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AREA ASSESSMENT.

COSTA RICA

Prepared for
Commander-in-Chief
United States Southern Command
Quarry Heights Panama

by

361 Civil Affairs Brigade (361st)



DEPARTMENT OF DEFENSE
UNITED STATES SOUTHERN COMMAND
APO BEAUMONT 94003

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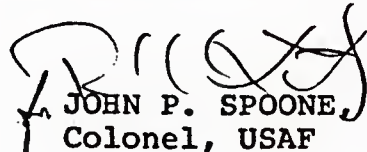
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JOHN P. SPOONER, JR.
Colonel, USAF
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REPLY TO
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F O R E W O R D

Enclosed are copies of unclassified area assessments prepared by the 361st Civil Affairs Brigade under the direction of the Plans, Policy and Politico-Military Affairs Directorate (J5) of the United States Southern Command.

These area assessments are designed to be used as civil affairs planning guides for exercises and general reference documents for the backgrounds on the countries.

In a continuing effort to improve the quality of these documents, you are encouraged to submit any recommended changes and/or corrections.

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EXECUTIVE SUMMARY

A. GENERAL OVERVIEW

Costa Rica's history and current situation have made it conspicuous among its Central American neighbors. While small, it boasts of a relatively high literacy rate, a democratic system, and relatively few of the problems with terrorism and insurgency which bedevil nearby nations. Problems with a bloated government bureaucracy and a stagnant economy overburdened with debt, balance the pluses, however, and cause concern for civil affairs planners and action officers. This country assessment tries to point out problem areas that should be addressed by civic action personnel in both U.S. and Costa Rican governments. The research was carried out during the Fall of 1983 in various U.S. libraries, notably at Tulane University, the Louisiana State University, and the University of West Florida, and in Costa Rica by members of the 361st Civil Affairs Brigade, Pensacola, Florida. Research materials were all of an unclassified nature. This document itself is unclassified.

B. GOVERNMENT

The government of Costa Rica is one of the most stable and democratic in Latin America and has been since 1949. The nation has resolved to avoid military development, institute significant levels of government control of the economy, and promote a comprehensive social security system. The results have led to widespread educational opportunities and health programs that are the envy of her neighbors, but have also produced a top-heavy bureaucracy and gross debt problems. The current government has proclaimed abhorrence of subversive governments and has urged all nations to end their support of insurgency operations. There are rebels operating in Costa Rica in opposition to the Sandinista government in Nicaragua. Relations with the U.S. have been for years and, continue to be, cordial and mutually supportive.

The national government is divided into the three traditional branches: executive, legislative, and judicial, with the legislative branch having well-developed power. The President is the center of power for the nation, as in all Latin American countries, but his power is relatively less than by the normal Latin American standard. The judicial branch is based on European concepts and antecedents rooted in Roman law. Top judicial power resides in the Supreme Court.

The military is severely limited by the 1949 Constitution to an internal security-public order role. There are 4,000 members of the Civil Guard and another 5,000 members of the Rural Assistance Guard. Costa Rica relies on the O.A.S. and the Rio Treaty for its national security requirements, although the Civil Guard and Rural Guard have a constitutional mandate for defending the country against aggression.

C. SOCIAL AND ECONOMIC ENVIRONMENT

Costa Rica claims a high rate of literacy and school attendance, although many who start school do not finish the full program. More than

one-third of the national budget is spent on education, but the results are not altogether satisfactory. The current budget crisis has caused restriction in education at all levels, especially in higher education.

The health care system is good, relative to other Central American countries, although infant mortality is increasing and health hazards such as intestinal diseases, malaria, and other tropical diseases are significant.

The country has a skilled and easily trained labor force which is the best in Central America, but there has been an increase in unemployment levels due to the adverse economic conditions of the past three years. The Labor Code limits what the government can do to reduce the significant problem of the over-sized bureaucracy. Labor unions are active in the country, but are not too large a factor in industry.

Costa Rica has Central America's highest per capita gross domestic product and most evenly distributed national income. The nation's economy is primarily agricultural, however, there is increasing industrial growth and the country is a relatively safe haven for foreign investments. Manufacturing is the fastest growing sector of the economy. Over 80% of all manufacturing firms are located in the Meseta Central. The largest industry is food processing.

A large and growing public sector debt has been Costa Rica's leading economic problem. Exports have been decreasing and the overall economic outlook is not good. The major economic goal for the next few years is to promote stability through an austerity program and debt rescheduling, both of which seem to be working to some degree.

Public communication is effective in Costa Rica due to the relative freedom the media enjoy, the homogeneous population, the relatively high literacy rate, and the large middle class. Transportation is fairly well-developed, but is still an obstacle to economic development.

Refugees are a problem due to the turmoil in neighboring Nicaragua and El Salvador. Civil Affairs planners should take notice of this concern and be aware of the potential for future problems.

Costa Rica maintains an admirable human rights record. In spite of the political turmoil in neighboring Central American countries and the increasing threat of terrorist activities within the country, there are no political prisoners in Costa Rica, and all the residents of the country -- citizens, refugees, and terrorists -- receive fair and equitable treatment under the law. A modest upgrading of the training and equipment of the public security forces presents no danger of human rights abuses.

There are several cultural attractions which Civil Affairs operators should be aware of such as various Spanish ruins, churches, the National Theatre in San José, museums, and other features. Costa Rica also has the most developed series of national parks and environmental preserves in the region, which should be protected from military operations. These national parks are models for other developing nations and are a real asset for Costa Rica.

D. POTENTIAL THREATS AND THE US ROLE

Although there is no immediate threat of armed aggression against Costa Rica, Nicaraguan interference with Costa Rican boat traffic on the San Juan River (part of the common border), land and air incursions by Nicaraguan forces, and the presence of anti-Sandinista groups in Costa Rica underscore the need for increased levels of training and the provision of equipment for the country's security forces. Preservation of Costa Rican security will add to the stability of the entire Central American region.

Terrorist groups within Costa Rica also pose a threat to the country's stability. In 1982, there were more than a dozen incidents attributable to terrorists, including kidnappings and killings, as well as the discovery of large arms caches. The Costa Rican Government's ability to deal effectively with terrorism, particularly with an armed threat in the countryside, is limited.

In addition to these external and internal security threats, Costa Rica is facing a serious economic crisis and severe balance of payments shortages, including an enormous external debt. While the Government is undertaking significant self-help measures in coordination with the IMF to resolve Costa Rica's economic problems, US assistance is essential to economic recovery.

E. DESCRIPTION OF US PROGRAM OF ASSISTANCE

The FY 1984 security assistance program for Costa Rica consists of International Military Education and Training (IMET), Military Assistance Program (MAP) grants, and Economic Support Fund (ESF) assistance. Our IMET and MAP programs will deal directly and strictly with those units of the Civil and Rural Guard that have no day-to-day civil law enforcement responsibilities. Since the public forces require basic equipment and training, our programs are directed at three fundamental objectives: (1) to assist Costa Rica in developing expertise and systems needed for effective management of its security establishment; (2) to provide equipment essential to the maintenance of an effective defense force; and (3) to create skills needed for operation and maintenance of US equipment and to foster an indigenous training capability in these skills. As in past years, Costa Rica may ask to purchase limited quantities of defense articles and services through Foreign Military Sales (FMS) cash and/or commercial procedures.

IMET: In FY 1984, we will still be working to cover the training void created by the lack of an IMET program for Costa Rica from 1967-80. IMET funds will be spent to continue building a base of trained NCO's and junior officers and will also allow a modest initiation of professional level officers' training for the first time in 15 years. The program will provide training in logistics, operations, maintenance, and border control techniques.

MAP: FY 1984 MAP funds will be used to continue furnishing border patrol and reaction forces with uniforms, tactical communications and personal field equipment; to buy a small number of tactical vehicles; to purchase up to three light, fixed-wing observation aircraft; and possibly to purchase a few modern crew-served weapons and ammunition.

ESF; Since the reinvigoration of Costa Rica's export industries is the key to economic recovery, ESF funds will be used to finance imports of raw materials and intermediate goods for industry and agriculture, with an emphasis on manufacturing industries producing for export markets. The local currency counterpart will help relieve the hardship of unemployment and financial strain through support for longer term development activities and credit to savings and loan associations and the private sector.

F. SECURITY ASSISTANCE PROGRAM MANAGEMENT

The Office of Defense Cooperation (ODC) in San José administers in-country military assistance activities. The US AID mission in San José administers the ESF program.

G. ARMS CONTROL CONSIDERATIONS

Costa Rica needs to improve its ground and air patrol capabilities in the face of border incursions and a mounting terrorist threat. The proposed FY 1984 security assistance will permit Costa Rica to acquire a small number of surveillance aircraft and ground vehicles. Such assistance, coupled with training in various security skills, will contribute importantly to stability in the region.

COSTA RICA

SUMMARY OF 1984 SECURITY ASSISTANCE PROGRAMS
(Dollars in Thousands)

Foreign Military Sales Financing Program	-
Economic Support Fund	70,000
Military Assistance Program	2,000
International Military Education and Training Program	150
Total	72,150

FMS FINANCING PROGRAM
(Dollars in Thousands)

	Actual FY 1982	Estimated FY 1983	Proposed FY 1984
Direct Credit			
Guaranty			
Total			

NO FMS FINANCING
DURING THIS PERIOD

Status as of 30 September 1982

Principal Amount of FMS Financing Issued	5,000
Principal Amount of FMS Financing Expended	-5,000
Principal Amount of FMS Financing Unexpended	-
Principal Amount Repaid to Date	3,000
Interest Paid to Date	894

Consolidated Repayment Schedule Estimated as of 30 September 1982

	Principal	Interest	Total
FY 1983	2,000	219	2,219
FY 1984	-	-	-
FY 1985	-	-	-
FY 1986	-	-	-
FY 1987	-	-	-
FY 1988	-	-	-
FY 1989	-	-	-
FY 1990	-	-	-
FY 1991	-	-	-
FY 1992	-	-	-

ECONOMIC SUPPORT FUND
(Dollars in Thousands)

	Actual FY 1982	Estimated FY 1983	Proposed FY 1984
Grants	5,000	12,000	-
Loans	15,000	113,000	70,000
Total	20,000	125,000	70,000

Status as of 30 September 1982

Principal Amount of ESF Financing Issued	15,000
Principal Amount of ESF Financing Expended	-15,000
Principal Amount of ESF Financing Unexpended	-
Principal Amount Repaid to Date	-
Interest Paid to Date	-

MILITARY ASSISTANCE PROGRAM
(Dollars in Thousands)

	Actual FY 1982	Estimated FY 1983	Proposed FY 1984
Total Programs	2,000	1,000	2,000
Undelivered MAP Grant Aid as of 30 September 1982			None

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM
(Dollars in Thousands)

	Actual FY 1982	Estimated FY 1983	Proposed FY 1984
Student Training	33	94	120
Training Teams	11	22	15
Training Aids	11	1	12
Other Support	3	8	3
Total	58	125	150
Number of Students			
In United States	-	-	-
Overseas	55	104	120
Total	55	104	120

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
(Dollars in Thousands)

	Actual FY 1982	Estimated FY 1983	Proposed FY 1984
Defense Articles/Services	-	-	-
Construction/Design	-	-	-
Total Sales	-	-	-

* Less than \$500.

COMMERCIAL EXPORTS LICENSED UNDER ARMS EXPORT CONTROL ACT
(Dollars in Thousands)

	Estimated		
	FY 1982	FY 1983	FY 1984
Total Exports	150	150	75

OVERSEAS MILITARY PROGRAM MANAGEMENT
(Dollars in Thousands)

	Actual FY 1982	Estimated FY 1983	Proposed FY 1984
MAP/DMET Costs	-	159	150
FMS Costs	184	80	78
Total Costs	184	239	228
Number of Authorized Personnel			
Military	2	3	3
Civilian	-	-	-
Local	3	3	4
Total	5	6	7

OTHER ECONOMIC ASSISTANCE PROGRAMS
(Dollars in Thousands)

	Actual FY 1982	Estimated FY 1983	Proposed FY 1984
Development Aid (AID)	11,540	19,133	15,000
Peace Corps	1,007	1,254	1,160
P.L. 480	19,092	20,224	20,038
Intl. Narcotics Control	-	-	-
Total	31,639	40,615	36,198

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 1 - General
Background, Geography,
History, People

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
General Background	Third smallest Central American country. Became a republic in 1836; a model democracy has existed since 1949. Population concentrated in Meseta Central and enjoys the highest standard of living in Central America.
Geographical Setting	Rainfall is abundant and most people live in the temperate zone from 1,500 ft to 5,000 ft. The Caribbean Coast is open and flat while the Pacific Coast is hilly and mountainous. Mineral resources are poor.
History	Spanish Crown Colony from 1522 until independence in 1821. Since 1889, the beginning of the modern political era, there have been only 2 interruptions in constitutional government.
People	The population is estimated at 2.3 million most of whom are of European origin. Blacks are the only significant minority, and Spanish is the dominant language of the country.

CHAPTER I

GENERAL BACKGROUND, GEOGRAPHY, HISTORY, PEOPLE

A. GENERAL BACKGROUND

The Republic of Costa Rica is the third smallest country in Central America with an area of less than 20,000 square miles. Only El Salvador with 8,260 square miles, and Belize with 8,867 square miles are smaller. Although situated between Nicaragua and Panamá and having seacoasts on the Pacific and Caribbean Sea, its society evolved in relative isolation from the rest of the Spanish colonies because of settlement patterns and lack of communication. Christopher Columbus sailed along the Caribbean coast of present-day Costa Rica on his fourth voyage in 1502, but no permanent Spanish settlement was established in the country for another 60 years because of difficult terrain and fierce resistance of the few scattered bands of Indians.

Relatively small numbers of Spanish immigrants settled during the colonial era. The population remained at less than 20,000 persons for centuries and was confined mainly to two highland valleys on small isolated farms. There was little wealth in the colony and almost every family had to work to maintain itself. The centuries of isolation and self-reliance molded a society that by mid-twentieth century was distinct from the rest of Central America.

The country has been a Republic since its separation in 1836 from the short lived United Provinces of Central America. The Constitution of 1949 established a unitary, popular, and representative government. The executive power is exercised by a president, a cabinet, and two vice-presidents. The legislative branch is a 57 member unicameral congress called the Legislative Assembly which is elected to four-year terms by compulsory direct popular vote. The Supreme Court of Justice, together with about 100 subordinate courts, exercises judicial authority. The country is composed of seven provinces, each divided into several cantons, which in turn are made up of districts. Local government is exercised only on the canton level. The Constitution forbids the creation of a military force.

Climatic conditions vary according to altitude, and most of the population lives between 1,500 and 5,000 feet above sea level on an upland valley called the Meseta Central, which experiences a temperate climate. This area, located in the center of the country, has been the focus of settlement from the early Spanish colonial era until the mid-twentieth century. The concentration of the population on the Meseta Central has permitted it to be provided with effective services and modern facilities to a high degree, and the entire population enjoys the highest standard of living in Central America.

B. GEOGRAPHICAL SETTING

Costa Rica has an area of approximately 19,653 square miles, somewhat smaller than the state of West Virginia and just a little larger than the combined states

of New Hampshire and Vermont. The flat, open Caribbean coast, 130 miles long, contrasts sharply with the irregular Pacific coast, 630 miles of hilly or mountainous peninsulas, coastal lowlands, and deep gulfs and bays. A series of three mountain ranges flanked by lower hilly sections bisects the country from northwest to southeast and is partly responsible for the different climatic conditions of the two coasts. The mountains block the rain-bearing northeast trade winds, which cause the heavy and continual rainfall of the Caribbean coastal area. The Pacific coast receives its rain from May through October when the southwest winds blow on shore. Because of these rainfall patterns, rivers to the Caribbean flow constantly throughout the year, while those to the Pacific either dry up or decrease significantly in volume during the dry season. However, because of the relatively complicated topography of the Pacific coast, there are dramatic local exceptions to the general pattern, particularly in the northern lowlands of Guanacaste, which lie in the lee of the coastal mountains of the Nicoya peninsula. This area sometimes suffers severe drought even in the rainy season. On the other hand, the mountains north of the port of Golfito block the southwest winds, and a luxuriant rain forest and a poorly defined dry season characterize the area.

