



COSTA RICA AND THE INTERNET

INTRODUCTION

CONTENTS

- [Introduction and Economy](#)
- [Our Proposal](#)
- [Technical Infrastructure](#)
- [Labor Markets](#)
- [Education](#)
- [Nature & Opportunity of Access](#)
- [Business Environment](#)
- [Intellectual Property](#)
- [Regulatory Environment](#)
- [Links](#)
- [Feedback](#)



Topics on this Page

- [Overview](#)
- [Key Demographic Indicators](#)
- [Economy](#)
- [Outlook](#)

OVERVIEW

The goal of our project is to explore the opportunities presented by the Internet in Costa Rica. We have gathered a large amount of data on the labor, infrastructure, regulatory, and economic factors that will impact the number and type of opportunities that exist in the country. In our case studies, we have witnessed some of the challenges posed by Internet initiatives in Costa Rica, and in addition to finding ways around these obstacles, have proposed some policy changes that should encourage significant Internet development. While Costa Rica may not be the next Silicon Valley, we believe that its stable economy and educated population put it in a strong

position to become an advanced user of technology. Whether speaking in terms of per capita income, education levels, political stability or Internet usage, Costa Rica proves to be very different compared to its geographical and political counterparts. As its key demographic indicators show, it has a very educated labor force, strong macroeconomic growth and forecasts, an excellent basic technical infrastructure, and a stable political environment. All of these lead to the conclusion that Costa Rica is in an excellent position to benefit from the Internet Revolution, and to make its presence felt in the Digital Economy.

[Back to Top](#)

KEY DEMOGRAPHIC INDICATORS

- Population: 3,674,490 (July 1999 est.)
- Population growth rate: 1.8%
- Labor Force growth rate: 2.7%
- GDP per Capita: US \$2,780
- Literacy:
 - definition: age 15 and over can read and write
 - total population: 94.8%
 - male: 94.7%
 - female: 95% (1995 est.)
- Life Expectancy: 77
- Infant Mortality (per 1000 live births): 12
- Urban Population (% of total population): 77

Costa Rica's economy depends heavily on tourism, agriculture, and electronics exports. Poverty has been substantially reduced over the past 15 years and a strong social safety net has been put into place. Economic growth has rebounded from -0.9% in 1996 to 3% in 1997 and an estimated 5.5% in 1998. Inflation rose to 22.5% in 1995, dropped to 11.1% in 1997, and reached an estimated 12% in 1998. Unemployment appears moderate at 5.6%, but as in most developing nations, substantial underemployment continues. Recently, one of the problems Costa Rica has had to deal with is the fact that large government deficits have undermined efforts to maintain the quality of social services. Thus, curbing inflation, reducing the deficit, and improving public sector efficiency remain challenges to the

government. However, political resistance to privatization has hindered President's reform program, and may be a stumbling block for the expansion of the Internet into this nation.

Read what others have to say about Costa Rica:

[The World Bank](#)

[CEPAL \(In Spanish\)](#)

[Back to Top](#)

ECONOMY

As noted earlier, Costa Rica has one of the best economies in the region. It has a high per capita income for a "middle income country", standing at US \$2,780. Its GDP currently stands at US \$10.5 billion, and is growing at 6.2% per year. Gross Domestic Investment is growing at an impressive rate of 22.8% per year, but this is in tandem with an increase in the importation of goods and services by 18.2%, taking that sector's share of the GDP to 50.9%. The Agricultural and Industrial sectors of the economy are both on the rise after stumbling a bit in the 1980's. Inflation is at a manageable 11.7%, and has been declining steadily since the previous decade.

The economy is based on a Free Market system and open trading regime. State monopolies include electricity distribution, telecommunications, insurance, and petroleum production. Other than these, there are no significant trade barriers that affect the importation of most goods and services by Costa Rica.

Key Economic Ratios and Long-Term Trends	1977	1987	1997	1998
GDP (<i>US \$Billions</i>)	3.1	4.5	9.7	10.5
Gross Domestic Investment/GDP	24.3	27.1	26.5	27.2
Exports of goods and services/GDP	30.9	31.6	46.1	50.4
Gross Domestic Savings/GDP	18.8	23.0	25.7	26.8
Gross National Savings/GDP	16.7	17.3	24.7	24.5

Current Account Balance/GDP	-7.4	-10.0	-2.2	-4.3
Interest Payments/GDP	1.7	3.2	1.9	1.7
Total Debt/GDP	42.9	104.2	36.5	31.3
Present Value of debt/GDP	---	---	34.4	---
Present Value of debt/exports	---	---	72.8	---

Average Annual Growth	1977-87	1988-1998	1997	1998
GDP	1.5	4.1	3.7	6.2
GNP per capita	-1.9	2.6	2.5	3.1
Exports of goods and services	2.7	9.4	4.1	13.1

[Back to Top](#)

COSTA RICA AND THE INTERNET

INTRODUCTION



Topics on this Page

- Overview
- Key Demographic Indicators
- Economy
- Outlook

OVERVIEW

The goal of our project is to explore the opportunities presented by the Internet in Costa Rica. We have gathered a large amount of data on the labor, infrastructure, regulatory, and economic factors that will impact the number and type of opportunities that exist in the country. In our case studies, we have witnessed some of the challenges posed by Internet initiatives in Costa Rica, and in addition to finding ways around these obstacles, have proposed some policy changes that should encourage significant Internet development. While Costa Rica may not be the next Silicon Valley, we believe that its stable economy and educated population put it in a strong position to become an advanced user of technology.

Whether speaking in terms of per capita income, education levels, political stability or Internet usage, Costa Rica proves to be very different compared to its

geographical and political counterparts. As its key demographic indicators show, it has a very educated labor force, strong macroeconomic growth and forecasts, an excellent basic technical infrastructure, and a stable political environment. All of these lead to the conclusion that Costa Rica is in an excellent position to benefit from the Internet Revolution, and to make its presence felt in the Digital Economy.

[Back to Top](#)

KEY DEMOGRAPHIC INDICATORS

- Population: 3,674,490 (July 1999 est.)
- Population growth rate: 1.8%
- Labor Force growth rate: 2.7%
- GDP per Capita: US \$2,780
- Literacy:
 - definition: age 15 and over can read and write
 - total population: 94.8%
 - male: 94.7%
 - female: 95% (1995 est.)
- Life Expectancy: 77
- Infant Mortality (per 1000 live births): 12
- Urban Population (% of total population): 77

Costa Rica's economy depends heavily on tourism, agriculture, and electronics exports. Poverty has been substantially reduced over the past 15 years and a strong social safety net has been put into place. Economic growth has rebounded from -0.9% in 1996 to 3% in 1997 and an estimated 5.5% in 1998. Inflation rose to 22.5% in 1995, dropped to 11.1% in 1997, and reached an estimated 12% in 1998.

Unemployment appears moderate at 5.6%, but as in most developing nations, substantial underemployment continues. Recently, one of the problems Costa Rica has had to deal with is the fact that large government deficits have undermined efforts to maintain the quality of social services. Thus, curbing inflation, reducing the deficit, and improving public sector efficiency remain challenges to the government. However, political resistance to privatization has hindered President's reform program, and may be a stumbling block for the expansion of the Internet into this nation.

Read what others have to say about Costa Rica:

[The World Bank](#)

ECONOMY

As noted earlier, Costa Rica has one of the best economies in the region. It has a high per capita income for a "middle income country", standing at US \$2,780. Its GDP currently stands at US \$10.5 billion, and is growing at 6.2% per year. Gross Domestic Investment is growing at an impressive rate of 22.8% per year, but this is in tandem with an increase in the importation of goods and services by 18.2%, taking that sector's share of the GDP to 50.9%. The Agricultural and Industrial sectors of the economy are both on the rise after stumbling a bit in the 1980's. Inflation is at a manageable 11.7%, and has been declining steadily since the previous decade.

