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**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.

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<tr>
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<td>--------------------------------------</td>
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<td>Interest Payments/GDP</td>
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<td>1.9</td>
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<tr>
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<td>104.2</td>
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<td>34.4</td>
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OVERVIEW

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### Key Economic Ratios and Long-Term Trends

<table>
<thead>
<tr>
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<td>---</td>
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### Average Annual Growth

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<td>1.5</td>
<td>4.1</td>
<td>3.7</td>
<td>6.2</td>
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<tr>
<td>GNP per capita</td>
<td>-1.9</td>
<td>2.6</td>
<td>2.5</td>
<td>3.1</td>
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<td>9.4</td>
<td>4.1</td>
<td>13.1</td>
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</tbody>
</table>
I. CASE STUDY: FOR-PROFIT VENTURE

12/6/99

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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
I. CASE STUDY: FOR-PROFIT VENTURE

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
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.

U.S. Software Companies  Project Managers  WWW  Costa Rican Developers
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.
Reality Check

- Sources of funding
  - Advertising and corporate sponsorship
  - Government subsidies

- Will foster parents go online?
International IT Labor Shortage
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
Reality Check

- Sources of funding
  - Advertising and corporate sponsorship
  - Government subsidies

- Will foster parents go online?
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
Financial Analysis

Graph showing financial metrics from 2000 to 2004:
- Total Revenue - US$*
- EBIT
- Cash

Slide 7 of 17
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<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
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<tr>
<td>Revenues</td>
<td>1,276</td>
<td>1,145</td>
<td>1,044</td>
<td>974</td>
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<tr>
<td>Costs</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>800</td>
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<tr>
<td>Operating Profit</td>
<td>476</td>
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<td>124</td>
<td>94</td>
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<tr>
<td>Expenses</td>
<td>476</td>
<td>345</td>
<td>124</td>
<td>94</td>
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**Expanded**

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<th>2001</th>
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<tr>
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<td>2,983,956</td>
<td>3,986,230</td>
<td>4,989,230</td>
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<tr>
<td>Costs</td>
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<tr>
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**The Bottom Line**

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<th>2003</th>
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<td>EBIT</td>
<td>922,088</td>
<td>980,000</td>
<td>970,000</td>
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<tr>
<td>Net Income</td>
<td>922,088</td>
<td>980,000</td>
<td>970,000</td>
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**Return on Sales**

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<th>2003</th>
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<th>Severity of Risk</th>
<th>Likelihood of occurrence</th>
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<tr>
<td>low</td>
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</tr>
<tr>
<td>high</td>
<td>high</td>
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</table>

- Difficult attracting Costa Rican programmers
- Don’t reach target market
- Customers don’t adopt online project management
- Price pressure
- Costa Rican market becomes more competitive
II. CASE STUDY:
NON-PROFIT VENTURE

Streamlining Child Adoption Services

Slide 10 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 Presse 5/20/96
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.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Description</th>
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<tbody>
<tr>
<td>Caja Costarricense de Seguro Social</td>
<td>Promote understanding of youth and their growth and development issues.</td>
</tr>
<tr>
<td>Adolescent Clinic at Children's Hospital</td>
<td>Help young mothers and their children; also sexual abuse.</td>
</tr>
<tr>
<td>PROCAL</td>
<td>Specializes in teenage pregnancy and high-risk social, economic, and family conditions.</td>
</tr>
<tr>
<td>PANI</td>
<td>Child welfare agency with special attention to minors in a risk situation and adoption.</td>
</tr>
<tr>
<td>Instituto Mixto de Ayuda Social</td>
<td>Provides transitional homes, permanent homes, alternative activities, therapy, and adoption.</td>
</tr>
<tr>
<td>Movimiento Nacional de Juventudes</td>
<td>State institution for promotion and enforcement of youth organizations.</td>
</tr>
<tr>
<td>Casa Alianza</td>
<td>Dealing with sexual exploitation, abuse, and illegal adoption.</td>
</tr>
<tr>
<td>Fundación PAMAMOR UNICEF</td>
<td>Promotes children's rights.</td>
</tr>
</tbody>
</table>

Issues of poverty and education.
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.
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.
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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.
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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong># of Phones</strong></td>
<td>281,042</td>
</tr>
<tr>
<td><strong># of Phone Lines</strong></td>
<td>620,00</td>
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<tr>
<td><strong># of Cellular Lines</strong></td>
<td>45,000</td>
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</table>

### Density

<table>
<thead>
<tr>
<th>Density</th>
<th># per 100 Residents</th>
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<tbody>
<tr>
<td>Phones</td>
<td>18</td>
</tr>
<tr>
<td>Cellular Phones</td>
<td>1.5</td>
</tr>
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</table>

### National Fiber Optics Telecom Network

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<thead>
<tr>
<th>National Fiber Optics Telecom Network</th>
<th># of Kilometers</th>
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<tbody>
<tr>
<td>Links among Central and Transmission Stations</td>
<td>4,455</td>
</tr>
<tr>
<td>Network for Commuter Access</td>
<td>6,191</td>
</tr>
<tr>
<td>Others</td>
<td>136</td>
</tr>
</tbody>
</table>
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.

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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.

