

INTERNATIONAL MONETARY FUND

COSTA RICA

Selected Issues

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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)		Health	
Total (in thousands)	3,825	Per 1,000 people (1990-98)	
Annual rate of growth (1984-00)	2.9	Population per physicians	1.4
Density (per sq. km.)	75	Population per hospital beds	1.9
GDP per capita (US\$)	4,127	Access to safe water (1900-98)	96
Population characteristics (1998)		Access to sanitation	97
Life expectancy at birth (years)	77	Urban	100
Crude birth rate (per thousand)	22	Rural	95
Crude death rate (per thousand)	4	Education (1997)	
Infant mortality (per thousand live births)	13	Adult literacy rate, in percent	95
Under 5 mortality rate (per thousand)	15	Gross enrollment rates, in percent	
Income distribution (1996)		Primary education	91.8
Percent of income received:		Secondary education	55.8
By highest 10 percent of households	35	Tertiary education	33
By lowest 20 percent of households	4		
Gini coefficient	47	GDP (2000)	
Distribution of labor force (2000)		In millions of colones	4,864,461
Agriculture	20.4	In millions of US\$	15,784
Industry and mining	14.6		
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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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 (as percent of quota)				SDR 144.11 million	
Outstanding purchases and loans				87.8 percent of quota	
SDR Department				None	
Net cumulative allocation				SDR 23.73 million	
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

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.

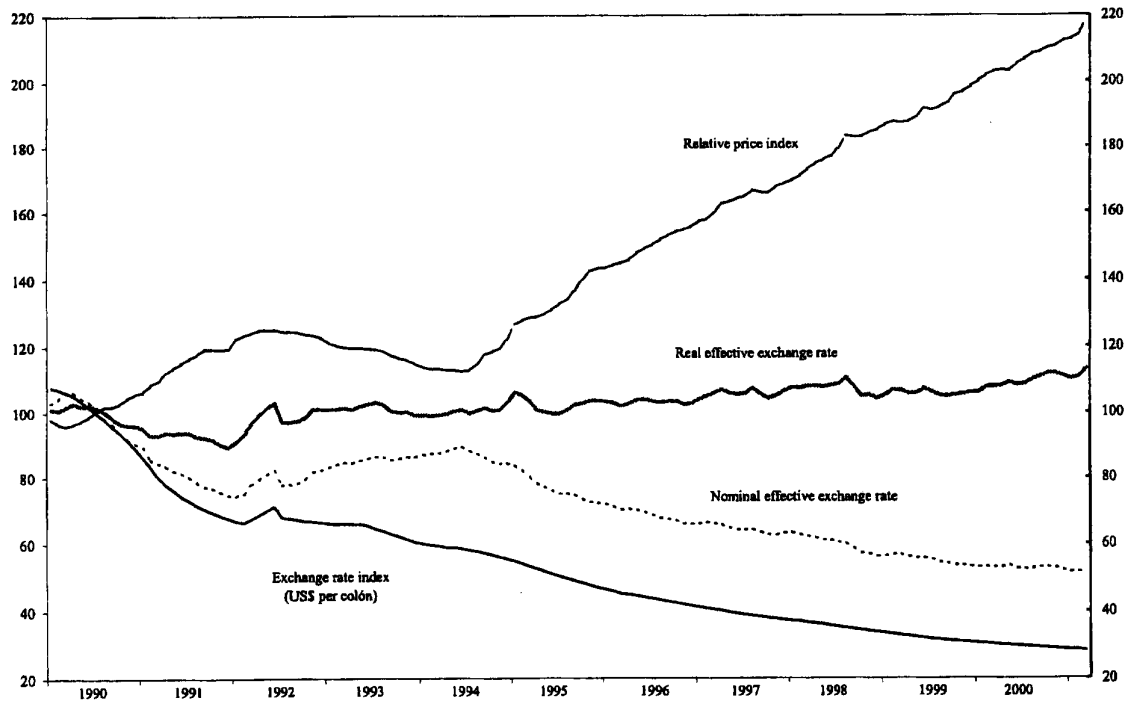
nontraditional exports by 2001. However, while the higher world oil prices raised indirect tax revenues (the import duties and value-added taxes on petroleum products are ad valorem), the earmarking system channeled the additional revenues to public social programs. Central bank operating losses rose 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.

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)



Source: IMF, Information Notice System.