The economy is based on a Free Market system and open trading regime. State monopolies include electricity distribution, telecommunications, insurance, and petroleum production. Other than these, there are no significant trade barriers that affect the importation of most goods and services by Costa Rica.

Key Economic Ratios and Long-Term Trends	1977	1987	1997	1998
GDP (<i>US \$Billions</i>)	3.1	4.5	9.7	10.5
Gross Domestic Investment/GDP	24.3	27.1	26.5	27.2
Exports of goods and services/GDP	30.9	31.6	46.1	50.4
Gross Domestic Savings/GDP	18.8	23.0	25.7	26.8
Gross National Savings/GDP	16.7	17.3	24.7	24.5
Current Account Balance/GDP	-7.4	-10.0	-2.2	-4.3
Interest Payments/GDP	1.7	3.2	1.9	1.7
Total Debt/GDP	42.9	104.2	36.5	31.3
Present Value of debt/GDP	---	---	34.4	---
Present Value of debt/exports	---	---	72.8	---

Average Annual Growth	1977-87	1988-1998	1997	1998
GDP	1.5	4.1	3.7	6.2

GNP per capita	-1.9	2.6	2.5	3.1
Exports of goods and services	2.7	9.4	4.1	13.1

[Back to Top](#)

I. CASE STUDY: FOR-PROFIT VENTURE

12/6/99

[Click here to start](#)

Table of Contents

Author: Saad Rahim

I. CASE STUDY: FOR-PROFIT VENTURE

[Download presentation source](#)

[Overview](#)

[Our Proposal](#)

[International IT Labor Shortage](#)

[Increasing Use of Contract Developers](#)

[Education](#)

[Financial Analysis](#)

[PPT Slide](#)

[Reality Test](#)

II. CASE STUDY: NON-PROFIT VENTURE

[Our Venture](#)

[Perceived Need](#)

[Perceived Need There are a number of organizations that serve the needs of this demographic, many of them providing temporary shelters and adoption services. Most of these organizations do not cooperate](#)

[Our Venture](#)

[Sample Entry](#)

[Potential Benefits](#)

[Reality Check](#)

I. CASE STUDY: FOR-PROFIT VENTURE



Streamlining Software Development



Slide 1 of 17

Overview

- Growing global labor shortage in terms of software developers, especially in the U.S.
- Increasing use of outside contractors for development
- Costa Rica has a highly developed IT sector and educated workforce
- High percentage of engineers and IT professionals



Create an effective way for U.S. companies to contract work from Costa Rica



Slide 2 of 17

Our Proposal

Costa Rica's potential in software exports is estimated at US\$500 million.

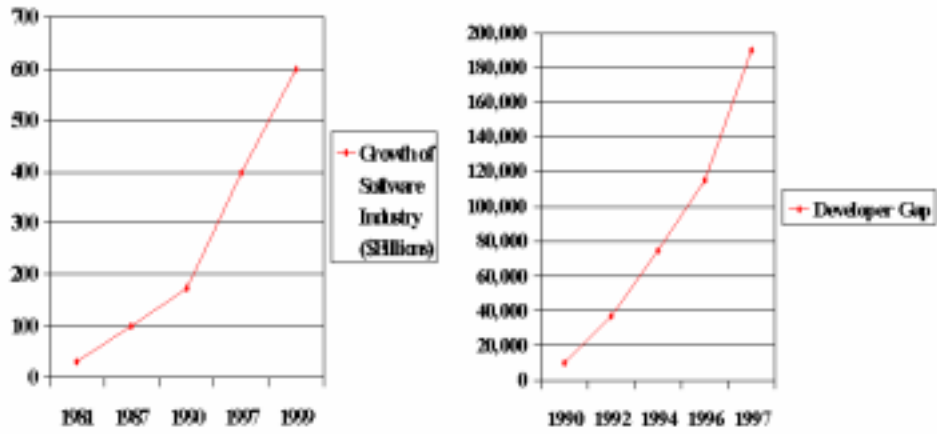
IDB has assessed Costa Rica as the most developed and fastest growing Information Technology market in Latin America.

The high degrees of education and technical level are significant advantages.

Costa Rica has nine software-exporting companies and about 80 more of smaller size.



International IT Labor Shortage



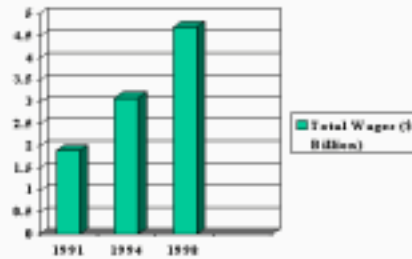
Slide 4 of 17

Increasing Use of Contract Developers



•National Association of Temporary and Staffing Services:

wages for temporary technical workers grew from \$1.9 billion in 1991 to \$4.7 billion in 1998



Slide 5 of 17

Reality Check

- Sources of funding

- Advertising and corporate sponsorship



- Government subsidies

- Will foster parents go online?



Slide 17 of 17

International IT Labor Shortage

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Potential Benefits

- Lower search costs for foster parents
- Additional distribution channel for each of shelters
- Cost per child for each shelter declines; more children are served
- Social benefit of finding a home for each additional child



Slide 16 of 17

Reality Check

- **Sources of funding**

-

- Advertising and corporate sponsorship

-

-

- ○ Government subsidies

- **Will foster parents go online?**

[Previous slide](#)

[Back to first slide](#)

[View graphic version](#)

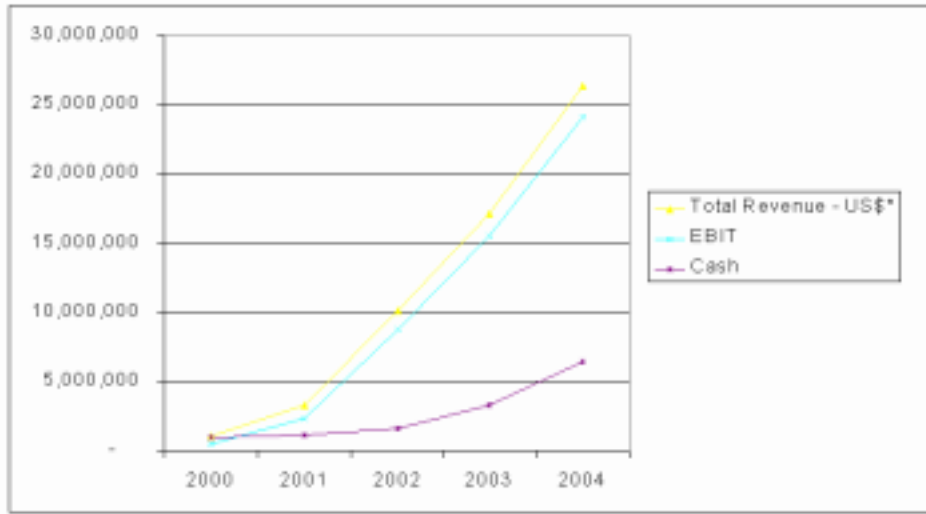
Education

- Costa Rica has 17, 532 Engineers & Scientists
- Of these, 5,000 are software developers
- Among the highest levels in Latin America, in per capita and absolute terms



