of which* | | | | | |
| Interest payments on public external debt | -148 | -141 | -200 | -209 | 240 |
| Capital and financial account | 537 | 552 | 936 | 389 | 767 |
| Foreign direct investment | 402 | 607 | 614 | 392 | 451 |
| Portfolio investment | 77 | -80 | 85 | -46 | 194 |
| Other capital (net) | 58 | 25 | 236 | 42 | 121 |
| Errors and omissions | 310 | 28 | 236 | 216 | 0 |
| Change in international reserves (- increase) | -216 | 149 | -480 | 154 | 182 |
| Exports (in percent of GDP) | 31.7 | 37.8 | 42.3 | 37.1 | 29.0 |
| Imports (in percent of GDP) | -36.8 | -42.1 | -38.3 | -38.2 | -33.9 |
| Current account (in percent of GDP) | -4.9 | -5.2 | -4.4 | -4.8 | -5.6 |
| Nonmaquila exports (in US$, annual percentage change) | 6.7 | 7.2 | -10.2 | -6.9 | -5.7 |
| Nonmaquila imports (in US$, annual percentage change) | 12.9 | 17.0 | -6.6 | 2.6 | 2.7 |
| Terms of trade (annual percentage change) | 4.8 | 3.1 | 1.7 | -12.3 | -2.9 |
| Real effective exchange rate (12-month percentage change) | 3.7 | -2.2 | 1.7 | 4.7 | ... |
| **International reserve position and external debt (as of December 31)** | | | | | |
| Gross official reserves | 910 | 760 | 1,240 | 1,087 | 905 |
| (in months of imports of goods and services) | 1.5 | 1.3 | 2.0 | 1.8 | 1.5 |
| Net official reserves | 909 | 760 | 1,240 | 1,086 | 904 |
| Net international reserves of the banking system | 948 | 801 | 1,231 | 1,046 | 844 |
| Outstanding external debt, in percent of GDP | | | | | |
| Public | 21.6 | 20.4 | 19.5 | 19.9 | 18.9 |
| Private | ... | ... | ... | ... | ... |
| In percent of exports of goods and services | | | | | |
| Total public debt service ratio | 15.9 | 13.0 | 12.7 | 13.7 | 13.7 |
| *Of which* | | | | | |
| Interest | 3.8 | 3.3 | 4.7 | 4.8 | 5.5 |
| Gross reserves/external short-term debt (in percent) 2/ | 198.4 | 143.2 | 208.7 | 162.4 | 147.3 |
| **IMF data (as of April 30, 2001)** | | | | | |
| Article VIII Status | | | | | |
| Intervention currency and exchange rate | | | | | U.S. dollar at C 324.6 |
| Quota | | | | | SDR 164.1 million |
| Fund holdings of local currency | | | | | SDR 144.11 million |
| (as percent of quota) | | | | | 87.8 percent t of quota |
| Outstanding purchases and loans | | | | | None |
| SDR Department | | | | | |
| Net cumulative allocation | | | | | SDR 23.73million |
| Holdings | | | | | SDR 0.20 million |

1/ Since 1998 includes capitalized interest.

2/ Includes external maturities falling due over the coming year. Excludes short-term debt of the nonbank private sector due to lack of information.

## I. RECENT ECONOMIC DEVELOPMENTS

1.      **During the previous decade,** Costa Rica made significant progress in opening its trade system and social conditions, especially for education and health, remained among the best in the region. These factors, together with a long history of political stability, attracted foreign direct investment, led to more diversified exports, and sustained real GDP growth of 4½ percent a year in the period 1990–99, while inflation declined from 27 percent in 1990 to 10 percent in 1999. However, successive governments met strong political resistance to their efforts to reduce the overall public sector deficit on a sustained basis, and total public debt reached 45 percent of GDP by end-1999, contributing to high real lending interest rates in domestic currency and an external current account deficit of 4½ percent of GDP. Progress in implementing structural reforms, besides trade liberalization, also was limited. According to the reported prudential indicators, the banking system appeared healthy at end-1999, but domestic banks engaged in a significant amount of unreported financial activity in offshore branches and off-balance-sheet accounts.

### A. Developments in 2000

2.      **In 2000, economic performance weakened.** Real GDP growth slowed to 1.7 percent, from over 8 percent a year in 1998–99, reflecting in part a deterioration in the terms of trade, the end of the construction phase of a large foreign direct investment project by INTEL, and the effect of high real interest rates on domestic demand.[1] Inflation remained high at 10 percent during the year, in line with the objectives of credit and exchange rate policy. The decline in the terms of trade contributed to a widening of the external current account deficit and a loss of net international reserves of about US$150 million. At end-2000, gross international reserves amounted to 1.7 months of imports of goods and nonfactor services and 22 percent of broad money, a relatively low level by regional standards.

3.      **The overall public sector deficit rose from 3.5 percent of GDP in 1999 to 4.2 percent of GDP in 2000,** as the primary surplus virtually disappeared.[2] Net external financing (including a US$250 million Eurobond issue) amounted to about 1½ percent of GDP, with the balance covered through further domestic borrowing; total public debt rose to 48 percent of GDP by end-2000. In the central government, transfers to the private sector declined in relation to GDP, reflecting the policy to phase out the export subsidies on

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[1] A wide gap has emerged between GDP and GNP, because the foreign direct investment in the 1990s has led to profit remittances equivalent to 8 percent of GDP. The growth in real GNP rose to 9 percent in 1998 and showed no growth in 1999 and 2000 as profit remittances picked up.

[2] Measured from the financing side, the overall deficit rose to 5.3 percent of GDP.

nontraditional exports by 2001. However, while the higher world oil prices raised indirect tax revenues (the import duties and value-added taxes on petroleum products are ad valorem), the earmarking system channeled the additional revenues to public social programs. Central bank operating losses rose to 1.8 percent of GDP, reflecting interest on the large stock of open market instruments that had been issued in recent years. In September the government began to absorb some of the central bank's losses by repaying part of its debt to the central bank, on which it was not paying interest. The overall surplus of the rest of the public sector fell slightly to 0.6 percent of GDP. This estimate of the enterprise surplus includes an estimated 0.6 percent of GDP of expenditure by a trust fund set up in early 2000 by the state electricity and telecommunications enterprise (ICE).

4.      **The central bank sought to hold inflation stable at 10 percent a year.** The central bank's net domestic assets contracted slightly in 2000.[3] In March 2000, reserve requirements on domestic currency deposits were lowered by 2 percentage points to 12 percent to try to narrow the intermediation spread (the difference between deposit and lending interest rates) and encourage lower interest rates on domestic currency loans. (The reserve requirement on U.S. dollar deposits stayed at 5 percent.) The central bank held the interest rate on its open market instruments steady at 17 percent (for 6-month paper) through September, and then reduced the rate to 15 percent following the repayment by the central government. Lending interest rates in domestic currency declined from 29 percent at end-1999 to 27.8 percent at end-2000, although the intermediation spread held steady at about 13 percent. Exchange rate policy aimed to depreciate the colón to offset the differential between the domestic inflation target and estimated foreign inflation. During 2000, the central bank slowed the rate of crawl to 6.6 percent, from 9.9 percent during 1999, as it expected higher foreign inflation. However, the colón appreciated by 5 percent in real effective terms during the year, owing largely to the unexpected strength of the U.S. dollar (Figure).

5.      **Bank credit to the private sector rose by 31 percent during the year, led by a 52 percent rise in foreign currency lending.** Moreover, a growing share of the foreign currency loans went to mortgage refinancing, consumer credit, and other activities without income in foreign currency. Borrowers were taking advantage of the significantly lower cost of U.S. dollar loans, which carried an interest rate of 12.3 percent on average during 2000 plus expected currency depreciation of about 6½ percent. The rapid credit expansion was financed partly by the use of net foreign assets, as broad money rose by 20 percent during the year. By end-2000, foreign currency loans amounted to 46 percent of total loans, compared with 36 percent at end-1999, while foreign currency deposits rose from 42 percent to 45 percent of broad money. Reported nonperforming loans rose from 2.9 percent of total loans at end-1999 to 3.6 percent of total loans at end-2000, reflecting mostly problem loans at the National Bank (the largest state bank). The risk-weighted capital asset ratio amounted to 19.5 percent at end-2000.

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[3] Currency issue declined during 2000, as the demand for currency picked up at end-1999, owing to concerns about Y2K.

Figure. Costa Rica. Exchange Rate Developments
(1990=100)
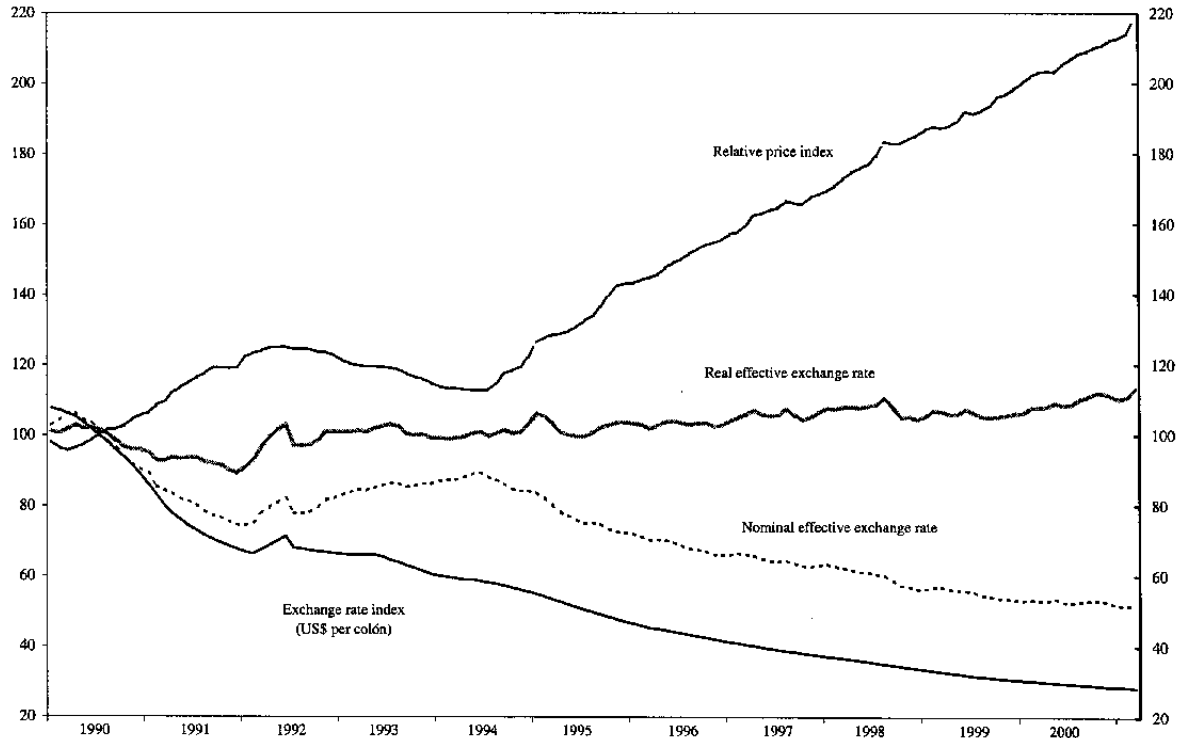
1/ Trade-weighted index of nominal exchange rates deflated by seasonally adjusted relative consumer prices. An increase (decrease) indicates appreciation (depreciation).

6.      **The external current account deficit** reached almost 5 percent of GDP in 2000, from about 4½ percent of GDP a year earlier, reflecting lower world coffee and banana prices as well as the surge in world oil prices. General merchandise exports in U.S. dollar terms declined for the second consecutive year, as world coffee and banana exports remained weak and the decline in subsidies and the strength of the U.S. dollar affected nontraditional exports. INTEL decided to retool the plant built in 1998–99, which led to almost equal declines in exports of goods for processing and profit remittances. Net capital inflows dropped by over 50 percent, partly because foreign direct investment declined, as the construction of INTEL's plant ended in 1999. Other private capital inflows also fell sharply, reflecting largely the decline in domestic interest rates, while net borrowing by the public sector remained steady at slightly less than 1 percent of GDP.

7.      **In the structural area,** the assembly approved legislation to open up the **telecommunication and electricity** sectors to private investment, but subsequently strong popular opposition and an unfavorable supreme court ruling stopped this reform. In early 2000, the **superintendent of financial institutions** began to require banks to place off-balance-sheet

operations on their balance sheets, report regularly on their offshore operations, and apply stricter norms for loan classification. **Trade liberalization** continued, with a reduction in tariffs on imports from outside Central America in January, the abolition of a small tax on trade with Central America, and the approval of a free trade agreement with Chile.

## B.  Developments so far in 2001

8.      **The authorities' economic program for 2001** (which was published in December 2000)[4] envisaged a recovery in real GDP growth to 3.2 percent, on the assumption that lower domestic interest rates would stimulate a recovery in investment. Inflation was to be held at 10 percent during the year. The external current account deficit was projected to remain constant in relation to GDP, but with increased net capital inflows, net international reserves would remain constant. The fiscal plan was to reduce the overall public sector deficit in relation to GDP, financed by another international bond issue and domestic borrowing. The government planned to repay the remainder of its debt to the central bank, which would allow the central bank to redeem a significant amount of open market instruments without expanding credit. This policy was expected to permit a reduction in interest rates on open market instruments of about 50 basis points. Consistent with the inflation target, the central bank planned to depreciate the colón by 6.6 percent during the year.

9.      **So far in 2001**, preliminary information suggests that real economic activity declined by about 2 percent (year on year) in the first four months, as INTEL had not yet finished retooling its plant. (Excluding INTEL operations, economic activity rose by an estimated 2 percent year on year in the same period). Price increases in housing and food raised 12-month inflation to 13.3 percent in May. In the first quarter, the central government deficit amounted to 3.2 percent of quarterly GDP, in line with expectations. Although the government repaid the remainder of its debt to the central bank, net domestic assets of the central bank contracted through end-May. The central bank lowered interest rates on its open market instruments by 50 basis points to 14.5 percent in late April, much less than the decline in interest rates on U.S. treasury bills since end-2000, and continued to sell open market securities. Owing to stagnant exports, the external current account deficit was about 3 percent of quarterly GDP in the first quarter, considerably higher than in the same period in 2000. Through end-May, net international reserves rose by US$32 million, benefiting from the proceeds of a US$250 million bond issue by the government in March.

10.     **With regard to structural reforms**, in March the government submitted financial sector legislation to increase the independence of the central bank, strengthen financial supervision, and extend limited deposit insurance to all banks. The proposals for the central bank include steps to lengthen the term of the president from four years to eight years and separate the beginning of the term from the change in government. The legislation seeks to improve financial supervision through several changes, including by requiring annual

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[4] By law, the authorities must publish their economic program in December and June.

inspections of financial institutions and allowing the supervisor to share information with his counterparts in other countries. The legislation would establish deposit insurance for all financial institutions. Currently, public banks—which together account for about two-thirds of banking system assets—have a full deposit guarantee, while private banks have no deposit insurance. The insurance would cover deposits up to 2.5 times the previous year's per capita national income per person, and financial institutions would finance the insurance through premia that varied with each bank's risk. The legislation would also allow foreign banks to set up branches in Costa Rica (the existing law only allows the establishment of fully owned subsidiaries).

## II. ECONOMIC GROWTH IN COSTA RICA[5].

11.     In the period 1960–2000, real economic growth in Costa Rica has averaged about 5 percent a year, well above the growth rates in the rest of Central America (Figure 1). (Guatemala grew by 3.8 percent a year, Honduras by 3.7 percent, El Salvador by 3 percent, and Nicaragua by 1.7 percent.) While averaging about 5 percent a year, real GDP growth in Costa Rica fluctuated considerably over the past 40 years. In the 1960s, the economy benefited from a period of international prosperity and internal macroeconomic stability, in part reflecting the low inflation resulting from the fixed exchange rate of 1 colón per U.S. dollar (Figure 2). During the 1970s, growth slowed in 1974 and 1979 in response to sharp increases in the world price of oil. In the 1980s Costa Rica suffered from the effects of high external debt and high inflation. Real economic growth recovered in the 1990s, reflecting in part the decline in inflation and significant progress in opening and diversifying the economy beyond the Central American region.

12.     Using a growth-accounting framework, Robles (2000) showed that faster growth in total factor productivity, as opposed to accumulation of capital or labor force growth, explained Costa Rica's better growth performance relative to other countries in the region. He found that the variability in the growth rate reflected swings in growth in total factor productivity. He also demonstrated that trade liberalization, political stability, and low inflation led to more rapid growth in total factor productivity. This chapter updates Robles' analysis to incorporate the new information on GDP, which was revised substantially in 1999. It also assesses whether Costa Rica's success in improving education explains part of the growth in total factor productivity. The illiteracy rate diminished from about 15 percent in 1960 to 5 percent in 1998 and the average years of school completed range from 4–6 years (Table 1). By 1998, more than 100 percent of relevant age group was enrolled in primary school and almost 50 percent enrolled in secondary school. Public expenditure on education has been around 5 percent of GNP since 1980.

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[5] Prepared by José M. Bailén and Sergio Martin.

**Figure 1. Costa Rica: GDP Growth Rates, 1960-00**
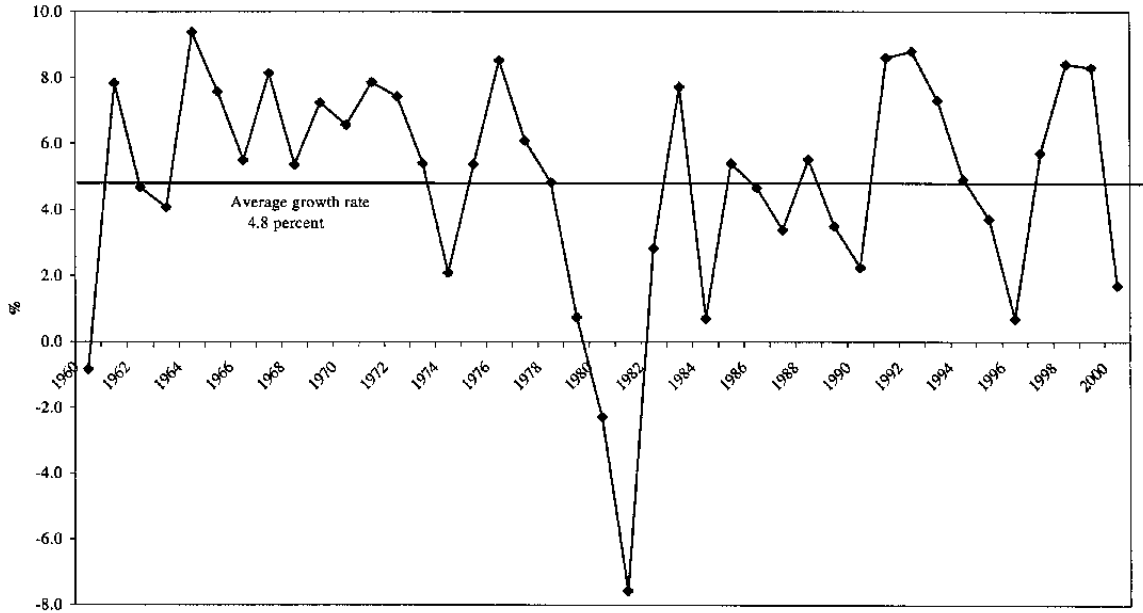


**Figure 2. Costa Rica: Inflation, 1960-2000**
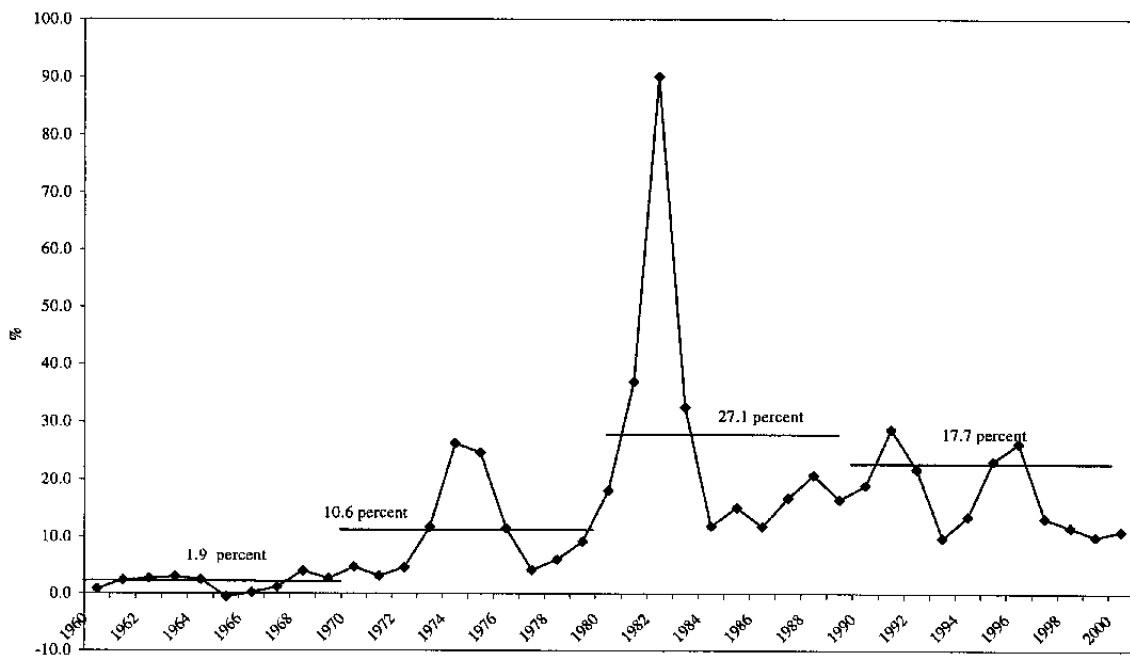
Table 1. Costa Rica: Comparative Social Indicators

| | Costa Rica | | | | | | | Latin America | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1960 | 1975 | 1985 | 1997 | 1998 | 1999 | 2000 | 1975 | 1985 | 1997 |
| GNP per capita (in U.S. dollars) | 414 | 1,030 | 1,270 | 3,415 | 3,614 | 3,621 | 3,656 | 1,192 | 1,836 | 3,940 |
| Primary enrollment 1/ | | 107.00 | 97.00 | 103.50 | 104.0 | ... | ... | 99 | 105 | 113 |
| Secondary enrollment 1/ | | 42.60 | 41.35 | 48.40 | 49.00 | ... | ... | 35 | 48 | 60 |
| Illiteracy 2/ | 15 | 12 | 8 | 5 | 5 | ... | ... | 26 | 18 | 12 |
| Average years of schooling 3/ | 4.0 | 5.1 | 5.4 | 5.9 | 5.9 | 6.0 | 6.1 | ... | ... | ... |

Sources: World Bank Comparative Study, Costa Rica and Uruguay, World Development Indicators 1999, World Bank; and Central Bank of Costa Rica.

