



# FAST FACTS 2006



## Costa Rica

### GENERAL FACTS

**Capital:** San José

**Population (2005 est.):**

Costa Rica: 4.02 million

Virginia: 7.57 million

**Government type:** Democratic Republic

**Chief of State:**

President Abel Pacheco (2002-2006)

President-elect Oscar Arias (May 8, 2006)

**Languages (Official):**

Spanish (Official), English spoken

**Land Size:** 51,100 square kilometers

(Slightly smaller than West Virginia)

(CIA World Factbook)

**Currency:**

Costa Rican Colón (CRC)

1 US Dollar = CRC 502.29 (March 2006)

[www.oanda.com](http://www.oanda.com)



(Costa Rica Map. CIA)

### DID YOU KNOW?

- The presidential election of February 5, 2006 was extremely close requiring a manual count. Former President Oscar Arias (1986-90) was elected with less than a 1% advantage. A 2004 congressional amendment allowed for the re-election of a president. Arias will be the first president to win 2 terms as well as the Nobel Peace Prize (1987) for helping to end civil war within the region. President-elect Arias' prior administration and this campaign endorsed free trade which increases the likelihood of CAFTA-DR being ratified during his tenure.
- Costa Rica has a market economy that is supported by one of the most stable democracies in Latin America. Although it is still considered an agricultural country, the economy has expanded to include strong technology and tourism sectors.
- According to the Economist Intelligence Unit, San José is the city with the best quality of life in Latin America.
- According to the UN (UNCTAD) in its 2002 World Investment Report, Costa Rica was classified as one of the six most successful countries in attracting foreign direct investment.