Slide 6 of 17

Financial Analysis



Slide 7 of 17

Financials reported in \$ Millions		2000	2001	2002	2003	2004
Revenue						
Revenue - Europe*		1,295	1,145	1,554	5,314	1,359
Revenue - Japan*						
Revenue - Other*		1,295	1,145	1,554	5,314	1,359
Revenue - Other	\$	5.01	3.28	18.15	51.10	26.48
Revenue - Other	\$	8.02	8.82	8.82	8.82	8.82
Revenue - Other	\$	149,000.88	149,000.88	150,889.00	152,889.00	149,000.88
Revenue - Other		58	150	148	158	158
Revenue - Other		5	10	12	14	25
Cost of Sales						
Cost of Sales		40,888	41,288	42,405	49,109	49,888
Expenses						
Research Expense		200,888	412,888	489,250	666,434	1,126,488
Travel		18,888	180,888	188,888	220,888	318,888
SG&A		100,888	109,888	118,290	119,149	121,881
Depreciation		100,888	109,888	118,290	119,149	121,881
Marketing		15,888	150,888	498,888	498,888	525,888
Acquisition						
The Bottom Line						
EBIT		922,888	2,940,888	9,168,289	18,837,839	24,151,388
Gain		1,000,888	1,184,888	1,872,888	3,305,884	6,133,221
Return on Sales		8%	25%	1%	1%	2%
Assumptions:						
NEW HIREES (average NUMBER & COMPANY)		18%				
Starting Costs (1998)		1,000,888	Notes			
Return on Sales (1998)		20%				
Margin on Contracted		10%				
Average Yearly EBIT Margin (2000-2004)		3%	First Year 2000			
Total 101042L \$18,200000 p0044		\$18,888				
Contracted 198 19847 506 1994 - 1999						
Research Expense percentage of EBIT - with problems		20%				
Research Expense percentage of EBIT - with no desktop problems		60%				
Operating Expenses - average per year		8%				
Cost of Marketing - average per year		\$1,000,888				
MEMO 1 - Based on revenue generated per employee of the PRT Group						
		2000	2001	2002	2003	2004
Revenue - Other*		1,312,888	2,242,888	59,134,888	11,188,888	44,400,888
EBIT		820,888	2,940,888	9,168,289	18,837,839	24,151,388
Gain		1,000,888	1,184,888	1,872,888	3,305,884	6,133,221



Reality Test

		Likelihood of occurrence	
		low	high
Severity of Risk	high	Difficult attracting Costa Rican programmers	Customers don't adopt online project management
	low	Don't reach target market	Price pressure Costa Rican market becomes more competitive



Slide 9 of 17

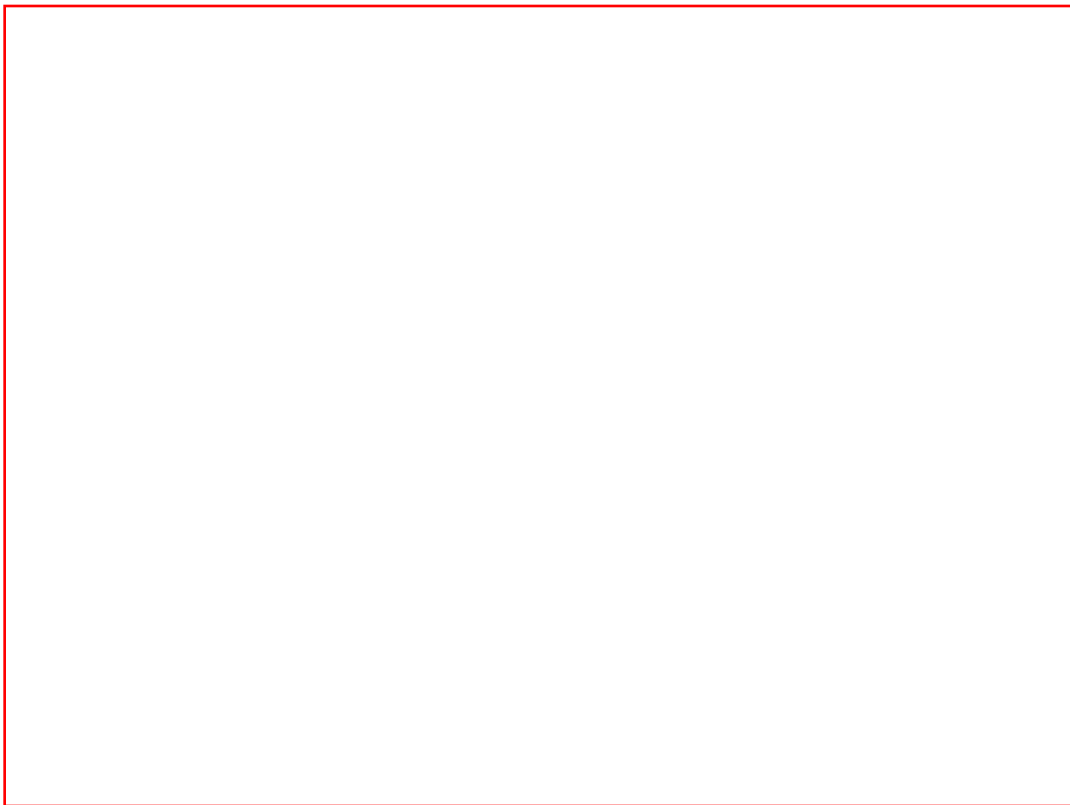
II. CASE STUDY: NON-PROFIT VENTURE



Streamlining Child Adoption Services



Slide 10 of 17



Slide 11 of 17

Perceived Need

- 270,000 children age 12 and under live in poor conditions
- 45,000 of these are considered socially at-risk
- 31.7% of youth between 12-14yrs work 40+ hours/week

Source: La Prensa 5/20/96



Slide 12 of 17

Perceived Need

There are a number of organizations that serve the needs of this demographic, many of them providing temporary shelters and adoption services. Most of these organizations do not cooperate

<i>Organization</i>	<i>Description</i>
<i>Caja Costarricense de Seguro Social</i>	<i>Promote understanding of youth and their growth and development issues</i>
<i>Adolescent Clinic at Children's Hospital PROCAL</i>	<i>Helps young mother's and their children; also sexual abuse</i>
<i>PANJ</i>	<i>Specialize in teenage pregnancy and high risk social, economic and family conditions</i>
<i>Instituto Mixto de Ayuda Social</i>	<i>Child welfare agency with special attention to minors in at-risk situations</i>
<i>Movimiento Nacional de Juventudes</i>	<i>Provides temporary homes, permanent homes, alternative activities etc.</i>
<i>Casa Alianza</i>	<i>State institution for promotion and reinforcement of youth organizations</i>
<i>Fundación PANIAMOR</i>	<i>Deals with sexual exploitation, abuse and illegal adoption</i>
<i>UNICEF</i>	<i>Promotes children's rights</i>
	<i>Issues of poverty and education</i>



Slide 13 of 17

Our Venture

PROPOSAL:

In order to unite and streamline adoption services among these organizations, we propose the creation of a web service that will maintain a nationwide database of children who are in need of foster families.



Slide 14 of 17

Sample Entry



- Name: Carlos Gutierrez
- Age: 11
- Location: San Jose
- Height: 4' 8"
- Weight: 95 lbs.

- Background: Carlos is an only child. Both his parents are deceased. He was found working in a factory on the outskirts of San Jose on 10/15/99.



Slide 15 of 17

Our Proposal

U.S. Software Companies

Project Managers

WWW

Costa Rican Developers

Costa Rica's potential in software exports is estimated at US\$500 million.

IDB has assessed Costa Rica as the most developed and fastest growing Information Technology market in Latin America.

The high degrees of education and technical level are significant advantages.

Costa Rica has nine software-exporting companies and about 80 more of smaller size.