1/ In percent of school age population.
2/ In percent of population above 15 years of age.
3/ 1997-99 estimates were interpolated from 1995 and 2000 data.

13.     The growth-accounting framework used in this chapter assumes that output can be explained by a Cobb-Douglas production function,

$$(1) \qquad Y_t = A_t K_t^{\alpha} N_t^{1-\alpha}$$

where Y, K, and N represent output, physical capital stock and labor input, respectively, and t is an index for time. The term A is total factor productivity (TFP), which depends on factors such as the quality of labor (or human capital), the legal and regulatory framework, the creation and diffusion of more efficient technologies through research and development (R&D) investment and structural reforms, such as trade liberalization. Taking natural logarithms and differentiating with respect to time, the following decomposition of growth can be obtained:

$$(2) \qquad \gamma_{Yt} = \gamma_{At} + \alpha \gamma_{Kt} + (1-\alpha) \gamma_{Nt}$$

where γ stands for the growth rate of the variable in the subscript. If factor markets are competitive, it could be shown that the parameter α corresponds to the share of rental payments to capital in total income, that is, $\alpha = r * K/Y$, where r is the gross rate of return on capital. The derivation of the time series of the capital stock and the data sources are presented in the Appendix.

14.     The results show that the growth in the labor force explains 2½ percentage points of the average output growth in the period 1961–00, while the growth in the capital stock and total factor productivity each explain about 1¼ percentage points (Table 2). The shifts in real

economic growth by decade coincide with movements in the growth in total factor productivity. Also, the poor growth performance in the 1980s reflects slow growth in the capital stock as well as negative growth in total factory productivity. The economic recovery in the 1990s appears to result from strong growth in total factor productivity, while growth in the capital stock remained low. This pattern suggests that trade liberalization and the lower rate of inflation in the 1990s paid significant dividends in improving economic efficiency.

Table 2. Costa Rica: Sources of Economic Growth (Raw Labor)

| Period | Average Growth Rate | Contribution of Capital | Contribution of Raw Labor | Contribution of TFP |
|--------|--------------------|------------------------|--------------------------|---------------------|
| 1961–70 | 6.7 | 1.4 | 2.5 | 2.9 |
| 1971–80 | 5.5 | 2.2 | 2.6 | 0.6 |
| 1981–90 | 2.7 | 0.9 | 2.3 | -0.5 |
| 1991–00 | 5.0 | 0.7 | 1.9 | 2.4 |
| 1961–00 | 5.0 | 1.3 | 2.5 | 1.2 |

Sources: Data from INS and WEO; and Fund staff calculations.

15.     The improvement in education since 1960 probably contributed to the strong growth of total factor productivity. To account for the effect of education on economic growth, a human capital index was constructed as a function of labor and years of schooling. It is possible to express the production function as:

(1)     $Y_t = A_t K_t^{\alpha} H_t^{1-\alpha}$

where H represents a human capital index that takes into account the evolution of the quality of labor in Costa Rica. It is possible to define human capital index as:

(3)     $H_t = L_t * e_t$

where $e$ is the average years of schooling. The rest of the parameters are the same as under the previous specification of the production function.

Table 3. Costa Rica: Sources of Economic Growth (Human Capital)

| Period | Average Growth Rate | Contribution of Capital | Contribution of Human Capital | Contribution of TFP |
|---|---|---|---|---|
| 1961–70 | 6.7 | 1.4 | 2.5 | 2.8 |
| 1971–80 | 5.5 | 2.2 | 4.4 | -1.1 |
| 1981–90 | 2.7 | 0.9 | 3.7 | -1.9 |
| 1991–2000 | 5.0 | 0.7 | 2.5 | 1.8 |
| 1961–2000 | 5.0 | 1.3 | 3.3 | 0.3 |

Sources: Data from Barro and Lee; and Fund staff calculations.

16.     The introduction of human capital reduces the contribution of total factor productivity to 0.3 percentage points of the average growth in output, while growth in the capital stock continues to account for about 1¼ percentage points. It is also possible to obtain the specific contribution of schooling by subtracting the raw labor contribution from the total human capital contribution (Table 4). In the 1960s, both the raw labor and human capital contributions are the same (2.5 percentage points), suggesting that schooling had little effect on growth in that period. The effect of schooling on growth peaked at 1.8 percentage points in the 1970s and then declined to 0.6 points in the 1990s, as the gains in average years of schooling were the most rapid in the period 1960–75. The low contribution of schooling in the 1990s supports the notion that the recovery in growth in total factor productivity growth in the 1990s resulted from structural reforms that improved economic efficiency. The introduction of human capital also leads to declines in total factor productivity in the 1970s, which may reflect the effects of the surge in world oil prices, and in the 1980s, which most likely results from the political instability in the region, the effects of the debt crisis and the high rate of inflation.

Table 4. Costa Rica: Contribution of Schooling

| | Human Capital | Raw Labor | Schooling |
|---|---|---|---|
| 1961–70 | 2.5 | 2.5 | 0.0 |
| 1971–80 | 4.4 | 2.6 | 1.8 |
| 1981–90 | 3.7 | 2.3 | 1.4 |
| 1991–00 | 2.5 | 1.9 | 0.6 |
| 1961–00 | 3.3 | 2.5 | 0.8 |

Sources: Data from Barro and Lee; and Fund staff calculations.

## Data Sources

The data for real GDP, investment, and labor force are the IFS and WEO databases. The growth accounting exercise follows the methodology described in Barro and Sala-i-Martin's Economic Growth, Chapter 10 (1995).[6] The capital stock in a given year equals the capital stock of the previous year minus depreciation plus investment in the same year, that is, $K(t) = K(t-1)*(1-d) + I(t)$, where $d$ is the depreciation rate. The depreciation rate is 5 percent, consistent with Elias (1992).[7] The initial capital stock is determined through the "rough-guess" method suggested by Barro and Sala-i-Martin. The average annual real rate of return of capital is 7 percent, the long-term international average rate of return of capital estimated by Siegel (1998).[8] The average years of schooling of the workforce are drawn from the Barro and Lee database. Human capital is estimated in terms of average years of schooling following the standard definition used by Lucas (1988).[9]

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[6] Economic Growth, McGraw-Hill, 1995.

[7] *Sources of Growth: A Study of Seven Latin American Economies*, ICS Press, 1992.

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# III. COSTA RICA'S REAL EFFECTIVE EXCHANGE RATE: AN APPRAISAL[10]

## A. Introduction

17.     Costa Rica has been following an exchange rate policy aimed at maintaining the external competitiveness of domestic goods through daily adjustments of the exchange rate on the basis of the differential between inflation in Costa Rica and its main trading partners. More specifically, the Central Bank of Costa Rica (CBCR) manages the exchange rate with the goal of keeping the real effective exchange rate (REER) broadly stable around its level in 1997, when macroeconomic conditions were deemed by and large satisfactory and the level of competitiveness adequate. However, the poor performance of nontraditional exports in recent years raises questions about the quality of the method used to measure the REER. The CBCR index is actually based upon Costa Rica's bilateral trade flows, and misses the effect of increased competition from third-countries, especially Asian countries, in Costa Rica's main export markets.

18.     This paper develops a new REER index that takes into account third-country competition and allows competitiveness weights to change over time. In particular, the method used to calculate competitiveness weights confirms that competition from a number of Asian countries has intensified over time. The results show that, although the REER index calculated by the CBCR broadly follows the path of the proposed index as well as that calculated by the IMF, it may underestimate the magnitude of appreciation of the REER starting at the end of 1999 as indicated by the other two indices.

19.     The paper is organized as follows: Section B provides a brief overview of some methodological difficulties usually encountered in calculating a country's real effective exchange rate. Section C reviews the approach used by the CBCR[11] and by the IMF[12] to calculate Costa Rica's REER. Section D presents the alternative methodology. Section E discusses the results and draws conclusions.

## B. Some Methodological Issues

20.     The indices of the nominal and real effective exchange rate are important tools for exchange rate policy. The former, calculated as a weighted average of bilateral exchange rates of a country's currency with respect to its main trading partners, provides a summary indicator of a currency's external value. The latter, by comparing price developments in a

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[10] Prepared by Alessandro Giustiniani.

[11] Sobrado and Rojas, 2000.

[12] Zanello and Desruelle, 1997.

country with those in its trading partners, offers an assessment of the evolution of a country's competitiveness in international markets. Although these indices are common, their actual calculation is not straightforward and poses both conceptual and empirical difficulties. As emphasized by Hinkle and Montiel (1999), there are several conceptual definitions of the real exchange rate (RER) depending on the underlying economic model.[13] In addition, the empirical measurement of the RER in many developing countries is made more complex by a number of practical problems that are not often encountered in the case of industrial countries (e.g., lack of data, multiple exchange rates, unrecorded or misreported trade flows).

21.     In order to calculate a country's REER, it is necessary to have four elements: (1) an operational formula; (2) nominal exchange rates;[14] (3) a country-weight scheme; and (4) appropriate price or cost indices. Among these four elements, the latter two present a number of empirical problems.

22.     In constructing an index of a country's multilateral or effective RER (REER), the choice of the weighting scheme determines how developments in exchange rates and prices in different partner-countries affect the competitive position of the home country. Without considering more general problems associated with unrecorded or misreported trade, the choice of competitiveness weights may be complicated by a number of factors. For instance, the home country's geographical trade patterns may differ significantly between exports and imports. In this case, there may be reasons to calculate separate REER indices for imports and exports rather than averaging them in a single indicator. Further complications may arise when home-country's exporters face significant competition from producers in third countries with which home country's bilateral trade is negligible. Ideally, competitiveness weights should take into account not only the effect of direct trading partners but also the impact of third countries with which home-country exporters compete in their outlet markets. Finally, home country's trading patterns may change over time. In this case, fixed weight averages become less representative and it would be appropriate to update periodically the set of main trading partners as well as the weights attached to them.

23.     As far as the choice of price or cost indices is concerned, it is preferable to use either producer prices or unit labor costs or export unit values. Since these indices are not always available in the case of developing countries, consumer price indices are usually used as a proxy. However, this option has at least two important drawbacks (Heinkel and Nsengiyumva, 1999). First, CPIs for different countries are not based on the same (or even

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[13] In the literature, a country's real exchange rate is usually defined either as its nominal exchange rate adjusted for the differential between domestic and foreign prices (external RER) or as the ratio of the domestic price of tradable to nontradable goods (internal RER). For more details on this matter, see Hinkle and Nsengiyumva (1999). In the present paper, the former definition of RER is used.

[14] This might be a problem if a country has multiple exchange rates.

comparable) basket of goods. This implies that bilateral exchange rates cannot be uniquely determined as the relative cost of two baskets of goods since their composition may differ significantly. Second, CPI developments may be affected by the existence of price controls and subsidies as well as by changes in indirect taxes. This makes it more difficult to disentangle the real forces driving changes in a country's CPI over time.

## C. A Comparison Between Indices

24. As stated above, the two available indices of Costa Rica's REER are the one calculated by the CBCR and the one estimated by the IMF. The differences between the CBCR and the Fund methodology are: (a) the weighting scheme; (b) the set of trading partners; and (c) the operational formula.

### Derivation of competitiveness weights

25. The CBCR's computation of competitiveness weights is based on the relative importance of each competitor country in Costa Rica's external trade. Therefore, the competitiveness weight attached to a given country is equal to its share in Costa Rica's total trade, defined as the sum of Costa Rica's export (f.o.b.) and import (c.i.f.) of goods:

$$(1) \qquad W_j = \frac{X^{CR}_j + M^{CR}_j}{X^{CR} + M^{CR}}$$

where:

$W_j$ = competitiveness weight of trading partner j;
$X^{CR}_j$ = Costa Rica's export to trading partner j;
$M^{CR}_j$ = Costa Rica's import from trading partner j;
$X^{CR} = \sum_j X^{CR}_j$ = total export of Costa Rica; and
$M^{CR} = \sum_j M^{CR}_j$ = total import of Costa Rica.

26. In deriving the competitiveness weights, the CBCR makes three adjustments: (1) petroleum imports are excluded; (2) imports by and exports from free trade zones and those associated with assembling production (*perfeccionamiento activo*) are excluded in order to obtain a measure of what the CBCR defines as the "effective trade" in goods; (3) exports are adjusted to take into account problems of overinvoicing in 1995–97.[15] While adjustments (1) and (3) are appropriate, the exclusion of trade flows of free trade zones and

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[15] This problem was induced by the then existing system of export subsidies and tax credits, based on a percentage of the value of exports, that was discontinued at the end of September 1999.

of those associated with assembling production is questionable.[16] Indeed, it can be argued that these types of goods have to compete in international markets as well. Therefore, enterprises' decisions to assemble goods in Costa Rica will take into account cost considerations. If domestic wages rise with domestic inflation, higher inflation will affect the attractiveness (hence the competitiveness) of the domestic economy.

27.     The IMF methodology is more complex.[17] Total competitiveness weights are derived as a weighted average of competitiveness weights based on trade in manufactures (G), non-oil primary commodities (P), and tourism services (T):

$$(2) \qquad W_j = \alpha(G)W_j(G) + \alpha(P)W_j(P) + \alpha(T)W_j(T); \qquad \alpha(G) + \alpha(P) + \alpha(T) = 1$$

where $\alpha(G)$, $\alpha(P)$, and $\alpha(T)$ are the share of trade in manufactures, primary commodities, and tourism services, respectively, in Costa Rica's external trade, defined in turn as the sum of these three groups of goods and services.

28.     For trade in manufactures and tourism services, which are assumed to be differentiated products, the competitiveness weight attached to country-j by Costa Rica is the weighted average of two components: the share of Costa Rica's imports coming from country-j ($W^M_j(G)$) and the export weight attached to country-j ($W^X_j(G)$), where the weights ($\beta_X$ and $\beta_M$) are the shares of export and import in Costa Rica's total trade in manufactures. then

$$(3) \qquad W_j(G) = \beta_M W^M_j(G) + \beta_X W^X_j(G); \qquad \beta_X + \beta_M = 1$$

where

$$W^M_j(G) = \frac{M^{CR}_j}{\sum_j M^{CR}_j}$$

29.     The overall export weight attached to country-j ($W^X_j(G)$) is, in turn, the sum of two elements: (a) a bilateral export weight ($w^{CR}_j(G)$); and (b) a third-market export weight.[18] The former is merely the share of Costa Rica's manufacture exports to country-j. The latter is equal to the sum over all markets ($k$) of particular importance for Costa Rica (measured by

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[16] In the period 1997–2000, imports and exports of assembled goods and of the free trade zones accounted for almost half of Costa Rica's total trade.

[17] This part of the paper draws extensively from Section IV of Zanello and Desruelle (1997), although formula presentations are sometimes slightly different.

[18] Arbitrarily, equal importance is given to these two components of the overall export weight.

the share of Costa Rica's export to each market-$k$) of the country-j competitiveness position in those markets, quantified by the share of total exports to each market coming from country-j.

$$W^X_j(G) = \frac{1}{2} w^{CR}_j(G) + \frac{1}{2} \sum_{k \neq j,i} \frac{X^{CR}_k(G)}{\sum_j X^{CR}_j(G)} \cdot \frac{X^j_k(G)}{\sum_{l \neq k} X^l_k(G)}$$

Competitiveness weights based on trade in tourism are computed in a similar way.

30.    In the case of trade in non-oil primary products, which are assumed to be homogeneous goods, the weight attached to country-j by Costa Rica is equal to the sum over all commodity markets ($h$) of the product between the weight of country-j in each commodity market and the share of each commodity in Costa Rica's total trade in commodities.

$$W^{CR}_j(P) = \frac{X^{CR}_h(P) + M^{CR}_h(P)}{\sum_h X^{CR}_h(P) + \sum_h M^{CR}_h(P)} \cdot \frac{X^j_h(P) + M^j_h(P)}{\sum_n X^n_h(P) + \sum_n M^n_h(P)}$$

**Selection of comparator countries**

31.    The REER index calculated by the CBCR includes 19 countries (Table 1) that were chosen on the basis of three general criteria: (1) data availability; (2) relative importance in Costa Rica's external trade; and (3) the share of Costa Rica's total trade represented by the selected set of trade partners. In the case of the REER index calculated by the IMF, Costa Rica's set of comparator countries is limited to those whose total competitiveness weights are greater than 1 percent (Table 2).

32.    There are some important differences in the comparator countries of the two indices. Brazil, Korea, and Taiwan Province of China are included in the IMF basket only, while the CBCR's set of competitor countries gives more weight to Latin American countries, by including Colombia, Honduras, and Nicaragua.

**Operational formula**

33.    The CBCR computes its REER index applying a "chain rule". In this case, *the change in the REER index* between time *t-1* and time *t* is computed as a weighted geometric average of the *changes* in the home country's consumer prices relative to that in its main trading partners. Therefore, a change in the competitiveness index between two nonconsecutive years is equal to the sum of the changes in the competitiveness index in each consecutive year calculated with the weights pertaining to the corresponding year.[19] This, in turn, allows

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[19] The changes are measured in logarithm.

for possible changes in the set of competitor countries as well as in their respective weights in order to better reflect developments in Costa Rica's trading patterns.

$$(5) \quad REER^{CBCR}(t) = \frac{\{\prod_j [P_j(t)/P_j(t-1)]^{Wj} * \prod_j [E_j(t)/E_j(t-1)]^{Wj}\}}{[P^{CR}(t)/P^{CR}(t-1)][E^{CR}(t)/E^{CR}(t-1)]} * REER^{CBCR}(t-1)$$

Given the formula, an increase (decrease) in the $REER^{CBCR}$ indicates a depreciation (appreciation). Therefore, in Figure 1, where the REER indices are compared, the inverse of the index is plotted.