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

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 RICA⁵.

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.

⁵ Prepared by José M. Bailén and Sergio Martin.

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

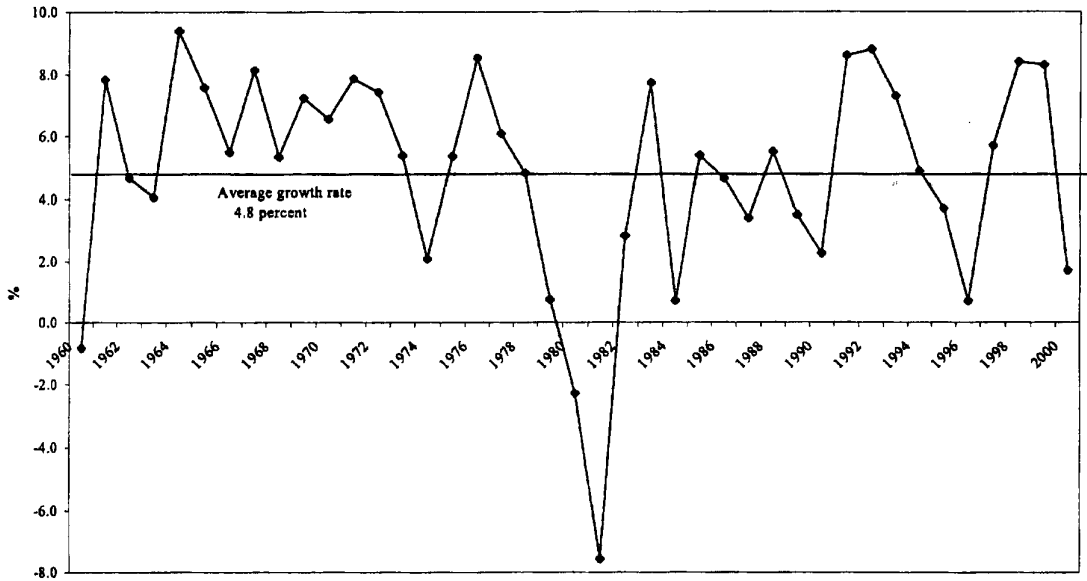


Figure 2. Costa Rica: Inflation, 1960-2000

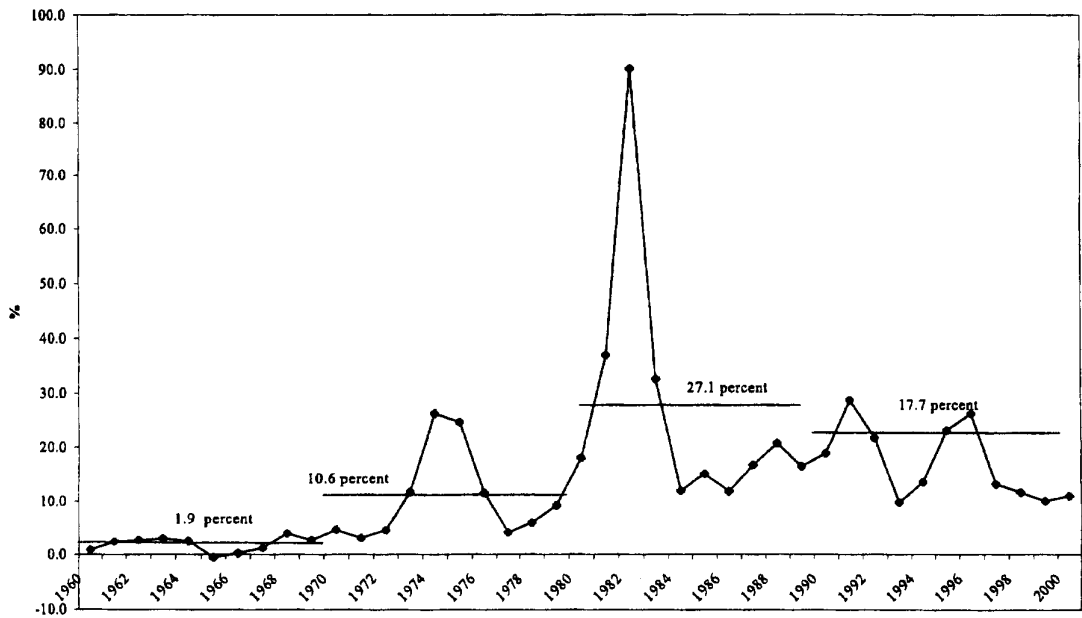


Table 1. Costa Rica: Comparative Social Indicators

	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,

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

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:

$$(2) \quad \gamma_{Y_t} = \gamma_{A_t} + \alpha \gamma_{K_t} + (1 - \alpha) \gamma_{N_t}$$

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:

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

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:

$$(3) \quad H_t = L_t * e_t$$

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

⁶ *Economic Growth*, McGraw-Hill, 1995.