Climatic conditions are also dependent to a great degree upon altitude, in addition to proximity to one or the other of the coasts. On the Pacific side the hot country extends from sea level to about 1,500 feet above and experiences daytime temperatures of 85 to 90 degrees Fahrenheit. The temperate country extends from 1,500 to 5,000 feet above sea level, with average daytime temperatures of 75 to 80 degrees Fahrenheit. It is in this temperate zone that the largest population concentrations are to be found.

The largest area of undisturbed but valuable forestland is found on the Caribbean lowland near the Nicaraguan border where transportation facilities are poor. The Inter-American Highway, however, has opened up many other timber-rich areas, some of which are in danger of indiscriminate exploitation. Much timberland, valuable either because it contains commercial stands or because its presence helps prevent soil erosion, has been ruined by marginal farmers who clear their land by burning it and move on when the soil has been exhausted. Deforestation, and the resulting erosion, is a serious problem for Costa Rica.

Most of the natural fauna is typical of that classified as South American in origin, although a number of animals of North American origin are found in the country. Tree-dwelling animals, such as monkeys and opossums, a few ground animals, and many reptiles including frogs, iguanas, and a few species of poisonous snakes, inhabit the rain forests. The most numerous animals to be found in the wet lowlands, however, are insects and birds. The birds include macaws, parrots, parakeets, and trogons. Many of these, however, feed on cultivated grains and have, as a consequence, been greatly diminished by the farmers. Disease-carrying insects have long inhibited settlements of the lowlands, although methods for controlling them are continuing to be developed.

In the tropical deciduous forests and savannas are found such animals as the jaguar, puma, and other cats; the North American white-tailed deer; small rodents; carnivorous birds, such as owls, hawks, and black vultures; and game birds, such as quail and partridge.

Costa Rica is relatively poor in mineral resources. There are, however, deposits of alumina-bearing clays near Urena and scattered deposits of manganese

along the Pacific coast in the Guanacaste Province. Some gold has been mined in the past in the Central Pacific area of Puntarenas Province, but always on a small scale. Many other minerals, including silver, lead, limestone, and magnetite (an iron ore), have been found. However, the development of mining has been limited by poor transportation facilities, the low grade of ore, and the small size of most deposits.

Costa Rica controls Cocos Island, a small island (10 sq. miles), 300 miles (483km) off the Pacific coast. The island is mostly jungle and has no permanent population. It is, however, strategically important in the defense of the Panama Canal.

C. HISTORY

The territory was a Spanish Crown Colony from 1522 until independence (1821). As no really exploitable mineral wealth was discovered and the resident Indians proved to be intractable, fiercely resisting efforts to exploit them, a system of poor small landholders evolved. The involuntary egalitarian poverty of the small farmers, the ethically and linguistically homogeneous population, and the relative isolation of the area from the centers of Spanish colonial rule were factors which contributed to the growth of an independent and individualistic agrarian society.

After Costa Rica achieved independence in 1821, the isolation and poverty which marked colonial existence gradually diminished. The introduction of the coffee-growing industry in the early 19th century and banana cultivation in the late 19th century opened important new sources of wealth. Some Costa Ricans accumulated large fortunes, and class differences began to emerge. But the experience of the 17th and 18th centuries left their imprint on the nation's social and political attitudes.

The elections of 1889 are generally considered the beginning of the modern political era in Costa Rica. Those elections--the first truly free and honest in the country--constituted a turning point in the development of democracy. Since 1889 there have been only two significant interruptions in constitutional government: the 30 - month dictatorship of Federico Tinoco, which began in 1917, and the revolution of 1948, which broke out after the Legislative Assembly annulled the disputed Presidential elections. The revolution, led by José Figueres Ferrer, was followed by 18 months of rule by a government junta, which presided over preparation of the Constitution. The victorious candidate of the 1948 elections was inaugurated in 1949 and served a full term.

Since the revolution, there have been eight Presidential elections in Costa Rica and only in 1974 was the candidate of the party in power elected.

Costa Rican help was instrumental in assisting the Sandanistas in overthrowing the Somoza government in Nicaragua. Some sources report that Costa Rica received weapons from Cuba in return for its help to the Sandanistas, including 5,000 FAL rifles and 25 75mm cannons.

D. PEOPLE

Unlike their Central American neighbors, Costa Ricans are overwhelmingly of European descent, predominantly Spanish, although some are of Dutch,

German, and Swiss background. Negroes, descendants of Jamician workers who immigrated to Costa Rica in the late 19th century, constitute the only significant minority group. They number about 30,000 and are centered principally around Puerto Limón on the Caribbean. Negroes of the older generation have retained their West Indian culture as well as their English language; the younger generation considers itself Costa Rican and is becoming part of the dominate culture. The various Indian groups are in different stages of being assimilated into the surrounding population and generally are losing their native languages, traditions, and customs.

There are essentially three major Indian groups in the country who number approximately from 5,000 to 8,000. The Chorotega-Mangues of the Nicoya Peninsula have been almost wholly assimilated by the surrounding mestizo population and have lost all of their indigenous past except for a few religious beliefs and their agricultural techniques. The Boruca of the southern Pacific area are being rapidly assimilated, and the process has been accelerated in the last 20 years by the completion of the Inter-American Highway near the villages and the operation of government schools in their territory. The Talamancan tribes of the isolated jungles on the Caribbean coast have preserved more of their pre-Columbian culture than the other two groups. These Indians have even resisted the conversion efforts of the Catholic priests, who have been the most frequent visitors to their territory. Some Talamancan families have moved to the Pacific coast where they have abandoned many traditional ways, but the groups who remain in the east still follow the customs of their ancestors with only minor inputs from Spanish culture.

The mid-1981 population was estimated to be 2,269,000, with San José the capitol and largest city at 534,000. The population was increasing (1976) at approximately 2.51% per year.

The population is unusually homogeneous. The majority are descended from the original Spanish settlers and there is no cultural or racial distinction between whites and mestizos (persons of mixed Indian and European descent), although whites predominate. The mestizos are found mostly in Guanacaste Province where intermarriage occurred between the early settlers and local Indians.

With the exception of about 40,000 persons, the population is Roman Catholic, and the government grants financial support to the Church. The Church is particularly strong; and its influence on society is significant, although indirect, because it abstains from political activity. In recent years, it has lost some of the social control it exercised in the past, and a growing number of persons are only nominal Catholics. The non-Catholics are mainly members of 28 different Protestant sects, plus 1,500 Jews and lesser number of persons of other religious persuasions.

One of the results of the high degree of population homogeneity is the relative lack of antagonism between social groups. Relations between the highest income groups and the rest of the population are not bitter, and social mobility and acquisition of wealth are possible. The middle class is the strongest social class. A class structure does exist but not to the degree found in other Latin American countries. The heritage from the colonial era where everyone was poor but independent, with equal opportunities, has created an atmosphere permitting social progress.

Spanish is the dominant language of the country. Because there have been fewer foreign influences, the vocabulary has remained more like the Iberian Spanish than that of most South American countries, particularly those with large Indian populations. Yet 400 years of separation have produced marked changes in speech patterns, and Costa Rican pronunciation most nearly resembles that of the Guatemalan Spanish speakers. English is the second language of the country, although it is spoken primarily by the 30,000 West Indian Negroes. In recent years, however, it has become a valuable asset in industry and business where bilingualism is highly desired. The remaining five Indian languages all belong to the Chibcha family but are mutually unintelligible. Except for the Talamancan tribes, who adhere strongly to their own traditions and customs, the Indians are abandoning their native tongues and adopting Spanish as they become assimilated into the dominant Costa Rican society.

TABLE I - POPULATION

PROVINCES (1978)

Alajuela	367,622
Cartago	231,504
Guanacaste	209,474
Heredía	150,889
Limón	133,273
Puntarenas	251,982
San José	786,876

MAJOR CITIES (1978)

San José	242,704
Alajuela	37,252
Puntarenas	31,046
Limón	46,919
Heredía	26,016
Cartago	24,651
Libería	19,522

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 2
Public Administration

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
General Overview	Government is one of the most stable in Latin America. Regular and meaningful elections are held. Since 1981, a small but well-organized terrorist movement has threatened stability.
Structure of Government	A democratic republic with an executive, legislative and judicial branch. The legislative branch is unicameral and the executive branch has a president and two vice-presidents. The Presidency is a 4-year term.
Major Political Parties	The leading political party is the National Liberation Party (PLN). There are five other important political parties.
Local Government	The principal units of local government are the seven provinces. A governor is appointed to each province by the President.
Foreign Policy	Foreign relations are not a crucial factor. Principal commitment is to the Organization of Central American States and the Central American Common Market.

E. STRUCTURE OF GOVERNMENT

Costa Rica is a democratic republic. The government is divided into three branches: executive, legislative, and judicial. The relative power of the legislative branch within the government structure is well developed. Executive power, vested in the President, is somewhat limited by Latin American standards, although the President remains the indisputable center of power. The Constitution's elaborate system of checks and balances includes provisions for presidential veto, interpellation of ministers, impeachment procedures, and limitations on legislative and executive terms of office. It also provides separate and independent status to the nation's autonomous institutions.

1. The Legislative Branch

The nation's unicameral congress, the Legislative Assembly, is composed of 57 deputies elected for 4-year terms. They may not be reelected to successive terms. The assembly is the final product of extensive experimentation, throughout the years of independence, with various forms and designations of single and dual legislatures.

The assembly meets each year for two periods totaling 6 months from May through July and September through November. Extraordinary sessions in the off months are common. Two-thirds of the membership constitute a quorum, and ordinary decisions may be made by a majority of the members present. The assembly may amend the Constitution by a two-thirds majority of the total membership, but a number of administrative delays are built into the system to ensure due deliberation and careful review. A general revision of the charter may be effected only by a constituent assembly convened expressly for that purpose.

Legislation may be initiated by any deputy or by the president acting through one of his ministers. A bill must be debated on three separate days, and if approved by a majority, sent to the President, who must sign it within 10 working days. If signed, it is then published and becomes law. The President may veto any bill except the national budget, but a vetoed bill may become law by a two-thirds vote of the total assembly membership. A veto is exercised on the grounds of unconstitutionality of the bill or because the President considers that it should be amended.

Among the exclusive functions attributed to the Legislative Assembly by the Constitution are enacting, amending, and repealing laws; authorizing the declaration of war or peace; approving the national budget; and the levying of taxes. It may also approve or reject international treaties or agreements; suspend civil rights and guarantees for up to 30 days; impeach the President and conduct interpellation of ministers and, if necessary, censure them. Finally, it creates courts, appoints the controllers general and the magistrates of the Supreme Court, and rules on any incapacity on the part of the President to fulfill his duties.

The Constitution requires that a deputy be a citizen in full exercise of citizenship. He must be 21 years of age and a citizen by birth or by naturalization. If naturalized, he must have a minimum of 10 years residence in the country. The 57 members of the Assembly are distributed on the basis

of one for every 30,000 inhabitants and fraction over 15,000 in each province. They are elected directly according to a system of proportional representation.

2. The Executive Branch

The executive branch of the government consists of the President, two Vice-Presidents, the Cabinet Ministers, and the Council of Government. The formal power of the chief executive is broad and comprehensive. The Constitution assigns to him five individual powers and duties, and twenty others to him and his ministers jointly. His actual influence is enhanced because of his authority to appoint and remove ministers at will.

The President must be a citizen by birth, over 30 years of age, and not a member of the clergy. A Presidential candidate may not be closely related to the incumbent President and must not have served as President for any period during the preceeding 8 years. Furthermore, he must not have served during the year preceeding the election as a Cabinet Minister, Comptroller, Director of the Civil Registry or an autonomous agency, or member of the TSE or Supreme Court of Justice. The presidential term is 4 years. In the event of permanent absence or disability, the line of succession extends to the First Vice-President, and then the Second Vice-President, and finally the President of the Legislative Assembly.

The President's exclusive powers consist of representation of the nation in official acts, supreme command of the public forces, and the appointment and removal of ministers. He must present an annual State of the Republic message to the assembly and must solicit its approval if he wishes to leave the country. Other than replacing the President during his temporary absence, the duties of the Vice-Presidents are not mentioned in the Constitution. Although they may hold ministeral posts, they generally assist the president in such activities as he may assign them.

The joint functions of the President and his respective ministers comprehensively cover most aspects of the country's security, finance, administration, and routine operation. They include responsibility for defense and internal order, direction of foreign affairs and negotiation of international agreements, promulgation of laws and their enforcement, collection and expenditure of public revenues, formulation of national budget for presentation to the Legislative Assembly, appointment and removal of officials not covered by civil service, and supervision of the functioning of the administrative services and agencies.

The Council of Government is presided over by the chief executive and is designed to furnish recommendations on pertinent matters to the Legislative Assembly.

The number of ministers is specified by law rather than by the Constitution, which merely authorizes such ministers as the law provides.

3. Judicial Branch

Title XI, Article 152 of the Constitution provides that the judicial

power of the State is exercised by the Supreme Court of Justice and by other courts established by law. The Constitution only assigns two specific functions to the court: to rule on the constitutionality of measures taken by the legislative or executive powers and to serve as the final court of appeal on decisions referred to it by the inferior courts. Other functions are assigned by law and cover a wide and comprehensive field. Among these are the power to exercise administrative and disciplinary supervision of the court system, to propose reforms to improve the administration of justice, to appoint and remove all judicial officers and employees, to rule on vetos by the executive power on grounds of constitutionality, to try cases of impeachment or liability claims for acts committed by public officials, and to hear cases of amparo and habeas corpus. Cases involving constitutionality are heard by the Cassation Chamber but adjudged by the full court in plenary session.

C. MAJOR POLITICAL PARTIES

The leading political party in Costa Rica since the 1948 revolution has been the National Liberation Party (PLN), essentially social/democratic in philosophy. The PLN and various coalitions of anti-PLN parties have alternately won presidential elections except in 1974, when the PLN candidate succeeded the PLN incumbent.

Other important parties are the UNIDAD coalition of the Democratic Renovation Party (PRD), Christian Democratic Party (PDC), Popular Union Party (PUP), and Republic Calderonista Party (PRC); and the Popular Vanguard Party (PVP).

D. ELECTIONS

Elections for the President and Vice-Presidents, and Deputies of the Legislative Assembly are held every 4 years. The electoral process is under the control of the Supreme Electoral Tribunal (TSE), which since 1949 has had complete independence in carrying out its functions.

The President and the two Vice-Presidents run for office on the same ticket. A constitutional amendment passed in 1969 prohibits the reelection of former Presidents. To be elected, the candidate must receive at least 40% of the vote.

The unicarmel Legislative Assembly is elected at the same time as the President and Vice-Presidents on the basis of proportional representation. Deputies cannot be reelected for successive terms.

E. PRINCIPAL GOVERNMENT OFFICIALS

President	Luis Alberto <u>Monge</u> Alvarez
First Vice-President	Alberto <u>Fait</u> Lizano
Second Vice-President	Armando <u>Arauz</u> Aguilar
Ministers:	
Foreign Relations	Fernando <u>Volio</u> Jiménez
Economics	Marco Antonio <u>López</u> Agüero
Government	Alfonso <u>Carro</u> Zúñiga

Public Security	Angel Edmondo Solano Calderón
Agriculture	Francisco Morales Hernández
Labor	Guillermo Sandoval Aguilar
Finance	Federico Vargas Peralta
Energy	Calixto Chávez Aamora
Education	Eugenio Rodríguez Vega
Planning & Economic Policy	Claudio Antonio Volio Guardia
Public Works & Transport	Rolando Araya Monge
Culture	Hernan González Gutiérrez
Attorney General	Carlos José Gutiérrez
Ambassador to the U.S. and O.A.S.	Fernando Soto Harrison
Ambassador to the U.N.	Fernando Zumbado

F. LOCAL GOVERNMENT

The principal units of local government are the provinces, of which there are seven. All provinces have capitals of the same name except Guanacaste, whose name is Liberia. The four inland provinces are: Alajuela, Heredia, San José, and Cartago; the three coastal provinces are: Guanacaste, Puntarenas, and Limón. The provinces are divided into 69 counties (cantones) which are in turn subdivided into 344 districts (distritos).