Figure. Costa Rica: Real Effective Exchange Rates Indexes, 1995-2001 1/
(Monthly Data, 1997 = 100)
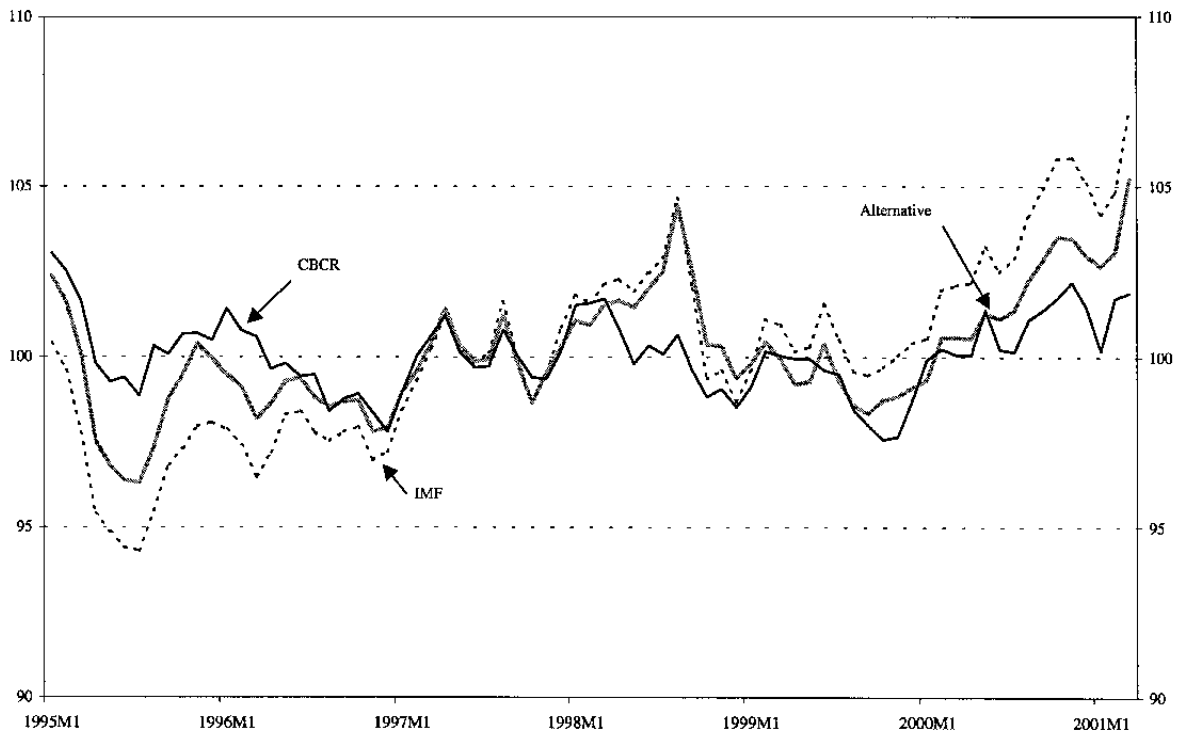


Sources: Central Bank of Costa Rica; IMF, Information Notice System; IMF, Direction of Trade; and IMF staff estimates.
1/ An increase in the index denotes an appreciation.

34.     On the contrary, in the case of the IMF indicator, the REER index is computed as a weighted geometric average of the *level* of consumer prices in the home country relative to that in its main trading partners:

(4)     $\text{REER}^{IMF}(t) = \prod_{j \neq i} [\ P^{CR}(t)E^{CR}(t)\ /\ P_j(t)E_j(t)\ ]^{Wj}$

where: $P_j(t)$ = consumer price index of trading partner j at time t;

$E_j(t)$ = exchange rate of trading partner j vis-à-vis the U.S. dollar at time t;

$P^{CR}(t)$ = consumer price index of Costa Rica at time t; and

$E^{CR}(t)$ = exchange rate of Costa Rica vis-à-vis the U.S. dollar at time t.

Therefore, an increase in the index indicates an appreciation of the REER. Although the IMF index has the advantage of applying a more detailed and accurate methodology to calculate the competitiveness weights, it has the shortcoming of computing those weights for a determined reference period, namely 1988–90. Although such a choice was at the time a compromise between use of up-to-date and comprehensive information, it is unavoidably arbitrary. Hence the use of fixed weights represents an important weakness of the IMF methodology especially in the case where a country's geographical composition of external trade changes significantly over the medium term.

## D.  The Proposed Methodology

35.     The present exercise tries to combine the more complex methodology used by the IMF in computing competitiveness weights with the operational formula used by the CBCR. However, given the lack of updated information on the commodity breakdown of trade flows and on tourism services, total competitiveness weights are computed as weighted averages of export and import weights using data on *trade of goods only* from the *IMF—Direction of Trade* data bank.[20]

36.     The general formula of the overall competitiveness weight of country-j is the following:

(6)     $\omega_j(t) = \alpha(t)\theta_j(t) + [1 - \alpha(t)]\mu_j(t);\quad \Sigma_j\theta_j(t) = 1 \text{ and } \Sigma_j\ \mu_j(t) = 1$

where:

$\omega_j(t)$ = total weight attached to country-j by Costa Rica;

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[20] This also implies that it was not possible to exclude oil imports from the data on bilateral trade flows used for the calculation of the competitiveness weights.

$$\alpha(t) = \frac{X^{CR}(t)}{X^{CR}(t) + M^{CR}(t)} = \text{export share of total trade of Costa Rica;}$$

$\theta_j(t) = $ export weight attached to country-j by Costa Rica;

$$\mu_j(t) = \frac{M^{CR}_j(t)}{\Sigma_j M^{CR}_j(t)} = \text{import weight attached to country-j by Costa Rica} = \text{share of Costa Rica's import from country-j.}$$

It is worth noting that all the variables are computed as three-year moving averages in order to smooth possible shocks in trade patterns.

37.     The export weight attached to country-j by Costa Rica is calculated as a linear combination of Costa Rica's bilateral trade with country-j and the competition from country-j's exporters on third markets. For the sake of simplicity, only four markets are considered: the United States, Canada, the Euro area, and the United Kingdom. In the 1990s, about three quarters of Costa Rica's exports were indeed directed to those markets. Similarly to the IMF methodology, competition in third markets is calculated as the product between the share of total exports to market-k stemming from country-j and Costa Rica's export share to market-k:

$$(7) \qquad \theta_j(t) = \frac{1}{2}\beta_j(t) + \frac{1}{2}v_j(t)$$

$$\beta_j(t) = \frac{X^{CR}_j(t)}{\Sigma_j X^{CR}_j(t)} = \text{Costa Rica's export share to country-j}$$

$$v_j(t) = \frac{X^j_k(t)}{\Sigma_j X^j_k(t)} \bullet \frac{X^{CR}_k(t)}{\Sigma_k X^{CR}_k(t)} \ ;$$

where: k = the United States, Canada, the Euro area, and the United Kingdom. The parameters $v_j(t)$ are scaled so that they add up to 1.

38.     Changes in the index of Costa Rica's nominal effective exchange rate are therefore calculated by applying the following chain rule:

$$(8) \qquad \frac{NEER(t)}{NEER(t-1)} = \frac{1}{\Pi_j \left[ E^{CR}_j(t)/E^{CR}_j(t-1) \right]^{(\omega_j(t) + \omega_j(t-1))/2}}$$

$E^{CR}_j(t)$ = country-j's exchange rate index defined as the amount of colones per unit of country-j's currency.

where the changes in country-j's exchange rate index between $t$ and $t$-$1$ are weighted by the average of the weights attached to country-j in the two years.

39.     Changes in the index of Costa Rica's real effective exchange rate are therefore calculated as follows:

$$(9) \quad \frac{REER(t)}{REER(t-1)} = \frac{1}{\Pi_j \, [E^{CR}_j(t)/\, E^{CR}_j(t-1)]^{\,(\omega j(t)+\,\omega j(t-1))/2}} \cdot \frac{P^{CR}(t)/P^{CR}(t-1)}{\Pi_j \, [P_j(t)/\, P_j(t-1)]^{\,(\omega j(t)+\,\omega j(t-1))/2}}$$

**Trade partner selection**

40.     In order to take into account differences in Costa Rica's trading patterns between exports and imports, a double threshold was used in the selection of Costa Rica's trade partners. Countries were chosen if (1) their overall competitiveness weights ($\omega_j(t)$) were equal or greater than 1 percent, or, at least, (2) their export weights ($\theta_j(t)$) were greater than 1 percent.[21] For instance, Brazil, Colombia, and the Philippines are not very significant export outlets for Costa Rica (less than 1 percent of total exports is directed to these markets, respectively) but they are (or have become over time) important sources of Costa Rica's imports. On the contrary, the overall competitiveness weight of Sweden and Switzerland have fallen below the 1 percent threshold over time while their respective export weights have continued to satisfy the second criterion. To avoid changing the composition of the set of comparator countries too often that would introduce some noise in the calculation of the REER, countries that satisfy one of the previous two criteria irregularly (e.g., out-in-out) and for brief periods of time were excluded (Table 3).[22] Furthermore, Venezuela was dropped from the group of competitor countries since the bulk of Costa Rica's imports from this country is represented by oil imports. Once the set of countries is selected their respective total competitiveness weights are scaled so that they add up to 1.

41.     By comparing Tables 1, 2, and 4, it is worth noting that the proposed REER index takes into account a larger number of competitor countries than the previous two indices. The number of countries selected goes from 15 in 1990 to 20 in 2000. In particular, while the calculated REER index gives less weight to Latin American countries than the CBCR and the

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[21] The simple export weights were chosen as second threshold because the emphasis of the present analysis is to measure Costa Rica's competitiveness in its export markets.

[22] For instance, Honduras' export weight was above the 1 percent threshold only in the sub-period 1994–96. Therefore, it was dropped from the set of Costa Rica's trading partners.

IMF indices, it gives more weight to Asian countries, reflecting growing bilateral trade between Costa Rica and those countries.

42.     In the calculations the People's Republic of China and Hong Kong SAR have been considered as only one country for the whole period[23] although the respective exchange rates and prices have been used for the calculation. Similarly, the countries participating in the Euro area have been considered as only one country and the exchange rate and price data for the area as a whole (provided by the INS database) have been used for the calculation.

## E.   Results and Conclusions

43.     The alternative REER for Costa Rica was calculated for the period 1995–2001 using monthly data. As shown in Figure 1, where the proposed REER index (labeled as "Alternative") is compared with those calculated by the IMF and by the CBCR, the proposed methodology succeeds in tracking sufficiently well the IMF REER. Small differences between the two indices emerge at the beginning and at the end of the period considered, reflecting some differences in the two indices of nominal effective exchange rate (1995–96 and 2000–01) and relative prices (1999–2001). The main reasons for this can be ascribed to the lower weight attributed in the alternative index to the countries of the Euro area, and to Europe in general,[24] as well as at the higher (and increasing over time) importance of Asian countries among Costa Rica's trade partners.

44.     Starting from the end of 1999, while the CBCR index shows a broadly unchanged competitiveness position of Costa Rica, both the IMF and the "Alternative" indices point to a more marked appreciation of the REER.

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[23] The sum of their respective total competitiveness weights is greater than 1 percent over the whole period.

[24] In the country set used by the IMF only a few countries of the Euro area are included, namely Belgium, France, Germany, Italy, Spain, and the Netherlands. Nevertheless, their cumulative weight is of about 23 percent while in the proposed index the Euro area as a whole has a weight of about 14 percent.

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Table 1. Country Set in the CBCR REER Index (ITCER-97)

| Country | 1992 | 1995–1996 | 1997 |
|---|---|---|---|
| **North America** | **53.9** | **50.6** | **47.7** |
| United States | 52.2 | 48.9 | 45.8 |
| Canada | 1.7 | 1.7 | 1.9 |
| **Latin America** | **18.7** | **23.6** | **26.3** |
| Mexico | 2.7 | 4.9 | 6.3 |
| Guatemala | 5.1 | 4.7 | 5.0 |
| El Salvador | 3.5 | 3.7 | 3.9 |
| Panama | 3.3 | 3.4 | 3.0 |
| Nicaragua | | 2.2 | 2.5 |
| Venezuela | 1.5 | 1.4 | 2.0 |
| Colombia | 1.1 | 1.6 | 1.9 |
| Honduras | 1.5 | 1.7 | 1.7 |
| **Europe** | **22.2** | **22.5** | **21.2** |
| Germany | 8.2 | 5.6 | 5.4 |
| Italy | 3.9 | 4.0 | 3.4 |
| Netherlands | 1.8 | 2.7 | 2.6 |
| Belgium | 3.1 | 3.3 | 2.5 |
| France | 1.6 | 2.1 | 2.1 |
| Spain | 1.5 | 1.6 | 2.0 |
| United Kingdom | 1.6 | 2.3 | 1.9 |
| Sweden | 0.5 | 0.9 | 1.3 |
| **Asia** | **5.2** | **3.4** | **4.9** |
| Japan | 5.2 | 3.4 | 4.9 |
| **Total** | **100.0** | **100.0** | **100.0** |

Table 2.  Country Set in the IMF REER Index

| Country | 1988–1990 |
|---|---|
| **North America** | **43.47** |
| United States | 40.03 |
| Canada | 3.42 |
| **Latin America** | **18.77** |
| Panama | 6.85 |
| Brazil | 3.61 |
| Guatemala | 2.52 |
| Mexico | 2.46 |
| El Salvador | 1.94 |
| Venezuela | 1.39 |
| **Europe** | **26.72** |
| Germany | 7.18 |
| France | 4.26 |
| Netherlands | 3.79 |
| United Kingdom | 3.63 |
| Italy | 3.55 |
| Spain | 2.39 |
| Belgium | 1.92 |
| **Asia** | **11.07** |
| Japan | 7.17 |
| Korea | 2.03 |
| Taiwan Province of China | 1.87 |
| **Total** | **100.00** |

Table 3. Selection of Costa Rica's Main Trading Partners

| Countries that Satisfy Criteria (1) | Period | Countries that Satisfy Criteria (2) | Period |
|---|---|---|---|
| United States | 1990-2000 | United States | 1990-2000 |
| Canada | 1990-2000 | Canada | 1990-2000 |
| Japan | 1990-2000 | Japan | 1990-2000 |
| Euro area | 1990-2000 | Euro area | 1990-2000 |
| Sweden | 1990 | Sweden | 1990-2000 |
| Switzerland | 1990-1997 | Switzerland | 1990-2000 |
| People's Republic of China | 1993-2000 | People's Republic of China | 1990-2000 |
| Korea | 1990-1996 | Korea | 1990-2000 |
| Malaysia | 1999-2000 | Malaysia | 1998-2000 |
|  |  | Singapore | 1995-2000 |
| Brazil | 1990-2000 |  |  |
| Colombia | 1992-2000 |  |  |
| El Salvador | 1990-2000 | El Salvador | 1990-2000 |
| Guatemala | 1990-2000 |  |  |
| Mexico | 1990-2000 | Mexico | 1990-2000 |
| Nicaragua | 1992-1997 | Nicaragua | 1991-2000 |
| Panama | 1990-2000 | Panama | 1990-1999 |

Table 4. Costa Rica: Alternative REER Competitiveness Weights

| Country | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **North America** | **46.74** | **47.35** | **48.62** | **50.03** | **49.66** | **48.04** | **46.77** | **48.52** | **50.71** | **49.37** | **47.18** |
| United States | 41.66 | 42.31 | 44.09 | 45.24 | 45.06 | 43.34 | 42.42 | 43.70 | 45.69 | 44.25 | 42.22 |
| Canada | 5.08 | 5.04 | 4.53 | 4.79 | 4.60 | 4.69 | 4.36 | 4.82 | 5.03 | 5.13 | 4.96 |
| **Latin America** | **16.13** | **16.82** | **17.57** | **17.26** | **17.75** | **18.42** | **20.05** | **19.46** | **17.39** | **15.42** | **14.81** |
| Mexico | 4.52 | 4.34 | 4.17 | 4.09 | 4.18 | 4.43 | 5.43 | 6.12 | 6.18 | 5.82 | 5.64 |
| Guatemala | 4.03 | 3.89 | 3.62 | 3.17 | 3.18 | 3.21 | 3.48 | 3.24 | 2.82 | 2.45 | 2.32 |
| El Salvador | 2.56 | 2.52 | 2.36 | 2.18 | 2.23 | 2.36 | 2.60 | 2.52 | 2.17 | 1.85 | 1.72 |
| Panama | 2.27 | 2.33 | 1.94 | 1.67 | 1.71 | 2.19 | 2.58 | 2.36 | 1.90 | 1.55 | 1.48 |
| Colombia | ... | ... | 1.29 | 1.67 | 1.90 | 2.09 | 2.27 | 2.17 | 1.77 | 1.46 | 1.34 |
| Brazil | 2.76 | 2.62 | 2.64 | 2.68 | 2.83 | 2.69 | 2.42 | 1.82 | 1.42 | 1.26 | 1.33 |
| Nicaragua | ... | 1.13 | 1.55 | 1.80 | 1.72 | 1.44 | 1.25 | 1.23 | 1.13 | 1.02 | 0.97 |
| **Europe** | **23.88** | **23.01** | **21.35** | **20.57** | **20.53** | **21.55** | **21.91** | **20.86** | **19.34** | **19.70** | **20.80** |
| Euro area | 17.31 | 16.71 | 15.56 | 15.21 | 15.23 | 15.93 | 15.91 | 15.08 | 13.85 | 13.79 | 14.36 |
| United Kingdom | 3.76 | 3.58 | 3.24 | 3.01 | 3.05 | 3.33 | 3.63 | 3.51 | 3.41 | 3.93 | 4.48 |
| Switzerland | 1.55 | 1.59 | 1.58 | 1.51 | 1.43 | 1.40 | 1.33 | 1.19 | 1.03 | 1.00 | 1.02 |
| Sweden | 1.26 | 1.12 | 0.97 | 0.84 | 0.83 | 0.89 | 1.04 | 1.08 | 1.06 | 0.97 | 0.94 |
| **Asia** | **13.25** | **12.81** | **12.45** | **12.15** | **12.06** | **12.00** | **11.26** | **11.17** | **12.55** | **15.52** | **17.21** |
| Japan | 9.41 | 9.06 | 8.57 | 8.30 | 8.02 | 7.42 | 6.53 | 6.51 | 6.95 | 6.98 | 6.60 |
| People's Republic of China | 0.68 | 0.82 | 0.92 | 1.18 | 1.42 | 1.77 | 1.89 | 2.16 | 2.34 | 2.61 | 2.77 |
| Hong Kong SAR | 0.98 | 0.90 | 0.97 | 1.05 | 1.01 | 0.99 | 0.99 | 0.95 | 0.92 | 0.88 | 0.87 |
| Malaysia | ... | ... | ... | ... | ... | ... | ... | ... | 0.82 | 1.76 | 2.43 |
| Philippines | ... | ... | ... | ... | ... | ... | ... | ... | ... | 1.35 | 2.17 |
| Korea | 2.18 | 2.03 | 1.99 | 1.62 | 1.61 | 1.21 | 1.21 | 0.86 | 0.78 | 1.19 | 1.67 |
| Singapore | ... | ... | ... | ... | ... | 0.61 | 0.64 | 0.70 | 0.76 | 0.74 | 0.70 |

Table 1. Costa Rica: National Income Accounts

| | 1996 | 1997 | 1998 | 1999 | Prel. 2000 |
|---|---|---|---|---|---|
| (In billions of colones) | | | | | |
| **Consumption** | **2,151** | **2,562** | **3,010** | **3,456** | **3,968** |
| Private sector | 1,821 | 2,172 | 2,541 | 2,891 | 3,313 |
| Public sector | 330 | 390 | 469 | 565 | 655 |
| **Gross domestic investment** | **391** | **538** | **709** | **735** | **830** |
| Fixed capital formation | 413 | 530 | 731 | 789 | 838 |
| Private sector | 342 | 434 | 605 | 639 | 667 |
| Public sector | 71 | 97 | 127 | 150 | 171 |
| Change in inventories | -22 | 8 | -22 | -54 | -8 |
| **Gross domestic expenditure** | **2,541** | **3,100** | **3,719** | **4,191** | **4,798** |
| **Resource gap** | **-86** | **-117** | **-95** | **276** | **66** |
| Exports of goods and nonfactor services | 967 | 1,213 | 1,714 | 2,329 | 2,340 |
| Imports of goods and nonfactor services | -1,053 | -1,331 | -1,809 | -2,052 | -2,273 |
| **GDP at market prices** | **2,456** | **2,982** | **3,624** | **4,467** | **4,864** |
| (In billions of 1991 colones) | | | | | |
| **Consumption** | **985** | **1,035** | **1,089** | **1,110** | **1,135** |
| Private sector | 857 | 901 | 953 | 971 | 993 |
| Public sector | 128 | 133 | 136 | 139 | 142 |
| **Gross domestic investment** | **200** | **250** | **312** | **270** | **259** |
| Fixed capital formation | 208 | 240 | 302 | 294 | 282 |
| Private sector | 172 | 196 | 250 | 238 | 224 |
| Public sector | 36 | 44 | 52 | 56 | 58 |
| Change in inventories | -8 | 10 | 10 | -24 | -23 |
| **Gross domestic expenditure** | **1,185** | **1,285** | **1,401** | **1,380** | **1,394** |
| **Resource gap** | **-63** | **-98** | **-116** | **12** | **22** |
| Exports of goods and nonfactor services | 455 | 494 | 624 | 761 | 750 |
| Imports of goods and nonfactor services | -518 | -592 | -740 | -750 | -728 |
| **GDP at market prices** | **1,122** | **1,186** | **1,285** | **1,392** | **1,416** |

Sources: Central Bank of Costa Rica; and Fund staff estimates.