# FAST FACTS 2006



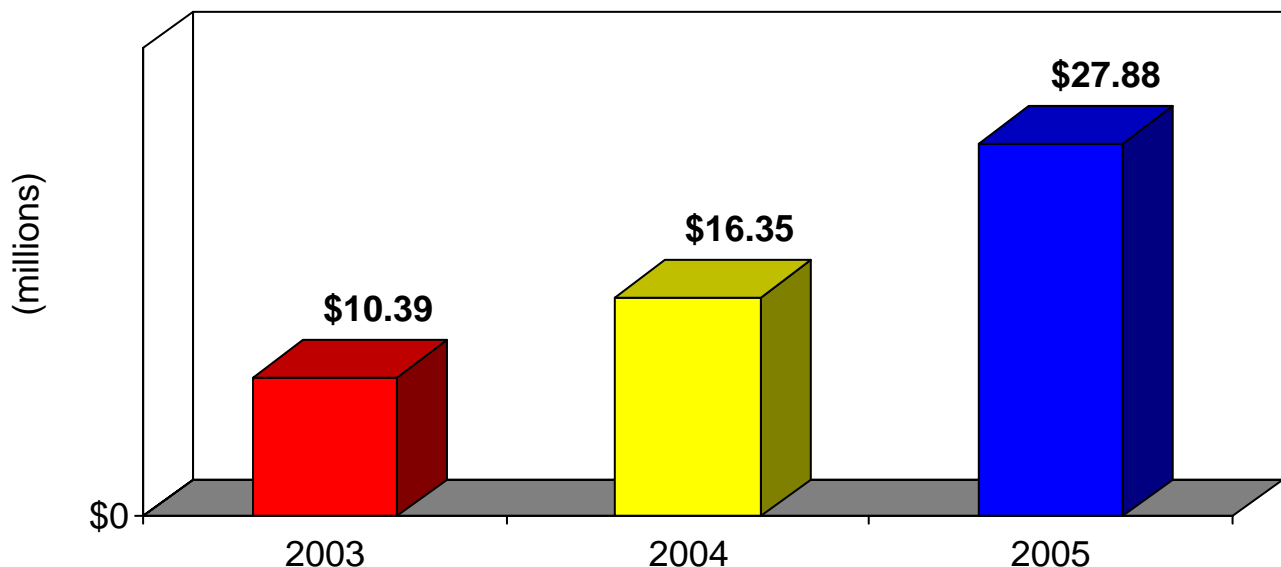
## Costa Rica

### ECONOMIC OUTLOOK

Costa Rica's basically stable economy depends 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. Foreign investors remain attracted by the country's political stability and high education levels, and tourism continues to bring in foreign exchange. Low prices for coffee and bananas have hurt the agricultural sector. The government continues to grapple with its large internal and external deficits and sizable internal debt. The reduction of inflation remains a difficult problem because of rises in the price of imports, labor market rigidities, and fiscal deficits. The country also needs to reform its tax system and its pattern of public expenditure. Costa Rica is the only signatory to the US-Central American Free Trade Agreement (CAFTA) that has not ratified it. CAFTA implementation would result in economic reforms and an improved investment climate. (CIA World Factbook)

Future prospects in these and other sectors are likely to improve if CAFTA-DR is ratified by the Costa Rican congress and implemented properly. More than 80 percent of all non-agricultural goods, and more than 50 percent of agricultural products, will be duty-free immediately upon signing. Over time, the agreement will open the cellular and internet service markets as well as insurance. In addition, CAFTA-DR will strengthen Costa Rica's IPR protection regime, eliminate the dealer protection regimes, allow non-discriminatory treatment for U.S. firms in government procurement bids, and provide stronger protection for investors. (Country Commercial Guide 2006)  
The 2006 GDP growth rate forecast is an increase of 5.3%. (EconStats On-line)

### VIRGINIA EXPORTS TO Costa Rica



(Source for graph: World Trade Atlas)



# FAST FACTS 2006



## Costa Rica

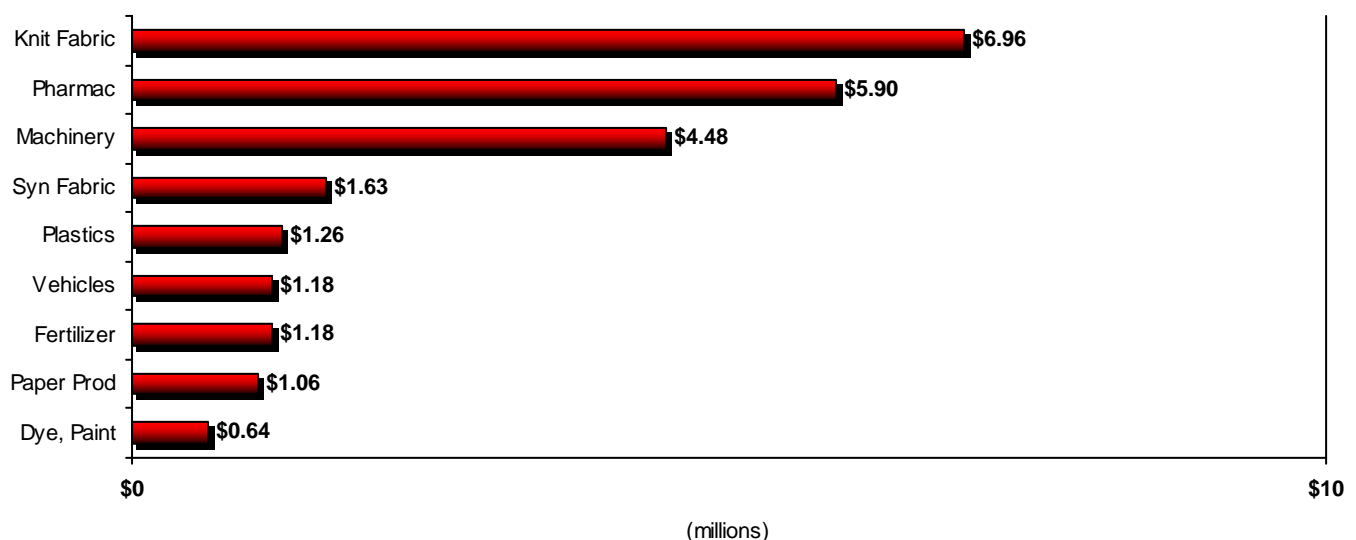
### VIRGINIA EXPORTS TO Costa Rica

U.S. products enjoy an excellent reputation for their quality and price competitiveness. Proximity to the Costa Rican market is also a major advantage for U.S. exporters who wish to visit or communicate with potential customers. Steady since 2002, U.S. exports to Costa Rica in 2005 increased 8.8% over 2004 to US\$3.6 billion.