<table>
<thead>
<tr>
<th>Internet Figures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Nodes</td>
<td>4760</td>
</tr>
<tr>
<td>Internet Domains</td>
<td>365</td>
</tr>
<tr>
<td>FTP Servers</td>
<td>97</td>
</tr>
<tr>
<td>WWW Servers</td>
<td>282</td>
</tr>
<tr>
<td>Internet Users</td>
<td>51,500</td>
</tr>
<tr>
<td>Annual growth rate of users</td>
<td>120%</td>
</tr>
</tbody>
</table>

Density of Internet per 1,000 residents

<p>| Nodes | 14 (second place in Latin America) |</p>
<table>
<thead>
<tr>
<th>Users</th>
<th>15</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Other Technologies</th>
<th>Per 1,000 People</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV’s</td>
<td>403</td>
</tr>
<tr>
<td>Cable Subscribers</td>
<td>14.4</td>
</tr>
<tr>
<td>Mobile Phones</td>
<td>19</td>
</tr>
<tr>
<td>Internet hosts</td>
<td>8.08</td>
</tr>
</tbody>
</table>
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 Pica has a literacy rate of 94.8 percent. Costa Rice 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 Pica has declined over the past couple of decades to its current level of 4.74 persons, yet slightly over half the Costa Picans 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


Ready access to government-subsidized education and health care takes the economic pressure off the average household. Most Costa Picans eat well, and roughly one-third of urban household spending goes toward the purchase of food and beverages. Fresh foodstuffs produced in Costa Rice 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:

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>0-4</td>
<td>213</td>
<td>204</td>
<td>176</td>
<td>168</td>
<td>(17.5)%</td>
</tr>
<tr>
<td>5-9</td>
<td>206</td>
<td>198</td>
<td>192</td>
<td>183</td>
<td>(7.2)</td>
</tr>
<tr>
<td>10-14</td>
<td>416</td>
<td>213</td>
<td>203</td>
<td>13.0</td>
<td></td>
</tr>
<tr>
<td>15-19</td>
<td>404</td>
<td>198</td>
<td>21.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-24</td>
<td>139</td>
<td>187</td>
<td>13.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25-29</td>
<td>149</td>
<td>163</td>
<td>13.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30-34</td>
<td>139</td>
<td>139</td>
<td>0.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35-39</td>
<td>242</td>
<td>291</td>
<td>20.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40-44</td>
<td>191</td>
<td>280</td>
<td>46.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>45-49</td>
<td>148</td>
<td>239</td>
<td>61.5</td>
<td></td>
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</tr>
<tr>
<td>50-54</td>
<td>112</td>
<td>186</td>
<td>66.1</td>
<td></td>
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<tr>
<td>55-59</td>
<td>91</td>
<td>141</td>
<td>54.9</td>
<td></td>
<td></td>
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<tr>
<td>60-64</td>
<td>78</td>
<td>105</td>
<td>34.6</td>
<td></td>
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<tr>
<td>65-69</td>
<td>60</td>
<td>40</td>
<td>38.3</td>
<td></td>
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<td>70-75</td>
<td>45</td>
<td>30</td>
<td>44.4</td>
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<tr>
<td>75+</td>
<td>55</td>
<td>37</td>
<td>58.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3,403</td>
<td>1,719</td>
<td>2,015</td>
<td>1,981</td>
<td>17.4</td>
</tr>
</tbody>
</table>


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, fastfood 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

<table>
<thead>
<tr>
<th>Labor force -- by occupation</th>
<th>% of Total Work Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry and commerce</td>
<td>23.3%</td>
</tr>
<tr>
<td>Government and services</td>
<td>55.1%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>21.6%</td>
</tr>
</tbody>
</table>
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 boost 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 industries boom 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
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
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 Autónoma de Centro América, 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
Name of Institution: (Original name) Instituto Nacional de Aprendizaje (English name) National Institute of Apprenticeship Status with UN EVOC: UN EVOC 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 UN EVOC: UN EVOC 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 Penetration
- 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.

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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

<table>
<thead>
<tr>
<th>Cost of Access as a Percentage of GNP/Capita</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>5.4%</td>
</tr>
<tr>
<td>Colombia</td>
<td>15.7%</td>
</tr>
<tr>
<td>Ecuador</td>
<td>22.6%</td>
</tr>
<tr>
<td>Honduras</td>
<td>51.4%</td>
</tr>
</tbody>
</table>

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

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.

Cyber Cafés

While specific numbers are difficult to find regarding internet usage from Cyber Cafés, 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.internetcafeocr.com/
- Internet heredia: http://www.internetheredia.co.cr
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.

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
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. Their 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.

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

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.
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

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**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.
Overview:

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

Significant years:

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

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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.

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.

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 to so that their progress may be monitored.
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.cinde.or.cr/pubf.html - a few articles about industry in Costa Rica, includes info about a software venture fund

Incubators:

- http://justice.loyola.edu/~rds/INRUDA4.PDF
- http://justice.loyola.edu/~rds/UNEC/index.htm
- http://justice.loyola.edu/~rds/NBIA/index.htm
The Internet in Costa Rica

- 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.cinde.or.cr/ - Non-profit that supports industrial globalization in Costa Rica
- http://www.racsa.co.cr/ - RACSA Govt telecom monopoly

FOSTER HOMES

Administrative Organizations
- www.nexos.co.cr/cesdepu/org/serasis.htm#imas
- www.casa-alianza.org
- Programs associated with children
- 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
- International adoption
- travel.state.gov/adoption_costarica.html
- Costa Rican culture
- www.crc.co.cr/cultura/crcultura/mujer.html