Table 2. Costa Rica: Gross Domestic Product by Sector

|  | 1996 | 1997 | 1998 | 1999 | Prel. 2000 |
|---|---|---|---|---|---|
| (In billions of current colones) | | | | | |
| **Gross domestic product** | **2,456** | **2,982** | **3,624** | **4,467** | **4,864** |
| Agriculture | 287 | 351 | 425 | 431 | 418 |
| Industry and mining | 497 | 613 | 769 | 1193 | 1157 |
| Utilities | 68 | 82 | 90 | 95 | 100 |
| Construction | 84 | 102 | 137 | 152 | 152 |
| Commercial services | 446 | 542 | 668 | 766 | 775 |
| Transport and communication | 198 | 243 | 286 | 315 | 338 |
| Financial services | 279 | 336 | 388 | 462 | 475 |
| Public administration | 89 | 105 | 122 | 146 | 149 |
| Other services | 351 | 426 | 531 | 661 | 677 |
| (In billions of 1991 colones) | | | | | |
| **Gross domestic product** | **1,122** | **1,186** | **1,285** | **1,392** | **1,416** |
| Agriculture | 131 | 133 | 144 | 151 | 147 |
| Industry and mining | 238 | 256 | 285 | 354 | 344 |
| Utilities | 31 | 32 | 35 | 38 | 40 |
| Construction | 40 | 42 | 49 | 48 | 48 |
| Commercial services | 209 | 221 | 239 | 248 | 251 |
| Transport and communication | 99 | 109 | 118 | 125 | 134 |
| Financial services | 129 | 135 | 142 | 152 | 156 |
| Public administration | 32 | 33 | 33 | 33 | 34 |
| Other services | 125 | 131 | 137 | 141 | 145 |

Sources: Central Bank of Costa Rica; and Fund staff estimates.

## Table 3. Costa Rica: Volume of Agricultural Production

(In thousands of metric tons)

|  | 1996 | 1997 | 1998 | 1999 | Prel. 2000 |
|---|---|---|---|---|---|
| Coffee | 5,245.2 | 6,719.0 | 6,199.7 | 6,971.5 | 6,905.3 |
| Bananas | 2,024.6 | 1,895.2 | 2,173.7 | 2,126.8 | 1,999.4 |
| Sugarcane | 3,497.4 | 3,246.7 | 3,721.9 | 3,803.6 | 3,614.8 |
| Cocoa | 1.1 | 1.8 | 1.1 | 0.7 | 0.6 |
| Rice | 212.9 | 223.7 | 213.6 | 264.1 | 268.8 |
| Corn | 25.9 | 28.9 | 24.7 | 27.2 | 13.6 |
| Beans | 19.7 | 14.4 | 12.0 | 18.5 | 15.4 |
| Plantains | 60.9 | 72.8 | 81.9 | 75.9 | 58.5 |

Source: Central Bank of Costa Rica.

## Table 4. Costa Rica: Output and Prices of Major Agricultural Products

(Annual percentage changes)

| | 1996 | 1997 | 1998 | 1999 | Prel. 2000 |
|---|---|---|---|---|---|
| **Major exports** | | | | | |
| **Coffee** | | | | | |
| Output | -34.8 | 28.1 | -7.7 | 12.4 | -0.9 |
| Export price 1/ | -13.4 | 48.7 | 4.2 | -18.4 | -0.6 |
| **Bananas** | | | | | |
| Output | 4.0 | -6.4 | 14.7 | -2.2 | -6.0 |
| Export price 1/ | 3.3 | 8.3 | 12.1 | 7.6 | -0.3 |
| **Sugar** | | | | | |
| Output (sugarcane) | 3.1 | -7.2 | 14.6 | 2.2 | -5.0 |
| Export price 1/ | 44.2 | 17.2 | -27.1 | -17.4 | 10.2 |
| **Basic grains** | | | | | |
| **Rice** | | | | | |
| Output | 29.1 | 5.1 | -4.5 | 23.7 | 1.8 |
| Consumer price | 18.8 | 15.8 | 13.0 | 7.4 | 6.0 |
| **Corn** | | | | | |
| Output | 9.4 | 11.4 | -14.4 | 10.0 | -50.1 |
| Support price 2/ | ... | ... | ... | ... | ... |
| Consumer price | ... | ... | ... | ... | ... |
| **Beans** | | | | | |
| Output | -41.6 | -26.8 | -16.5 | 53.4 | -16.5 |
| Support price 2/ | ... | ... | ... | ... | ... |
| Consumer price | 23.6 | 28.2 | 32.3 | 5.0 | -9.3 |

Sources: Central Bank of Costa Rica; and Fund staff estimates.

1/ Changes based on export unit values converted at the average annual buying exchange rate.
2/ The CNP ceased to support prices of basic grains in the second half of 1995.

## Table 5. Costa Rica: Industrial Production

(Index 1991 = 100)

|  | 1996 | 1997 | 1998 | 1999 | Prel. 2000 |
|---|---|---|---|---|---|
| **Total** | **128.3** | **138.2** | **153.9** | **191.6** | **185.9** |
| Foodstuffs, beverage, and tobacco | 130.3 | 139.8 | 148.2 | 153.1 | 153.3 |
| Textiles, clothing, and leather | 103.4 | 99.2 | 103.7 | 94.3 | 90.1 |
| Wood and wood products | 129.8 | 147.3 | 159.6 | 156.2 | 144.3 |
| Chemical and petroleum products | 137.8 | 145.0 | 134.5 | 134.7 | 140.6 |
| Nonmetallic minerals | 126.0 | 149.3 | 153.6 | 156.9 | 160.5 |
| Metals | 147.7 | 154.6 | 149.0 | 144.6 | 142.5 |
| Other | 117.3 | 122.3 | 85.1 | 96.0 | 84.4 |
| Small industry | 94.4 | 97.6 | 102.3 | 98.5 | 100.5 |
| In-bond | 108.0 | 118.7 | 117.8 | 99.2 | 95.7 |
| Free trade zones | 355.1 | 475.5 | 1084.8 | 2744.5 | 2476.9 |

Source: Central Bank of Costa Rica.

# Table 6. Costa Rica: Comparative Social Indicators

| | Costa Rica | | | | | | Latin America | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1975 | 1985 | 1997 | 1998 | 1999 | 2000 | 1975 | 1985 | 1997 |
| GNP per capita (in U.S. dollars) | 1,030 | 1,270 | 3,415 | 3,614 | 3,621 | 3,656 | 1,192 | 1,836 | 3,940 |
| Primary enrollment 1/ | 107.0 | 97.0 | 103.5 | 104.4 | ... | ... | 99 | 105 | 113 |
| Male | | | | | | | 100 | ... | ... |
| Female | | | | | | | 98 | ... | ... |
| Secondary enrollment 1/ | 42.6 | 41.4 | 48.4 | 49.0 | ... | ... | 35 | 48 | 60 |
| Illiteracy 2/ | 12 | 8 | 5 | 5 | ... | ... | 26 | 18 | 12 |
| Infant mortality 3/ | 38 | 19 | 14.2 | 12.6 | 11.8 | ... | 78 | 56 | 32 |
| Life expectancy (years) | 68 | 74 | 76.8 | 76.8 | 76.97 | ... | 61 | 65 | 70 |

Sources: World Development Indicators 1999, World Bank; and Central Bank of Costa Rica.

1/ Gross terms. In percent of school age population.
2/ In percent of population above 15 years of age.
3/ Per thousand live births.

Table 7. Costa Rica: Price Indicators

|  | 1996 | 1997 | 1998 | 1999 | Prel. 2000 |
|---|---|---|---|---|---|
| **(1991 = 100)** | | | | | |
| **Producer prices (average)** | **202.4** | **225.8** | **245.8** | **270.7** | **286.2** |
| Food, beverages, and tobacco | 216.5 | 245.4 | 270.4 | 295.66 | 309.6 |
| Textiles and leather | 179.9 | 200.9 | 220.3 | 240.45 | 252.6 |
| Wood products | 273.0 | 312.1 | 343.8 | 368.29 | 379.0 |
| Paper and printing | 206.4 | 222.1 | 244.1 | 274.9 | 288.0 |
| Chemicals and petroleum products | 189.6 | 209.6 | 220.1 | 251.3 | 271.5 |
| Nonmetallic mineral products | 201.0 | 215.8 | 239 | 277.3 | 303.0 |
| Basic metalic products | 170.7 | 174.7 | 187.4 | 172.8 | 176.4 |
| Machinery | 160.7 | 184.3 | 200.1 | 219.8 | 227.1 |
| **Producer prices (end of period)** | **213.1** | **234.8** | **255.3** | **284.1** | **255.3** |
| Food, beverages, and tobacco | 230.7 | 255.9 | 283.1 | 306.0 | 320.3 |
| Textiles and leather | 189.8 | 207.1 | 229.7 | 249.0 | 261.6 |
| Wood products | 280.9 | 332.7 | 356.1 | 377.4 | 388.4 |
| Paper and printing | 202.3 | 231.4 | 263 | 283.5 | 297.0 |
| Chemicals and petroleum products | 205.5 | 214.5 | 222.7 | 277.7 | 300.0 |
| Non metallic mineral products | 207.5 | 221.4 | 247.8 | 293.8 | 321.0 |
| Basic metalic products | 167.1 | 187.1 | 180.7 | 185.4 | 189.2 |
| Machinery | 165.5 | 193.1 | 208.2 | 224.4 | 231.9 |
| **(1991 = 100)** | | | | | |
| **Implicit GDP deflator** | **218.9** | **251.4** | **282.0** | **321.0** | **339.4** |
| **(1991 = 100) 1/** | | | | | |
| **Consumer prices (average)** | **219.0** | **248.1** | **270.3** | **297.4** | **330.1** |
| Food | 224.5 | 257.9 | 287.3 | 319.9 | 356.3 |
| Clothing | 170.7 | 184.4 | 194.4 | 205.0 | 216.1 |
| Housing | 201.7 | 212.4 | 216.5 | 220.6 | 224.8 |
| Other | 187.2 | 206.5 | 229.2 | 254.4 | 282.5 |
| **Consumer prices (end of period)** | **242.9** | **270.1** | **303.5** | **340.9** | **383.0** |
| Food | 247.0 | 278.0 | 321.0 | 370.7 | 428.1 |
| Clothing | 230.3 | 245.4 | 256.9 | 268.9 | 281.5 |
| Housing | 236.5 | 236.4 | 262.6 | 291.7 | 324.0 |
| Other | 242.6 | 254.2 | 288.8 | 328.1 | 372.7 |

Source: Central Bank of Costa Rica.

1/ In January 1995, Costa Rica adopted a new CPI index based on a larger number of goods and on a geographically wider sampling area. For comparison purposes, the 1995 indices reported in this table have been converted into 1991 based index.

Table 8. Costa Rica: Energy Prices

(End of period)

|  | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| (In colones per liter) | | | | | |
| **Petroleum prices** | | | | | |
| Gasoline | 102.7 | 105.0 | 88.3 | 161.9 | 178.3 |
| Diesel | 71.6 | 74.6 | 64.6 | 115.3 | 124.1 |
| Kerosene | 72.0 | 68.5 | 59.1 | 105.9 | 116.3 |
| (In colones per kwh) | | | | | |
| **Electricity rates** | | | | | |
| Residential | 15.5 | 13.8 | 17.9 | 16.3 | 18.6 |
| Industrial | 21.2 | 20.2 | 21.1 | 22.1 | 24.4 |
| Commercial | 31.4 | 31.5 | 34.8 | 31.5 | 34.8 |
| (Annual percentage change) | | | | | |
| **Petroleum prices** | | | | | |
| Gasoline | 41.1 | 2.2 | -15.9 | 83.4 | 10.1 |
| Diesel | 39.0 | 4.2 | -13.4 | 78.5 | 7.6 |
| Kerosene | 40.1 | 4.9 | -13.7 | 79.2 | 9.8 |
| **Electricity rates** | | | | | |
| Residential | 5.2 | -11.0 | 29.7 | -8.9 | 13.9 |
| Industrial | 0.6 | -4.7 | 4.5 | 4.7 | 10.4 |
| Commercial | 2.5 | 0.3 | 10.5 | -9.4 | 10.4 |

Source: Central Bank of Costa Rica.

Table 9. Costa Rica: Average Monthly Wages 1/

|  | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| (In current colones) | | | | | |
| **Total** | **73,830** | **85,147** | **99,389** | **115,521** | **135,599** |
| **By sector** | | | | | |
| Agriculture | 45,227 | 54,233 | 62,843 | 72,604 | 76,315 |
| Mining | 65,190 | 78,517 | 91,826 | 94,042 | 99,899 |
| Manufacturing | 67,688 | 80,516 | 98,908 | 117,221 | 132,669 |
| Public utilities | 126,217 | 140,759 | 160,549 | 196,342 | 228,380 |
| Construction | 54,283 | 62,952 | 73,909 | 86,559 | 100,022 |
| Commerce | 61,000 | 70,616 | 82,900 | 95,877 | 107,227 |
| Transport, storage, and communication | 65,890 | 77,686 | 93,236 | 107,714 | 121,736 |
| Finance | 111,013 | 126,293 | 145,704 | 166,267 | 194,031 |
| Other services | 93,107 | 104,458 | 119,034 | 137,359 | 169,010 |
| **By employer** | | | | | |
| Private enterprises | 63,380 | 74,673 | 88,179 | 102,743 | 114,945 |
| Central government | 111,385 | 124,053 | 141,569 | 164,899 | 187,817 |
| Autonomous entities | 132,187 | 148,600 | 170,197 | 194,869 | 265,326 |
| (In 1975 colones) 2/ | | | | | |
| **Total** | **1,804** | **1,831** | **1,930** | **2,027** | **2,153** |
| **By sector** | | | | | |
| Agriculture | 1,105 | 1,166 | 1,220 | 1,274 | 1,212 |
| Mining | 1,593 | 1,689 | 1,783 | 1,650 | 1,586 |
| Manufacturing | 1,654 | 1,732 | 1,920 | 2,057 | 2,107 |
| Public utilities | 3,084 | 3,027 | 3,117 | 3,445 | 3,627 |
| Construction | 1,326 | 1,354 | 1,435 | 1,519 | 1,588 |
| Commerce | 1,490 | 1,519 | 1,609 | 1,682 | 1,703 |
| Transportation, storage, and communication | 1,610 | 1,671 | 1,810 | 1,890 | 1,933 |
| Finance | 2,172 | 2,716 | 2,829 | 2,917 | 3,081 |
| Other services | 2,275 | 2,247 | 2,311 | 2,410 | 2,684 |
| **By employer** | | | | | |
| Private sector | 1,549 | 1,606 | 1,712 | 1,803 | 1,825 |
| Central government | 2,721 | 2,668 | 2,748 | 2,893 | 2,983 |
| Autonomous entities | 3,230 | 3,196 | 3,304 | 3,419 | 4,213 |
| **Memorandum item:** | | | | | |
| CPI for June of each year | 4,093 | 4,650 | 5,151 | 5,699 | 6,297 |

Sources: Social Security Agency; and Central Bank of Costa Rica.

1/ Data for June of each year.
2/ Nominal wages deflated by the consumer price index.

## Table 10. Costa Rica: Minimum Wage Index

(1984 = 100)

|  | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| **Average nominal minimum wage index** | **755.4** | **887.7** | **1,025.3** | **1,153.1** | **1,272.4** |
| **By sector** | | | | | |
| Agriculture | 824.4 | 971.6 | 1,124.5 | 1,264.7 | 1,395.5 |
| Mining | 723.8 | 850.3 | 981.7 | 1,104.1 | 1,218.3 |
| Manufacturing | 794.3 | 932.6 | 1,076.4 | 1,210.6 | 1,335.8 |
| Construction | 658.4 | 773.4 | 893.0 | 1,004.3 | 1,108.2 |
| Utilities | 727.1 | 854.1 | 886.2 | 996.7 | 1,099.8 |
| Commerce | 765.4 | 898.7 | 1,037.1 | 1,166.4 | 1,287.1 |
| Transport, storage, and communication | 718.7 | 845.8 | 978.2 | 1,100.1 | 1,214.0 |
| Services | 715.9 | 840.0 | 969.0 | 1,089.8 | 1,202.6 |
| Professional technicians | ... | ... | ... | ... | ... |
| Office workers and suppliers | ... | ... | ... | ... | ... |
| Other | 702.8 | 824.1 | 950.0 | 1,068.4 | 1,179.0 |
| **Average real minimum wage index 1/** | **106.0** | **110.0** | **116.6** | **119.2** | **118.5** |
| **By sector** | | | | | |
| Agriculture | 115.6 | 120.1 | 124.4 | 127.2 | 126.5 |
| Mining | 101.5 | 105.1 | 108.6 | 111.1 | 110.4 |
| Manufacturing | 111.4 | 115.3 | 119.1 | 121.8 | 121.1 |
| Construction | 92.4 | 95.6 | 98.8 | 101.0 | 100.4 |
| Utilities | 102.0 | 105.6 | 98.1 | 100.3 | 99.7 |
| Commerce | 107.4 | 111.1 | 114.8 | 117.4 | 116.7 |
| Transport, storage, and communication | 100.8 | 104.6 | 108.3 | 110.7 | 110.1 |
| Services | 100.4 | 103.8 | 107.2 | 109.6 | 109.0 |
| Professional technicians | ... | ... | ... | ... | ... |
| Office workers and suppliers | ... | ... | ... | ... | ... |
| Other | 98.6 | 101.9 | 105.2 | 107.5 | 106.9 |

Sources: Ministry of Labor; and Central Bank of Costa Rica.

1/ Nominal minimum wages deflated by the consumer price index. Minimum wages are increased twice a year in January and July.

Table 11. Costa Rica: Employment 1/

|  | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| (In thousands) | | | | | |
| **Total employment** | **1,145.0** | **1,227.0** | **1,300.0** | **1,300.1** | **1,318.6** |
| **By sector** | | | | | |
| Agriculture | 247.9 | 252.7 | 261.6 | 256.5 | 269.2 |
| Manufacturing and mining | 191.0 | 192.4 | 205.1 | 206.1 | 192.9 |
| Construction | 64.1 | 84.0 | 81.2 | 82.6 | 89.7 |
| Commerce and finance | 275.4 | 296.7 | 321.8 | 334.0 | 331.1 |
| Basic services and transportation 2/ | 70.3 | 79.5 | 86.4 | 87.9 | 89.7 |
| Personal and other services | 296.3 | 321.7 | 343.9 | 333.1 | 346.0 |
| **By employer** | **1,145.0** | **1,227.0** | **1,300.0** | **1,299.5** | **1,318.6** |
| Private sector | 975.4 | 1,050.5 | 1,109.8 | 1,128.5 | 1,130.5 |
| Public sector | 167.4 | 174.9 | 185.5 | 169.0 | 186.5 |
| Other 3/ | 2.2 | 1.6 | 4.7 | 2.0 | 1.6 |
| (In percent) | | | | | |
| **Total employment** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| **By sector** | | | | | |
| Agriculture | 21.7 | 20.6 | 20.1 | 19.7 | 20.4 |
| Manufacturing and mining | 16.7 | 15.7 | 15.8 | 15.9 | 14.6 |
| Construction | 5.6 | 6.8 | 6.2 | 6.4 | 6.8 |
| Commerce and finance | 24.0 | 24.2 | 24.8 | 25.7 | 25.1 |
| Basic services and transportation 2/ | 6.1 | 6.5 | 6.6 | 6.8 | 6.8 |
| Personal and other services | 25.9 | 26.2 | 26.5 | 25.6 | 26.2 |
| **By employer** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| Private sector | 85.2 | 85.6 | 85.4 | 86.8 | 85.7 |
| Public sector | 14.6 | 14.3 | 14.3 | 13.0 | 14.1 |
| Other 3/ | 0.2 | 0.1 | 0.4 | 0.2 | 0.1 |
| **Memorandum items:** | | | | | |
| Participation rate | 38.1 | 39.8 | 41.2 | 40.5 | 39.9 |
| Open unemployment rate | 6.2 | 5.7 | 5.6 | 6.0 | 5.2 |

Sources: "Multiple Purpose Household Survey, Employment Module," General Directorate of Statistics and Census; Ministry of Economy, Industry, and Commerce.

1/ Data from a survey conducted every year in July.
2/ Basic services include water and gas.
3/ Includes international organizations.