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Overview

- **Growing global labor shortage in terms of software developers, especially in the U.S.**
- **Increasing use of outside contractors for development**
- **Costa Rica has a highly developed IT sector and educated workforce**
- **High percentage of engineers and IT professionals**

Create an effective way for U.S. companies to contract work from Costa Rica

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

I. CASE STUDY: FOR-PROFIT VENTURE

Streamlining Software Development

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Education

- **Costa Rica has 17, 532 Engineers & Scientists**
- **Of these, 5,000 are software developers**
- **Among the highest levels in Latin America, in per capita and absolute terms**

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Increasing Use of Contract Developers

- National Association of Temporary and Staffing Services: wages for temporary technical workers grew from \$1.9 billion in 1991 to \$4.7 billion in 1998

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Potential Benefits

- **Lower search costs for foster parents**
- **Additional distribution channel for each of shelters**
- **Cost per child for each shelter declines; more children are served**
- **Social benefit of finding a home for each additional child**

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Financial Analysis

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

PPT Slide

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Reality Test

low

low

high

high

Severity of Risk

Likelihood of occurrence

Difficult attracting Costa Rican programmers

Customers don't adopt online project management

Price pressure

Costa Rican market becomes more competitive

Don't reach target market

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

II. CASE STUDY: NON-PROFIT VENTURE

Streamlining Child Adoption Services

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Our Venture

@doption.org

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Perceived Need

- **270,000 children age 12 and under live in poor conditions**
- **45,000 of these are considered socially at-risk**
- **31.7% of youth between 12-14yrs work 40+ hours/week**

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Perceived Need There are a number of organizations that serve the needs of this demographic, many of them providing temporary shelters and adoption services. Most of these organizations do not cooperate

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Our Venture

PROPOSAL:

In order to unite and and streamline adoption services among these organizations, we propose the creation of a web service that will maintain a nationwide database of children who are in need of foster families.

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

Sample Entry

- **Name: Carlos Gutierrez**
- **Age: 11**
- **Location: San Jose**
- **Height: 4' 8"**
- **Weight: 95 lbs.**
- **Background: Carlos is an only child. Both his parents are deceased. He was found working in a factory on the outskirts of San Jose on 10/15/99.**

[Previous slide](#)

[Next slide](#)

[Back to first slide](#)

[View graphic version](#)

COSTA RICA AND THE INTERNET

TECHNICAL INFRASTRUCTURE



Topics on this Page

- [Overview](#)
- [Technical Infrastructure: Telephony](#)
- [Technical Capacity: Internet](#)

OVERVIEW

Costa Rica possesses one of the most advanced and complete telecommunications infrastructures in the region. Services available include MIDA, cellular telephony, satellite mobile communications, international lines to the rest of the world, Internet access, data transmission via computer, Fiber-optic rings, dedicated Internet access, digital point to point links, transportation networks with fiber and wireless digital technology (Frame Relay, TDMA), leased channels using satellite facilities, VSAT networks, X.25 Networks, ISDN Nets, and multimedia services.

[Back to Top](#)

TECHNICAL INFRASTRUCTURE: TELEPHONY

Telecommunications in Costa Rica is a state monopoly serviced by the Instituto Costarricense de Electricidad (ICE), the state owned electric company and telecommunications provider. Calls for deregulation of the telecom sector and privatization of the state carrier began in 1996. However, they were highly unpopular and transformation of the sector has progressed slowly. In 1998, a number of other Central American countries privatized their telecommunications companies: Panama, El Salvador, and Guatemala all completed the sale of their carriers to the private sector. Furthermore, two other countries, Nicaragua and Honduras secured legislative approval for privatization.

In that same period, Costa Rica announced its intention to start 'opening up' its telecom sector. In particular, the government of President Miguel Angel Rodriguez submitted a reform proposal to consultation in the Foro de Concertacion Nacional, where political parties, unions and civic organizations can have their say. The Foro's telecommunications commission announced its recommendation for a phased 'opening up' of the sector that would begin in 1998 and conclude in 2002 with full de-monopolization. Instead of privatizing ownership of the ICE, various services will be opened up to competition, and ICE will just be one more competitor in the market. The process began with concession to private operators of one band of cellular telephony and another of personal communication services (PCS). Next to be freed are value added services (VAR) such as data transmission and Internet access.

Number of Phones and Lines	
# of Phones	281,042
# of Phone Lines	620,00
# of Cellular Lines	45,000

Density	# per 100 Residents
Phones	18
Cellular Phones	1.5

National Fiber Optics Telecom Network	# of Kilometers
Links among Central and Transmission Stations	4,455
Network for Commuter Access	6,191
Others	136

International Connectivity

Maya-1 underwater optical fiber cable was linking 7 American countries -- U.S., Mexico, Cayman Islands, Honduras, Costa Rica, Panama, and Columbia - and stretching 4400 kilometers was recently placed into Costa Rican waters. It is scheduled to commence operations in July of 2000, permitting Costa Rican clients direct links to the U.S, Central, and South America. The state-of-the-art cable should provides enough capacity and band-width for data, internet, video-conferencing, and other broadband applications

[Back to Top](#)

TECHNICAL INFRASTRUCTURE: INTERNET

These recent developments bode well for Internet provision in Costa Rica. Internet access, to date, is exclusively provided by Radiografica Costarricense (RACSA), the subsidiary of ICE responsible for data transmission services. However, if data transmission and internet access are the next services to be opened to competition, then we can expect an influx of private Internet Service Providers (ISP's) into the market and, in theory, the introduction of healthy competition in the sector. This outcome is contingent on the fact that the ICE does not abuse its monopoly powers when providing international bandwidth to any ISP's, at least in the short-term (till the year 2002, where its monopoly ends). If the ICE is allowed to cross-subsidize internet service from its existing network, or if it charges prohibitive prices to ISP's looking to lease international circuits, then it will be able to provide significantly lower internet access rates, effectively choking out all competition.

Internet Figures	
Internet Nodes	4760
Internet Domains	365
FTP Servers	97
WWW Servers	282
Internet Users	51,500
Annual growth rate of users	120%

Density of Internet per 1,000 residents	
Nodes	14 (second place in Latin America)

Users

15

Other Technologies	Per 1,000 People
TV's	403
Cable Subscribers	14.4
Mobile Phones	19
Internet hosts	8.08

[Back to Top](#)

COSTA RICA AND THE INTERNET

LABOR MARKETS



Topics on this Page

- Overview
- Labor Market Statistics
- Structure of the Economy and Market

OVERVIEW

Despite having a highly educated work force, as evidenced by the extremely high literacy rate, only 36.3% of Costa Rica's labor force is officially "active". There are a number of possible explanations for this low percentage. One of these is the fact that there is widespread underemployment. Another is the existence of a large "informal sector", which is to be expected in a country driven by tourism.

On a positive note, Costa Rica has a significant percentage of women in the work force, at over 30%. Another key statistic is the fact that Costa Rica has almost 20,000 trained engineers and scientists, among the highest in the region. Also, the Association of American Chambers of Commerce rate it as "one of the most productive and fast learning" work forces in the Americas.

A COMPETITIVE LABOR FORCE

Costa Rica has been able to attract foreign investment by offering a healthy and relatively well-educated labor force. In sharp contrast to neighboring Nicaragua, Costa Rica has a literacy rate of 94.8 percent. Costa Rica has the highest adult literacy rate in Central America not least because elementary and secondary education are free. In addition, the school system's nutrition programs offer two meals per day to primary school students.

Higher education is offered through three state universities in the central valley. They have branch campuses serving other areas of the country. Costa Ricans must pay for university studies, although tuition tends to be low and scholarships are readily available. Links with foreign universities and access to the Internet are improving the level of technical education offered.

COSTA RICANS AS CONSUMERS

This is a young nation. Roughly 44 percent of the population was 19 years of age or younger in 1997. Thanks to improved media access, Costa Rica's young people are more sophisticated and receptive to imported goods than their peers in other Central American nations. In addition, steady economic development has resulted in the disposable income needed to buy imported goods.

The average household size in Costa Rica has declined over the past couple of decades to its current level of 4.74 persons, yet slightly over half the Costa Ricans live in households with five to eight members. The purchasing power of households is on the rise because of a trend toward households with multiple income earners.

COSTA RICAN BUYING POWER

Costa Rican consumption is highly concentrated in urban areas. Urban buying power far exceeds that in rural areas in all SES categories. Buying power (US\$billion)

- SES Urban Rural
-
- A 0.43 0.23
- B 1.21 0.68
- C 1.28 0.69
- D/E 0.63 0.32
-

SOURCE: Strategy Research Corporation, 1997.

Ready access to government-subsidized education and health care takes the economic pressure off the average household. Most Costa Ricans eat well, and roughly one-third of urban household spending goes toward the purchase of food and beverages. Fresh foodstuffs produced in Costa Rica and neighboring countries are an essential part of the local diet, although the advent of supermarkets in San Jose has increased consumption of packaged and processed food items.