The provinces have no self-government, and governors are appointed by the President. Local authority in each county is vested in the municipalidad (municipal council) made up of voting members called Regidores and non-voting members called Síndicos. The executive officer of the Council, the Jefe Político, is appointed by the President, and he has veto power over any ordinance passed by the Council. As autonomous institutions under the Constitution, the Councils have considerable legislative and budgetary powers, which may not be abridged by the President.

G. FOREIGN POLICY

Foreign relations are not a crucial factor in Costa Rican politics. Historically, the country has been a bulwark of democracy in Latin America and has often taken a courageous stand against dictatorships, both of the right and the left. The country has never experienced a foreign invasion or occupation and, because of its relative isolation and unaggressive stance, has not been a target for external encroachment. Its principal commitment is to the Inter-American system, particularly the Organization of Central American States and to the Central American Common Market. However, relations with both of its neighbors, Panamá and Nicaragua, are periodically marred by border skirmishes. Problems with Panamá caused by rebel activities in border areas have been relatively minor. Relations with Nicaragua are characterized by recurring aggravation and tension. There is a long standing dispute over the San Juan River and the Nicaraguan claim to Guanacaste Province. Rebel bands of guerrillas in both countries periodically raid or seek refuge in the other. A former Sandinista leader, Edén Pastorá is operating in opposition to Nicaragua from a base in Costa Rica.

Relations with the United States have been unbrokenly cordial with no serious disagreements on inter-American issues. Costa Rica has consistently

supported U.S. positions at the U.N. and the O.A.S. Relations with the United Kingdom are also very close.

Costa Rica joined the U.N. in 1945, and belongs, as well, to the O.A.S., the Central American Common Market, the Inter-American Development Bank, International Wheat Council and the Latin American Economic System.

H. KEY U.S. EMBASSY OFFICIALS (As of late 1983)

Embassy Number 33-11-55

<u>NAME</u>	<u>OFFICE EXT.</u>	<u>HOME PHONE</u>
Ambassador Curtin Winsor, Jr.	240/250	28-19-43
George F. Jones Deputy Chief of Mission	233/240/250	24-86-19
Marilyn McAfee-Sparks Counselor for Public Affairs	280/235	32-37-63
Daniel Chaij Mission Director	306/336	32-90-14
Agency for International Development		
James J. Johnston Counselor for Administrative Affairs	218/265	32-48-40
Ronald D. Godard Chief, Political Section	254/273	32-55-32
Robert A. Gehring Chief, Economic Section	333/335	28-50-26
Lynn Curtain Chief, Consular Section	328	28-06-13
LTC John C. Taylor Chief, Office of Defense Cooperation	319/338	28-16-62
Donald Clements Special Agent in Charge, DEA	305/314	32-27-04
Max Bowser Agriculture Attache	251/295	28-08-93
Pedro Luján Director, Peace Corps	239/268	25-89-43

I. KEY U.S. EMBASSY ADMINISTRATIVE PERSONNEL (As of late 1983)

<u>NAME</u>	<u>OFFICE EXT.</u>	<u>HOME PHONE</u>
James J. Johnston Administrative Counselor	218/265	32-48-40
Charles Sparks Security Officer	241/218/265	32-37-63
Manuel F. Acosta General Services Officer	300/210	28-23-22
Joseph L. Warner Budget & Fiscal/Personnel Officer	212/208	28-09-42
John McMillen Communications Program Officer	329	

NAMEOFFICE EXT.HOME PHONE

Britt Clements
Community Liaison Officer
Vivian Chaij
Nurse
Joseph Gómez
NCOIC-Marine Security Guard

237

32-27-04

223

32-90-14

260

32-30-31

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

Legal System and
Property Control

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
General	The judicial power of the state rests in an independent judiciary guarded by the constitution; regulatory provisions are limited to the Supreme Court of Justice.
Criminal Court Structure	Each of the seven provinces has a Criminal Court of Original Jurisdiction. At the district level there are inferior courts with police courts constituting the lowest level. Appeals are handled through the four Appealate Courts ending in the Supreme Court of Justice as the highest Judicial level.
Property Control	90% of farms are owner operated. There is no general building code or national housing policy.
Property Laws	Foreigners may own land and businesses without limitations. There is an excellent system for land titles. Property laws have their source in Spanish laws and antecedents.

CHAPTER 3

LEGAL SYSTEM AND PROPERTY CONTROL

A. GENERAL

The judicial power of the state rests in an independent judiciary prescribed and guarded by the Constitution. The entire legal framework is organized on a national basis patterned largely on European concepts and antecedents that are rooted in Roman law. Courts rely largely on the application of codified national laws rather than on the precedents of prior court decisions as emphasized in English common law. The authority of the judiciary is exercised by the Supreme Court of Justice and other courts established by law and is administered by agents of judicial police, mayors (alcaldes), judges, or the members of the Supreme Court; either in plenary session or functioning through the court's component chambers (salas).

The Constitution of 1949 as amended contains provisions designed to protect the individual and ensure the equitable administration of justice. Among these are the principles of equality under the law, freedom from arbitrary search and arrest, the opportunity for an adequate defense, and the right to a writ of habeas corpus. Title IV of the Constitution, outlines the basic freedoms of the individual, including such areas as freedom of speech, press, assembly, and religion as well as inviolability of the home and private communications and correspondence.

The Constitution recognizes the existence and competence of the country's inferior courts, but its regulatory provisions are limited to the Supreme Court of Justice. It attributes top judicial authority to this court and regulates its composition as well as the appointment and removal of magistrates. Specific regulations governing the court's magistrature are prescribed by Title XI, "The Judicial Power." These require that magistrates be elected by the Legislative Assembly for a term of 8 years. A candidate must be a citizen and must be over 35 years of age, and must be qualified in the law either by holding a recognized law degree or having engaged in the profession for at least 10 years.

B. CRIMINAL COURT STRUCTURE

The national court structure is headed by the Supreme Court of Justice (Corte Suprema de Justicia), which sits in San Jose. It is presided over by the chief justice and is authorized 17 magistrates. It interprets national legislation and is empowered to rule on the constitutionality of Legislative Assembly enactments a prerogative that it has exercised over the years on a number of occasions. The Supreme Court has appellate jurisdiction over the country's four Courts of Appeal and has original jurisdiction in deciding matters of constitutionality, impeachments brought by the Assembly, and cases involving amparo and habeas corpus. Its rulings are binding on all other courts in the nation.

Below the Supreme Court of Justice, there are four national Courts of Appeals

and a Criminal Court of Original Jurisdiction, in each of the country's seven provinces. At the canton or district level there are a number of inferior courts, including Juvenile Courts and Police Courts (Agencia Judicial de Policia), which have jurisdiction over lesser offenses. Major crimes come within the province of the provincial criminal courts.

Subordinate to the Criminal Courts of Original Jurisdiction are the Alcadias, or Municipal Courts, which have jurisdiction in cases of minor offenses and misdemeanors involving penalties of three years' imprisonment or less, or fines of under 3,000 colones. Finally, the Police Courts constitute the lowest criminal tribunals in the court hierarchy. These are presided over by police magistrates and have jurisdiction limited to misdemeanors.

Juvenile Courts are in a special category and are limited to trying offenders under 17 years of age. There is one additional type of special court, the Superior Court Martial. Although a national army is prescribed by the 1949 Constitution, this court is recognized as a permanent tribunal for cases involving Civil Guard and police personnel, who are still subject to military law.

The Penal and Police Code is national in scope and imparts centralized unity to the application of justice. Specific chapters treat such matters as competence of the law, elements of offenses and criminal responsibility, and types and computations of punishments. In addition to outlining the general provisions applicable to criminal law, it deals with specific categories of crime and substantive offenses. Punishments are treated in some detail, and although courts have some degree of latitude, the range of penalties is carefully defined.

The code recognizes three distinct levels of offenses, designated felonies (delitos), unintentional offenses (cuasi-delitos), and misdemeanors (faltas). The penal section of the code is concerned with the first two categories, whereas misdemeanors are covered by the police section. The code takes into account possible extenuations and mitigating factors, such as self-defense and impairment of mental faculties. Ignorance of the law is not considered an excuse, and an unsuccessful attempted crime is punishable as accomplished. There are provisions for increased penalties in cases of incorrigible and repeated offenders and stipulations holding accomplices and accessories equally liable with a principal.

Book II, Title I, Articles 184 through 433 group the various classifications of offenses into broad categories and break them down into specific types of violations. The major categories distinguish between crimes against state security, or public order. Crimes against the state include such offenses as treason, insurrection, or offenses against the dignity of the republic. Crimes against persons or property cover the more conventional type of lawbreaking, taking in such offenses as homicide, assault, robbery, and fraud.

The range of penalties and the scope of their limitations are clearly prescribed. Recognized punishments are limited to imprisonment, banishment, and fine. There has been no death penalty in the country for over 70 years, and the code bans imposition of life imprisonment, although it does not specify a maximum allowable term. The code recognizes exile, which may range from 6 months to 10 years, but this is in conflict with the Constitution, which

states in Article 32 that no Costa Rican may be compelled to abandon the national territory.

In civil matters justice is formally administered at two levels. Litigation involving more than 1,000 colones is tried by civil judges (jueces civiles) at the provincial level, and where the amount is 1,000 colones or less, at the canton level by mayors with civil jurisdiction (alcaldes civiles). Civil disputes of a minor nature may be adjudicated by police magistrates at a municipal police court, but this is effected through arbitration rather than formal trial.

C. LIST OF ATTORNEYS

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24) ROMERO PEREZ, Jorge Enrique: (Civil), educ. Law School, University of Costa Rica and University of Madrid. Specializes: Public bids and administrative contracts. Languages: Spanish. Office address: Costado Oeste del Edificio de los Tribunales de Justicia, Calle 15, Avenidas 6/8, Casa 651. Telephone: 23-00-74, 22-56-34, 22-96-35.

25) SOTELA MONTAGNE, Rogelio: (Civil), educ. University of Costa Rica, San José, Costa Rica. Languages: Spanish and English. Specializes: Civil, Commercial, Mining Marks and Constitution of Societies, also accepts collection and trade disputes, estate and notariats. Telephone: 22-52-65.

26) SOTO HARRISON, Fernando: (Civil-Commercial), educ. Law School, University of Costa Rica. Specializes: International, Commercial and trade marks. Languages: Spanish and English. Telephone: 22-22-74, 23-25-97 and 21-65-38.

27) THOMPSON FENNELLS, Howard: (Civil-Commercial Law), educ. Law School, University of Costa Rica. Languages: Spanish and English. Specializes: Civil, Commercial and Notarials. Also accepts General practices. Office address: Calle 4 Ave. Central, Edificio Infilang, 5to. piso, #6. Telephone: 23-38-72.

28) VASQUEZ GEHRELS, Enríque: (Taxation-Foreign Trade), educ. Law School, University of Costa Rica, San José, Costa Rica; Institute for International and Foreign Trade Law, Georgetown University, Washington, D.C., 1979; Masters in Laws, Harvard Law School. Languages: Spanish and English. Specializes: Admiralty, Taxation and Foreign Trade Law. Office address: Bufete Facio & Canas, 300 Meters East of La Republica, Barrio Tournon, San José, Telephone: 21-12-55.

29) WOODBIDGE ALVARADO, Paul: (Civil-Commercial), educ. Law School, University of Costa Rica, University Degli Studi di Roma, Italy. Specializes: Administrative and Notary Public. Languages: Spanish, English, French and Italian. Office address: 50 Mts. Norte Prensa Libre, Edificio Olympto, 4th floor, San José, Telephone: 23-65-44.

30) WOHLSTEIN RUBINSTEIN, Harry: (Civil), educ. Law School, University of Costa Rica and New York University School of Law. Specializes: Industrial and Commercial Law. Languages: Spanish and English. Also accepts collection cases, trade disputes, estates and notarials. Telephone: 23-32-39, 21-46-49.

31) ZURCHER, Harry A.: (Civil), educ. Law School, University of Costa Rica, San José, Costa Rica. Languages: Spanish and English. Specializes: Civil, Commercial and industrial laws, pattern and trade marks. Also accepts estates, trade disputes, collection cases and notarials. Telephone: 22-66-33, 22-61-14, 22-62-29.

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CARTAGO: LEIVA RUNNEBAUM, Rodolfo
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HEREDIA: GONZALEZ ESQUIVEL, Victor Manuel
Telephone: 37-03-94
Apartado Postal 1, Heredia

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SAN ISIDRO DE PEREZ ZELEDON: DELGADO ZUÑIGA, Juan José
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Norte del Parque, altos del Cine Fallas

PURISCAL: MEJIA AVILA, Johnny
Telephone: 49-26-11
Office address: Patronato Nacional de la Infancia
Puriscal

D. PROPERTY CONTROL

According to the 1973 Agricultural Census, more than one-half (54.6%) of the surface area of farms consisting of one hectare and over is owned by less than 5 % of farm owners. Furthermore, one-half of 1% of farm owners control one-fourth of the surface area, while, at the other end of the spectrum, almost one-half (47.8%) of farm owners possess only 3.8% of the surface area. The situation has not changed appreciably over the past 20 years.

Over 90% of farms are owner operated. Historical land tenure patterns have tended to develop small to medium sized properties. Land availability is not a problem but clear-cut policies directed at land use do not exist. There are facilities and agencies for providing good available land to citizens interested in settling and working it. However, mechanisms to parcel the land into economic-sized units, give clear, negotiable titles and regulate the use of forests are needed through the Instituto de Tierras y Colonización.

There is a lack of policies or plans regarding housing, although there is

a critical housing shortage as well as high level of substandard housing and overcrowding. There is no general building code. There is no national housing policy; as a result, financial and institutional resources are inefficiently used and the poor are prevented from acquiring adequate investment funds.

E. PROPERTY LAWS

The property laws have their source in Spanish laws and antecedents rooted in Roman law. Codified national laws are utilized and justice is administered through the two levels affecting civil matters. A municipality, however, may alienate its real and personal property by first requesting and receiving authority from the Legislative Assembly. Municipalities may also request authority to contract loans or mortgage property and reserves.

Foreigners may own land and businesses in Costa Rica without limitations at this time. Resident status (not retiree) is required to legally receive a salary or commission from any source in Costa Rica. There is no limit or tax on foreign income or restriction on dividends or profits from investments even by retirees. Foreigners have almost the same rights as citizens (if they have residents status) except with respect to voting and holding political office at least to the limit that their country of origin grants reciprocal rights to Costa Rican citizens resident there.

In general, Costa Rica has one of the best systems for land titles. They are inscribed in a central registry and any encumbrance or annotation that would affect the title must be noted in the registration book. If a title is inscribed free of encumbrance, no claims not registered prior to the sale date have any legal claim against the property after the new sale has been registered.

In general, the government retains title to the first 200 meters of land from the high tide line. The first 50 meters is normally inalienable and open to the public. From the 50 meter line to the 200 meter line, the land may be leased from the government, fenced, and used exclusively by the lessee and buildings erected. A modest annual rental is charged. Behind the 200 meter line, normal titled land begins. There are occasional exceptions to the above and each case should be investigated separately and carefully. NOTE: Only Costa Rica citizens or foreigners with 5 yrs. residence in Costa Rica, or nominative share corporations with over 50% Costa Rica citizen ownership qualify to obtain leases.