Table 12. Costa Rica: Summary Public Sector Operations

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| | (In billions of colones) | | | | |
| **Central government balance** | **-99.4** | **-88.0** | **-89.2** | **-121.9** | **-146.0** |
| Revenue | 314.5 | 377.5 | 459.7 | 543.0 | 615.4 |
| Expenditure | 413.9 | 465.5 | 548.9 | 664.9 | 761.3 |
| **Public enterprises balance** | **21.2** | **29.3** | **21.4** | **0.7** | **-9.6** |
| Major public enterprises | 18.4 | 24.6 | 18.9 | 1.9 | -12.5 |
| Oil refinery (RECOPE) | 2.9 | 1.5 | -3.5 | 2.2 | 3.5 |
| Telephone and electricity company (ICE) | 13.9 | 21.6 | 21.7 | -1.6 | -17.3 |
| Agricultural marketing agency (CNP) | 0.2 | 0.2 | 1.2 | 0.6 | 1.8 |
| Water company (ICAA) | 1.4 | 1.2 | -0.4 | 0.6 | -0.5 |
| Other public enterprises | 2.8 | 4.7 | 2.5 | -1.2 | 2.8 |
| **Social security balance** | **18.1** | **24.4** | **38.4** | **36.8** | **38.3** |
| **Nonfinancial public sector balance** | **-60.0** | **-34.3** | **-29.5** | **-84.4** | **-117.3** |
| **Financing (net)** | **66.9** | **35.8** | **43.8** | **91.9** | **173.6** |
| External | -6.8 | 32.3 | 18.3 | 66.7 | 69.0 |
| Disbursements 1/ | 23.9 | 74.7 | 94.0 | 128.0 | 124.3 |
| Amortizations | -38.7 | -71.5 | -43.5 | -61.2 | -55.3 |
| Change in arrears | -11.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 19.0 | 29.1 | -32.2 | 0.0 | 0.0 |
| Domestic | 73.7 | 3.5 | 25.4 | 25.1 | 104.6 |
| Central bank | -76.3 | 47.5 | -22.5 | 206.3 | -43.5 |
| Rest of the banking system | 10.3 | -18.1 | -0.4 | 3.3 | -6.2 |
| Bonds | 139.7 | -25.9 | 48.3 | -184.5 | 124.8 |
| Float and other | 0.0 | 0.0 | 0.0 | 0.0 | 29.5 |
| **Statistical discrepancy** | **-6.9** | **-1.5** | **-14.3** | **-7.5** | **-56.3** |
| **Memorandum items:** | | | | | |
| Central bank balance (losses -) | -39.5 | -41.4 | -42.4 | -71.2 | -87.7 |
| Combined public sector balance (deficit -) | -99.5 | -75.8 | -71.9 | -155.6 | -205.0 |
| Combined public sector savings 2/ | -4.6 | 50.5 | 84.7 | 33.4 | 20.2 |
| | (In percent of GDP) | | | | |
| **Central government balance** | **-4.0** | **-2.9** | **-2.5** | **-2.7** | **-3.0** |
| Revenue | 12.8 | 12.7 | 12.7 | 12.2 | 12.7 |
| Expenditure | 16.9 | 15.6 | 15.1 | 14.9 | 15.7 |
| **Public enterprises balance** | **0.9** | **1.0** | **0.6** | **0.0** | **-0.2** |
| Major public enterprises | 0.7 | 0.8 | 0.5 | 0.0 | -0.3 |
| Other public enterprises | 0.1 | 0.2 | 0.1 | 0.0 | 0.1 |
| **Social security balance** | **0.7** | **0.8** | **1.1** | **0.8** | **0.8** |
| **Nonfinancial public sector balance** | **-2.4** | **-1.2** | **-0.8** | **-1.9** | **-2.4** |
| **Financing (net)** | **2.7** | **1.2** | **1.2** | **2.1** | **3.6** |
| External | -0.3 | 1.1 | 0.5 | 1.5 | 1.4 |
| Domestic | 3.0 | 0.1 | 0.7 | 0.6 | 2.2 |
| **Statistical discrepancy** | **-0.3** | **0.0** | **-0.4** | **-0.2** | **-1.2** |
| **Memorandum items:** | | | | | |
| Central bank balance (losses -) | -1.6 | -1.4 | -1.2 | -1.6 | -1.8 |
| Combined public sector balance (deficit -) | -4.1 | -2.5 | -2.0 | -3.5 | -4.2 |
| Combined public sector savings 2/ | -0.2 | 1.7 | 2.3 | 0.7 | 0.4 |

Sources: Ministry of Finance; and Fund staff estimates.

1/ Includes rescheduling.
2/ Includes central bank losses.

Table 13. Costa Rica: Summary Central Government Operations

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| | (In billions of colones) | | | | |
| **Total revenue** | **314.4** | **377.5** | **459.7** | **543.0** | **615.4** |
| Tax revenue | 308.8 | 373.8 | 457.2 | 539.0 | 606.0 |
| Direct taxes | 68.4 | 83.4 | 106.7 | 152.0 | 154.8 |
| Indirect taxes | 240.4 | 290.4 | 350.5 | 387.0 | 451.2 |
| Nontax revenue 1/ | 5.6 | 3.7 | 2.5 | 3.9 | 9.4 |
| | | | | | |
| **Total expenditure** | **413.9** | **465.5** | **548.9** | **664.9** | **761.3** |
| Current expenditure | 377.5 | 416.3 | 499.8 | 603.9 | 684.0 |
| Wages and salaries | 108.5 | 128.3 | 155.5 | 191.2 | 225.9 |
| Social security | 14.0 | 14.4 | 20.4 | 22.7 | 31.0 |
| Goods and services | 15.1 | 16.9 | 21.1 | 21.9 | 22.9 |
| Interest | 113.8 | 113.6 | 116.0 | 164.2 | 175.7 |
| Domestic | 100.7 | 103.0 | 103.6 | 142.9 | 149.5 |
| External | 13.1 | 10.6 | 12.4 | 21.4 | 26.1 |
| Transfers | 126.1 | 143.1 | 186.6 | 203.9 | 228.6 |
| Public sector | 50.1 | 53.2 | 70.3 | 69.0 | 90.7 |
| Private sector | 75.3 | 89.3 | 114.8 | 134.7 | 136.7 |
| External sector | 0.6 | 0.6 | 1.5 | 0.2 | 1.2 |
| Capital expenditure | 36.4 | 49.2 | 49.2 | 61.0 | 77.4 |
| Fixed investment | 12.6 | 19.5 | 19.2 | 22.0 | 23.4 |
| Transfers | 22.6 | 28.8 | 28.7 | 36.5 | 54.0 |
| Other | 1.1 | 0.8 | 1.3 | 2.4 | 0.0 |
| | | | | | |
| **Overall balance (deficit -)** | **-99.4** | **-88.0** | **-89.2** | **-121.9** | **-146.0** |
| | | | | | |
| **Financing** | **104.5** | **86.5** | **91.1** | **119.2** | **201.8** |
| External | -14.1 | 27.8 | 3.7 | 63.4 | 70.5 |
| Net borrowing | -17.7 | -1.3 | 35.8 | 63.4 | 70.5 |
| Change in arrears | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 3.5 | 29.1 | -32.2 | 0.0 | 0.0 |
| Domestic | 118.7 | 58.8 | 87.4 | 55.8 | 131.3 |
| Central bank | -77.8 | 47.3 | 6.2 | -34.0 | -30.1 |
| Commercial banks | 53.0 | 25.7 | 14.6 | 9.7 | 18.3 |
| Bonds | 143.5 | -14.2 | 66.7 | 80.0 | 143.1 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | | |
| **Statistical discrepancy** | **-5.1** | **1.4** | **-1.9** | **2.7** | **-55.8** |
| | (In percent of GDP) | | | | |
| **Total revenue** | **12.8** | **12.7** | **12.7** | **13.9** | **12.7** |
| *Of which* | | | | | |
| Tax revenue | 12.6 | 12.5 | 12.6 | 12.1 | 12.5 |
| **Total expenditure** | **16.9** | **15.6** | **15.1** | **14.9** | **15.7** |
| Current expenditure | 15.4 | 14.0 | 13.8 | 13.5 | 14.1 |
| *Of which* | | | | | |
| Noninterest expenditure | 10.7 | 10.2 | 10.6 | 9.8 | 10.4 |
| Capital expenditure | 1.5 | 1.6 | 1.4 | 1.4 | 1.6 |
| | | | | | |
| **Overall balance (deficit -)** | **-4.0** | **-2.9** | **-2.5** | **-2.7** | **-3.0** |
| | | | | | |
| **Financing** | **4.2** | **2.9** | **2.5** | **2.7** | **4.1** |
| External | -0.6 | 0.9 | 0.1 | 1.4 | 1.4 |
| Domestic | 4.8 | 2.0 | 2.4 | 1.2 | 2.7 |
| | | | | | |
| **Statistical discrepancy** | **-0.2** | **0.0** | **-0.1** | **0.1** | **-1.1** |

Sources: Ministry of Finance; and Fund staff estimates.

1/ Includes capital revenue.
2/ Since 1998 includes capitalized interest.

Table 14. Costa Rica: Operations of the Central Government

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| | (In billions of colones) | | | | |
| **Current revenue** | **314.4** | **377.5** | **459.7** | **543.0** | **615.4** |
| Tax revenue | 308.8 | 373.8 | 457.2 | 539.0 | 606.0 |
| Direct taxes | 68.4 | 83.4 | 106.7 | 152.0 | 154.8 |
| Indirect taxes | 240.4 | 290.4 | 350.5 | 387.0 | 451.2 |
| Transfers | 3.5 | 1.4 | 1.0 | 2.2 | 2.0 |
| Other | 2.2 | 2.4 | 1.5 | 1.7 | 7.4 |
| | | | | | |
| **Current expenditure** | **377.5** | **416.3** | **499.8** | **603.9** | **684.0** |
| Wages and salaries | 108.5 | 128.3 | 155.5 | 191.2 | 225.9 |
| Social security | 14.0 | 14.4 | 20.4 | 22.7 | 31.0 |
| Goods and services | 15.1 | 16.9 | 21.1 | 21.9 | 22.9 |
| Interest payments | 113.8 | 113.6 | 116.0 | 164.2 | 175.7 |
| Transfers | 126.1 | 143.1 | 186.6 | 203.9 | 228.6 |
| Public sector | 50.1 | 53.2 | 70.3 | 69.0 | 90.7 |
| Private sector | 75.3 | 89.3 | 114.8 | 134.7 | 136.7 |
| External | 0.6 | 0.6 | 1.5 | 0.2 | 1.2 |
| | | | | | |
| **Current account surplus (deficit -)** | **-63.0** | **-38.8** | **-40.1** | **-60.9** | **-68.6** |
| | | | | | |
| **Capital revenue** | **0.1** | **0.0** | **0.0** | **0.0** | **0.0** |
| | | | | | |
| **Capital expenditure** | **36.4** | **49.2** | **49.2** | **61.0** | **77.4** |
| Fixed investment | 12.6 | 19.5 | 19.2 | 22.0 | 23.4 |
| Transfers | 22.6 | 28.8 | 28.7 | 36.5 | 54.0 |
| Other | 1.1 | 0.8 | 1.3 | 2.4 | 0.0 |
| | | | | | |
| **Overall surplus (deficit -)** | **-99.4** | **-88.0** | **-89.2** | **-121.9** | **-146.0** |
| | (In percent of GDP) | | | | |
| **Current revenue** | **12.8** | **12.7** | **12.7** | **12.2** | **12.7** |
| Tax revenue | 12.6 | 12.5 | 12.6 | 12.1 | 12.5 |
| Direct taxes | 2.8 | 2.8 | 2.9 | 3.4 | 3.2 |
| Indirect taxes | 9.8 | 9.7 | 9.7 | 8.7 | 9.3 |
| Transfers | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 |
| Other | 0.1 | 0.1 | 0.0 | 0.0 | 0.2 |
| | | | | | |
| **Current expenditure** | **15.4** | **14.0** | **13.8** | **13.5** | **14.1** |
| Wages and salaries | 4.4 | 4.3 | 4.3 | 4.3 | 4.6 |
| Social security | 0.6 | 0.5 | 0.6 | 0.5 | 0.6 |
| Goods and services | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 |
| Interest payments | 4.6 | 3.8 | 3.2 | 3.7 | 3.6 |
| Transfers | 5.1 | 4.8 | 5.1 | 4.6 | 4.7 |
| Public sector | 2.0 | 1.8 | 1.9 | 1.5 | 1.9 |
| Private sector | 3.1 | 3.0 | 3.2 | 3.0 | 2.8 |
| External | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | | |
| **Current account surplus (deficit -)** | **-2.6** | **-1.3** | **-1.1** | **-1.4** | **-1.4** |
| | | | | | |
| **Capital expenditure** | **1.5** | **1.6** | **1.4** | **1.4** | **1.6** |
| Fixed investment | 0.5 | 0.7 | 0.5 | 0.5 | 0.5 |
| Transfers | 0.9 | 1.0 | 0.8 | 0.8 | 1.1 |
| Other | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| | | | | | |
| **Overall surplus (deficit -)** | **-4.0** | **-2.9** | **-2.5** | **-2.7** | **-3.0** |

Sources: Ministry of Finance; and Fund staff estimates.

Table 15. Costa Rica: Central Government Revenue

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| | (In billions of colones) | | | | |
| **Total revenue** | **314.4** | **377.5** | **459.7** | **543.0** | **615.4** |
| **Tax revenue** | **308.8** | **373.8** | **457.2** | **539.0** | **606.0** |
| Direct taxes | 68.4 | 83.4 | 106.7 | 152.0 | 154.8 |
| Income and profit tax | 53.4 | 66.3 | 88.6 | 131.9 | 133.1 |
| Payroll tax | 12.4 | 14.5 | 15.5 | 17.7 | 18.7 |
| Property tax | 2.6 | 2.7 | 2.6 | 2.4 | 3.0 |
| Indirect taxes | 240.4 | 290.4 | 350.5 | 387.0 | 451.2 |
| General sales tax | 133.8 | 153.3 | 176.0 | 195.3 | 219.2 |
| Selective taxes on goods and services | 56.0 | 70.9 | 99.2 | 129.5 | 163.9 |
| Taxes on international trade | 40.3 | 52.8 | 57.2 | 46.8 | 44.4 |
| On imports | 33.9 | 46.5 | 49.5 | 39.3 | 39.4 |
| Import duties | 31.4 | 44.3 | 49.5 | 39.3 | 39.4 |
| Import surcharges | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other 1/ | 2.5 | 2.2 | 0.0 | 0.0 | 0.0 |
| On exports | 6.5 | 6.3 | 7.7 | 7.5 | 4.9 |
| Ad valorem export tax | 2.5 | 2.7 | 3.7 | 3.8 | 3.0 |
| Banana export tax | 3.1 | 2.7 | 2.9 | 2.9 | 2.0 |
| Other on exports | 0.8 | 0.9 | 1.0 | 0.8 | 0.0 |
| Other | 10.3 | 13.3 | 18.1 | 15.5 | 23.8 |
| **Nontax revenue** | **5.6** | **3.7** | **2.5** | **3.9** | **9.4** |
| Sales of goods and services | 0.5 | 0.3 | 0.7 | 0.1 | 0.9 |
| Property income | 0.1 | 0.1 | 0.1 | 1.8 | 1.9 |
| Public enterprises | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Public financial institutions | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 |
| Other | 0.0 | 0.0 | 0.0 | 1.8 | 1.9 |
| Transfers | 3.5 | 1.4 | 1.0 | 2.0 | 2.0 |
| Rest of general government | 1.0 | 1.1 | 0.5 | 2.0 | 1.7 |
| Public enterprises | 0.7 | 0.1 | 0.1 | 0.0 | 0.0 |
| Public financial institutions | 1.7 | 0.2 | 0.4 | 0.0 | 0.3 |
| Other | 1.6 | 2.0 | 0.7 | 0.0 | 4.6 |
| | (In percent of GDP) | | | | |
| **Total revenue** | **12.8** | **12.7** | **12.7** | **12.2** | **12.7** |
| Tax revenue | 12.6 | 12.5 | 12.6 | 12.1 | 12.5 |
| Direct taxes | 2.8 | 2.8 | 2.9 | 3.4 | 3.2 |
| Income and profit tax | 2.2 | 2.2 | 2.4 | 3.0 | 2.7 |
| Payroll tax | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 |
| Property tax | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Indirect taxes | 9.8 | 9.7 | 9.7 | 8.7 | 9.3 |
| General sales tax | 5.4 | 5.1 | 4.9 | 4.4 | 4.5 |
| Selective taxes on goods and services | 2.3 | 2.4 | 2.7 | 2.9 | 3.4 |
| Taxes on international trade | 1.6 | 1.8 | 1.6 | 1.0 | 0.9 |
| On imports | 1.4 | 1.6 | 1.4 | 0.9 | 0.8 |
| Import duties | 1.3 | 1.5 | 1.4 | 0.9 | 0.8 |
| Import surcharges | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| On exports | 0.3 | 0.2 | 0.2 | 0.2 | 0.1 |
| Ad valorem export tax | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |

Table 15. Costa Rica: Central Government Revenue

|  | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| Banana export tax | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |
| Other on exports | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 0.4 | 0.4 | 0.5 | 0.3 | 0.5 |
| **Nontax revenue** | **0.2** | **0.1** | **0.1** | **0.1** | **0.2** |
| Sales of goods and services | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| Property income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Public enterprises | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Public financial institutions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transfers | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 |
| Rest of general government | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| Public enterprises | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Public financial institutions | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 |

Sources: Ministry of Finance; and Fund staff estimates.

Table 16. Costa Rica: Central Government Expenditure

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| **Total expenditure** | **413.9** | **465.5** | **548.9** | **664.9** | **761.3** |
| **Current expenditure** | **377.5** | **416.3** | **499.8** | **603.9** | **684.0** |
| Wages and salaries | 108.5 | 128.3 | 155.5 | 191.2 | 225.9 |
| Social security | 14.0 | 14.4 | 20.4 | 22.7 | 31.0 |
| Goods and services | 15.1 | 16.9 | 21.1 | 21.9 | 22.9 |
| Interest | 113.8 | 113.6 | 116.0 | 164.2 | 175.7 |
| Domestic | 100.7 | 103.0 | 103.6 | 142.9 | 149.5 |
| External | 13.1 | 10.6 | 12.4 | 21.4 | 26.1 |
| Transfers to | 126.1 | 143.1 | 186.6 | 203.9 | 228.6 |
| Rest of general government | 15.2 | 14.1 | 25.4 | 16.2 | 0.0 |
| Public enterprises | 0.2 | 0.2 | 0.1 | 0.2 | 0.0 |
| Other 1/ | 110.7 | 128.8 | 161.2 | 187.5 | 228.6 |
| **Capital expenditure** | **36.4** | **49.2** | **49.2** | **61.0** | **77.4** |
| Fixed capital formation | 12.6 | 19.5 | 19.2 | 22.0 | 23.4 |
| Transfers to | 22.6 | 28.8 | 28.7 | 36.5 | 54.0 |
| Rest of general government | 6.0 | 7.4 | 7.4 | 5.2 | 0.0 |
| Public enterprises | 2.2 | 2.8 | 4.9 | 3.3 | 0.0 |
| Other 1/ | 14.5 | 18.6 | 16.4 | 28.0 | 54.0 |
| Other | 1.1 | 0.8 | 1.3 | 2.4 | 0.0 |
| (In percent of GDP) | | | | | |
| **Total expenditure** | **16.9** | **15.6** | **15.1** | **14.9** | **15.7** |
| **Current expenditure** | **15.4** | **14.0** | **13.8** | **13.5** | **14.1** |
| Wages and salaries | 4.4 | 4.3 | 4.3 | 4.3 | 4.6 |
| Social security | 0.6 | 0.5 | 0.6 | 0.5 | 0.6 |
| Goods and services | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 |
| Interest | 4.6 | 3.8 | 3.2 | 3.7 | 3.6 |
| Domestic | 4.1 | 3.5 | 2.9 | 3.2 | 3.1 |
| External | 0.5 | 0.4 | 0.3 | 0.5 | 0.5 |
| Transfers to | 5.1 | 4.8 | 5.1 | 4.6 | 4.7 |
| Rest of general government | 0.6 | 0.5 | 0.7 | 0.4 | 0.0 |
| Public enterprises | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other 1/ | 4.5 | 4.3 | 4.4 | 4.2 | 4.7 |
| **Capital expenditure** | **1.5** | **1.6** | **1.4** | **1.4** | **1.6** |
| Fixed capital formation | 0.5 | 0.7 | 0.5 | 0.5 | 0.5 |
| Transfers to | 0.9 | 1.0 | 0.8 | 0.8 | 1.1 |
| Rest of general government | 0.2 | 0.2 | 0.2 | 0.1 | 0.0 |
| Public enterprises | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |
| Other 1/ | 0.6 | 0.6 | 0.5 | 0.6 | 1.1 |
| Other | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |

Sources: Ministry of Finance; and Fund staff estimates.