Virginia exports to Costa Rica, U.S.\$27.9 million for 2005, increased an impressive 71% over 2004. Nearly all of 2005's top 10 Virginia exports saw considerable growth.

- Knitted/crocheted fabrics skyrocketed from no exports in 2003 to US\$ 6.96 million in 2005 making it Virginia's largest export to Costa Rica.
- Pharmaceuticals at \$US 5.9 million, the second largest product category for 2005 exports via Virginia to Costa Rica, increased 36% over 2004.
- Manmade filament/fabric, ranked 3rd, also had strong growth of 76.5% to U.S.\$ 1.6 million.
- Chemicals products, Virginia's 14<sup>th</sup> largest export, doubled in 2005.
- Four other export categories that showed significant year-on-year growth in 2005 were paper/paperboard 26.3%, plastics 34%, woodpulp 57%, and tanning/dye/paint/putty 113%.

### VIRGINIA'S TOP EXPORTS TO Costa Rica - 2005



(Source for Text and Graph: World Trade Atlas)



# FAST FACTS 2006



## Costa Rica

### See CAFTA-DR Fast Facts 2006

---

In 2004, the U.S., Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic signed the Central American Free Trade Agreement (CAFTA). The bill passed the Senate Finance Committee and the House Ways and Means Committee in the summer of 2005, with President Bush signing the agreement on August 2, 2005. With the passage of CAFTA, more than 80 percent of U.S. exports will be duty free. See our FastFacts on CAFTA-DR.

### VEDP CONTACT INFORMATION

#### Virginia Economic Development Partnership Division of International Trade

P.O. Box 798  
901 East Byrd Street  
Richmond, Virginia 23218-0798  
Tel: (804) 545-5765  
Fax: (804) 545-5751  
E-mail: [ITR@yesvirginia.org](mailto:ITR@yesvirginia.org)  
Website: [www.exportvirginia.org](http://www.exportvirginia.org)

### VEDP TRADE EVENTS

For a complete listing of VEDP's international trade events, please visit the "Events" tab on our website: [www.ExportVirginia.org](http://www.ExportVirginia.org)

### ADDITIONAL RESOURCES

---

- Embassy of Costa Rica in Washington D.C.: <<http://www.costarica-embassy.org/>>
- U.S. Embassy in Costa Rica: <<http://usembassy.or.cr/>>
- Costa Rica-American Chamber of Commerce: <[http://www.amcham.co.cr](http://www.amcham.co.cr/)>

### WORKS CITED

---

FX Currency Converter On-line. March 2006. <<http://www.oanda.com/convert/classic>>.  
United States. Central Intelligence Agency (CIA) World FactBook. Costa Rica. January 2006.  
<<http://www.cia.gov/cia/publications/factbook/>>.  
United States. Department of Commerce. Country Commercial Guide: Costa Rica January 2006  
<[http://www.buyusainfo.net/docs/x\\_607961.pdf](http://www.buyusainfo.net/docs/x_607961.pdf)>  
World Trade Atlas. U.S. State Export Edition. Annual 2006. Global Trade Information Services. <<http://www.gtis.com/state/>>  
EconStats On-line. February 2006. <<http://www.econstats.com/weo/C040V019.htm>>  
Costa Rican Tourist Investment Summit On-line. <<http://www.invest.co.cr/>>

Publication Date: March 2006

*\*Information provided by VEDP Fast Facts is intended as advice and guidance only. The information is in no way exhaustive and the VEDP is not a licensed broker, banker, shipper or customs agency. VEDP shall not be liable for any damages or costs of any type arising out of, or in any way connected with the use of, these Fast Facts.*