Any subdivision of land into parcels less than 5 hectares (12.5 acres) requires the approval of the government housing agency, INVU, and the local County or municipal authorities, and for urbanizing, the Ministry of Health. Construction of any commercial or dwelling building requires approval of the Ministry of Health and the local municipality, and in some cases the INVU. CAUTION: In all cases, plans must be signed by a registered Engineer. Using qualified legal and technical counsel and assistance, will normally allow a project to proceed smoothly and rapidly to a satisfactory conclusion.

IN-COUNTRY . SUMMARY MATRIX RESOURCE ANALYSIS

CHAPTER 4
Military, Public Safety
and Civil Defense

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
Military	Military abolished in 1949. The country relies on its 4,000 member Civil Guard for internal and external defense and public order. Costa Rica relies on OAS and Rio Treaty to satisfy defense needs.
Public Safety	The country's police force is the 4,000 man Civil Guard. The 3,000 member Rural Assistance Guard maintains law and order outside metropolitan areas.
Penal Facilities	The prison system is composed of two national penitentiaries and a number of prisons and detention facilities housing approximately 1,000 inmates. The Civil Guard maintains jails in each provincial capital.
Drug Problem	Primarily cocaine moves through Costa Rica and the flow of illegal drugs has sharply increased.
Civil Defense	There is no separate Civil Defense organization and the primary civil defense concerns are volcano and earthquake threats primarily in the area of San José.

CHAPTER 4

MILITARY, PUBLIC SAFETY AND CIVIL DEFENSE

A. MILITARY:

The 1949 Constitution abolished the military as such in Costa Rica. The country relies on its 4,000 member Civil Guard for the maintenance of internal security/public order and for external defense responsibilities in the event of a national emergency. The Civil Guard is part of the Ministry of Public Security. It consists of a headquarters and five Comisarias (company-size units) in San José as well as Comandancias (also company-size units) in seven other cities. A small "air and maritime section" is headquartered in San Jose's international airport and has bases at Puntarenas on the Pacific and Puerto Limón on the Atlantic. The Civil Guard and the Rural Assistance Guard (see Public Safety) are together referred to as the "Republic Forces." Together they do not exceed 9,000 persons. See chart 1 for organizational structure. Costa Rica relies on the Organization of American States and the Rio Treaty to satisfy its national security requirements and other defense needs.

Synopsis of Air Force and Navy

Air Force:

Personnel Strength: Unknown

Aircrafts: 12 total

1 short range transport (Turbo Commander)

6 utility aircraft

1 Cessna 180

2 U-11A AZTEC

1 Aero Commander

2 Cessna 185

3 support helicopters

2 Seahorse UH 34D

1 Agusta-Bell 204B

2 utility helicopters

1 FH1100

1 Hughes 300-1

Navy:

Personnel Strength: 90 (Estimated 1983)

Ships: 8 patrol craft and 1 sounding boat

Puntarenas: 1 PB Swiftship (105'); 2 PB Swiftship (65'); 1 PB Singleship; 1 PUB USGG Utility (40'); 1 UGS Sounding Boat (52')

Limón: 2 PB Swiftship (105'); 1 PB Singleship.

Power Potential Statistics

Available manpower: 460,000 -- 301,000 fit for military service.
Gross Domestic Product; \$2.8 billion (\$1,370 per capital).
Fuel Production: Refined petroleum products; 253,000 metric tons.
Electric Power Output: 1.95 billion Kwh in 1979 (1.50 by Hydro)
no nuclear.

B. PUBLIC SAFETY

Police Forces

The country's police force is the 4000-man Civil Guard reinforced by the Town and Village Police and the Treasury Police.

The president of the Republic is the Commander-in-Chief of all public law enforcement forces. The Civil Guard is under the jurisdiction of the Minister of Public Security and is commanded by a director general. The Treasury Police and the Customs Police, units of the Fiscal Guard, are under the Ministry of Economy and Finance. The Town and Village Police are under the jurisdiction of the Minister of Government. Although police manpower is provided by voluntary enlistment, there is no tenure for personnel and all positions are appointive.

The Civil Guard is organized along military lines into companies; and its director general holds the rank of colonel. Half the force is stationed in the capital in six units, including the Presidential Guard. The other half is divided into six provincial commands with some operational autonomy. The Guard also operates the Costa Rican Air and Sea Force. Intelligence and communications operations are coordinated by the San José headquarters.

The 3,000-member Rural Assistance Guard is responsible for maintaining law and order outside the metropolitan areas and is part of the Ministry of Government. (At present, one minister heads both the Public Security and government ministries, giving rise to some degree of unification which is reflected in the term "Republic Forces" being used for both). The capabilities of both forces are severely limited by lack of training and equipment. A modernization of the security forces has been undertaken by President Monge. A cadre of 100 Costa Rican were trained in Panamá and the first local class graduated in December 1983. New small arms, vehicles, and modern communication equipment is been obtained. This will enable Costa Rica to better patrol its borders, handle emergencies such as disaster control and combat the rising terrorist threat.

Penal Facilities

The prison system is composed of two national penitentiaries and a number of prisons and detention facilities distributed throughout the country on a broad geographic basis. The penitentiaries are the principal incarceration institutions and jointly house the majority of the permanent prison population, which generally average around 1,000 inmates. The Ministry of Social Welfare is charged with the administration and operation

of the penitentiaries, whereas, the subordinate facilities are supervised by local authorities.

The Central Penitentiary is located in the capital city of San José. It is used as a detention facility for persons awaiting trial as well as a maximum security establishment for the most dangerous criminals. It has, however, a capacity of only 400, approximately 600 convicts are committed to San Lucas Penitentiary, on an island in the Gulf of Nicoya, southwest of Puntarenas.

The San Lucas Penitentiary has been made into a model penal institution and is run as a minimum security prison for less serious offenders. Surrounded by Shark-infested waters, it was initially believed to be escape-proof and had been used for the more desperate criminals. A series of successful escapes in the early 1960s, however, led to its conversion, and it is now a prison-farm type of facility, emphasizing rehabilitation rather than punishment. Families are permitted to visit inmates each week and as in many other Latin American countries, conjugal visits for husbands and wives are authorized.

Outside of the two penitentiaries, the prison system is loosely organized and receives little centralized guidance or direction. Few penal statistics are published, and local authorities have a free hand in methods and procedures. There are jails or detention facilities in most communities down to the canton level, and these range from simple enclosures with little security and few amenities to well-constructed prison buildings with sound protection and adequate accommodations.

The Civil Guard maintains a jail in each of the provincial capitals, and the political chief is responsible for providing confinement facilities at the canton level. The size and character of these facilities are largely determined by the size of the community and the area's crime rate, but few subordinate areas under Town and Village Police jurisdiction have formal facilities that measure up to even the modest standards of the provincial prisons. In all penal institutions, increasing crime rates have created growing problems of overcrowding, sanitation, and security. The Penal Code includes an "Organic Judicial Law" that requires penal magistrates to visit prisons in their jurisdictional area at least once a week in order to hear complaints and confer with the wardens.

Drug Problem

Costa Rica has, for the last several years, been a trans-shipment point for South American cocaine. The flow of illegal drugs has been steadily increasing. The current extent of the situation is exemplified by the seizure of 1065 pounds of cocaine from a Costa Rican ship at Miami, Florida, in August 1983, and the seizure of 817 pounds of cocaine at San José, Costa Rica, in October 1983. It is clearly established that cocaine moves into and through Costa Rica by commercial and private aircraft, commercial and private vessel and occasionally, over land from Panamá. Distribution of cocaine from Costa Rica impacts on both east and west coast U.S. cities and at least three foreign countries, ie., Canada,

Mexico, and Spain. Marijuana is produced in exportable quantities in Costa Rica and smuggled into the U.S. by vessel and aircraft. The extent of marijuana production and exportation has not been clearly established due to inadequate eradication capabilities of host country authorities and absence of domestic seizure indicating Costa Rica origin. Marijuana from Colombia transits Costa Rica, primarily by vessel, along the west coast of Costa Rica destined to California, Oregon, Washington, and Canada.

C. CIVIL DEFENSE

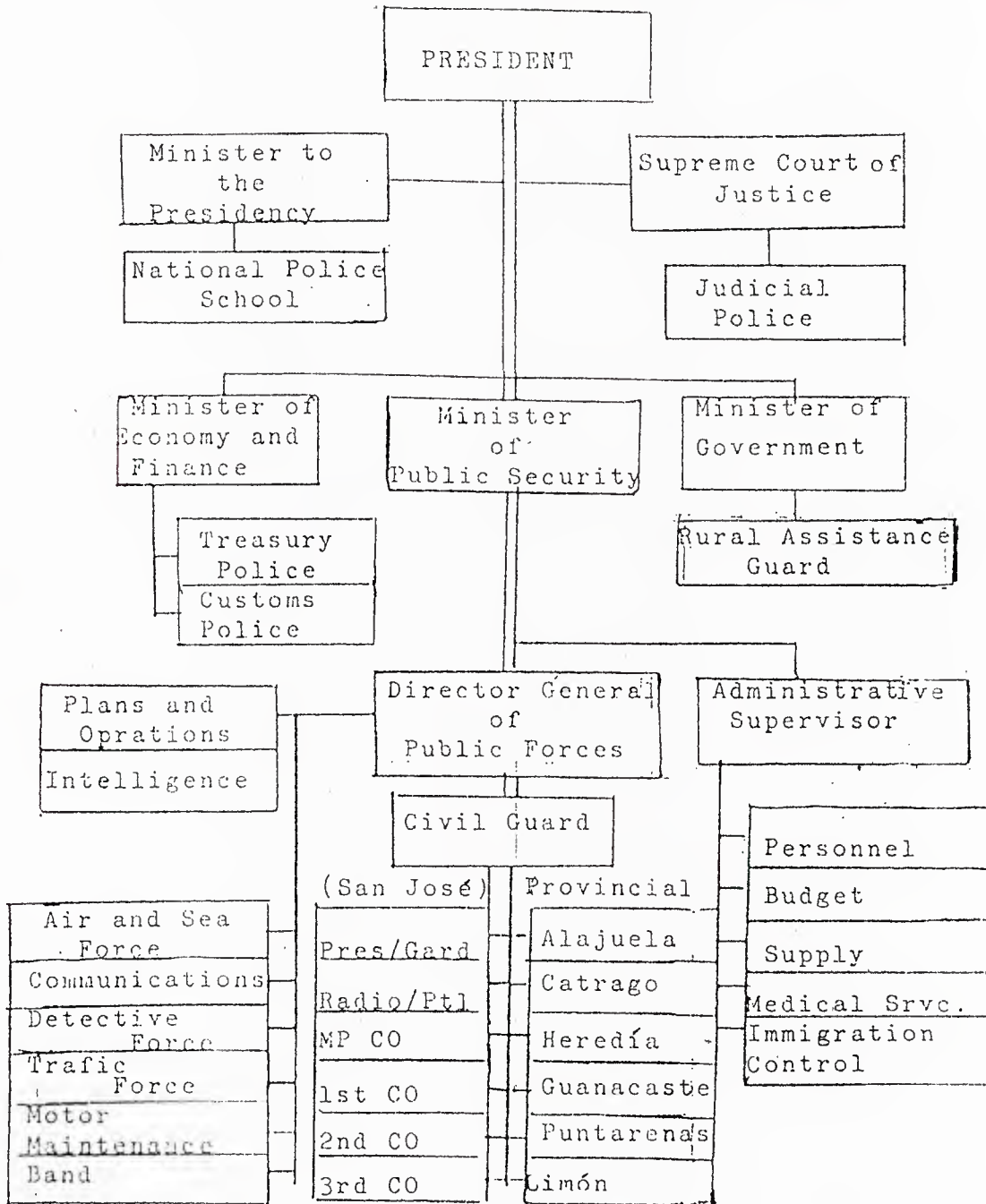
There is no separate Civil Defense apparatus or organization in Costa Rica. The country has not thoroughly prepared for civil emergencies of either man-made or natural causes. Like national defense, law enforcement and internal security in general, the Civil Guard, reinforced by the police system, constitute the nation's Civil Defense Force. Historically, Costa Rica has had few instances either military assault, civil or political strife, or man-made crises requiring civil defense efforts.

The volcano and earthquake threat are Costa Rica's primary civil defense concerns. Costa Rica and the surrounding regions contain thirty-four active volcanoes. A volcanic eruption occurs once every two years on the average, in Central America. One of the most active is Irazú, located a few miles from San José. Its last eruption occurred seventeen years ago. As a result, volcanic dust piled three feet deep, caved in roofs, destroyed the area's coffee trees, killed livestock, destroyed three hundred houses and killed a number of people. Because the volcano has a weak west wall, the next eruption could easily cause the mountain to explode. This problem will necessitate the evacuation of the entire city of San José, including Costa Rica's Central Penitentiary. This volcano also threatens the nation's largest hydroelectric project, which is located within ten miles of the volcano's summit. The Arenal Volcano located in northwestern Costa Rica blew its entire side out in 1968, killing seventy-five people in a sparsely populated area.

Ironically, the population of Costa Rica is complacent about the volcano threat and no preparations have been made to deal with it. It is only after the eruptions begin that people are concerned.

Jorge Manuel Dengo, a civil engineer, coordinated Costa Rica's efforts to cope with the Irazú crisis, and is the nation's leading expert in the field.

CHART 1
ORGANIZATIONAL STRUCTURE
of the
PUBLIC SECURITY FORCES OF COSTA RICA



IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 5
Public Health and
Welfare

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
General	Health Services are organized under the Ministry of Health. Paramedics are only available in the metropolitan area of San José.
Social Welfare	The national social security program covers 95% of the population under 65 years of age and includes a pension program, unemployment and disability.
Social Security	The Costa Rican Social Insurance Fund covers sickness, maternity, old age, disability and death. The program is maintained by contributions from workers, employees and government funding.
Hospitals and Clinics	There are 28 public hospitals, 104 clinics and three private hospitals in the country providing a total of 7,079 beds.
Health Indicators	Infant mortality, 18.8 per 1,000 live births; life expectancy, male 67.5 years, female, 71.9 years. Infant mortality rate has slightly increased due to economic problems.
Health Hazards	The most serious health hazards are found outside metropolitan areas and include common diarrhea, amoebic dysentery, bacillary dysentery, typhoid and paratyphoid fevers.
Health Programs and Research	Directed toward immunizations, control of parasitic infections, family planning, nutrition and provision of safe water supplies.
Health Education	A medical school is located in San José and graduates 135 doctors per year.

CHAPTER 5

PUBLIC HEALTH AND WELFARE

A. GENERAL

The Ministry of Health is divided into two agencies; 1) Ministry of Public Health-responsible for preventive medicine, vaccinations, water purification, and sewage and 2) Social Security System-responsible for consultation and treatment of patients. All government hospitals are the responsibility of the CCSS (Caja Costarricense de Seguro Social). The paramedics are available only in the metropolitan area of San José. The local fire departments are responsible for emergency transportation in the remainder of the country.

B. SOCIAL WELFARE

The national social security program is administered by the Social Security Fund. This program covers 95% of the population under 65 years of age and includes a pension program and unemployment and disability insurance. The Family Assistance Law was passed in 1974 to increase nutritional, social, and health services to the poor.

C. SOCIAL SECURITY

The Costa Rican Social Insurance Fund covers sickness and maternity, old age, disability, and death. Contributions from workers, employees, and the Government provide funding. For old age, disability, and death, persons employed in both the public and private sectors contribute.

Under the system covering sickness and maternity, employees pay a percentage of their wages, the employer a percentage of payroll, and the Government contributes a percentage of total covered earnings.

The old age pension consists of monthly benefits based on the age at retirement. Social welfare benefits are provided by a Family Allowances Fund, started in 1975, for employed persons whose income is inadequate. It is financed by employer contributions of 5 percent of payroll, and by a percentage of government sales tax revenues. Benefits include a food program, rural health clinics, low-cost housing, a noncontributory pension scheme under the Social Insurance Fund, and cash allowance for families whose income is less than 2.25 times the lowest minimum wage in the Meseta Central.