1/ Includes transfers to nonconsolidated public sector and private sector.

Table 17. Costa Rica: Summary Operations of the Social Security Agency

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| (In billions of colones) | | | | | |
| **Total Revenue** | **158.5** | **187.3** | **237.2** | **288.3** | **329.9** |
| Current revenue | 157.2 | 185.7 | 236.4 | 287.3 | 328.8 |
| Contributions | 128.8 | 157.6 | 189.9 | 232.5 | 267.8 |
| Other revenue | 21.9 | 22.0 | 33.3 | 47.7 | 47.3 |
| Transfers | 6.5 | 6.1 | 13.2 | 7.2 | 13.7 |
| Capital Revenue | 1.3 | 1.6 | 0.8 | 1.0 | 1.1 |
| **Total expenditure** | **140.4** | **162.9** | **198.8** | **251.5** | **291.6** |
| Current expenditure | 133.6 | 155.5 | 191.5 | 235.9 | 275.4 |
| Wages and salaries | 59.7 | 68.8 | 85.4 | 108.6 | 124.6 |
| Goods and services | 31.6 | 36.2 | 45.2 | 50.5 | 59.4 |
| Interest | 0.0 | 0.0 | 0.1 | 0.1 | 0.3 |
| Current transfers | 42.3 | 50.4 | 60.9 | 76.8 | 91.2 |
| Capital and net lending | 6.8 | 7.5 | 7.3 | 15.5 | 16.2 |
| Capital expenditure | 5.1 | 6.8 | 6.1 | 12.9 | 11.2 |
| Net lending | 1.7 | 0.7 | 1.2 | 2.6 | 4.9 |
| **Current surplus** | **23.6** | **30.2** | **44.8** | **51.4** | **53.4** |
| **Overall surplus** | **18.1** | **24.4** | **38.4** | **36.8** | **38.3** |
| (In percent of GDP) | | | | | |
| **Total Revenue** | **6.5** | **6.3** | **6.5** | **6.5** | **6.8** |
| Current revenue | 6.4 | 6.2 | 6.5 | 6.4 | 6.8 |
| Contributions | 5.2 | 5.3 | 5.2 | 5.2 | 5.5 |
| Other revenue | 0.9 | 0.7 | 0.9 | 1.1 | 1.0 |
| Transfers | 0.3 | 0.2 | 0.4 | 0.2 | 0.3 |
| Capital Revenue | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| **Total expenditure** | **5.7** | **5.5** | **5.5** | **5.6** | **6.0** |
| Current expenditure | 5.4 | 5.2 | 5.3 | 5.3 | 5.7 |
| Wages and salaries | 2.4 | 2.3 | 2.4 | 2.4 | 2.6 |
| Goods and services | 1.3 | 1.2 | 1.2 | 1.1 | 1.2 |
| Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transfers | 1.7 | 1.7 | 1.7 | 1.7 | 1.9 |
| Capital and net lending | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 |
| Capital expenditure | 0.2 | 0.2 | 0.2 | 0.3 | 0.2 |
| Net lending | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 |
| **Current surplus** | **1.0** | **1.0** | **1.2** | **1.1** | **1.1** |
| **Overall surplus** | **0.7** | **0.8** | **1.1** | **0.8** | **0.8** |

Sources: Ministry of Finance; Budgetary Office; and Fund staff estimates.

Table 18. Costa Rica: Summary Operations of Selected
Nonfinancial Public Enterprises and Other Public Institutions 1/

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| | (In billions of colones) | | | | |
| **Current revenue** | **292.6** | **336.5** | **378.6** | **425.2** | **525.0** |
| *Of which* | | | | | |
| Oil refinery, RECOPE | 80.1 | 87.0 | 87.6 | 100.7 | 161.8 |
| Telephone and electricity company, ICE | 112.2 | 132.7 | 159.4 | 177.9 | 194.4 |
| Water company, ICAA | 12.1 | 12.7 | 14.2 | 16.7 | 18.7 |
| Agricultural marketing agency, CNP | 3.9 | 4.6 | 6.4 | 9.8 | 10.5 |
| **Current expenditure** | **218.2** | **236.1** | **256.2** | **311.0** | **401.9** |
| *Of which* | | | | | |
| Oil refinery, RECOPE | 73.2 | 80.6 | 83.2 | 94.3 | 155.5 |
| Telephone and electricity company, ICE | 63.6 | 57.8 | 74.8 | 102.6 | 117.8 |
| Water company, ICAA | 8.5 | 10.1 | 11.1 | 13.0 | 16.0 |
| Agricultural marketing agency, CNP | 4.0 | 4.4 | 5.2 | 7.8 | 7.2 |
| **Capital expenditure 2/** | **61.3** | **82.4** | **107.5** | **118.5** | **136.3** |
| *Of which* | | | | | |
| Oil refinery, RECOPE | 3.9 | 4.9 | 8.1 | 4.2 | 2.8 |
| Telephone and electricity company, ICE | 35.3 | 52.4 | 63.7 | 77.6 | 94.4 |
| Water company, ICAA | 4.9 | 5.7 | 9.6 | 7.9 | 6.5 |
| Agricultural marketing agency, CNP | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| **Current account balance** | **74.3** | **100.5** | **122.4** | **114.2** | **123.1** |
| *Of which* | | | | | |
| Oil refinery, RECOPE | 6.9 | 6.5 | 4.4 | 6.4 | 6.3 |
| Telephone and electricity company, ICE | 48.6 | 74.8 | 84.7 | 75.3 | 76.5 |
| Water company, ICAA | 3.6 | 2.6 | 3.1 | 3.6 | 2.7 |
| Agricultural marketing agency, CNP | -0.1 | 0.2 | 1.2 | 2.1 | 3.3 |
| **Capital revenue** | **8.1** | **11.2** | **6.5** | **5.0** | **3.6** |
| **Overall deficit (-)** | **21.2** | **29.3** | **21.4** | **0.7** | **-9.6** |
| *Of which* | | | | | |
| Oil refinery, RECOPE | 2.9 | 1.5 | -3.5 | 2.2 | 3.5 |
| Telephone and electricity company, ICE | 13.9 | 21.6 | 21.7 | -1.6 | -17.3 |
| Water company, ICAA | 1.4 | 1.2 | -0.4 | 0.6 | -0.5 |
| Agricultural marketing agency, CNP | 0.2 | 0.2 | 1.2 | 0.6 | 1.8 |
| | (In percent of GDP) | | | | |
| **Current revenue** | **11.9** | **11.3** | **10.4** | **9.5** | **10.8** |
| *Of which* | | | | | |
| Oil refinery, RECOPE | 3.3 | 2.9 | 2.4 | 2.3 | 3.3 |
| Telephone and electricity company, ICE | 4.6 | 4.4 | 4.4 | 4.0 | 4.0 |
| Water company, ICAA | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 |
| Agricultural marketing agency, CNP | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |

Table 18. Costa Rica: Summary Operations of Selected
Nonfinancial Public Enterprises and Other Public Institutions 1/

|  | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| (In billions of colones) | | | | | |
| **Current expenditure** | **8.9** | **7.9** | **7.1** | **7.0** | **8.3** |
| *Of which* | | | | | |
| Oil refinery, RECOPE | 3.0 | 2.7 | 2.3 | 2.1 | 3.2 |
| Telephone and electricity company, ICE | 2.6 | 1.9 | 2.1 | 2.3 | 2.4 |
| Water company, ICAA | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Agricultural marketing agency, CNP | 0.2 | 0.1 | 0.1 | 0.2 | 0.1 |
| **Capital expenditure 2/** | **2.5** | **2.8** | **3.0** | **2.7** | **2.8** |
| *Of which* | | | | | |
| Oil refinery, RECOPE | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 |
| Telephone and electricity company, ICE | 1.4 | 1.8 | 1.8 | 1.7 | 1.9 |
| Water company, ICAA | 0.2 | 0.2 | 0.3 | 0.2 | 0.1 |
| Agricultural marketing agency, CNP | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Current account balance** | **3.0** | **3.4** | **3.4** | **2.6** | **2.5** |
| *Of which* | | | | | |
| Oil refinery, RECOPE | 0.3 | 0.2 | 0.1 | 0.1 | 0.1 |
| Telephone and electricity company, ICE | 2.0 | 2.5 | 2.3 | 1.7 | 1.6 |
| Water company, ICAA | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Agricultural marketing agency, CNP | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| **Capital revenue** | **0.3** | **0.4** | **0.2** | **0.1** | **0.1** |
| **Overall balance** | **0.9** | **1.0** | **0.6** | **0.0** | **-0.2** |
| *Of which* | | | | | |
| Oil refinery, RECOPE | 0.1 | 0.1 | -0.1 | 0.0 | 0.1 |
| Telephone and electricity company, ICE | 0.6 | 0.7 | 0.6 | 0.0 | -0.4 |
| Water company, ICAA | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Agricultural marketing agency, CNP | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Sources: Ministry of Finance; Budgetary Office; and Fund staff estimates.

1/ Includes: RECOPE, ICE, ICAA, CNP, Public Services of Heredia (ESPH), Social Protection Council (JPSSJ), Liquior Co.
(FANAL), Pacific Port Administration (INCOP), Council of Medical and Social Assistance (CTAMS), Social Fund of Family
Allowances (FODESAF), Coffee Institute (ICAFE), Costa Rican Tourism Institute (ICT), National Training Institute
(INA), Institute of Agrarian Development (IDA), and Institute of International Health Cooperation (OCIS).
2/ Includes net lending.

Table 19. Costa Rica: Central Bank Quasi-Fiscal Operations

|  | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| (In billions of colones) | | | | | |
| **Revenue** | **33.5** | **35.7** | **36.1** | **44.1** | **45.1** |
| Interest on claims | 29.3 | 28.8 | 32.4 | 36.7 | 40.7 |
| Commissions | 1.4 | 1.4 | 1.8 | 2.1 | 2.1 |
| Other | 2.8 | 5.5 | 1.9 | 5.4 | 2.3 |
| **Expenditure** | **72.4** | **76.5** | **78.5** | **115.3** | **132.8** |
| Interest on domestic liabilities | 38.2 | 36.3 | 33.3 | 64.8 | 80.1 |
| Stabilization bonds and SICP 1/ | 37.5 | 36.3 | 33.3 | 64.8 | 80.1 |
| Other | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest on foreign liabilities | 26.2 | 31.3 | 35.4 | 39.5 | 39.6 |
| Deposits | 11.2 | 13.8 | 17.2 | 18.0 | 13.1 |
| External debt | 15.0 | 17.5 | 18.2 | 21.5 | 26.5 |
| Other expenditure | 7.9 | 8.9 | 9.9 | 11.1 | 13.1 |
| **Quasi-fiscal balance (losses -)** | **-39.5** | **-41.4** | **-42.4** | **-71.2** | **-87.7** |
| (In percent of total expenditure) | | | | | |
| **Revenue** | **46.0** | **46.7** | **46.0** | **38.3** | **34.0** |
| Interest | 40.1 | 37.7 | 41.3 | 31.8 | 30.7 |
| Commissions | 1.9 | 1.9 | 2.2 | 1.8 | 1.6 |
| Other | 3.9 | 7.2 | 2.5 | 4.6 | 1.7 |
| **Expenditure** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| Interest on domestic liabilities | 53.0 | 47.4 | 42.4 | 56.2 | 60.3 |
| Stabilization bonds and SICP 1/ | 51.8 | 47.5 | 42.4 | 56.2 | 60.3 |
| Other | 0.9 | | | | |
| Interest on foreign liabilities | 36.4 | 40.9 | 45.0 | 34.2 | 29.8 |
| Deposits | 15.6 | 18.0 | 21.9 | 15.6 | 9.8 |
| External debt | 20.8 | 22.9 | 23.2 | 18.6 | 20.0 |
| Other expenditure | 10.6 | 11.7 | 12.6 | 9.6 | 9.9 |
| **Quasi-fiscal balance (losses -)** | **-54.0** | **-53.3** | **-54.0** | **-61.7** | **-66.0** |
| **Memorandum items:** | | | | | |
| Quasi-fiscal balance | | | | | |
| (in percent of GDP, losses -) | -1.6 | -1.4 | -1.2 | -1.6 | -1.8 |
| Stabilization bonds | | | | | |
| Stock at end of period | | | | | |
| (in billions of colones) 2/ | 118.7 | 127.8 | 105.8 | 226.6 | 229.2 |
| Interest rate (in percent) 3/ | 24.5 | 17.9 | 24.0 | 17.4 | 15.0 |

Source: Central Bank of Costa Rica.

1/ 1-day and 27-day deposit facilities at the central bank.
2/ In 1996 includes government bonds used for sterilization purposes.
3/ Stabilization bond rate, average 4th quarter of each year.

Table 20. Costa Rica: Detailed Accounts of the Banking System

(End of period stocks; in billions of colones)

| | C 207.7 = US$1 | | C 232 = US$1 | | C 257.14 = US$1 | | C 282.0 = US$1 | | C 308.1 = US$1 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1995 | 1996 | 1996 | 1997 | 1997 | 1998 | 1998 | 1999 | 1999 | 2000 1/ |
| **I. Central Bank** | | | | | | | | | | |
| **Net international reserves** | 147.3 | 143.9 | 160.7 | 210.8 | 233.6 | 195.3 | 217.0 | 354.1 | 382.0 | 334.6 |
| Gross reserves | 159.3 | 141.6 | 158.2 | 208.2 | 230.8 | 192.2 | 213.5 | 346.3 | 373.6 | 326.6 |
| Liabilities | -12.0 | 2.3 | 2.5 | 2.5 | 2.8 | 3.1 | 3.5 | 7.8 | 8.4 | 8.0 |
| **Net domestic assets** | 584.8 | 541.5 | 575.5 | 671.0 | 699.6 | 725.9 | 757.1 | 802.4 | 822.0 | 814.1 |
| Credit to the public sector (net) | 46.6 | 133.8 | 137.2 | 69.9 | 74.3 | 35.7 | 40.2 | 55.3 | 58.9 | -9.8 |
| Credit to the central government | 28.5 | 110.0 | 111.9 | 62.9 | 66.5 | 61.3 | 65.0 | 81.4 | 84.4 | 34.0 |
| *Of which* | | | | | | | | | | |
| Rescheduling | 57.3 | 14.4 | 16.1 | 16.2 | 17.9 | 19.2 | 21.0 | -3.0 | -3.2 | -3.2 |
| Credit to rest of public sector (net) | 18.1 | 23.8 | 25.3 | 7.0 | 7.8 | -25.5 | -24.8 | -26.1 | -25.4 | -43.7 |
| *Of which* | | | | | | | | | | |
| Rescheduling | 7.5 | 7.2 | 8.0 | 1.2 | 1.9 | 1.3 | 1.5 | 0.2 | 0.8 | 0.4 |
| Sterilization deposits | 0.0 | 77.1 | 77.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit to commercial banks | 12.7 | 9.2 | 9.4 | 7.4 | 7.8 | 6.0 | 6.1 | 4.7 | 5.1 | 0.7 |
| *Of which* | | | | | | | | | | |
| Rescheduling | 0.4 | 0.4 | 0.5 | 0.5 | 0.8 | 0.5 | 0.6 | 0.5 | 0.8 | -2.5 |
| Credit to banking system for buy-back | 4.5 | 4.5 | 5.0 | 5.1 | 5.1 | 5.2 | 5.7 | 5.7 | 5.7 | 5.7 |
| Credit to nonbank intermediaries | 1.0 | 1.0 | 1.0 | 0.8 | 1.0 | 0.9 | 0.9 | 0.6 | 0.9 | 0.7 |
| Subscriptions to international agencies (net) | 0.4 | 6.8 | 6.7 | 8.8 | 8.9 | 11.9 | 12.1 | 14.3 | 14.8 | 17.1 |
| Operational losses (accrual basis) | 216.4 | 209.9 | 209.9 | 198.5 | 198.5 | 208.4 | 208.4 | 279.6 | 279.6 | 367.3 |
| Unclassified assets (net) | 89.7 | -99.0 | -85.2 | 199.9 | 212.2 | 279.5 | 292.4 | 319.9 | 336.2 | 356.2 |
| Valuation adjustments | 213.4 | 198.2 | 214.5 | 180.6 | 191.8 | 178.3 | 191.3 | 122.3 | 120.8 | 76.2 |
| **Counterpart unrequited foreign exchange** | 7.3 | 7.1 | 7.9 | 7.4 | 8.2 | 8.6 | 9.4 | 9.2 | 10.0 | 9.5 |
| **Government trust funds** | 18.5 | 15.0 | 15.0 | 13.9 | 13.9 | 13.8 | 13.8 | 13.8 | 13.8 | 13.7 |
| **Medium- and long-term foreign liabilities** | 249.3 | 227.9 | 254.6 | 226.3 | 250.8 | 260.2 | 285.3 | 264.1 | 288.5 | 267.0 |
| **Liabilities to banks** | 282.5 | 315.1 | 337.6 | 388.3 | 413.5 | 362.1 | 387.2 | 420.7 | 437.0 | 428.7 |

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Table 20. Costa Rica: Detailed Accounts of the Banking System

(End of period stocks; in billions of colones)

| | C 207.7 = US$1 | | C 232 = US$1 | | C 257.14 = US$1 | | C 282.0 = US$1 | | C 308.1 = US$1 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1995 | 1996 | 1996 | 1997 | 1997 | 1998 | 1998 | 1999 | 1999 | 2000 1/ |
| Currency held by banks | 18.3 | 24.0 | 24.0 | 40.0 | 40.0 | 41.2 | 41.2 | 85.5 | 85.5 | 59.7 |
| Bank deposits | 213.7 | 236.4 | 258.9 | 282.3 | 307.5 | 303.8 | 329.0 | 250.9 | 267.2 | 263.7 |
| In local currency | 49.4 | 44.3 | 44.3 | 49.2 | 49.2 | 77.6 | 77.6 | 44.1 | 44.1 | 89.7 |
| In foreign currency | 164.3 | 192.1 | 214.5 | 233.1 | 258.3 | 226.3 | 251.4 | 206.8 | 223.1 | 174.0 |
| Cambio en depositos | 164.3 | 192.1 | 214.5 | 233.1 | 258.3 | 226.3 | 251.4 | 206.8 | 223.1 | 174.0 |
| Stabilization bonds | 38.3 | 30.6 | 30.6 | 40.1 | 40.1 | 17.1 | 17.1 | 56.5 | 56.5 | 93.3 |
| SICP-commercial banks | 12.3 | 24.0 | 24.0 | 25.9 | 25.9 | 0.0 | 0.0 | 27.8 | 27.8 | 12.0 |
| **Liabilities to nonbank** | | | | | | | | | | |
| **intermediaries** | 3.2 | 1.3 | 1.3 | 35.6 | 35.6 | 43.4 | 43.5 | 68.2 | 68.3 | 71.2 |
| **Liabilities to private sector** | 171.2 | 119.0 | 119.9 | 210.3 | 211.1 | 233.2 | 234.9 | 380.6 | 386.4 | 358.6 |
| Currency in circulation | 80.7 | 91.7 | 91.7 | 106.8 | 106.8 | 124.2 | 124.2 | 144.3 | 144.3 | 143.0 |
| Demand deposits | 0.1 | 0.7 | 0.7 | 0.3 | 0.3 | 0.4 | 0.4 | 0.7 | 0.7 | 0.8 |
| Foreign currency deposits | 3.9 | 3.8 | 4.3 | 4.2 | 4.7 | 14.1 | 15.5 | 60.1 | 65.7 | 75.8 |
| Stabilization bonds | 78.9 | 11.0 | 11.0 | 87.7 | 87.7 | 88.7 | 88.7 | 170.1 | 170.1 | 135.8 |
| Of which BEMS | 78.9 | 11.0 | 11.0 | 87.7 | 87.7 | 88.7 | 88.7 | 170.1 | 170.1 | 135.8 |
| Other | 7.7 | 11.7 | 12.2 | 11.2 | 11.7 | 5.7 | 6.0 | 5.4 | 5.6 | 3.1 |