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

⁸ *Stocks for the Long Run: The Definitive Guide to Financial Market Returns and Long-Term Investment Strategies*, McGraw-Hill, 2nd Edition, 1998.

⁹ "On the Mechanics of Economic Development," *Journal of Monetary Economics*; Vol. 22 (July 1988), pp. 3-42.

III. COSTA RICA'S REAL EFFECTIVE EXCHANGE RATE: AN APPRAISAL¹⁰

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 CBCR¹¹ and by the IMF¹² 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

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

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:

$$(1) \quad W_j = \frac{X_j^{CR} + M_j^{CR}}{X^{CR} + M^{CR}}$$

where:

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

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):

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

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 ($W_j^M(G)$) and the export weight attached to country-j ($W_j^X(G)$), where the weights (β_X and β_M) are the shares of export and import in Costa Rica's total trade in manufactures. then

$$(3) \quad W_j(G) = \beta_M W_j^M(G) + \beta_X W_j^X(G); \quad \beta_X + \beta_M = 1$$

where

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

29. The overall export weight attached to country-j ($W_j^X(G)$) is, in turn, the sum of two elements: (a) a bilateral export weight ($w_j^{CR}(G)$); 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

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 .

$$W_{j(G)}^X = \frac{1}{2} w_{j(G)}^{CR} + \frac{1}{2} \sum_k \frac{X_k^{CR}(G)}{\sum_j X_j^{CR}(G)} \cdot \frac{X_k^j(G)}{\sum_l X_k^l(G)}$$

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.

$$W_{j(P)}^{CR} = \frac{X_h^{CR}(P) + M_h^{CR}(P)}{\sum_h X_h^{CR}(P) + \sum_h M_h^{CR}(P)} \cdot \frac{X_h^j(P) + M_h^j(P)}{\sum_n X_h^n(P) + \sum_n M_h^n(P)}$$

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

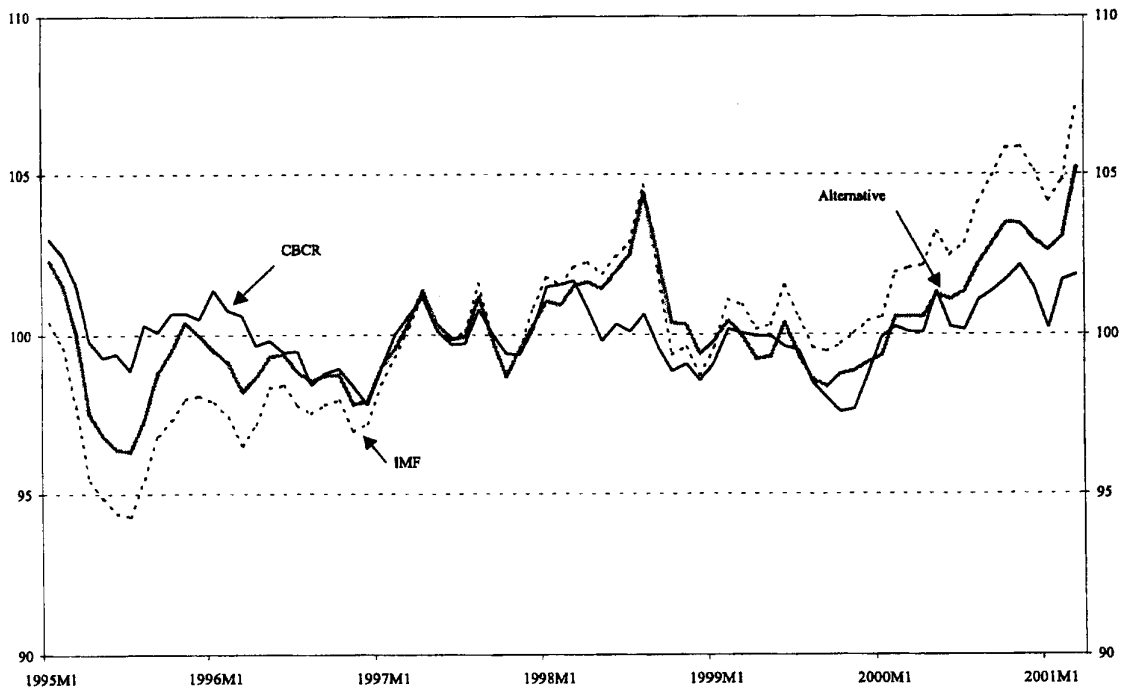
¹⁹ The changes are measured in logarithm.