The social welfare system comprises workers' compensation, health and maternity insurance, disability, retirement and death benefits and a family assistance scheme. Under a law established in 1971, all salaried workers began paying social security contributions.

D. HOSPITALS AND CLINICS

HOSPITALS
(Operated by Social Security System)
(Caja Costarricense de Seguro Social)

I. General

<u>Name</u>	<u>Location</u>	<u>Beds</u>	<u>Medical Doctors</u>
A. Dr. Calderón Guardia	San José	568	215
B. México	San José	653	240
C. San Juan de Dios	San José	1,028	262

II. Specialities

A. Dr. Blanco Cervantes (Geriatrics)	San José	239	16
B. Centro Nacional de Rehabilitación	San José	92	31
C. Nacional de Niños (children/12 yrs or less)	San José	477	152
D. Dr. Chacon Paut (Mental- incurables)	San José	360	4
E. Materno Infantil Carit (Obstetrics)	San José	120	21
F. Nacional Psiquiatrico (Mental-curables)	San José	1,136	54

III. Regional

A. Dr. Escalante Pradilla	San Isidro	210	46
B. San Rafael de Alajuela	Alajuela	230	73
C. Dr. Max Peralta	Cartago	322	67
D. Monseñor Sanabria	Puntarenas	295	42
E. Dr. Tony Facio	Limón	237	33

IV. Periféricos III (Max stay 8 days; Intermediate level operations)

A. Dr. Enrique Baltadaño	Libería	134	30
B. La Anexión	Nicoya	105	26
C. William Allen	Turrialba	131	29
D. San Carlos	San Carlos	155	36

V. Periféricos II (Max stay 5 days, simple operations)

A. San Vicente de Paul	Heredia	82	26
B. San Francisco de Asis	San Francisco	83	33
C. Guapilas	Guapiles	84	17

VI. Periféricos I (Stay 24-48 hrs; emergencies, childbirths)

A. Golfito	Golfito	90	18
B. Dr. Max Teran Valle	Ketos	53	6
C. Ciudad Neily	Neily	82	9
D. San Vito de Java	San Vito	41	8
E. Dr. Thomas Casa	Ciudad Cortéz	32	4
F. Upala	Upala	20	3
G. Los Chiles	Los Chiles	20	3

CLINICS

Outpatient and referrals by geographic location

I. Región Central Este

Central, Jiménez Núñez, Carlos Durán, Santa María de Dota, San Marcos de Terrazú, San Pablo de León Cortéz, Santa Elena, La Lucha, Tres Ríos, Paraíso, Pacayas, Juan Viñas, Pejivalle, Tucurrique, Atirro, Peralta, Santa Cruz, La Suiza, Oriente, Aquiares, Pacayitas, Santa Teresita, Orosi, Cachí, Tierra Blanca, Cot.

II. Región Central Noroeste

Clerito Picado, Santo domingo, Central de Heredia, San Rafael de Heredia, San Joaquín de Flores, La Virgen de Sarapiquí, Puerto Viejo de Sarapiquí, Centro Juvenil de San Luis de Santo Domingo de Heredia, Penal de Heredia.

III. Región Central Oeste

Marcial Fallas, Solón Núñez Frutos, Santiago de Puriscal, Parrita, San Ignacio de Acosta, San Gabriel de Aserrí, Monterrey de Aserrí, Penal el Buen Pastor, Moreno Cañas.

IV. Región Norte

Marcial Rodríguez, Atenas, San Pedro de Poás, Grecia, Valverde Vega, Palmeres, Naranjo, Tacares, Zarcerro, San Ramón, Ciudad Quesada, Pital, La Fortuna de San Carlos, Aguas Zarcas, Altamira, Venecia, Sabanía, Carrizal, La Suiza, Orotina, La Reforma, San Rafael de Ojo de Agua, San Mateo, Santa Rosa de Curtris, Guatuso.

V. Región Pacífico Seco

Esparza, San Rafael de Puntarenas, Mírmir, Jicaral, Chomes, Abangares, Tilarán, Bagaces, Cañas, Liberaí, Nievo Arenal, La Cruz, Santa Cruz, Filadelfia, 27 de Abril, Nandayure, Hojancha, Colorada de Abangares, Bebedero, Penal San Lucas, Sardinal de Carrillo, Catsa en Palmira, Guayabo, Fortuna de Bagaces, Monte Verde de Santa Elena.

VI. Región Pacífico Sur

Buenos Aires, Palmar Sur, La Cuesta.

VII. Región Atlántica

Siquirres, Bataán, El Carmen, Ticabán, Guácimo, Río Frío, Roxana, La Perla

PRIVATE HOSPITALS

Clínica Bíblica

This is a non-profit hospital that is equipped to handle uncomplicated medical, surgical and maternity cases. There are approximately 70 beds, all in private rooms. It has a 24-hour emergency room as well as laboratory and x-ray services. It is located at Calle 1, Avenida 14 in San José. The staff consists of 4 Registered nurses, 20 LPN's, 5 permanent doctors, and several doctors on contract.

Clínica Católica

There are 65 beds with 50 of them private. The majority of the nurses are Catholic nuns. They are approximately 24 of them. There are consulting doctors with offices in the clinic and a laboratory. It is located at Barrio Esquivel Bonilla a Guadalupe (San José).

Clínica Santa Rita

This hospital handles exclusively obstetrical and gynecological cases. It has 22 beds, all in private rooms. It is staffed by approximately 24 nurses, 4 of which are R N's. There are consulting doctors with offices in the clinic, as well as a laboratory. It is located at Calle 15 and Avenida 8, San José.

Iber Americano is located in Santana, a suburb of San José. It has approximately 250 beds and 50 doctors.

Carlos Vierz Val Verde Vaja is located in San José. It has approximately 200 beds and 20 doctors. This hospital specializes in rehabilitation of ambulatory patients.

Equipment, Medicine and Supplies

Routine equipment and supplies are manufactured in country. All specialized equipment must be imported. Drugs are manufactured by three American companies and three Costa Rican companies.

E. PRINCIPAL HEALTH INDICATORS

Maternal mortality: 26.6 per 100,000 live births (1978)
Infant mortality: 18.8 per 1,000 live births (1983)
Life expectancy: male 67.5 yrs; female 71.9 yrs (1980)

Life expectancy at birth is improving in rural areas faster than in urban centers, a situation determined in all probability by faster and better coverage of rural populations with health services. In the cities, mothers are expected to bring their children to centers and clinics for vaccinations, but primary health care in rural areas is provided in periodic

visits to homes enabling effective provision of vaccines and other services. Certain factors increase the risk of death, particularly at later ages, and are more prevalent in cities, i.e., water and air pollution, food contamination, environmental stress (tension, noise, violence) and risks derived from lifestyles and dietary habits including hypercaloric diets and overconsumption of drugs. Evidence seems to indicate that the quality of life is at present better in certain rural areas than in the cities.

Changes in mortality rates are the result of improvements in the quality of life due in part to better education, income, and direct government-provided health services. From 1967 to 1977 significant reductions in deaths due to communicable diseases were influenced by immunizations, medical treatment and an overall improvement in housing, water supply and sanitation. Reduced perinatal deaths were influenced by better obstetric and early pediatric health care. In fact, an important increase in social security services has occurred and more than 95% deliveries nation-wide, are in clinics and hospitals.

Costa Rica's infant mortality rate is up slightly but "significantly", caused by the economic crisis that hit the country starting three years ago. The rise in the rate to 18.8 deaths per thousand births, up .8 per thousand, reflects a deterioration of infant care over the last two or three years.

The fundamental problem is reduced attention to newborns in families who have less food -- despite aid from Family Assistance -- and less money to transport expectant mothers to clinics for prenatal care, and sick babies to the hospital. Thirty percent of new mothers still do not breastfeed their babies.

F. HEALTH HAZARDS

The most serious health hazards are found outside the capital in provincial areas. These include common diarrhea, amoebic dysentery, bacillary dysentery, and typhoid and paratyphoid fevers. Common causes of intestinal diseases are contamination from flies, polluted water, impure or unpasteurized milk, and exposed fruits and vegetables. Malaria cases have been reported in coastal areas with altitudes below 2,000 feet. They are not common, although the incidence rate has increased in recent years. In certain areas, tropical diseases can still present a serious hazard.

Diarrheal diseases have been declining due to improvement in personal hygiene and environmental sanitation. Costa Rica's sales of soap, toothpaste, and toilet paper are the highest in Central America.

Laboratory studies at INISA demonstrate that most diarrheas are associated with rotaviruses, although enterotoxigenic bacteria, Shigella and Campylobacter, appear in significant numbers. In general, about two-thirds of all cases of diarrhea in the field and in the hospital are diagnosed as having at least one etiologic agent.

Along with diarrhea, acute respiratory infections are the main causes of infant mortality. No epidemiologic studies have been carried out in Costa

Rica on respiratory diseases.

Great advances have been made regarding prevention of measles, whooping cough, tuberculosis, poliomyelitis and diphtheria, by vaccination, especially since the Rural Health Program was started in the early 1970s.

The leading causes of deaths are: 1) Cardio-vascular, 2) Tumors, 3) Accidents, 4) Infectious diseases, especially respiratory.

G. HEALTH PROGRAMS AND RESEARCH

Rural and Community Health Programs emphasize immunization, control of parasitic infection, family planning, nutrition and health education, and organization of health in the community. These programs have suffered during the current economic crisis but services continue uninterrupted. OFUPLAN has launched "community participation" opportunities to help population sectors in greatest need.

Potable water supply programs to supply all rural populations are moving slowly due to the current economic crisis. The latrine program, vital to maintaining the low levels of parasitism currently prevailing, has been hampered in the last years, and some populations of squatters colonizing new lands without latrines and water supply, will create new foci of parasitic and diarrheal disease.

Programs to cover diverse aspects on nutrition, health, and sex education are carried by radio and television as part of family-planning orientation. Laboratory-developed technology can be transferred to rural health personnel.

Food programs are not reaching all the population and these programs have not shown any impressive nutritional impact on the population served. Food distribution has been criticized because it does not correct the root of the problem, but creates dependence, cultural aberrations, and significant bureaucracy.

IMAS devotes about one half of its resources to maintain the bureaucracy in charge of the housing program. Furthermore, it is questionable if the "poorest of the poor" trapped in the critical poverty stratum have a genuine opportunity to seek housing aid.

At present, the following centers are devoted to research in health in Costa Rica:

Instituto de Investigaciones en Salud (INISA), UCR
Centro de Investigación en Tecnología de Alimentos, UCR
Centro de Investigación y Diagnóstico en Parasitología, UCR
Laboratorio de Investigaciones, Hospital Nacional de Niños
Instituto Clodomiro Picado, UCR
Centro de Investigación en Hemoglobinopatías y Sustancias Afines, UCR

There are also other centers and institutes with activities related to health, for instance in the fields of sociology, psychology, and economics.

H. HEALTH EDUCATION

There is very fine medical school located in San José which graduates 135 doctors per year. Doctors must perform one year of Social Service before they are licensed.

I. NUTRITION

In spite of the recent national negative balance of payments, food produced for local consumption plus imported foods so far satisfy nutrient needs of the entire population. Yet some families find it difficult to meet minimum "food basket" requirements. One economic investigation revealed that most families in the urban area can purchase necessary food, but the lowest 10% of the population have difficulty. The situation appears magnified by the overestimated nutrient requirements set by WHO/FAO.

The severe forms of malnutrition (kwashiorkor and marasmus) are disappearing in Costa Rica, and the ward for treatment of such cases at the National Children's Hospital was closed six years ago. There has been a shift in prevalence of severe edematous malnutrition (kwashiorkor) to the wasting marasmus. Acute malnutrition now makes its appearance at younger ages, sometimes in the first six months. The reasons are related to differences in etiology. A recent tabulation of cases seen in 1981 at the Children's Hospital indicates that most were due to causes other than the deficiencies in food intake.

The main factors determining malnutrition in Costa Rica today are severe, or massive infection with viruses, bacteria or parasites; congenital and other prenatally-determined defects; child abuse; and psychomotor retardation. Not much can be done to prevent such cases, excepting a continued effort to improve personal hygiene and environmental sanitation in order to curtail infection; other causes such as child abuse require counseling and more heroic measures.

J. POVERTY

A study commissioned by the Ministry of Planning and based on a July 1982 census suggests that 336,300 of the country's 480,400 families live below the official poverty line (set at \$79 per month to cover expenditures on food, housing, clothing, health and education).

The incidence of poverty was found to be greatest in rural areas (83 per cent) compared to 58 percent in urban areas. Furthermore, the figures show a sharp deterioration in living standards since 1980, when 42 percent of all families were classified as below the poverty line.

K. HOUSING

An analysis of structural condition of dwellings throughout the country by urban-rural residence and poverty status reveals that poor-nonpoor differentials are more conspicuous in cities, where the structure of the dwelling tends to be more solid, than in the countryside. For example, the incidence of "good" housing for the urban nonpoor is almost twice as high as

that of the urban poor, while the percentage of "bad" housing is only one-third as high. In rural areas, on the other hand, the incidence of "bad" structures is just about the same for all poverty categories, and the only appreciable differences pertain to the tradeoff between "good" and fair structures.

Occupants of private-sector dwellings earn, on average, 20 percent higher wages and salaries than their INVU-housing counterparts. Although annual per capita income for households enjoying a government-shelter subsidy is substantially lower than the income of those who are not subsidized, their income level is approximately 50 percent greater than the poverty line. This seems to suggest that INVU subsidies may be geared toward middle or lower-middle income earners rather than toward the below-poverty line population.

Dwelling tenure patterns by place of residence and poverty status indicate the percentage of units being rented is much higher in urban than rural areas, probably due to the higher degree of monetization characteristic of cities. By the same token, the "other" category is far more common in the countryside, since it refers to housing occupied in exchange of provision of some service (i.e., payment in kind) or simply squatting.

Some other conclusions can be reached regarding housing in Costa Rica:

1. Urban dwellings are in much better structural condition than rural dwellings.
2. Families with dwellings in better structural condition show less overcrowding (measured as number of occupants per bedroom) than families with dwellings in worse structural condition.
3. There is more overcrowding in rural than in urban dwellings, although the differential diminishes as the structural condition worsens.
4. Overcrowding is more prevalent among the nonfarm poor than among the farm poor.
5. Limon shows the highest levels of urban overcrowding, although its rural overcrowding levels are relatively low compared to those of other provinces. Guancaste and Puntarenas report relatively high levels of both urban and rural overcrowding. The lowest levels are found in urban Alajuela and rural Heredia.
6. Ownership and structural condition of the dwelling are not related.
7. Farm poor households report a higher incidence of dwelling ownership than do nonfarm poor households.
8. Households whose occupants own the dwelling show less overcrowding than households under the other two forms of tenure.

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 6 - Public
Education

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
General	Due to the high literacy rate Costa Rica is atypical of Latin America in terms of educational level.
Schooling Index	The highest levels of schooling are found in the Central Plateau. As of 1979, there were 3,361 public primary schools and 215 public and private secondary schools.
Higher Education	Higher education began in 1940 when the University of Costa Rica was founded. Higher education has evolved into a complex of five universities, four public and one private. Higher education faces a severe financial crisis.

CHAPTER 6

PUBLIC EDUCATION

A. GENERAL

Costa Rica is atypical of Latin America in terms of its level of education. During the 1963-1973 period, the illiteracy rate declined from 14.1 percent (4.0 percent urban and 19.2 percent rural) for men and 14.5 percent (16.2 percent urban and 20.1 percent rural) for women to 10.2 percent (3.7 percent urban and 14.6 percent rural) for men and 10.3 percent (5.1 percent urban and 14.8 percent rural) for women. An analysis of illiteracy rate differentials reveals that while both nonfarm and farm poor possess approximately the same rate, these rates are much higher than those for the nonpoor population.