MIDDLE AGED AND MIDDLE CLASS

Contrary to its Central American neighbors, Costa Rica is experiencing strongest population growth in the middle-age and late-middle-age groups. Legend for chart: A - Age B - 1995; Total C - 1995; Male D - 1995; Female E - 2005; Total F - 2005; Male G - 2005; Female H - % change 1995-2005 + (-)

- A B C D E F G H
- 0-4 417 213 204 344 176 168 (17.5)%
- 5-9 404 206 198 375 192 183 (7.2)
- 10-14 368 188 180 416 213 203 13.0
- 15-19 333 170 163 404 206 198 21.3
- 20-24 284 145 139 367 187 180 29.2
- 25-29 293 149 144 331 168 163 13.0
- 30-34 282 143 139 282 143 139 0.0
- 35-39 242 122 120 291 147 144 20.2
- 40-44 191 96 95 280 142 138 46.6
- 45-49 148 74 74 239 120 119 61.5
- 50-54 112 56 56 186 93 93 66.1
- 55-59 91 45 46 141 70 71 54.9
- 60-64 78 38 40 105 51 54 34.6
- 65-69 60 29 31 83 40 43 38.3
- 70-75 45 21 24 65 30 35 44.4
- 75+ 55 24 31 87 37 50 58.2
- Total 3,403 1,719 1,684 3,996 2,015 1,981 17.4

SOURCE: World Population Projections, 1994-95 Edition, The World Bank.

In stark contrast to other Central American nations, Costa Rica has a viable middle class. According to Strategy Research Corporation statistics for 1996, SES B accounted for 34 percent of urban consumption and SES C for 36 percent. Although an increasing number of Costa Ricans have moved into the middle income bracket, they are feeling the pinch of persistent double-digit inflation, which hung above the 15 percent mark during much of 1997.

Costa Rica has attracted a substantial number of foreign retirees, but senior citizens (65 and over) represent less than 5 percent of the inhabitants. About 6,000 foreign retirees now live in the country, many of them from the United States. They are drawn by the mild climate, low cost of living, and friendly population. Retirees are also attracted by the availability of high-quality, yet inexpensive medical care.

Many Costa Ricans speak some English, although they react positively to foreigners who make the effort to speak Spanish. The foreign community is served by a growing number of English-speaking lawyers and real estate brokers, as well as the local English-language weekly, *The Tico Times*. The rising popularity of United States culture, including popular music, fast-food franchises, and movies, makes

U.S. American expatriates feel at home. SOURCE: Costa Rica, a model of stability. Extended: Costa Rica is a young nation; roughly 44% of the population was 19 years of age or younger in 1997 Market Latin America; 6(4):10+, April 1998. ISSN: 1066-7024. [Back to Top](#)

LABOR MARKET STATISTICS

Total Size of Labor Force (1997): 868,300

- % of Women on Total 30.1%
- % of Men on Total 69.9%

Scientists/Engineers: 17,222

Economically Active Population: 36.6%

UN HDI (1998): 0.889 (# 34, one of the highest)

Unemployment rate: 5.6% (1998 est.); much underemployment

Labor force -- by occupation	% of Total Work Force
Industry and commerce	23.3%
Government and services	55.1%
Agriculture	21.6%

COSTA RICA AND THE INTERNET

EDUCATION



Topics on this Page

- Overview
- Universities

OVERVIEW

Costa Rica has one of the highest literacy rates (95%) in not only Latin America, but in the middle income group of countries as a whole. This is due in large part to the high levels of primary school enrollment, on the order of 92%. Males are expected to attend school for 10 years, and females for 9, figures which are borne out by the secondary enrollment statistics, which show a 43% enrollment. Increasingly, however, these numbers are going up, as the opportunities and incentives for higher education grow. There are now 3 certified technical institutions, 6 institutions offering instruction in Computers, and 3 in Business. Everything in San Jose makes clear that Costa Ricans are a highly literate people :the country boasts of 93% literacy in those 10 years or over, the most literate population in Central America. Many of the country's early fathers like the first president, Jose Maria Castro, were former teachers who were concerned about the education in Costa Rica. In 1869, the country became one of the first in the world to make the education both free and obligatory, funded by the state's share of the great coffee wealth. In those days only one in ten Costa Ricans could read and write . By 1920 the 50% of the population was literate and by 1970s 89% were able to read and write.

The last 20 years have seen a significant boosts to educational standards. Since the 70s the country has invested more than 28% of the national budget on primary and secondary education. President Figueres elected in 1994, advocates a computer in each of the nation's 4000 schools, plus obligatory English classes, probably with the technological and tourist industriesboom of recent years.

Libraries are the only way for adults in rural areas to continue education beyond six grade. The country, with approximately 100 libraries, has a desperate need for books and for funds to support the hundreds of additional libraries that the country needs. Elementary and High schools are to be found in every community. Students are not required to pay for assistance, a nominal charge of around \$20 per year applies. Elementary school has 6 year levels, where as high school has 5 year levels. Each is divided in two cycles, and upon completion of each cycle, students are required to pass tests on all subjects studied during those years. The most notorious of these tests are the Bachillerato Tests, which are required to get the high school diploma needed for admission to Universities.

Although the country lacked a university until 1940, Costa Rica now boasts four state-funded universities and a score of small private ones, whose number has increased dramatically in the last decade, due to the difficulty of being admitted to state-funded, more prestigious universities. Opportunities abound for adults to earn the primary or secondary diplomas they failed to gain as children.

The University of Costa Rica (UCR), the largest and oldest university, enrolls some 35,000 students, mostly on scholarships, but even paying full tuition is not hard as it rarely surpasses \$200 a semester. The main campus is in the northeastern San Jose community of San Pedro but the UCR also has regional centers in Alajuela, Turrialba, Puntarenas and Cartago. The National University in Heredia, offers a variety of liberal arts, sciences, and professional studies to 13,000 students . Cartago's Technical Institute of Costa Rica (ITCR) specializes in science and technology, and seeks to train people for agriculture, industry and mining. And the State Correspondence University, founded in 1978, is modeled after the United Kingdom's Open University and has 32 regional centers offering 15 degree courses in health, education, business administration, and the liberal arts.

In addition there are many private institutions like, the Autonomous University of Central America, the University for Peace, sponsored by the United Nations offering a master's degree in communications for Peace.

Sources:

<http://www.infocostarica.com/education/general.html>

[Back to Top](#)

Universities

Costa Ricans are extremely proud of their education level, and they strongly believe that the key to a good life is schooling and continued training. The government of this small Central American country has always placed a large amount of its budget in primary, high school and higher level education. A lot of its presidents, instead of being harsh dictators or military men, have been educators who have always encouraged the educational improvement of the Ticos.

The first university in Costa Rica was called "Universidad de Santo Tomas", located in San Jose. This institution as the "Casa de Ensenanza de Santo Tomas" since 1814, but it didn't become a full-fledged university until 1843. This university taught subjects such as Cosmography, History, Experimental Physics, Ethics, Mathematics, Latin and Law. The renown Law School was the only department that survived when the whole university was shut down in 1888. The closure of this superior education center was due to the idea of establishing a more technological and "practical" institution; this proved to be a bad move, since another university wasn't inaugurated until 1940.

Rafael Calderon Guardia was president of Costa Rica from 1940-1944, and he initiated a series of socialist reforms that included the establishment of the following institutions or services: Social Medicine Service, Labor Code (minimum wage, working hours,etc.) and the public University of Costa Rica. The founding of the University of Costa Rica was and still is of extreme importance, since until then, middle-class or poor people couldn't afford to send their children to foreign universities, like the upper class. Therefore, they were limited to a high school degree and in the best of cases, to studying Law in the University of Santo Tomas. The University of Costa Rica transformed the country completely, since it created prominent people that would later become some of the country's best doctors, lawyers, engineers, educators, scientists and artists. Before this point, public and obligatory education for all had been limited to the primary and high school levels.