II. Commercial Banks

| | 1995 | 1996 | 1996 | 1997 | 1997 | 1998 | 1998 | 1999 | 1999 | 2000 1/ |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net international reserves** | 27.4 | 30.5 | 34.1 | 9.3 | 10.3 | 10.5 | 12.0 | -2.5 | -2.5 | -12.2 |
| Assets | 41.7 | 51.4 | 57.5 | 47.4 | 52.6 | 63.1 | 70.0 | 56.7 | 61.2 | 84.7 |
| Liabilities | 14.3 | 21.0 | 23.3 | 38.1 | 42.2 | 52.5 | 58.0 | 59.2 | 63.7 | 97.0 |
| **Claims on central bank** | 282.9 | 310.4 | 332.3 | 362.4 | 385.3 | 309.4 | 325.5 | 429.4 | 449.0 | 437.4 |
| **Net domestic assets** | 241.8 | 317.3 | 323.7 | 403.3 | 416.0 | 655.4 | 687.9 | 768.2 | 794.3 | 1,042.4 |
| Credit to the public sector (net) | 1.9 | 30.2 | 31.1 | 6.4 | 8.0 | 22.3 | 25.5 | 41.7 | 48.8 | 31.8 |
| Credit to central government (net) | 34.8 | 97.9 | 99.1 | 88.4 | 90.5 | 107.0 | 111.0 | 120.7 | 128.5 | 146.7 |
| Credit to rest of public sector (net) | -32.9 | -67.7 | -68.0 | -82.0 | -82.5 | -84.6 | -85.5 | -79.0 | -79.7 | -115.0 |
| Credit to private sector | 275.6 | 334.3 | 342.5 | 426.1 | 437.4 | 647.2 | 665.7 | 764.8 | 790.2 | 1,004.1 |
| Credit to the rest of the banking system | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit to nonbank intermediaries | 0.6 | 0.3 | 0.3 | 0.5 | 0.5 | 0.1 | 0.1 | 1.2 | 1.2 | 6.3 |
| Official capital and reserves | 59.4 | 64.2 | 64.2 | 85.8 | 85.8 | 101.1 | 101.1 | 122.1 | 122.1 | 151.7 |
| Private capital | 26.6 | 31.3 | 31.3 | 35.4 | 35.4 | 46.6 | 46.7 | 57.2 | 57.4 | 69.9 |
| Unclassified assets (net) | -122.3 | -143.0 | -145.7 | -150.8 | -151.0 | -162.0 | -151.3 | -218.8 | -225.4 | -221.3 |

### Table 20. Costa Rica: Detailed Accounts of the Banking System

(End of period stocks; in billions of colones)

| | C 207.7 = US$1 | | C 232 = US$1 | | C 257.14 = US$1 | | C 282.0 = US$1 | | C 308.1 = US$1 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1995 | 1996 | 1996 | 1997 | 1997 | 1998 | 1998 | 1999 | 1999 | 2000 1/ |
| **Medium- and long-term foreign liabilities** | 19.9 | 20.2 | 22.3 | 27.2 | 29.9 | 32.3 | 34.8 | 49.3 | 53.2 | 62.9 |
| **Liabilities to the central bank** | 14.9 | 11.6 | 12.0 | 9.9 | 10.3 | 8.7 | 9.1 | 7.9 | 8.3 | 5.5 |
| **Liabilities to nonbank intermediaries** | 6.6 | 5.0 | 5.1 | 2.8 | 2.8 | 9.5 | 9.8 | 7.2 | 7.2 | 11.6 |
| **Liabilities to private sector** | 510.7 | 621.3 | 650.7 | 735.1 | 768.6 | 924.9 | 971.8 | 1,130.6 | 1,172.1 | 1,387.7 |
| Demand deposits | 74.2 | 87.2 | 87.2 | 151.2 | 151.2 | 165.7 | 165.7 | 199.6 | 199.6 | 250.0 |
| Savings deposits | 32.3 | 43.8 | 43.8 | 58.5 | 58.5 | 72.0 | 72.0 | 79.0 | 79.0 | 135.7 |
| Time deposits | 179.0 | 219.5 | 219.5 | 197.3 | 197.3 | 231.4 | 231.4 | 294.7 | 294.7 | 299.6 |
| Foreign currency deposits | 212.6 | 251.6 | 281.0 | 309.1 | 342.6 | 422.6 | 469.5 | 527.0 | 568.6 | 657.9 |
| Other obligations | 12.6 | 19.1 | 19.1 | 19.1 | 19.1 | 33.3 | 33.3 | 30.2 | 30.2 | 44.5 |
| **Memorandum item:** | | | | | | | | | | |
| Net foreign assets | 7.4 | 10.3 | 11.8 | -18.0 | -19.6 | -21.7 | -22.8 | -51.8 | -55.7 | -75.1 |
| III. Consolidated Banking Sector | | | | | | | | | | |
| **Net international reserves** | 174.6 | 174.4 | 194.9 | 220.0 | 243.9 | 205.9 | 229.0 | 351.6 | 379.4 | 322.4 |
| Assets | 200.9 | 193.1 | 215.6 | 255.6 | 283.3 | 255.2 | 283.6 | 403.0 | 434.8 | 411.4 |
| Liabilities | 2.3 | 23.3 | 25.9 | 40.7 | 45.0 | 55.7 | 61.5 | 67.0 | 72.2 | 105.0 |
| **Net domestic assets** | 812.2 | 842.4 | 881.8 | 1,038.6 | 1,077.1 | 1,319.9 | 1,374.2 | 1,571.2 | 1,620.0 | 1,859.7 |
| Credit to the public sector (net) | 48.4 | 164.1 | 168.3 | 76.3 | 82.3 | 58.1 | 65.7 | 97.0 | 107.7 | 22.0 |
| Credit to central government (net) | 63.3 | 208.0 | 211.0 | 151.3 | 157.1 | 168.3 | 176.0 | 202.1 | 212.8 | 180.7 |
| Credit to the rest of the public sector | -14.8 | -43.9 | -42.8 | -75.0 | -74.8 | -110.2 | -110.3 | -105.0 | -105.1 | -158.7 |
| Sterilization deposits | 0.0 | 77.1 | 77.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit to nonbank intermediaries | 1.6 | 1.3 | 1.2 | 1.3 | 1.5 | 1.0 | 1.0 | 1.9 | 2.1 | 7.0 |
| Credit to the private sector | 275.6 | 334.3 | 342.5 | 426.1 | 437.4 | 647.2 | 665.7 | 764.8 | 790.2 | 1,004.1 |
| Subscriptions to international agencies | 0.4 | 6.8 | 6.7 | 8.8 | 8.9 | 11.9 | 12.1 | 14.3 | 14.8 | 17.1 |
| Official capital and reserves | 59.4 | 64.1 | 64.1 | 85.8 | 85.8 | 101.1 | 101.1 | 122.1 | 122.1 | 151.7 |
| Private capital | 26.6 | 31.3 | 31.3 | 35.4 | 35.4 | 46.6 | 46.7 | 57.2 | 57.4 | 69.9 |
| Operational losses (accrual basis) | 216.4 | 209.9 | 209.9 | 198.5 | 198.5 | 208.4 | 208.4 | 279.6 | 279.6 | 367.3 |
| Unclassified assets (net) | -27.9 | -237.5 | -225.9 | 54.2 | 66.3 | 122.7 | 146.8 | 106.8 | 116.5 | 140.6 |
| Interbank float | -1.7 | -7.2 | -7.9 | -28.3 | -30.8 | -55.4 | -64.7 | 5.5 | 8.8 | 3.9 |
| Valuation adjustments | 213.4 | 198.2 | 214.5 | 180.6 | 191.8 | 178.3 | 191.3 | 122.3 | 120.8 | 76.2 |

Table 20. Costa Rica: Detailed Accounts of the Banking System

(End of period stocks; in billions of colones)

| | C 207.7 = US$1 | | C 232 = US$1 | | C 257.14 = US$1 | | C 282.0 = US$1 | | C 308.1 = US$1 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1995 | 1996 | 1996 | 1997 | 1997 | 1998 | 1998 | 1999 | 1999 | 2000 1/ |
| **Counterpart unrequited foreign exchange** | 7.3 | 7.1 | 7.9 | 7.4 | 8.2 | 8.6 | 9.4 | 9.2 | 10.0 | 9.5 |
| **Government trust funds** | 18.5 | 15.0 | 15.0 | 13.9 | 13.9 | 13.8 | 13.8 | 13.8 | 13.8 | 13.7 |
| **Medium- and long-term foreign liabilities** | 269.3 | 248.1 | 276.9 | 253.5 | 280.7 | 292.5 | 320.1 | 313.4 | 341.7 | 329.8 |
| **Liabilities to nonbank intermediaries** | 9.8 | 6.4 | 6.4 | 38.4 | 38.4 | 52.9 | 53.3 | 75.4 | 75.5 | 82.8 |
| **Liabilities to the private sector** | 681.9 | 740.2 | 770.5 | 945.4 | 979.8 | 1,158.0 | 1,206.6 | 1,511.1 | 1,558.5 | 1,746.3 |
| Currency | 80.7 | 91.7 | 91.7 | 106.8 | 106.8 | 124.2 | 124.2 | 144.3 | 144.3 | 143.0 |
| Demand deposits | 74.2 | 87.9 | 87.9 | 151.5 | 151.5 | 166.1 | 166.1 | 200.3 | 200.3 | 250.8 |
| Savings deposits | 32.3 | 43.8 | 43.8 | 58.5 | 58.5 | 72.0 | 72.0 | 79.0 | 79.0 | 135.7 |
| Time deposits | 179.0 | 219.5 | 219.5 | 197.3 | 197.3 | 231.4 | 231.4 | 294.7 | 294.7 | 299.6 |
| Foreign currency deposits | 212.6 | 251.6 | 281.0 | 309.1 | 342.6 | 422.6 | 469.5 | 527.0 | 568.6 | 657.9 |
| Stabilization bonds | 82.8 | 14.8 | 15.3 | 91.9 | 92.3 | 102.9 | 104.2 | 230.2 | 235.8 | 211.7 |
| Other | 20.2 | 30.9 | 31.3 | 30.3 | 30.7 | 39.0 | 39.3 | 35.5 | 35.8 | 47.5 |

Source: Central Bank of Costa Rica.

1/ Preliminary data.

Table 21. Costa Rica: Private Sector Financial Assets

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| (In billions of colones; end of period stocks) | | | | | |
| **By instrument** | 997.7 | 1,171.7 | 1,389.7 | 1,775.0 | 2,131.0 |
| Money | 179.6 | 258.3 | 290.3 | 344.5 | 393.8 |
| Currency | 91.7 | 106.8 | 124.2 | 144.3 | 143.0 |
| Demand deposits | 87.9 | 151.5 | 166.1 | 200.3 | 250.8 |
| Quasimoney | 787.3 | 883.0 | 1,060.4 | 1,394.9 | 1,689.6 |
| In domestic currency | 508.1 | 522.4 | 594.4 | 782.1 | 936.9 |
| Savings deposits | 43.8 | 58.5 | 72.0 | 79.0 | 135.7 |
| Time deposits | 219.5 | 197.3 | 231.4 | 294.7 | 299.6 |
| Bonds 1/ | 244.7 | 266.6 | 291.1 | 408.3 | 501.6 |
| In foreign currency | 279.2 | 360.6 | 466.0 | 612.8 | 752.7 |
| Private capital and other | 30.9 | 30.3 | 39.0 | 35.5 | 47.5 |
| **By issuing entity** | 997.7 | 1,171.7 | 1,389.7 | 1,775.0 | 2,131.0 |
| Banking system | 740.2 | 945.4 | 1,158.0 | 1,511.1 | 1,746.3 |
| Central bank | 119.0 | 210.3 | 233.2 | 380.6 | 358.6 |
| Commercial banks | 621.3 | 735.1 | 924.9 | 1,130.6 | 1,387.7 |
| Central government | 257.5 | 226.2 | 231.6 | 263.8 | 384.7 |
| (Annual percent change) | | | | | |
| **By instrument** | 25.4 | 17.4 | 18.6 | 27.7 | 20.1 |
| Money | 15.9 | 43.8 | 12.4 | 18.7 | 14.3 |
| Currency | 13.7 | 16.4 | 16.2 | 16.2 | -0.9 |
| Demand deposits | 18.3 | 72.4 | 9.6 | 20.6 | 25.2 |
| Quasimoney | 26.8 | 12.2 | 20.1 | 31.5 | 21.1 |
| In domestic currency | 21.3 | 2.8 | 13.8 | 31.6 | 19.8 |
| Savings deposits | 35.5 | 33.5 | 23.1 | 9.8 | 71.7 |
| Time deposits | 22.6 | -10.1 | 17.3 | 27.4 | 1.6 |
| Bonds | 18.0 | 8.9 | 9.2 | 40.3 | 22.9 |
| In foreign currency | 38.0 | 29.2 | 29.2 | 31.5 | 22.8 |
| Private capital and other | 56.5 | -1.7 | 28.5 | -8.8 | 33.7 |
| (In percent of GDP) | | | | | |
| **By instrument** | 40.6 | 39.3 | 38.3 | 39.7 | 43.8 |
| Money | 7.3 | 8.7 | 8.0 | 7.7 | 8.1 |
| Currency | 3.7 | 3.6 | 3.4 | 3.2 | 2.9 |
| Demand deposits | 3.6 | 5.1 | 4.6 | 4.5 | 5.2 |
| Quasimoney | 32.1 | 29.6 | 29.3 | 31.2 | 34.7 |
| In domestic currency | 20.7 | 17.5 | 16.4 | 17.5 | 19.3 |
| Savings deposits | 1.8 | 2.0 | 2.0 | 1.8 | 2.8 |
| Time deposits | 8.9 | 6.6 | 6.4 | 6.6 | 6.2 |
| Bonds | 10.0 | 8.9 | 8.0 | 9.1 | 10.3 |
| In foreign currency | 11.4 | 12.1 | 12.9 | 13.7 | 15.5 |
| Private capital and other | 1.3 | 1.0 | 1.1 | 0.8 | 1.0 |
| **Memorandum item:** | | | | | |
| Nominal GDP | 2,456 | 2,982 | 3,624 | 4,467 | 4,864 |

Sources: Central Bank of Costa Rica; and Fund staff estimates.

1/ Includes private sector holdings of bond issued by the central government.

Table 22. Costa Rica: Changes in Banking System Domestic Credit
by Origin, Destination, and Financing

(In billions of colones; end of period)

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| **Origin** | **72.8** | **196.2** | **281.3** | **251.4** | **288.5** |
| Central bank | -5.4 | 129.5 | 54.9 | 76.5 | 11.7 |
| Commercial banks | 81.0 | 86.1 | 252.1 | 112.8 | 274.3 |
| Interbank float 1/ | -2.7 | -19.4 | -25.7 | 62.1 | 2.5 |
| **Destination** | **72.8** | **196.2** | **281.3** | **251.4** | **288.5** |
| Public sector (net) | 118.7 | -87.8 | -18.2 | 39.0 | -75.0 |
| Private sector | 67.3 | 91.8 | 221.1 | 117.6 | 239.3 |
| Interbank float 1/ | -5.9 | -21.1 | -27.1 | 60.9 | -1.5 |
| Other | -107.3 | 213.3 | 105.4 | 34.0 | 125.7 |
| **Financing** | **72.8** | **196.2** | **281.3** | **251.4** | **288.5** |
| Net international reserves | -23.3 | -45.7 | 14.2 | -145.7 | 29.2 |
| Medium– and long–term | | | | | |
| foreign liabilities 2/ | 14.2 | 5.4 | 38.9 | 20.9 | 16.4 |
| Private sector liabilities | 87.9 | 205.2 | 212.6 | 353.1 | 235.1 |
| Money | 24.7 | 78.7 | 31.9 | 54.3 | 49.3 |
| Other | 63.2 | 126.4 | 180.7 | 298.8 | 185.9 |
| Other 2/ | -6.1 | 31.3 | 15.6 | 23.1 | 7.7 |

Source: Central Bank of Costa Rica.

1/ Adjusted by central bank credit to commercial banks.
2/ Includes liabilities to nonbank intermediaries, counterpart unrequited foreign exchange and government trust funds.

Table 23. Costa Rica: Classification of Loans by Economic Activity 1/

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| | (In billions of colones; end of period stocks) | | | | |
| **Total** | **334.3** | **426.1** | **647.2** | **764.8** | **1004.1** |
| Agriculture | 40.1 | 38.5 | 54.2 | 58.9 | 75.2 |
| Livestock | 12.6 | 11.4 | 14.5 | 14.4 | 17.9 |
| Fisheries | 0.5 | 0.6 | 0.7 | 0.5 | 0.5 |
| Manufacturing | 65.3 | 66.5 | 98.9 | 116.3 | 150.4 |
| Housing | 20.1 | 53.0 | 101.8 | 117.4 | 170.4 |
| Construction | 8.4 | 9.1 | 14.6 | 18.6 | 21.6 |
| Tourism | 9.5 | 9.1 | 11.1 | 13.4 | 17.3 |
| Trade | 63.4 | 65.2 | 102.9 | 135.2 | 174.3 |
| Services | 39.5 | 48.7 | 82.9 | 89.8 | 92.9 |
| Personal credit | 68.2 | 116.8 | 163.0 | 197.4 | 272.7 |
| Other | 6.6 | 7.3 | 2.5 | 2.7 | 10.8 |
| | (In percent of total credit) | | | | |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| Agriculture | 12.0 | 9.0 | 8.4 | 7.7 | 7.5 |
| Livestock | 3.8 | 2.7 | 2.2 | 1.9 | 1.8 |
| Fisheries | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Manufacturing | 19.5 | 15.6 | 15.3 | 15.2 | 15.0 |
| Housing | 6.0 | 12.4 | 15.7 | 15.4 | 17.0 |
| Construction | 2.5 | 2.1 | 2.2 | 2.4 | 2.2 |
| Tourism | 2.9 | 2.1 | 1.7 | 1.8 | 1.7 |
| Trade | 19.0 | 15.3 | 15.9 | 17.7 | 17.4 |
| Services | 11.8 | 11.4 | 12.8 | 11.7 | 9.3 |
| Personal credit | 20.4 | 27.4 | 25.2 | 25.8 | 27.2 |
| Other | 2.0 | 1.7 | 0.4 | 0.4 | 1.1 |
| | (Annual percentage change) | | | | |
| **Total** | **18.5** | **27.5** | **51.9** | **18.2** | **31.3** |
| Agriculture | 8.1 | -4.1 | 40.7 | 8.8 | 27.7 |
| Livestock | 15.5 | -9.2 | 27.3 | -0.9 | 24.3 |
| Fisheries | 1.0 | 16.1 | 12.8 | -25.9 | -1.1 |
| Manufacturing | 6.8 | 1.8 | 48.9 | 17.6 | 29.3 |
| Housing | 49.6 | 163.2 | 92.1 | 15.3 | 45.1 |
| Construction | 20.4 | 8.2 | 60.7 | 27.8 | 16.0 |
| Tourism | -10.4 | -4.9 | 22.7 | 20.4 | 29.4 |
| Trade | 20.6 | 2.8 | 57.8 | 31.4 | 28.9 |
| Services | 1.7 | 23.3 | 70.4 | 8.3 | 3.5 |
| Personal credit | 39.6 | 71.3 | 39.6 | 21.1 | 38.1 |
| Other | 81.8 | 10.2 | -65.8 | 8.0 | 298.8 |

Source: Central Bank of Costa Rica.

1/ Commercial banks Credit to the private sector.

Table 24. Costa Rica: Six-Month Interest Rates

(In percent, annual basis)

| | Nominal Rate | | | Real Rate 1/ | Premium 2/ | |
|---|---|---|---|---|---|---|
| | Stabilization Bonds 4/ | BNCR 3/ Base Lending | BNCR Deposit Rate | Stabilization Bonds | Stabilization Bonds | BNCR Spread 5/ |
| **1996** | | | | | | |
| March | 24.2 | 32.0 | 21.0 | 5.0 | 0.9 | 11.0 |
| June | 21.2 | 28.0 | 16.5 | 1.6 | -1.1 | 11.5 |
| September | 23.6 | 28.0 | 16.0 | 5.3 | 2.7 | 12.0 |
| December | 24.5 | 28.0 | 16.0 | 9.3 | 5.2 | 12.0 |
| **1997** | | | | | | |
| March | 21.0 | 26.5 | 15.0 | 5.3 | 2.2 | 10.5 |
| June | 20.1 | 26.5 | 15.0 | 5.7 | 1.2 | 11.5 |
| September | 18.3 | 24.5 | 14.5 | 5.7 | 0.2 | 10.0 |
| December | 17.9 | 24.5 | 14.0 | 6.0 | 0.2 | 10.5 |
| **1998** | | | | | | |
| March | 17.6 | 24.5 | 14.0 | 5.9 | 0.6 | 10.5 |
| June | 18.8 | 26.5 | 16.0 | 7.3 | 2.2 | 10.5 |
| September | 22.6 | 26.5 | 16.0 | 8.8 | 6.1 | 10.5 |
| December | 24.0 | 26.5 | 19.4 | 10.4 | 7.3 | 7.1 |
| **1999** | | | | | | |
| March | 24.0 | 30.0 | 19.0 | 12.0 | 6.9 | 11.0 |
| June | 20.2 | 27.3 | 19.5 | 8.7 | 2.3 | 7.8 |
| September | 19.4 | 27.3 | 15.5 | 9.8 | 2.0 | 11.8 |
| December | 17.4 | 27.3 | 15.0 | 5.9 | 1.0 | 12.3 |
| **2000** | | | | | | |
| March | 16.5 | 26.0 | 14.0 | 3.9 | 0.7 | 12.0 |
| June | 17.0 | 26.0 | 14.0 | 5.9 | 1.8 | 12.0 |
| September | 15.1 | 27.0 | 16.3 | 3.3 | 0.0 | 10.8 |
| December | 15.0 | 27.0 | 13.8 | 4.3 | 1.5 | 13.3 |

Sources: Central Bank of Costa Rica; and Fund staff estimates.