A detailed analysis of education-poverty differentials has been conducted using a schooling index which measures, up through secondary education, the ratio of actual to potential years of formal schooling for different groups. The values for this index fluctuate between zero and one, with higher values being indicative of higher educational attainment.

B. SCHOOLING INDEX

- a) The schooling index is higher in urban areas than in rural areas.
- b) In urban areas the schooling index for the poor is slightly lower than for the nonpoor, and the schooling index for the nonfarm poor is slightly higher than that of the farm poor.
- c) Men's schooling index in cities is mildly higher than women's but in the countryside it is almost identical for both sexes.
- d) The highest levels of schooling throughout the country are found in the Central Plateau.
- e) The estimated schooling indices generally accord with illiteracy rates shown earlier: They are higher for men than for women, for urban than for rural areas, and for the nonpoor than for the poor.

A recent study questions the democratic character of the Costa Rican educational system in view that even though it admits students regardless of socio-economic background, an excessively large portion of those who enter elementary and secondary education do not complete it. According to this study, 48 percent of those who entered first grade in 1966 did not complete grade school, only 18 percent graduated from high school, and only three percent will graduate from college. There are questions also about the actual ability of those classed as "literate." Some sources indicate that the ability to write one's name places a person into the literate category, whereas, the person may still be functionally illiterate. Thus, although more than a one-third of the national budget is spent on education, the outcome from such expenditure is far from satisfactory.

In 1979 there were 3,361 public primary schools with 15,748 teachers and administrative staff and 379,925 enrolled students. In addition, there were 215 public and private secondary schools with 169,297 students.

C. HIGHER EDUCATION

Higher education in Costa Rica does not have a long history. The oldest of the present-day universities, the University of Costa Rica, was founded in 1940 following a series of events dating back to 1814, when the Casa de Estudios de Santo Tomás (House of Studies of Saint Thomas) was founded. In 1843 this institution became the Universidad de Santo Tomás de Costa Rica, which was abolished in 1888. Only the School of Law continues to operate, and to this were later added other professional schools. When the University of Costa Rica was founded in 1940, it assumed responsibility for all higher education and remained the only higher education institution until 1968, when the Escuela Normal Nacional Superior (National Higher Normal School) was established. Since then, social, economic, and demographic changes have increased the demand for trained personnel in other specialties. In 1971, the Instituto Tecnológico de Costa Rica (Technological Institute of Costa Rica) was founded, to be followed two years later at Heredia by the Universidad Nacional (National University--UNA), for which the National Higher Normal School was the original institution.

Since 1973, two other institutions have been added. A private university, the Autonomous University of Central América (Universidad Estatal a Distancia--UNED) began operation, but with a different concept for providing higher education. From a single university in 1968, higher education has evolved into a complex of five universities, four public and one private.

The rapid expansion has created a need for greater coordination and cooperation among the higher education institutions. To that end, a National Council of Rectors (Consejo Nacional de Rectores--CONARE) was founded in 1975.

In 1983, the system of higher education faced a severe financial crisis due to a 45% cut in their proposed budgets. Regional centers were due to be closed, extension and research programs restricted, and potential students were to be discouraged.

IN-COUNTRY . SUMMARY MATRIX

RESOURCE ANALYSIS

CHAPTER 7 - Labor

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
General	Costs Rica has a relatively educated, skilled and easily trained labor force. There are minimum wage levels but severe economic problems have increased unemployment.
Work Conditions	Conditions of work are governed by the labor code of 1943 which also restricts employment of foreigners. The minimum wage is 35 colones per hour.
Labor Organization	Nearly 15% of the labor force is organized in 286 labor unions. The majority of unionized workers are found in the public sector and plantation agriculture. About 50% of organized laborers are communist especially in the banana industry.

CHAPTER 7

LABOR

A. GENERAL CONDITIONS

Costa Rica boasts of a relatively educated, skilled and easily trained labor force. The high quality of Costa Rican labor is often commented upon by foreign investors. The Government spends a significant proportion of its total budget on education, and technical and vocational training is easily available in Costa Rica. Professional manpower, educated at the local universities or abroad, is the largest in Central America.

In 1978 the economically active population numbered 741,424, of whom 17% were women. Of this force, 36% were employed in agriculture, 12% in industry, 11% in commerce, 6% in construction, 5% in transportation, 20% in service, 2% in finance and 8% in other occupations. Only 18% of the labor force is self-employed. Less than 13% of the employed are without schooling. There is also some export of unskilled personnel to the United States, where many Costa Rica migrants work as domestics.

An unfortunate consequence of the adverse economic conditions in Costa Rica, though, has been a steady increase in unemployment levels. Unemployment, typically low in Costa Rica, reached 6.6 percent officially in November but stands at 13% at the end of 1983; 21 percent of the work force today is either unemployed or underemployed.

Costa Rica has a comprehensive system of wages. Normally the minimum wage rates are determined and revised every two years by the National Wage Board. The rates are set by occupation and by region. In addition, workers are entitled to paid holidays, overtime, bonuses and social security.

The Costa Rican Labor Code, issued in 1943, covers individual and collective labor law. The salary, retribution or remuneration of workers is protected under the scale of minimum wages. These are established by the National Council on Wages, composed of representatives from labor, entrepreneurs, and the government, and then approved by the Ministry of Labor.

Since 1980, though, workers have successfully petitioned the government to receive second or third increases to offset the effects of high inflation. Nevertheless, given the very high inflation levels, wage adjustments continue to lag behind; real wages have fallen 33.3 percent since 1979.

The latest increase in minimum wage levels was approved by the National Council on Wages in July 1983, and went into effect on August 15. The agreement grants a 42 percent wage increase for the lowest wage earners, a 33 percent increase for the middle level wage earners and a 27 percent increase for the higher level wage earners. Converted, at an exchange rate of 60 colones to the dollar, salaries for the lowest wage earners in both the agricultural and industrial sector now range from \$2.01 to \$2.40 daily. Salaries for the middle level wage earners in the agricultural sector range

from \$2.21 to \$2.55 daily, and for those in the higher level bracket, the wage was set at \$2.43 and up. The middle level wage earners in the industrial sector now receives from \$2.21 to \$2.77 daily, those in the higher level wage group \$2.65 and up per day.

Mandatory pay taxes paid by the employer now total some 18.8 percent. All workers have the right to a two week paid vacation after working 50 weeks. In December workers customarily receive either an extra one-half or an extra one-month's wages as a bonus, depending upon the financial situation of their company/employer. The aforementioned benefits, coupled with holiday pay and contributions to a severance reserve fund, can add approximately 40 percent to a company's base payroll costs.

The Labor Code limits the number of foreign employees in a company-- 90 percent of the total must be Costa Rican employees. These totals are variable by 10% under certain conditions during a five year period, qualified by the Ministry of Labor. Additionally, foreigners cannot occupy jobs for which Costa Rican Labor is available.

B. WORK CONDITIONS

Conditions of work are governed by the Labor Code of 1943. The work week consists of 48 hours of day time work and 36 hours of night time work, with time and a half for overtime. Except in certain cases, dismissal requires a severance pay. Although strikes and lockouts are recognized by the constitution, they are few because of the smooth functioning of the conciliation machinery. There are three levels of labor courts: courts of first instance, conciliation and arbitration board, and the Superior Labor Court. The labor code restricts the employment of foreigners and requires that 90% of the personnel of an establishment must be Costa Rican nationals and that they must receive 85% of the payroll. The current minimum wage is 35 colones per hour.

C. LABOR ORGANIZATION

Nearly 15% on the labor force is organized in 286 labor unions. Although labor is free to organize, labor unions are not too prevalent as a whole, particularly in the industrial sector. The vast majority of unionized workers are found in the public sector and plantation agriculture.

Membership is highest among public employees in government ministries and autonomous institutions. This white-collar sector has been easiest to organize because the Civil Service Code protects union organizers from dismissal; whereas, the Labor Code, which covers most public and private workers, does not. Organization is weaker in the private sector where the strongest unions are those of employees on the large plantations of United Brands and Standard Fruit. Transportation workers are also well-organized.

The union movement has relatively little impact on government policies and programs. Labor Code Reform has been organized labor's most important

legislative goal, not only because of the lack of protection for union organizers, but also because of the cumbersome restrictions on the right to strike. The code has yet to be significantly amended.

Many workers resist organization, because they already receive regular increases in the government-set minimum wage, supplements extended by legislation and social security benefits and medical care. The numerical weakness of the labor movement is reinforced by its lack of funds. A further weakness is a tendency toward factionalism among established trade unions, and the frequent movement of unions in and out of the federations and confederations. See the attached table of Registered Trade Unions in Costa Rica.

About 50% of organized laborers are communist-mostly banana workers. Democratic labor unions squabble among themselves and are not a significant factor in the labor movement. A very progressive labor group is Solidarismo which is neither democratic nor communistic. They work with management for the benefit of labor and management and they work very well. Your attention is invited to the following SOLIDARISTA explanation of their organization.

WHAT IS THE UNION SOLIDARISTA COSTARRICENSE?

It is a non-profit institution of promotion, assistance, advice, training, and counsel of Asociaciones Solidaristas.

It has no political, partisan, religious, or ideological commitments, but it encourages the Solidaristas to support with its participation to the Costa Rican democracy,

The Unión Solidarista Costarricense is integrated by joint-representation of workers and employers, and it is based on absolutely democratic procedures.

It is composed by 525 Asociaciones Solidaristas which support economically the activities of the Unión Solidarista, being this, the only income it receives.

REGISTERED TRADE UNIONS IN COSTA RICA

(By Confederations and Provinces as of September, 1982)

PROVINCE	C.C.T.D.	C.U.T. (1)	C.T.C.	C.A.T.D.	INDEPENDENT	TOTAL	%
SAN JOSE	21,036	35,630	4,619	11,287	19,258	91,830	77.7
ALAJUELA	25	391	450	-----	300	1,196	1.0
CARTAGO	500	252	151	-----	2,838	3,741	3.2
HEREDIA	216	3,119	32	-----	280	3,647	3.1
GUANACASTE	0	390	736	-----	76	1,202	1.0
PUNTARENAS	1,044	3,750	437	389	268	5,888	5.0
LIMON	1,868	7,472	184	48	1,050	10,622	9.0
TOTAL	24,689	51,004	6,609	11,724	24,070	118,126	100.0
%	20.9	43.2	5.6	9.9	20.4	100.0	

Source: Department of Social Organizations, Ministry of Labor and Social Security.

NOTE: (1) Includes trade unions affiliated to FENATRAP, which are not directly affiliated to C.U.T

C.C.T.D. - Confederación Costarricense de Trabajadores Democráticos.

C.U.T. - Confederación Unitaria de Trabajadores.

C.T.C. - Confederación de Trabajadores Costarricenses.

C.A.T.D. - Confederación Auténtica de Trabajadores Democráticos.

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 8
Economics, Commerce and
Industry

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
General Economic Conditions	Costa Rica has a serious economic crisis. Costa Rica has Central America's highest per capita gross domestic produce (1,675\$) and most evenly distributed national income. Country is primarily agricultural; a safe haven for foreign investments. San José is the Commercial Center. Costa Rica is a member of the Central American Common Market.
Fishing	There is a growing fishing industry particularly for shrimp, sardines and tuna.
Industry	The single largest industry is food processing, which accounts for one-third of all industrial production. Eighty percent of the 6,000 plants are concentrated in the Meseta Central area of the country.
Mining	The only minerals mined in commercial quantities are gold and manganese. Bauxite has been recently located in the Central Valley.
Tourism	Tourism is a major growth sector, the main tourist attractions being the Irazú and Poas volcanoes.
National Production and Economy	Gross domestic product declined by 6 percent in 1982. Agriculture is the most important economic sector.
International Trade	Exports declined in 1982 while imports dropped drastically by 28 percent in 1982 due to the dollar shortage. A new ministry for Exports and Foreign Investment was created in 1983.

IN-COUNTRY . SUMMARY MATRIX RESOURCE ANALYSIS

CHAPTER 8
Economics, Commerce and
Industry (continued)

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
Fiscal Situation and Deficits	Due to a growing public sector deficit increases in public utilities and taxes have risen sharply.
Balance of Payments	In 1982, Costa Rica ran a slight surplus on its trade account for the first time in many years. National debt stands at \$406 million.
External Debt	The national debt will be a serious burden to the economy for many years and will peak at \$700 million in 1987.
Inflation, Unemployment and Wages	Inflation in 1982 was 79 percent; unemployment 6.6 percent. Wages decreased in 1982 with three-quarters of Costa Rican households below the poverty level.
International Monetary Fund	Foreign borrowing at less than 10 years is limited to \$100 million.
Taxation	Import duties and indirect taxes favor local manufactures; corporate tax rates range from 15 to 50 percent.
Outlook	Major goal of 1983 was economic stability. Inflation should be held to 40 to 45 percent.
Investment Opportunities	Hydro-electric and agriculture offer investment potential favored by a educated labor force and a stable democratic political system.

CHAPTER 8

ECONOMICS, COMMERCE, AND INDUSTRY

A. GENERAL CONDITIONS

Costa Rica has Central America's highest per capita gross domestic product (1,675\$) and most evenly distributed national income. Although agriculture is still important, employing about 35% of the labor force and accounting for 20% of the GDP, industry has become the single largest contributor to the GDP with a 22% share.

Costa Rica has traditionally been and remains primarily an agricultural country where most of its overall production and exports are in agricultural goods. About half of all agricultural production is exported, and about 70% of total exports comes from agriculture; coffee and bananas are the two largest foreign exchange earners. The establishment of the Central American Common Market, however, contributed significantly to the development of an industrial base in Costa Rica, such that the industrial sector has now achieved a degree of parity in terms of production, if not employment and exports, with the agricultural sector. The single largest industry, based on production, is food processing, although chemical products, metals, and metal working, and textiles are also important. Like most countries in a similar stage of development, Costa Rica imports raw materials, consumer and capital goods, and fuel.

It should be noted that despite the political uncertainty which continues to pervade much of Central America, Costa Rica remains a comparatively safe haven for foreign investments. Costa Rica is unique for its political stability and long standing democratic tradition. From the viewpoint of the foreign investor, constitutional guarantees of equal treatment, enforced by an independent judiciary are particularly important. Furthermore, the country has firmly rooted free enterprise economy, and the labor force is educated and readily trainable.

San José is the commercial center, and most importers, and manufacturers' agents operate there. San Jose's importing and exporting firms handle more than 75% of the country's total trade. Most trading is carried on by small merchants in the public markets. Cooperative societies produce, buy and sell food, clothing, machinery, and other items. There are no formal commercial credit companies as such, but installment buying at high interest rates is becoming widespread.

Advertising agencies in Costa Rica are all located in San Jose, offering advertising services through the newspaper, radio, television, and direct mail media.

The Central American Common Market (CACM), of which Costa Rica is a member is no longer functioning as originally intended. Political problems in El Salvador and Nicaragua and economic problems in Costa Rica have disrupted it. Honduras is no longer an active member since it is more world market oriented. At this time there is doubt that the CACM is worth reactivation.

In Costa Rica, no sharp line is drawn in merchandising and many firms combine activities which would be specialized in the United States. A single firm frequently operates as an importer, wholesaler, retailer, sales agent, and exporter dealing in a wide variety of unrelated items.

Public and commercial warehousing is sometimes inadequate, but storage has improved in the ports which have been enlarged in recent years.

B. SECTORIAL DEVELOPMENTS

1. Fishing

There is a growing fishing industry particularly for shrimp, sardines and tuna. The governments of Costa Rica and the U.S. completed tuna negotiations resulting in an agreement for a Regional Licensing Scheme for Tuna Fishing in the Eastern Pacific. The U.S. Government lifted the tuna embargo in February, 1982, demonstrating our willingness to cooperate with Costa Rica in its time of need.

2. Industry

Industrial plants are concentrated in the Meseta Central, where over 80% of the manufacturing firms are located. Most of the establishments tend to be small. Of the nearly 6,000 plants, only 140 report annual production of more than 1 million colones, only 80 had more than 50 employees, and only 25 were corporations. The single largest industry is food processing, which accounts for one-third of all industrial production. Beverages account for 7%, and another 35% is from traditional industries such as tobacco, textiles, shoes, furniture and leather.