Today there are four public universities. The University of Costa Rica is the largest one, with a population of 35,000 students and numerous undergraduate and graduate programs. The second largest public university is the National University in Heredia, with an estimated 13,000 students. The Technological Institute in Cartago is dedicated mostly to the teaching of scientific and technological careers. Finally, there's the State Correspondence University, which is designed after a British Open University, and has had great success especially for people who live in rural areas. These public universities have large facilities and some, like the University of Costa Rica, has a large and very nice

campus. Even though the fee is small to moderate, these institutions still offer scholarships for students who can't afford even the minimum charge.

Apart from these public universities, there are several private ones that have multiplied immensely in the past ten years. These institutions offer shorter careers, since most of them don't require the liberal arts courses that are obligatory in public universities. Since they are private, the charge per unit or per class is much more expensive than in public universities, but many students that can afford them prefer to attend these universities because they're interested in a more focused education. Most of these private universities are located in San Jose or very close by, since this is where most of the wealth and population lie. Some of the main ones are: Universidad Latina, Universidad Autonoma de Centro America, Universidad Interamericana, and many, many others.

Because of unstable economic and political situations, many Latin American students have come to Costa Rican universities because they offer an excellent education in a stable environment. Professors are usually highly trained and educated individuals who hold many Master or P.H.D. degrees from institutions in Costa Rica, the United States or Europe. Many foreign students who have come to learn Spanish, later decide to stay in a Costa Rican university for a semester or for the duration of a whole career, since they realize the high level of education in Tico universities. Even though Costa Rica doesn't offer very specific careers, it does present the standard ones, highly trained professionals, and all in a country that is attractive not only because of its nature, but also because of social activities that will provide entertainment during those few, but blissful hours away from the books.

Sources:

<http://www.infocostarica.com/education/universities.html> Back to Top

<http://www.unevoc.de/directory/centres/cos.htm> Costa Rica
UNESCO Region: Latin America and the Caribbean

Name of Institution: (Original name) Ministerio de Educación Pública o Departamento de Educación Técnica (English name) Ministry of Public Education o Department of Technical Training Status with UNEVOC: UNEVOC Centre Town: San Jose Street address: Calle 6, Av. 0-2 o 1000 San José Mailing address: Apartado 1087-1000 o San José Head: Mr Fernando BOGANTES CRUZ, Director Working language(s): Spanish UNESCO languages: Spanish Web Home Page: Information technology: Phone: [+506] 230157, 231666 Ext. 220-280 Fax: [+506] 2229339 Cable

address: Personal computers: Modem & communication software: not available

Name of Institution: (Original name) Instituto Nacional de Aprendizaje (English name) National Institute of Apprenticeship Status with UNEVOC: UNEVOC Associate Centre Town: San Jose Street address: Mailing address: Apartado 5200-1000 o San José Head: Ms Ing. Clara ZOMER REZLER, Presidenta Ejecutiva Working language(s): Spanish UNESCO languages: Spanish Web Home Page: Information technology: Phone: [+506] 2324027, 2313631, 2234546 Fax: [+506] 2315347 Cable address: Personal computers: Modem & communication software: not available

Name of Institution: (Original name) Instituto Tecnológico de Costa Rica (English name) Technological Institute of Costa Rica Status with UNEVOC: UNEVOC Associate Centre Town: Cartago Street address: Mailing address: Apartado 159-7050 o Cartago Head: Mr Ing. Alejandro CRUZ MOLINA, Rector Working language(s): Spanish UNESCO languages: ENGLISH; Spanish Web Home Page: Periodicals: "Revista Comunicación" o "Revista Módulo" (Diseño Industrial) o "Tecnología en Marcha" (Editorial Tecnológica) Information technology: Phone: [+506] 515333 Ext. 2216-2319 Fax: [+506] 515348, 5519603 Telex: 8013 ITCR CR Cable address: Personal computers: Modem & communication software: not available

COSTA RICA AND THE INTERNET

NATURE AND OPPORTUNITY OF ACCESS



Topics on this Page

- [Internet Connectivity](#)
- [Access Charges](#)
- [PC Penetraton](#)
- [Internet Users](#)
- [Cyber Cafes](#)
- [Internet Kiosks](#)
- [LINCOS](#)

Internet Connectivity

All internet access is provided by the Radiografica Costarricense. Other ISP's exist in the market, however they lease their lines and capacity from the monopoly telecom provider.

[Back to Top](#)

Access Charges

Costa Rica enjoys relatively low access charges compared to many Latin American countries. While such measures do not take into account PC and equipment costs, they are very favorable for internet penetration and diffusion in the future.

Cost of Internet Access from local ISP : \$30.00 month

Cost of Access as a Percentage of GNP/Capita	
Costa Rica	5.4%
Colombia	15.7%
Ecuador	22.6%
Honduras	51.4%

[Back to Top](#)

PC Penetration

PC Penetration per capita in Costa Rica is 3rd highest in all of North and South America, behind only the USA and Canada. The size of Costa Rica's PC and peripheral equipment market in 1997 was US\$88 million, with 31,000 units shipped. The market size was expected to grow in 1998 and 1999 at a rate of 16-18%. Source: U. S. Department of Commerce - National Trade Data Bank, November 19, 1999 For a detailed report on the Costa Rican PC market go to <http://tradeport.org/ts/countries/costarica/isa/isar0002.html>

[Back to Top](#)

Internet Users

The number of internet users in Costa Rica is at about 51,000 users and is growing at 120%. However, particular statistics about user demographics and usage patterns is not available. Market estimates could be found with the ICE.

[Back to Top](#)

Cyber Cafés

While specific numbers are difficult to find regarding internet usage from Cyber Café's, they are becoming a more popular venue for internet users. There are over 20 Café's in San Jose alone, and they offer access rates that range from about \$2.00 - \$6.00 an hour (all internet access is provided by the Radiografica Costarricense) Furthermore, other services café's provide include printing, web hosting, web design, domain registration, and e-mail services.

A Short List of Cafes

- Internet Café Costa Rica: <http://www.internetcafecr.com/>
- Internet heredia: <http://www.internetheredia.co.cr>

- Cyber Café: http://www.multicr.com/costa_rica_internet_cafe/
- Y2K netcafe: <http://www.y2knetcafe.com>

[Back to Top](#)

Internet Kiosks

Public internet kiosks were introduced recently on October 21, 1999 in the Central Post Office, San Jose. Attending the opening ceremonies was Miguel Angel Rodriguez, President of Costa Rica, and Denis Thibault, Ambassador of Canada. These Surfnet Public Internet Access Terminals are being built by Info Touch Technologies and their partner interMedia. While plans for further installation have not been made explicit, this venture between the Costa Rican government and private industry is remarkably far-sighted and bodes well for public internet access facilities.

[Back to Top](#)

LINCOS

LINCOS (Little Intelligent Communities) is a new technological project headed by the Costa Rican Foundation for Sustainable Development and the Massachusetts Institute of Technology, designed to bring the internet to rural areas of Costa Rica. Begun on 1/11/99, the project is the outgrowth of an idea first articulated by former president of Costa Rica, Jose Maria Figueres, as well as the MIT "Unwiring the World" program. The primary goal of the project is to expand communications in under-developed areas. To that end, San Marcos de Tarrazu, a town of 15,000 in the interior of Costa Rica, is now equipped with two large communication booths each housing the latest technologies and offering services such as: internet access, teleconferencing, a virtual library, and a medical center, to name but a few. The booths have a direct satellite hook-up, a cordless telephone connection, solar panels and a bank of ten computers. They were designed by Technological Institute of Costa Rica (ITCR).

Residents of the town are already beginning to see the benefits from access to the internet. Small coffee growers now access the international rates at which they sell their harvests, and avocado producers are not having to send delegations for training in the United States.