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.

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

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:

$$(4) \quad REER^{IMF}(t) = \prod_j [P^{CR}(t)E^{CR}(t) / P_j(t)E_j(t)]^{W_j}$$

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:

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

where:

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

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;

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

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:

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

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

$$v_j(t) = \frac{X^j_k(t)}{\sum_j X^j_k(t)} \cdot \frac{X^{CR}_k(t)}{\sum_k X^{CR}_k(t)} ;$$

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:

$$(8) \quad \frac{NEER(t)}{NEER(t-1)} = \frac{1}{\prod_j [E^{CR}_j(t)/E^{CR}_j(t-1)]^{(\omega_j(t) + \omega_j(t-1))/2}}$$

$E_j^{CR}(t)$ = 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:

$$(9) \quad \frac{REER(t)}{REER(t-1)} = \frac{1}{\prod_j [E_j^{CR}(t)/E_j^{CR}(t-1)]^{(\omega_j(t)+\omega_j(t-1))/2}} \cdot \frac{P^{CR}(t)/P^{CR}(t-1)}{\prod_j [P_j(t)/P_j(t-1)]^{(\omega_j(t)+\omega_j(t-1))/2}}$$

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

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 period²³ 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.

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/ Male	107.0	97.0	103.5	104.4	...	...	99	105	113
Female							100	...	...
Secondary enrollment 1/ Illiteracy 2/	42.6	41.4	48.4	49.0	...	...	35	48	60
Infant mortality 3/	12	8	5	5	...	...	26	18	12
Life expectancy (years)	38	19	14.2	12.6	11.8	...	78	56	32
	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 metallic 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 metallic 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	-85.8
(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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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
<i>Of which</i>					
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), Liquor 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
<i>Of which</i>										
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
<i>Of which</i>										
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
<i>Of which</i>										
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

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
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

II. Commercial Banks

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	1997	1998	1999					
	1995	1996	1997	1998	1999					
	2000 I/				2000 I/					
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	1997	1998	1999			
Counterpart unrequited foreign exchange	7.3	7.1	7.4	8.2	8.6	9.2	10.0	9.5
Government trust funds	18.5	15.0	13.9	13.9	13.8	13.8	13.8	13.7
Medium- and long-term foreign liabilities	269.3	248.1	253.5	280.7	292.5	320.1	341.7	329.8
Liabilities to nonbank intermediaries	9.8	6.4	38.4	38.4	52.9	53.3	75.4	82.8
Liabilities to the private sector	681.9	740.2	945.4	979.8	1,158.0	1,206.6	1,511.1	1,746.3
Currency	80.7	91.7	106.8	106.8	124.2	124.2	144.3	143.0
Demand deposits	74.2	87.9	151.5	151.5	166.1	166.1	200.3	250.8
Savings deposits	32.3	43.8	43.8	58.5	72.0	72.0	79.0	135.7
Time deposits	179.0	219.5	197.3	197.3	231.4	231.4	294.7	299.6
Foreign currency deposits	212.6	251.6	309.1	342.6	422.6	469.5	527.0	657.9
Stabilization bonds	82.8	14.8	91.9	92.3	102.9	104.2	230.2	211.7
Other	20.2	30.9	30.3	30.7	39.0	39.3	35.5	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/ Stabilization Bonds	Premium 2/	
	Stabilization Bonds 4/	BNCR 3/ Base Lending	BNCR Deposit Rate		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
Disbursements 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
Total	3,564	3,934	4,610	4,384	4,479	2,737	2,887	3,145	2,678	2,499
	(In millions of U.S. dollars)									
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, Luxembourg	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
<i>Of which</i>										
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.

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.