Manufacturing has become the fastest growing sector of the economy, helped by the Industrial Protection and Development Law of 1959 and the establishment of the Central America Common Market. Foreign investment is welcome. U.S. firms dominate agriculture, petroleum refining, utilities, cement, and fertilizers.

3. Mining

The only minerals mined in commercial quantities are gold and manganese. Promising deposits of bauxite have been located in the Central Valley. Mining contributes only 2% of the GDP.

Known mineral reserves include gold, silver, diatomite (kieselguhr), bauxite, lead, limestone, manganese, magnetite, sulfur, and petroleum; although quantities are limited.

4. Tourism

The main tourist features are the Irazú and Poás volcanoes, the Orosí waterfalls and relics of Spanish colonial civilization. Tourists also visit San José, and the beaches of Puntarenas. Tourism is a major growth sector.

C. NATIONAL PRODUCTION AND ECONOMY

Gross Domestic Product (GDP) declined in real terms by an estimated 6 percent in 1982 -- the biggest drop in GDP since the Depression of the 1930's. GDP was 104.1 billion in current colones and 8.7 billion in constant 1966 colones. The decrease was due to the accumulated momentum from economic mismanagement of earlier years and the corresponding adjustment process of an economy that had been in serious disequilibrium. Fortunately, bottoming out appears to have occurred in 1982 as little or no further decline in production is foreseen for 1983, while at the same time achieving greater stability in prices, exchange rate, and more control over public sector expenditures. Indeed, price inflation (CPI-82 percent) and devaluation began to ease significantly in late 1982 because of the courageous economic stabilization policies implemented by the administration of President Luis Alberto Monge after his inauguration on May 8th. Large price increases were undertaken for fuels, electric power, water, railroads, and telephones. Central Government expenditures were reduced and the revenues increased through higher direct and indirect taxes. These tough policies, along with raising interest rates, were the principle elements of the economic austerity program and were the foundation on which a successful negotiation was concluded with the International Monetary Fund (IMF).

Agriculture is the most important economic sector from the point of view of exports and employment and constitutes about 20 percent of the GDP. There was only slight growth (about 1 percent) in the sector in 1982 because of internal factors such as high interest rates, a severe drought, monilia disease in cacao, sigatoka disease in bananas, and strikes in banana plantations. External factors such as low commodity prices also played a role. The drought, which began in July caused estimated losses of 10,000MT of corn, 15,000MT of sorghum, and 50,000MT of rice. The cattle industry also suffered from the drought, as exports fell 36 percent to 21,000MT. In spite of problems, bananas and cacao output increased slightly, while all the rest decreased, including coffee which dropped about 7 percent to 1,875,000 bags. Industrial sector production decreased by about 6.5%. The hardest hit sub-sector were wood and furniture (-24.5 percent), nonmetallic minerals (-16.6 percent), and metal mechanical (-31.6 percent). Industrial exports to the CACM and to third world markets dropped. In fact, one of the largest components, fertilizer exports, decreased 21 percent. This decline was due mainly to payment problems from other CACM countries and lower demand in member countries.

D. INTERNATIONAL TRADE

Costa Rica's terms of trade in 1982 continued unfavorable as coffee prices dropped lower and banana prices remained stagnant, while oil prices stayed high. Total exports were U.S. \$876 million, or 15 percent below 1981. This decline was due to a shrinking CACM market because of economic problems in all member nations, low commodity prices, soft demand in industrial countries, and lack of sufficient incentives for Costa Rican

exporters. All traditional exports declined in 1982 compared to 1981, except bananas. Bananas remained, at U.S. \$239 million, the number one export just ahead of coffee (U.S. \$237 million). Beef exports were \$53 million in 1982, down by 28 percent, and sugar experienced the biggest drop, 65 percent, to \$14.7 million. The only export to show considerable growth in 1982 was tourism. The tourist industry grew by 39 percent with 371,582 visitors to produce 131 million dollars in revenues which ranks it third in foreign exchange earnings behind bananas and coffee. Costa Rican trade (exports and imports) with the CACM decreased by 26 percent. Costa Rica ended the year with a favorable balance of trade with all Central American countries, including Panama. Exports to the CACM were \$112 million; also down by 26%.

Total nontraditional industrial exports (\$268 million) declined 22 percent, and nontraditional agricultural exports (54 million dollars)-- both include CACM -- were down by 15.5 percent. This could mean that the devaluation by year-end had become insufficient to increase nontraditional exports to third country markets.

As the Government of Costa Rica (GOCR) is placing priority on increasing exports, it is worth noting that nontraditional industrial exports have proven to be very sensitive to policy incentives (exchange rate and taxes). A reform (lowering) of the CACM Common External Tariff is being considered to increase efficiency. Even so, the industrial sector produced 36 percent of total exports in 1982 (compared to 3 percent in 1962). However, the sector remains heavily import-dependent. Industrial imports as 57 percent of total imports (compared to 33 percent in 1962). However, in the short term, drawback industries appear to offer excellent opportunities for increasing exports and creating employment. In the medium and long term, nontraditional agricultural exports must be the source of diversified and substantial export growth. It is already probable that pineapple will become the fifth largest export in about three years (behind bananas, coffee, tourism, and meat). Other agricultural exports which have grown in importance are: Ornamental plants, macadamia nuts, hearts of palms, melons, aquaculture products, cardamon, spices, and orange concentrate. Finally, as export expansion must have top priority for many years to come, President Monge created a new Ministry for Exports and Foreign investment in February, 1983, and named Mario Carvajal as the first Minister.

In 1982 imports again dropped drastically by 28 percent to \$860 million --- (\$774 million FOB) as a result of continued devaluation in 1982 and a severe dollar shortage. In real terms imports declined about 34 percent from 1981, and by over 50 percent from 1980. The trade balance thus showed significant improvement, dropping from a \$174 million deficit in 1981 to \$16 million surplus in 1982. In fact, the first semester showed a \$50 million dollar surplus. The United States continued as the major supplier with 36 percent of the market. Imported durable consumer goods showed the largest decrease of 89 percent. Other import categories declined as follows: raw materials (-27 percent); capital goods (-51 percent), transportation equipment (-19 percent), and construction equipment (-59 percent). Imported petroleum products decreased in volume in 1982 by 13 percent, to 2.9 million barrels, and in value by 2.3 percent, to \$168 million.

E. FISCAL SITUATION AND DEFICITS

A large and growing public sector deficit has been Costa Rica's number one economic problem for many years. The deficit was running about 17 percent of GDP on an annualized basis when the new GOCR took over in May 1982. Central Government expenditures had already been tightened, but the autonomous entities were all operating at large losses because of failure to adjust prices to the roaring inflation-devaluation. The new administration undertook large rate increases in public utilities: electric power, rates increased by 87 percent in 1982 and a further increase of 75 percent was approved in 1983; the respective increases for telephones are 55 percent; railroads - 95 percent and 22 percent; water and sewage - 153 percent and 46 percent. Central Government effort to reduce the deficit included purchases, continuing a hiring freeze, holding salary increases to below inflation, and underdisbursing budgeted expenditures by 10 percent. Central Government revenues were increased by adding a 15 to 30 percent surcharge on the corporate income tax, raising the vehicle tax, increasing the sales tax from 8 to 10 percent, increasing consumption taxes and export taxes.

Thus, the GOCR enjoyed success in reducing the deficit of the Central Government, as well as that of the autonomous agencies of the rest of the public sector. The total public sector deficit as percent of GDP improved considerably by dropping to 9.5 percent, compared to 14 percent in 1981. The public sector deficit, in addition to the Central Government deficit, consisted of deficits in ICE (power and communications company) of about 737 million colones, RECOPE (fuels) of about 700 million colones, and CODESA (State Development Corporation) of about 1,400 million colones. Only two million dollars was financed internally and the rest was financed externally. Central Government's net revenues increased by 71 percent to \$312.6 million (12.5 billion colones). Indirect taxes provided income (9.04 billion colones) three times that of direct taxes. Expenditures increased at a slower rate of 43 percent to \$349 million.

F. BALANCE OF PAYMENTS

For the first time in many decades, Costa Rica ran a slight surplus on its trade account in 1982. Unfortunately, as noted above, exports decreased and there was a moderate deterioration on the current account, if unpaid interest is included in services, to a total of \$406 million. Official capital inflow decreased, but there was a big improvement over 1981 in the outflows of private capital. The latter was due to greater confidence and slowed devaluation which led to reduced capital flight. Net international reserves improved by \$135 million. Unpaid interest resulted in forced financing of about \$300 million. Gross international reserves on December 31, 1982, were \$410 million. Gold holdings had been sold during 1981, but Central Bank purchases from local producers in 1982 totaled \$47 million. Net international reserves were \$50 million negative at the end of 1980.

The trends in Costa Rica's balance of payments over the past three years are readily evident from the comparative chart that follows:

Balance of Payments 1980-1983 (net)
(\$ millions)

	<u>1980</u>	<u>1981</u>	<u>Estimated 1982</u>	<u>Estimated 1983</u>
Exports (FOB)	1,002	1,030	876	900
Imports (CIF)	1,540	1,200	860	930
<u>Trade Account</u>	-538	-170	+16	-30
Service Transfers	-122	-203	-372	-420
<u>Current Account</u>	-660	-373	-356	-450
Capital Flows:				
(a) official	378	294	208	455
(b) private	78	-110	-0-	-0-
(c) amortization	-	-132	-86	-
<u>Capital Account</u>	<u>456</u>	<u>52</u>	<u>122</u>	<u>455</u>
Debt Service Not Paid		212	313	-
SDR	6	5	-0-	-
Errors, Gold, Other	-	56	56	-
Change in Reserves (-indicates increase)	+196	+48	-135	-5

NOTE: There were no IMF disbursements in 1982

G. EXTERNAL DEBT

Official capital inflow in 1982 was \$208 million, mainly from multilateral and bilateral sources -- amortizations were \$87 million. Commercial bank lending to the public sector was virtually nonexistent. Banking credit to the private sector, including supplier credits, was generally very tight throughout the year. The new GOCR has held three meetings with a steering committee of private banks, chaired by Bank of America, to try to reschedule \$1.4 billion in outstanding debt. Substantial progress was made towards reaching an agreement. Both sides agreed that principle on medium-term loans be converted to four years payback after four years grace period. Fifty percent of GOCR interest payments to the banks will be reletted to Costa Rica in the form of new revolving six-month trade credits renewed for three years. On January 10, 1983, the Government reached a rescheduling agreement with the creditor governments in the Paris Club. General terms were four years of grace with five years

of payback on the rescheduled 85 percent of 1982 and 1983 principal and interest.

Total interest payments and MDB principal payments in 1983 will be about \$500 million, or about 52 percent of exports. The rescheduling negotiations underline the fact that the debt will be a serious burden for the economy for years to come. The foreign debt in 1987 will be larger than it is now and debt service will peak at over \$700 million. There will be a foreign exchange constraint on growth throughout the 1980's. The total public sector's external debt is 3.46 billion as broken down below. Private sector external debt is not accurately known but it is believed to be about \$650 million.

Public Sector Debt
(\$ millions)

		<u>Interest Arrears</u>
Supplier Credit	142	-
IMF	119	-
MDB's	677	2
Milateral	580	23
Commercial Banks	1,130	240
Bonds	132	23
CD's	325	68
	<hr/>	<hr/>
	3,105	356

H. INFLATION, UNEMPLOYMENT AND WAGES

Domestic price inflation continued high in 1982, although less than in 1981. Devaluation and monetary financing of public sectors deficits fueled inflation early in the year, but decreased in the latter part of 1982. Inflation was 79 percent as measured by the Wholesale Price Index (WPI), comparing the value of January 1 to that of December 31. If a monthly averaging method is used, then the inflation was 108 percent. The Consumer Price Index (CPI) showed an increase of 82 percent from January 1 to December 31, and 90 percent with monthly averaging. Both indexes have methodology problems and a more modern index might show an even higher inflation rate. Unemployment in 1982, ended the year at 6.6 percent, the official figure for November. This is historically a high rate for Costa Rica but it understates the problem. As in all labor market polls, the number of those unemployed are those who are actively seeking work. Thus, those discouraged from looking for work are not

counted nor those who have found self-employment in new activities, albeit a lower return. The level of visible underemployment was 6.6 percent in November and invisible underemployment was 7.0 percent. Thus, total measured labor force under-utilization was 20.2 percent.

Real wages decreased again in 1982 as public and private sector wage increases on the average were less than inflation. The average monthly salary in the industrial sector was 3,427 colones as of July (U.S. \$86) or 16 percent in real terms below July 1981. Agricultural salaries averaged 2,114 colones per month (about U.S. \$53) or a drop in real terms of 25% over July 1981. About three-quarters of Costa Rican households lived below the GOCR defined poverty line as 1982 ended.

I. RELATIONS WITH THE IMF

The Carazo Administration reached agreements with the International Monetary Fund (IMF) in both 1980 and 1981. The GOCR did not meet the economic targets agreed to with the Fund in either case; and after the initial disbursement, no further disbursements were made. The Monge Administration initiated negotiations with the IMF after having begun implementation of the austerity program. Agreement on a one-year standby worth \$100 million was reached in October and IMF Board approval was obtained on December 20, 1982. The agreement calls for reducing the public sector deficit from 15 percent of GDP in 1981, and 9.5 percent in 1982, down to 4.4 percent in 1983. No further decline in reserves is permitted. Foreign borrowing at less than ten years is limited to \$100 million. Net domestic assets of the Central Bank are limited on a quarterly basis (76.9 billion colones at year-end 1983) as is the banking system's credit to the public sector's nonfinancial operations (15.2 billion colones at year-end). Interest rates were raised and the exchange rate must be unified by December. The GOCR has already announced its intention to negotiate a three-year Extended Financial Facility (EFF) with the IMF later in 1983 to follow up the one-year standby agreement that expires in December.

J. TAXATION

To protect budding local industry, the Costa Rican Government has established import duties and indirect taxes favoring local manufacturers. Imported items, therefore, are sometimes levied quite heavily. The duty on imported consumer goods is assessed at 10 percent to 50 percent and luxury goods from 100 percent to 200 percent. Imports may be subject to three different taxes: (1) Specific and Ad Valorem, where the specific duty is assessed on the weight of the shipment and ad valorem on the CIF value. The rates assessed on each type of product are contained in the arrancel Centroamericano de Aduana; (2) Economic Stabilization Tax, which is a 30 percent surcharge on custom duties assessed on certain manufactured products; and (3) Import Surcharge, which is a one percent surcharge on the CIF value of luxury items available from local production, with the exception being vehicles larger than 1250cc., in which case the surcharge is 200 percent. Raw materials from third countries and imports from Central America are not affected.

A 6 percent export tax is assessed on all goods shipped to Panamá and Central America, as well as on all traditional and nontraditional products going to the rest of the world. Bananas and cocoa are levied a 1 percent tax. In addition bananas pay a special \$1.00 per box export tax. Coffee pays a 4 percent to 18 percent tax depending on the FOB price of hundred weight.

Corporate tax rates range from 15 percent to 50 percent. Deductible corporate expenses are: expenses essential to produce income, interest payments, losses not covered by insurance, and substantiated bad debts. In addition, companies holding industrial contracts receive an incentive in the form of deductions of reinvested profits.

A sales tax, now at 8 percent and soon to be raised to be 10 percent, is collected on the sale of merchandise and services at every stage of production. A consumption tax, ranging from 6 percent to 100 percent of the value of the product (most goods being taxed 10 percent, 15 percent, and 50 percent), affects luxury items and non-essential goods.

There are two other important taxes. A property tax is imposed on the assessed value of land, including all buildings, installations, and crops. The tax is based on an assessment of property by the tax office, and ranges from 0.3 percent to 1.05 percent. Additionally, Costa Rica levies a 15 percent tax on foreign remittances.