1/ Nominal interest rate at time of issue adjusted by the change in the consumer price index.

2/ Ex-post differential rate of return on colón bonds vis-à-vis the LIBOR interest rate plus devaluation of the exchange rate.

3/ Banco Nacional de Costa Rica (BNCR), the largest state-owned commercial bank.

4/ From June 1996 through March 1997, interest rates correspond to government bonds.

5/ Base lending rate minus deposit rate offered by the BNCR.

Table 25. Costa Rica: Summary Balance of Payments

(In millions of U.S. dollars, unless otherwise indicated)

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| **Current account** | **-443** | **-632** | **-730** | **-692** | **-758** |
| **Trade balance** | **-425** | **-650** | **-609** | **619** | **-182** |
| Export of goods (f.o.b.) | 3,599 | 4,068 | 5,328 | 6,611 | 5,850 |
| General merchandise | 2,561 | 2,735 | 2,932 | 2,628 | 2,446 |
| Traditional | 1,103 | 1,049 | 1,143 | 969 | 878 |
| Nontraditional | 1,458 | 1,685 | 1,790 | 1,659 | 1,568 |
| Goods for processing | 1,022 | 1,319 | 2,381 | 3,963 | 3,385 |
| Others | 16 | 15 | 15 | 19 | 19 |
| Import of goods (f.o.b.) | -4,023 | -4,718 | -5,937 | -5,992 | -6,032 |
| General merchandise | -3,234 | -3,652 | -4,267 | -3,989 | -4,077 |
| Goods for processing | -762 | -1,036 | -1,629 | -1,966 | -1,901 |
| Others | -27 | -31 | -42 | -37 | -55 |
| **Services** | **20** | **140** | **234** | **408** | **556** |
| Transportation | -251 | -189 | -214 | -194 | -183 |
| Travel | 374 | 394 | 505 | 648 | 724 |
| Other services | -103 | -65 | -57 | -46 | 15 |
| **Income** | **-185** | **-248** | **-467** | **-1,822** | **-1,227** |
| Compensation of employees | 2 | 6 | -7 | -15 | -18 |
| Investment income | -117 | -192 | -410 | -1,795 | -1,238 |
| Other investment | -82 | -158 | -370 | -1,717 | -1,134 |
| **Current transfers** | **147** | **126** | **113** | **102** | **96** |
| General government | 43 | 38 | 40 | 54 | 56 |
| Other sectors | 104 | 88 | 73 | 48 | 40 |
| **Capital and financial account** | **68** | **537** | **552** | **936** | **389** |
| **Capital account** | **28** | **0** | **0** | **0** | **0** |
| **Financial account** | **39** | **537** | **552** | **936** | **389** |
| Direct investment | 421 | 402 | 607 | 614 | 392 |
| Portfolio investment | -22 | 77 | -80 | 85 | -46 |
| Other investment | -360 | 58 | 25 | 236 | 42 |
| **Errors and omissions** | **314** | **310** | **28** | **236** | **216** |
| **Reserve assets** | **61** | **-216** | **149** | **-480** | **154** |
| Change in net reserves (- = increase) | 61 | -216 | 149 | -480 | 154 |
| **Memorandum items:** | | | | | |
| Current account (in percent of GDP) | -3.7 | -4.9 | -5.2 | -4.4 | -4.8 |
| Non oil current account (in percent of GDP) | -1.2 | -2.8 | -3.5 | -2.6 | -1.9 |
| Volume of export of goods (in percentage change) | 5.7 | 9.0 | 29.0 | 21.7 | -4.2 |
| Volume of import of goods (in percentage change) | 1.5 | 18.6 | 27.7 | 0.6 | -4.4 |
| Public sector capital flows (net) | -180 | 19 | 59 | 161 | 172 |
| Disbursments to the public sector | 177 | 487 | 478 | 498 | 554 |
| Amortization of public sector external debt | 356 | 468 | 419 | 337 | 382 |
| Private capital flows (net) 1/ | 533 | 829 | 522 | 1,012 | 432 |
| FDI | 421 | 402 | 607 | 614 | 392 |
| Other capital flows 1/ | 112 | 427 | -85 | 397 | 40 |
| Gross reserves | 694 | 910 | 760 | 1,240 | 1,087 |
| In months of domestic imports and nonfactor services 2/ | 1.8 | 2.0 | 1.8 | 2.8 | 2.4 |
| In percent of M2 | 95.6 | 106.6 | 72.1 | 96.8 | 70.8 |
| External public sector debt (in percent of GDP) | 24.2 | 21.6 | 20.4 | 19.5 | 19.9 |
| Debt service to exports ratio 3/ | 12.8 | 15.9 | 13.0 | 12.7 | 13.7 |
| *Of which* | | | | | |
| Interest 3/ | 3.0 | 3.8 | 3.3 | 4.7 | 4.8 |

Sources: Central bank of Costa Rica; and Fund staff estimates.

1/ Including errors and omissions.
2/ Excluding imports of goods for processing.
3/ In percent of exports of general merchandise and services.

Table 26. Costa Rica: Merchandise Exports

(In millions of U.S. dollars)

|  | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| **General merchandise exports, f.o.b. 1/** | **2,737** | **2,887** | **3,145** | **2,677** | **2,499** |
| **Agricultural and marine goods** | **1,629** | **1,766** | **1,900** | **1,543** | **1,406** |
| Traditional | 1,103 | 1,049 | 1,143 | 969 | 879 |
| Coffee | 385 | 402 | 409 | 289 | 274 |
| Bananas | 631 | 577 | 667 | 623 | 546 |
| Sugar | 44 | 41 | 42 | 30 | 29 |
| Meat | 42 | 28 | 24 | 27 | 31 |
| Other | 526 | 717 | 758 | 573 | 527 |
| Seafood | n.d. | 254 | 282 | 134 | 115 |
| Plants and flowers | n.d. | 125 | 130 | 138 | 141 |
| Tropical fruit | n.d. | 202 | 198 | 218 | 200 |
| Vegetables and roots | n.d. | 79 | 90 | 61 | 56 |
| Other | n.d. | 57 | 57 | 23 | 15 |
| **Industrial goods** | **1,107** | **1,121** | **1,244** | **1,135** | **1,093** |
| Foodstuffs and tobacco | n.d. | 307 | 386 | 369 | 343 |
| Textiles 2/ | n.d. | n.d. | n.d. | n.d. | n.d. |
| Wood and paper products | n.d. | 45 | 56 | 54 | 66 |
| Chemical/petroleum products | n.d. | n.d. | n.d. | n.d. | n.d. |
| Machinery/metal products | n.d. | n.d. | n.d. | n.d. | n.d. |
| Medicine | n.d. | 56 | 51 | 65 | 80 |
| Other | n.d. | 713 | 751 | 647 | 604 |
| **Memorandum items:** |  |  |  |  |  |
| Goods for processing | 1,022 | 1,319 | 2,381 | 3,963 | 3,321 |
| Nontraditional exports | 1,634 | 1,838 | 2,002 | 1,708 | 1,620 |

Sources: Central Bank of Costa Rica; Ministry of Foreign Trade; and Fund staff estimates.

1/ This total differs from Table 29 because of classification problems.
2/ Includes leather products and shoes, excludes in-bond industries (maquila).

Table 27. Costa Rica:  Merchandise Imports

|  | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| (In millions of U.S. dollars) | | | | | |
| **Imports, c.i.f. 1/** | **4,327** | **4,970** | **6,239** | **6,351** | **6,380** |
| **Consumer goods** | **983** | **1,078** | **1,283** | **1,143** | **1,179** |
| Nondurables | 667 | 667 | 743 | 771 | 808 |
| Durables | 316 | 412 | 540 | 372 | 372 |
| **Raw materials** | **2,282** | **2,666** | **3,295** | **3,563** | **3,477** |
| Agriculture | 71 | 157 | 157 | 152 | 142 |
| Manufacturing and mining | 2,211 | 2,509 | 3,138 | 3,411 | 3,335 |
| **Construction materials** | **109** | **123** | **173** | **174** | **173** |
| **Petroleum and petroleum products** | **239** | **222** | **261** | **320** | **472** |
| **Capital goods** | **709** | **879** | **1,226** | **1,149** | **1,076** |
| Manufacturing and mining | 557 | 676 | 964 | 901 | 851 |
| Agriculture | 30 | 47 | 57 | 53 | 46 |
| Transport | 121 | 156 | 205 | 196 | 179 |
| **Other** | **5** | **2** | **1** | **2** | **2** |
| (In percent of total) | | | | | |
| **Imports, c.i.f.** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| Consumer goods | 22.7 | 21.7 | 20.6 | 18.0 | 18.5 |
| Raw materials | 52.8 | 53.6 | 52.8 | 56.1 | 54.5 |
| Construction materials | 2.5 | 2.5 | 2.8 | 2.7 | 2.7 |
| Petroleum and petroleum products | 5.5 | 4.5 | 4.2 | 5.0 | 7.4 |
| Capital goods | 16.4 | 17.7 | 19.6 | 18.1 | 16.9 |
| Other | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Annual percentage change) | | | | | |
| **Imports, c.i.f.** | **5.8** | **14.9** | **25.5** | **1.8** | **0.5** |
| Consumer goods | 22.8 | 9.7 | 19.0 | -11.0 | 3.2 |
| Raw materials | 1.7 | 16.8 | 23.6 | 8.1 | -2.4 |
| Construction materials | -1.4 | 13.1 | 40.6 | 0.9 | -0.4 |
| Petroleum and petroleum products | 18.9 | -7.0 | 17.5 | 22.8 | 47.4 |
| Capital goods | -2.7 | 24.0 | 39.5 | -6.3 | -6.4 |
| Other | -2.9 | -65.3 | -26.4 | 18.8 | 30.0 |

Sources: Central Bank of Costa Rica; and Fund staff estimates.

1/ Includes goods for processing.

Table 28. Costa Rica: Petroleum Imports

|  | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| **(In millions of U.S. dollars)** | | | | | |
| **Total imports, c.i.f. 1/** | **298** | **277** | **235** | **290** | **455** |
| Partially refined oil | 94 | 86 | 4 | 0 | 9 |
| Diesel | 89 | 72 | 91 | 100 | 156 |
| Gasoline | 77 | 82 | 82 | 108 | 162 |
| Aviation fuel | 2 | 1 | 2 | 1 | 1 |
| Asphalt | 0 | 0 | 4 | 8 | 13 |
| Kerosene | 15 | 16 | 19 | 22 | 36 |
| Fuel oil | 5 | 4 | 23 | 30 | 31 |
| Propane gas | 12 | 13 | 11 | 16 | 26 |
| MTBE additive | 4 | 4 | 0 | 0 | 0 |
| NAFTA | 0 | 0 | 0 | 0 | 1 |
| Bunker | 0 | 0 | 0 | 6 | 20 |
| **(In thousands of barrels)** | | | | | |
| **Total imports, c.i.f.** | **12,117** | **12,159** | **14,431** | **14,706** | **14,340** |
| Partially refined oil | 4,532 | 4,572 | 289 | 0 | 315 |
| Diesel | 3,291 | 2,983 | 5,166 | 4,979 | 4,535 |
| Gasoline | 2,894 | 3,129 | 4,501 | 4,709 | 4,492 |
| Aviation fuel | 38 | 12 | 39 | 22 | 22 |
| Asphalt | 0 | 0 | 303 | 432 | 548 |
| Kerosene | 532 | 599 | 1,051 | 1,038 | 970 |
| Fuel oil | 297 | 243 | 2,386 | 2,372 | 1,624 |
| Propane gas | 515 | 605 | 696 | 820 | 883 |
| MTBE additive | 18 | 16 | 0 | 3 | 1 |
| NAFTA | 0 | 0 | 0 | 0 | 35 |
| Bunker | 0 | 0 | 0 | 331 | 915 |
| **(In U.S. dollars per barrel)** | | | | | |
| **Average price** | **24.6** | **22.8** | **16.3** | **19.8** | **31.8** |
| Partially refined oil | 20.7 | 18.7 | 15.2 | - | 27.8 |
| Diesel | 27.0 | 24.1 | 17.7 | 20.2 | 34.4 |
| Gasoline | 26.5 | 26.2 | 18.1 | 22.9 | 36.1 |

Source: Central Bank of Costa Rica.

1/ This total differs from Table 32 because of classification problems.

## Table 29. Costa Rica: Direction of Trade

| | Imports 1/ | | | | | Exports 1/ | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 1996 | 1997 | 1998 | 1999 | 2000 |
| | (In millions of U.S. dollars) | | | | | | | | | |
| **Total** | **3,564** | **3,934** | **4,610** | **4,384** | **4,479** | **2,737** | **2,887** | **3,145** | **2,678** | **2,499** |
| **Central America** | **249** | **296** | **310** | **295** | **289** | **385** | **413** | **482** | **532** | **558** |
| Guatemala | 116 | 132 | 144 | 141 | 138 | 122 | 136 | 157 | 161 | 169 |
| El Salvador | 93 | 113 | 115 | 99 | 87 | 95 | 99 | 102 | 105 | 119 |
| Honduras | 25 | 25 | 26 | 29 | 31 | 65 | 67 | 85 | 92 | 97 |
| Nicaragua | 15 | 26 | 25 | 26 | 33 | 104 | 111 | 138 | 173 | 173 |
| **Rest of the World** | **3,315** | **3,638** | **4,300** | **4,089** | **4,190** | **2,351** | **2,475** | **2,663** | **2,146** | **1,942** |
| Panama | 79 | 77 | 89 | 82 | 88 | 85 | 85 | 91 | 106 | 106 |
| United States | 1,559 | 1,542 | 1,785 | 1,627 | 1,499 | 974 | 989 | 1,052 | 927 | 848 |
| Canada | 49 | 59 | 76 | 66 | 66 | 53 | 67 | 78 | 30 | 21 |
| Mexico | 255 | 279 | 319 | 334 | 375 | 53 | 63 | 55 | 64 | 60 |
| Colombia | 113 | 111 | 97 | 95 | 114 | 20 | 29 | 32 | 14 | 16 |
| Venezuela | 238 | 261 | 176 | 237 | 324 | 11 | 18 | 21 | 14 | 20 |
| Germany | 93 | 112 | 122 | 118 | 117 | 205 | 182 | 188 | 174 | 132 |
| Belgium, Luxemburg | 29 | 27 | 30 | 33 | 37 | 127 | 111 | 94 | 62 | 110 |
| United Kingdom | 33 | 47 | 50 | 51 | 42 | 90 | 104 | 119 | 62 | 48 |
| Italy | 64 | 74 | 75 | 74 | 69 | 149 | 122 | 121 | 99 | 98 |
| Holland | 35 | 34 | 36 | 37 | 79 | 110 | 111 | 135 | 117 | 95 |
| Sweden | 11 | 13 | 24 | 13 | 16 | 47 | 57 | 50 | 35 | 41 |
| Japan | 147 | 235 | 351 | 250 | 200 | 36 | 31 | 31 | 21 | 22 |
| Other countries 2/ | 525 | 650 | 813 | 856 | 939 | 392 | 505 | 595 | 421 | 324 |
| Other 2/ 3/ | 85 | 119 | 257 | 217 | 224 | 0 | 0 | 0 | 0 | 0 |
| | (In percent of total) | | | | | | | | | |
| Central America | 7.0 | 7.5 | 6.7 | 6.7 | 6.5 | 14.1 | 14.3 | 15.3 | 19.9 | 22.3 |
| Rest of the World | 93.0 | 92.5 | 93.3 | 93.3 | 93.5 | 85.9 | 85.7 | 84.7 | 80.1 | 77.7 |
| *Of which* | | | | | | | | | | |
| United States | 43.7 | 39.2 | 38.7 | 37.1 | 33.5 | 35.6 | 34.2 | 33.5 | 34.6 | 33.9 |
| Mexico | 7.2 | 7.1 | 6.9 | 7.6 | 8.4 | 2.0 | 2.2 | 1.8 | 2.4 | 2.4 |

Source: Central Bank of Costa Rica.

1/ Excludes goods for processing.
2/ In 1998 exports include maquila shipments directed mainly to the U.S. market.
3/ Includes special imports regime and adjustment for consistency with balance of payments data.

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Table 30. Costa Rica: Terms of Trade Indices

|  | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
|  |  | (1995 = 100) |  |  |  |
| **Terms of trade** | **93.7** | **98.2** | **101.2** | **103.0** | **90.3** |
| **Value** |  |  |  |  |  |
| Exports | 103.2 | 116.7 | 152.8 | 189.6 | 167.8 |
| Imports | 105.8 | 124.0 | 156.1 | 157.5 | 158.6 |
| **Volume** |  |  |  |  |  |
| Exports | 105.7 | 115.2 | 148.6 | 180.8 | 173.3 |
| Imports | 101.5 | 120.3 | 153.7 | 154.7 | 147.9 |
| **Unit value** |  |  |  |  |  |
| Exports | 97.7 | 101.2 | 102.8 | 104.8 | 96.8 |
| Imports | 104.2 | 103.1 | 101.6 | 101.8 | 107.2 |
|  |  | (Annual percentage change) |  |  |  |
| **Terms of trade** | **-6.3** | **4.8** | **3.1** | **1.7** | **-12.3** |
| **Value** |  |  |  |  |  |
| Exports | 3.2 | 13.1 | 31.0 | 24.1 | -11.5 |
| Imports | 5.8 | 17.3 | 25.8 | 0.9 | 0.7 |
| **Volume** |  |  |  |  |  |
| Exports | 5.7 | 9.0 | 29.0 | 21.7 | -4.2 |
| Imports | 1.5 | 18.6 | 27.7 | 0.6 | -4.4 |
| **Unit value** |  |  |  |  |  |
| Exports | -2.3 | 3.7 | 1.6 | 2.0 | -7.6 |
| Imports | 4.2 | -1.1 | -1.5 | 0.3 | 5.3 |

Sources: Central Bank of Costa Rica; and Fund staff estimates.

Table 31. Costa Rica: Tourism Indicators

|  | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|---|---|
| | | (In thousands of visitors) | | | | | |
| **Total arrivals** | **761** | **785** | **781** | **811** | **943** | **1,032** | **1,106** |
| Air | 559 | 581 | 560 | 582 | 669 | 734 | 801 |
| Other | 202 | 203 | 221 | 230 | 273 | 297 | 306 |
| **By source markets** | | | | | | | |
| United States | 264 | 287 | 271 | 285 | 341 | 393 | 429 |
| Europe | 130 | 132 | 129 | 127 | 127 | 141 | 152 |
| Canada | 49 | 42 | 26 | 37 | 42 | 46 | 53 |
| Central America | 221 | 218 | 234 | 247 | 294 | 311 | 304 |
| South America | 54 | 59 | 59 | 59 | 69 | 73 | 96 |
| Other | 44 | 47 | 61 | 56 | 69 | 68 | 72 |
| Length of stay (days) | 10 | 10 | 10 | 10 | 11 | 11 | n.a. |
| Spending per night (in U.S. dollars) | 84 | 87 | 83 | 93 | 96 | 102 | n.a. |
| **Total tourism receipts** | | | | | | | |
| (In millions of U.S. dollars) | 626 | 660 | 689 | 719 | 883 | 1,036 | 1,145 |
| (In percent of exports of goods) | 21.8 | 19.0 | 18.3 | 17.1 | 16.0 | 15.6 | 19.5 |
| (Annual percentage change) | 8.4 | 5.4 | 4.4 | 4.5 | 22.8 | 17.3 | 10.5 |
| **Travel abroad by Costa Ricans** | | | | | | | |
| Departures (in thousands) | 269 | 273 | 283 | 288 | 330 | 353 | 382 |
| Expenditure (in millions of U.S. dollars) | 300 | 330 | 335 | 348 | 409 | 446 | 489 |

Sources: Costa Rican Tourism Institute; and Central Bank of Costa Rica.