Other applications are being recommended by research teams; a special group of anthropologists from the University of Rochester went to San Marcos de Tarrazu to study the living patterns of local residents to suggest new services LINCOS could provide. One of these included "tele-diagnostics" - a service that allows health technicians to treat sick patients and send information via a multimedia system to

metropolitan hospitals, where medical professionals can give their recommendations.

The LINCOS project is a good example of the potential that new wireless access technologies afford for structural and social development. Requests for 20 other such facilities have already been received from the Dominican Republic. Source: Nefer Munoz. Communication-Costa Rica: Internet Arrives in Coffee Plantations. Responsive Database Services, Inc: Business and Industry

[Back to Top](#)

COSTA RICA AND THE INTERNET

THE BUSINESS ENVIRONMENT IN COSTA RICA



Topics on this Page

- Overview
- Right to Private Ownership and Establishment
- Ownership and Management
- Openness to Foreign Investment
- Infrastructure Geared For Production

OVERVIEW

Costa Rica remains one of the safest and most attractive countries for foreign investment in Latin America.

Costa Rica is in the midst of transforming its economy from the previous dependence on coffee, cattle raising, and bananas to one more focussed on high technology telecommunications services. Its intent is to entice high tech corporations to take advantage of Central America*s most educated, computer literate and disciplined work force, as well as creating a more modern production infrastructure.

Being a pioneer of Central America, Costa Rica is eager to attract foreign investors and has done so, both financially and physically with Acer, Microsoft, GE, Abbot

Laboratories, Continental Airways and Intel Corporation. Western Union also chose Costa Rica as its operation center for Latin America. It is said that Costa Rica is poised to earn more from high technology exports than from coffee, bananas or even from the lucrative tourism industry.

Foreign companies, such as the above, may operate through a branch, joint venture, a wholly-owned subsidiary or by incorporating as a local, foreign-owned company. Individuals or partnerships can also legally own and operate a limited liability enterprise, partnership, stock or charter company, trust or cooperative. All must be registered through the National Registry and by doing so, become *Costa Rican* regardless of the individual owners nationality. There is no discrimination against or screening of foreign investment with the exception of the State monopolies. The government has a very highly positive attitude towards foreign investment.

The infrastructure that makes Costa Rica attractive is also one of the most advanced in the Caribbean Basin and the most advanced in Central America. There is a large supply of electricity, modern telecommunication services, (including direct dialing to any part of the world, cellular telephone systems, data transmission, and facsimile facilities) free zones, industrial parks near the ports and airports and quick transportation via air or water to the US, Europe and Asia.

[Back to Top](#)

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

Foreign companies may operate legally through a branch, a joint venture, a wholly-owned subsidiary, or by incorporating as a local, foreign-owned company. Individual foreign persons or partnerships can also legally own and operate a limited liability enterprise, partnership, stock or charter company, trust, or cooperative. Regardless of how they operate, all enterprises, owners and company officers must be registered in the National Registry. Enterprises thus become "Costa Rican" regardless of the nationality of the owners or officers. Acquisitions and company takeovers are governed by regulations similar to those in the United States. Foreigners can be officers, directors, partners or trustees of companies, negotiate commercial documents, and execute any kind of contract.

Costa Rican laws are passed by an elected, one-chamber, 57-member, national legislature called the Legislative Assembly, and ratified by the President. Some of the laws dealing specifically with investment are the Civil and Commerce Codes, the Export Promotion Law, the Financial Stabilization Act of 1984, and the Income Tax Law of October 1988, as well as banking and other laws dealing with specific topics such as property registration, taxation, mining and industrial contracts.

There is no discrimination against foreign investments in Costa Rica, except in sectors reserved for State monopolies and in certain service sectors. Most Costa Rican export incentives will be completely phased out by 1999, and new

applications for export incentives are no longer being accepted. Previously approved export incentives remaining, are subject to the Financial Equilibrium Act of 1994. Companies which entered into an "export contract" with the Government of Costa Rica, and which may have several years remaining, will continue to receive benefits that include 100 percent deductions on income tax, up to 50 percent tax credits on the purchase of an export company's stock, and almost total exemption on duties for imported raw materials and capital goods that are not produced in Costa Rica and are necessary for the operation of the export companies. The Financial Equilibrium Act includes provisions regarding draw-back activities, which are also being phased out.

SOURCES:

<http://www.incostarica.net/docs/commercialguide/index7a12.shtml>

<http://www.incostarica.net/docs/commercialguide/index7a2.shtml>

[Back to Top](#)

OWNERSHIP AND MANAGEMENT

There are no distinctions among foreigners or local citizens for the conduction of business in Costa Rica. Foreigners can legally own and control corporations and assets in all areas except for those reserved for the state. The insurance, petroleum refining and telecommunications industries remain a state monopoly.

U.S. corporations can be established in several ways: branches, wholly owned subsidiaries or locally incorporated companies; therefore, 100% foreign ownership is allowed, without the need for Costa Ricans to be members of the Board of Directors or shareholders. Foreigners can be officers, directors, partners, trustees or shareholders, and be empowered to negotiate or carry on with contracts and legal actions without the need to reside locally.

The stock corporation (known in Spanish as "Sociedad Anónima"), is the most commonly used form of association, both by local and foreign investors.

No limitations are imposed on capital transfer or funds associated with an investment of any kind, in any particular currency. Exchange controls were lifted in 1993; thus, management of foreign currencies is independent, foreign exchange is freely available, and no restrictions are imposed on re-investments or on repatriation of earnings, royalties or capital. The government grants full convertibility from Costa Rican currency to US Dollars. Furthermore, there is no requirement to register investments with any government authorities.

SOURCES:

<http://www.incostarica.net/docs/busclimate/ownership.shtml>

[Back to Top](#)

OPENNESS TO FOREIGN INVESTMENT

Costa Rica has a relatively open international trade and investment regime. Since mid-1982, the Government has placed considerable emphasis on improving the investment climate, including the creation of the Ministry of Foreign Trade (COMEX), which coordinates government efforts in the trade and investment areas. Reform legislation of 1996 redefined COMEX's authority, to include independence in negotiating international treaties, representation of Costa Rica in the World Trade Organization (WTO), and oversight of the Center for Export and Investment Promotion (PROCOMER) and the Free Trade Zone (FTZ) Corporation to assist prospective investors to gather information and complete formalities required to invest in Costa Rica. PROCOMER will also be expanding its "one-stop" export window to assist exporters in expediting often confusing export paperwork, and will be creating a "one-stop" window for importers in 1997. The Costa Rican Coalition for Development Initiatives (CINDE), a private non-profit association, operates a very active investment promotion program through its office in Costa Rica and several regional offices in the United States, Europe and the Far East.

A key to Costa Rica's attractiveness as a potential site for investment is the fact that it is a beneficiary country of the U.S. Caribbean Basin Economic Recovery Act (CBERA), also known as the Caribbean Basin Initiative (CBI), which supplements and enhances the benefits under the Generalized System of Preferences (GSP) for the region. (Reactivating the GSP, which expired in August 1995, depends on U.S. Congressional action. CBERA, unlike the GSP, is a permanent program.) The CBERA program, which grants Costa Rica duty-free treatment for some 4,000 products, has played a significant role in helping Costa Rica diversify its exports and increase bilateral trade with the U.S.

Industries considered to have good development potential in Costa Rica are those which are labor intensive, have low capital costs and medium to high skill complexity, and produce CBI-eligible goods which have U.S. duties that are so high that imports from outside the Caribbean area are not competitive. Industries meeting these criteria include manufacture or assembly of electronic components, telecommunications equipment, machinery, consumer goods, electrical appliances, most textiles and up-scale apparel products, toys, sporting goods, selected leather products (most leather products do not benefit from CBI), and health and natural resource-based products, including food processing and agro-industrial products.

With the Government of Costa Rica's emphasis on exports, enterprises meant to supply or service domestic consumers tend to be overlooked. However, the local

market has been targeted recently by investors in fast food franchises (Burger King, Taco Bell, McDonald's, Pizza Hut, Subway, TCBY Yogurt, Kentucky Fried Chicken, etc.), car rentals (Hertz, Avis, Dollar, Budget, U-Haul, etc.), video rentals, hotels (Marriott, Hampton Inn, Camino Real), designer clothing boutiques (Victoria's Secret, Liz Clairborne, etc.), and computer products and services.

SOURCES:

<http://www.incostarica.net/docs/commercialguide/index7a1.shtml>

[Back to Top](#)

INFRASTRUCTURE GEARED FOR PRODUCTION

<http://www.incostarica.net/docs/busclimate/infrastructure.shtml>

In 1981, the Export Processing Law established the Free Trade Zone (FTZ) on the Pacific coast and on the Caribbean seaboard. Today there are 8 FTZs operating, six of which are privately managed. This system grants fiscal incentives and operational benefits such as:

- Exemption from import duties on raw materials, capital goods, parts and components
- Unrestricted profit repatriation
- Tax exemption on profits for 8 years and 50% exemption for the following 4 years
- Tax exemption on remittances abroad
- Tax exemption from local property taxes
- Tax exemption from export taxes
- Exemption of sales tax on local purchases of goods and services

Companies also enjoy simplified investment, trade, and customs procedures, as well as child care and medical facilities, recruitment services, industrial waste collection, security surveillance and occasionally subsidized training. They are given not only a physical location, but also a self contained environment that allows them to concentrate on production from the start. Currently 190 companies operate under the Costa Rican FTZ system.

The Temporary Admission system allows companies to import processed raw materials into Costa Rica free of duties in order to have them finished locally and exported as a final product. This system is quick and efficient and best suited for labor-intensive light assembly industries

COSTA RICA AND THE INTERNET

INTELLECTUAL PROPERTY RIGHTS PROTECTION



Topics on this Page

- [Overview](#)
- [Significant Years](#)
- [Copyrights](#)
- [Trademarks](#)
- [Patents](#)

Overview:

Costa Rica is a signatory of all major international agreements and conventions on intellectual property, copyrights, trademarks, and patent protection.

[Back to Top](#)

Significant years:

- 1980- became a member of the World Intellectual Property Organization (WIPO)
- 1994- amended its copyright law to strengthen sancations for piracy and provide explcit protection of computer programs
- 1995- Legislative Assembly ratified adherence to the Paris Convention for the protection of Industrial Property

[Back to Top](#)

Copyrights:

Before the amendment in 1994, computer programs could be registered as general copyrighted material, but they were not explicitly protected by the Costa Rican copyright law. Costa Rica also adheres to the policies under the 1886 Bern Convention for the protection of literary and artistic works, the Universal Copyright Convention of 1852 in Geneva, 1961 Rome Convention for the protection of artists and performers of artistic works and the 1971 Geneva convention for the protection of phonograms against unauthorized reproduction. Copyrights can be attained at the National Registry, but even if they are registered internationally, they will still be protected locally.

[Back to Top](#)

Trademarks:

Models and trademarks are protected by the National Registry and files on foreign models and trademarks are also recognized and can be registered. Any trademark abroad can be registered in Costa Rica and a trademark is protected by copy even if it is not locally registered as long as proper proof of registration abroad is provided.

[Back to Top](#)

Patents:

Currently, the law gives 12 years of patent protection for inventions except for those in medicine, agricultural inputs, and beverage/food products which all are protected for only one year. These patents can be registered at the Patent Office of the National Registry. There is debate right now about the short term of only 12 years, the fact that it is non-renewable and that it does exclude those items deemed for public interest. The possibility of obtaining desired foreign investment has caused the Costa Rican government to contemplate extending patents on inventions, medicines and agricultural chemicals to 20 years.

Piracy is still somewhat of a problem. Many hotels continue to pirate signals, though domestic cable piracy has decreased. Piracy of video recordings is a huge market for piracy, as nearly all taped are unauthorized. Most video stores rent copies of tapes that they made themselves. Limited progress has been made in reducing video and software piracy. Costa Rica has been placed on the US Trade Representative*s (USTR) Watch List so that their progress may be monitored.

[Back to Top](#)

COSTA RICA AND THE INTERNET

THE REGULATORY ENVIRONMENT



The 1943 Labor Code governs all labor-management relations including salaries, working hours and conditions, separation of workers, and resolution of labor disputes in labor courts. This code requires 90% of the employees to be Costa Rican, limiting the percentage of foreign workers in each company. It also requires that employers pay at least 85% of company salaries to Costa Rican workers and does not allow foreigners to occupy jobs for which there are Costa Rican workers available.

The National Wage Council is made up of government, labor, and private-sector representatives. The Council establishes the minimum wage rates twice annually. The average wage increase per year since 1992 has been 7%.

Employers must pay a minimum of 23.9 in fringe benefits such as Social Security (9.25%), health and maternity (4.25%), disability, old age and death (5%), INA (2%), Workmen*s obligatory savings bank (.5%), IMAS (.5%), and INS (1.9-5%). The total employee contribution is 9%.

Upon completion of one year*s service, all workers are entitled to a two-week paid vacation and a Christmas bonus that can equal up to a month*s salary. Women workers are entitled to four months maternity leave. Overtime is paid at time-and-a-half and the work day cannot exceed 12 hours. Holidays and Sundays are paid double-time. Work week for direct labor is 48 hours, including breaks. Most labor intensive operations operate under a 6 day work week.

COSTA RICA AND THE INTERNET

LINKS



General:

- <http://lanic.utexas.edu/project/tilan/>
- <http://lanic.utexas.edu/la/ca/cr/>
- <http://www.crnet.cr/documentos/interco.html>

Business:

- <http://www.incostarica.net/docs/commercialguide/> - basic guide to business in Costa Rica
- <http://www.latinvestor.com/country2/costarica.htm> - link to tons of data/analysis
- <http://www.latpro.com/articles/venture-capital.htm> - venture capital in Latin America
- <http://www.cinde.or.cr/pubf.html> - a few articles about industry in Costa Rica, includes info about a software venture fund
- <http://www.un.org/esa/agenda21/natlinfo/countr/costaric/inst.htm> - info about development in Costa Rica

Incubators:

- <http://justice.loyola.edu/~rds/INRUDA4.PDF>
- <http://justice.loyola.edu/~rds/UNEC/index.htm>
- <http://justice.loyola.edu/~rds/NBIA/index.htm>

- <http://itri.loyola.edu/bid/inclinks-eng.html>
- <http://www.entebbe.com/>
- <http://www.media.mit.edu/unwired/> - Costa Rica is an internet innovator!
- <http://www.greenbuilder.com/mader/planeta/1198/1198cr.html> - Info about conservation in Costa Rica
- <http://www.cinde.or.cr/> - Non-profit that supports industrial globalization in Costa Rica
- <http://www.rree.go.cr/> - Ministry of Foreign Relations
- <http://www.procomer.com/> - Costa Rican Foreign Trade corporation
- <http://www.racsa.co.cr/> - RACSA Govt telecom monopoly

FOSTER HOMES

Administrative Organizations

- www.nexos.co.cr/cesdepu/org/serasis.htm#imas
- Casa ALianza
- www.casa-alianza.org
- Programs associated with children
- www.ilo.org/public/spanish/260cinte/temas/jovenes/exp/c_rica/
- Social aspects of sustainable development in CR
- www.un.org/esa/agenda21/natinfo/countr/costaric/social.html
- Low income urban housing program in CR
- www.ecouncil.ac.cr/rio/focus/report/spanish/fuprovi.htm
- Poverty reduction
- cariari.ucr.ac.cr/~iice/pobreza.htm
- indicators on youth and elderly populations
- www.un.org/Depts/unsd/social/youth/htm
- International adoption
- travel.state.gov/adoption_costarica.html
- Costa Rican culture
- www.crc.co.cr/cultura/crcultura/mujer.html