Discussion in the finance Committee of the legislative Assembly of an integral reform of the tax laws began soon after President Monge's inauguration. The reforms are aimed at increasing total revenue to the government and reducing the deficit. A sales tax proposal, increasing the levy from 8 to 10 percent, was approved by the Committee. Also approved was a vehicle circulation tax, with levies based on weight and value by types of cars, trucks, buses, and motorcycles. This bill also levies a ten dollar monthly tax for the use of public roads by foreign cars in transit in the country. An amendment simplifying the consumer tax structure is still being discussed by the committee. The amendment limits consumption taxes to three tiers, 10 percent, 25 percent, and 50 percent, although the executive power is allowed to change the list of the affected items and the tax levels in a range of up to 100 percent. Other issues still being discussed include a restructuring of the property tax; substantial change in the income tax structure; and amendments to the Tax Norms and Procedures Code. To bridge the gap until the rest of the reforms actually take effect, there will be a temporary 10 percent to 30 percent emergency surtax on income taxes payable in 1982 for one time only. Companies enjoying the benefit of tax exemptions will be levied a special tax of 1.5 percent on net profits.

K. OUTLOOK

The major goal of 1983 was stability. It appears that the excellent start on the austerity program and debt rescheduling already are greatly reducing disequalities in the economy. There should be only slight or no further decline in national production in 1983. Total credit is expected to grow by 34 percent in 1983 of which private sector credit

should grow by 49 percent. Inflation should be held to 40 to 45 percent (CPI), comparing January 1 to December 31, and only slightly higher on the average. Devaluation should be modest, perhaps in the 15 percent range. Unemployment will, unfortunately, grow slightly. Imports and exports will remain the same in real terms and thus the trade account deficit will be about \$20 million. The situation in Central America will not improve, but recovery and growth in industrialized countries should have some demand pull on Costa Rican exports.

If the GOCR complies with the IMF Agreement, economic stability will be achieved at the necessary high cost, but will be insufficient in itself to bring Costa Rica out its economic crisis. Only by exporting more in order to be able to pay debt service and generate sufficient foreign exchange to permit import growth will economic growth be possible. Encouragingly, the Monge Administration has announced its intention to encourage exports and investment.

Above all, the GOCR must comply with the existing IMF Standby Agreement to ensure a successful stabilization program. This requires keeping the public sector deficit under control. If sufficient incentives are indeed offered to stimulate exports, then 1983, the year of stability, can be followed by 1984, a year of modest but significant growth--the first in four years.

The U.S. share of 1982 Costa Rican import market grew from 33 to 37 percent of total imports and 47 percent of non-oil imports even though the total imports declined by about \$300 million. Potential 1983 sales of U. S. products to Costa Rica should stay the same in absolute terms and maintain market share as the United States provides more balance of payments assistance and the exchange rate remains stable.

L. INVESTMENT OPPORTUNITIES

Costa Rican export businesses are a good target for U.S. exporters. Devaluation has made the export sector more competitive in the world market; however, a period of instability in the exchange rate and unavailability of credit restricted the initially anticipated export growth. Although further devaluation is both required and beneficial, there is now more stability in the exchange system and a narrower gap between the interbank and the free market rates. This can be an incentive to the U.S. exporter by permitting more effective financial planning by him and his importer clients. Turn around time for obtaining foreign exchange (dollars) for payment of debts incurred abroad seldom exceeds three to five days. Public sector payments often require longer periods of time but the delay is due more to a lack of colones than to lack of dollars.

While rescheduling of the dollar denominated debts to the U.S. and foreign banks was widespread in 1981 and 1982, comparatively few nonpayment cases have occurred in the private sector. Some closing of unprofitable business enterprises occurred, largely in the import-dependent retail sectors of the

economy, but closings and bankruptcies never reached the anticipated levels predicted in the early months of 1982, hinting broadly at a much stronger financial base and credit worthiness than believed. Individual companies vary widely depending upon the import/export mix of the business. Those companies dependent upon imports have experienced price increases and have been forced to compete for scarce credit and foreign exchange. Recent payment histories and the nature of the business are the best guides to current credit worthiness for any given company. Government and quasi-government agencies experience some payment problems and lack of access to foreign exchange or sufficient colon income to buy dollars, thus leaving the credit-worthiness of the public sector in doubt where assured external financing is not a part of the package.

Throughout the first months in office, the Monge Administration acted to assure International Monetary Fund, Inter-American Development Bank, and Paris Club negotiators that it would and could abide by loan agreements and bring the economy under control. Continuing performance in achieving stability and encouraging investment are the best evidence of the administration's commitment to recovery and the restoration of confidence, which is already palpable in the private sector.

Despite its location in Central America, Costa Rica still offers favorable investment advantages, including constitutional guarantees of equal treatment enforced by an independent judiciary. The Monge Administration encourages foreign investment and offers incentives. Above all, Costa Rica offers an educated labor force and a stable and democratic political system. Costa Rica has growing hydro-electric output and yet unused potential. There is strong agricultural tradition and rich agricultural potential. There are newly founded free trade zones on the Atlantic and Pacific coasts for drawback industries. Costa Rica has a well developed infrastructure of roads, ports, railroads, water and electric power. There is potential for gold mining under a new mining code. A new hydrocarbon law is being prepared that would permit foreign countries to sign risk contracts and research for oil. Caribbean Basin Initiative trade benefits include Costa Rica and open additional opportunities to the export investor. The tourist industry might also be attractive if North American treatment (tax deduction for convention expenses) is extended to Costa Rica by the United States. The USA and GOCR successfully negotiated a Bilateral Investment Treaty in January 1983.

Costa Rica thus presents at this time an ambiguous climate for investors. On the one hand, Costa Rica has a well developed infrastructural base, political stability, high quality labor, and abundant hydroelectric power. On the other hand, Costa Rica is in the midst of a serious economic crisis. The crisis heightens the perception of potential political risk but also creates favorable economic conditions, especially through devaluation which reduces wage and other local costs. Investment in drawback industries is considered the safest by some business people. Drawback industries are given special treatment, receiving the benefit of temporarily importing, up to a period of twelve months, raw materials, unfinished products, components and packing material. The plants in Costa Rica typically manufacture products such as shirts, brassieres, and

automobile and electrical components.

However, a high priority is now given by the GOCR to industries that use a high percentage of local natural resources and raw materials, and that also export nontraditional products. The devaluation of the colon makes exports a particularly attractive area to the foreign investor. Costa Rica's heavy rainfall and rich soil offer export opportunities in citrus, heart of palm, macadamia nuts, melons, pineapple, and other non-traditional agricultural products.

There are also very good investment opportunities in the agribusiness field. Good roads, water, electricity, and agricultural technology are available, as well as professionals and skilled workers with good training and experience in the field.

No detailed foreign investment figures exist to demonstrate the share of U.S. direct foreign investment in Costa Rica vis-a-vis other nations. Total U.S. investment is estimated by the Embassy at roughly \$550 million.

IN-COUNTRY . SUMMARY MATRIX

RESOURCE ANALYSIS

CHAPTER 9
Food and Agriculture

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
Historical Perspectives	Agriculture production has traditionally served as the primary source of national economic development. Agriculture is the most important economic sector as exports and employment constitute 22.4% of the Gross Domestic Product.
Current Situation	Agriculture showed a slight increase in 1983 over the poor performance in 1982 due to low international commodity prices, high interest rates and a severe drought.
Land Distribution	47% is considered as farmland; three-quarters of the agricultural land is held by only 10% of the largest firms.
Agricultural Production	Principal exports are coffee, bananas, sugar cane, cocoa and livestock meats. Principal food crops are corn and rice.
Agricultural Credit	Commercial banking provided only through government controlled institutions; no agricultural bank available to offer long-term financing at reasonable interest rates.
Governmental Activities	Emphasis directed to small farmers. A price support program for basic commodities is active and the government is heavily committed to agricultural education.
Agrarian Reform	The government has inaugurated a redistribution program aimed at providing land for 10,000 families by the end of 1986. The greatest emphasis seems to be in the banana lands in the southern zones.

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 9 - Food and
Agriculture (continued)

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
Agricultural Technology	Lack of technology still hampers increased productivity and marketing practices. Numerous small farms limit the mechanization of agriculture.
Water Resources	Extremely rich in water resources. Protecting the watersheds is a key factor in maintaining water resources.
Marketing	The most serious marketing deficiencies stem from inadequate transportation, improper production practices, poor handling and storage, insufficient technical knowledge and inefficient distribution systems.
Crops	Principal domestic food crops are corn and rice. Principal export crops are coffee, bananas, sugar cane, cocoa and livestock.
Forestry	Deforestation is a serious problem due to the demand for land rather than timber. Squatters and colonists are responsible for one-half of illegal deforestation. Premium woods have become scarce.
Reforestation	A combination of government and private nurseries provide 4,145,000 seedlings per year for reforestation, but lack of technical expertise and money seriously hamper this program.
Fisheries	The absence of a central institution responsible for policy, coordination, or control of fishing has intensified exploitation of marine resources.

CHAPTER 9

FOOD & AGRICULTURE

A. HISTORICAL PERSPECTIVES

Agricultural production has traditionally served as the primary source of national economic development. Increasing agricultural productivity, particular of export crops, is a key component to economic recovery. Even modest industrial growth will require adequate raw materials such as food stuffs, fiber, and timber. Costa Rica is favored with some excellent soil in the fertile Central Valley; however, their high productivity, good fertility, and low erodibility have misled both nationals and foreigners to assume most of the country has good agricultural soil. This widespread attitude and the subtle, often non-visible deterioration of the country's soil resources seriously threaten the possibility of not only increasing but sustaining agricultural production.

Agriculture is the most important economic sector from the point of view of exports and employment and constitutes about 22.4% of the Gross Domestic Product. Growth, however, was only 1% in 1982 because of internal factors such as high interest rates, a severe drought, monillia disease in cacao, sigatoka disease in bananas and strikes on banana plantations. Low external commodity prices were also a factor.

While Costa Rica produces basic grains such as rice, corn, beans, and sorghum, food grains (especially wheat) accounts for a third of agricultural imports. Many varieties of fruits and vegetables are produced in a small scale, but not sufficiently to supply local demand. Costa Rica has the potential to produce all of its requirements for basic grains, vegetable oil, fruits and vegetables. However, many food stuffs are imported due to crop preferences, low yields and high costs that make it cheaper to import certain basic foods. Export products are officially encouraged to moderate the enormous national balance of payments deficit, yet, productivity remains low due to inefficient transfer to technology coupled with poor husbandry of soil resources. Even though labor is cheap, the costs of imported fertilizers and pesticides are sky-rocketing; thus government-set prices for basic food stuffs combine with higher production costs to significantly reduce the margin for farmers. According to the Agricultural Sector Planning Office (OPSA) increases in agricultural production over the past decade were due primarily to increases in an area under production rather than increased yields. In the future, increased yield must account for increased production, because most areas suitable for cultivation have been utilized. Permanent crops such as coffee, cacao and fruit trees, as well as corn, beans, and various root crops (yuca, malanga, tiquisque) are the principal source of income for small farmers. Coffee production is remarkably evenly distributed among farms of differing size. Large farms are generally dedicated to beef cattle, bananas, sugar cane, coffee, cacao or rice.

B. CURRENT SITUATION AND OUTLOOK

The situation in the agricultural sector is dependent, to a large degree,

on the performance of other areas of the economy. Presently, the farm community is trying to rebound from the poor performance of 1982, when the sector was hard hit with low international commodity prices, high interest rates and input costs, and a severe drought. Stocks of the principal commodities (rice, corn, bean, wheat and sorghum) are at their lowest level in years. Although consumption has not dropped significantly, consumers are beginning to feel the pressure of high inflation and are looking for alternatives.

The agriculture sector showed a slight increase in performance in 1983, as a result of changes in international commodity pricing and more favorable weather. The government held the line on imports and pushed exports, preferring to purchase those badly needed commodities under the Public Law 480 agreement with the U.S. Production in 1983 went to build depleted stocks. Coffee and cocoa exports faced limitations set by their respective international organizations. The cocoa industry is still trying to rebound from the attacks of monillia, which only became a problem in the last three years. Coffee stocks are unusually high because of the quotas set by the international coffee organization. The banana industry faced a low international price again this year. The sugar industry benefited from the U.S. sugar quota system at the expense of Nicaragua. The livestock sector is still feeling the effect of the drought of 1982.

In 1984, production is expected to increase 2 percent. Banana production will decrease slightly due to replacement with palm oil trees as an alternative crop. Coffee production will be down because of the national recovery period after bumper crops in the coffee cycle.

In the medium and long term, non-traditional, agricultural exports must be the source of diversified and substantial export growth. It is already probable that pineapple will become the fifth largest export in about 3 years (behind banana, coffee, tourism, and meat). Other agricultural exports which have grown in importance are ornamental plants, macadamia nuts, hearts of palm, melons, aquaculture products, cardamon, spices, and orange concentrate.

The year 1982 marked the first time Costa Rica participated in the U.S. Public Law 480 Program. The first agreement signed in March 1982 provides \$18 million for the purchase of wheat, feed grains, and vegetable oil. The second agreement signed in October 1982, for assistance in fiscal year 1983, provided \$20 million for purchase of wheat; feed grains and rice. This assistance came at a time when the country was experiencing its worst economic adjustment in its history. This assistance prevented meat, egg, milk, and bread shortages. It is expected that Costa Rica will need this type of food aid for at least the next three to five years. The currency generated from the sale of those products locally are reinvested in the agricultural sector in an effort to stimulate and expedite faster development in this sector.

The U.S. has also granted assistance in establishing water wells in the drought-stricken Guanacaste Province. Those wells will provide water for livestock, irrigation, and drinking. Once established, these wells will have the long term effect of minimizing the adverse impact of future droughts. The cost of digging these wells will be shared by both governments.

C. LAND DISTRIBUTION

Of the total land area of 5,090,000 hectares (12,577,390 acres), 47% is considered as farmland, including pastures and forest. Approximately three-quarters of the agricultural land is held by only 10% of the largest farms.

Of the 115,000 farms, about 50,000 are under 0.68 hectare (1.7 acres). Of the remaining 65,000 farms, 44% are less than 6.87 hectares (17 acres), 36% are between 6.87 hectares (17 acres) and 74.86 hectares (185 acres) and 344 hectares (850 acres). The last category occupies over 42% of the cultivated area. About 80% of the farmholdings occupying 90% of the farm area are cultivated by the owners and only 2% are cultivated by renters. About 1.5% is under a special type of tenancy called esquilmo, which is tenancy for a single harvest season; 11% are cultivated by a mixed system, such as mediería where the owner provides everything but the labor. The remaining farms are cultivated by squatters called colonos, or precaristas (precarious holders). There are also five forms of non-private land ownership: municipal land, institutional land (such as church holdings), national land (or public land), state land and cooperative land.

D. AGRICULTURAL PRODUCTION

The four major agricultural regions are Meseta Central, the Atlantic or Caribbean lowlands, Guanacaste Province, and the Pacific Southwest. There are 11 minor regions where some form of cultivation is carried on.

The principal exports are coffee, bananas, sugar cane, cocoa and livestock meats. The principal food crops are corn and rice. Other minor crops are beans, potatoes, and tobacco. The cattle industry utilized about 1.3 million hectares. Coffee and bananas make up about 60% of agricultural production. Costa Rica coffee is of high quality, and the yield per acre is high. More than 50% of the annual crop is produced by 5% of the farms. Costa Rica is among the world's top six banana producers. The two largest producers are a subsidiary of the U.S. owned United Brands (formerly United Fruit Company) and the Standard Fruit Company. Sugarcane is grown mostly on small farms. Costa Rica is the main cocoa producer and exporter in Central America accounting for about 1% of world production. Because of the topography and the limited size of the farms, mechanization has made little headway. In 1975 there were only 5,650 tractors and 900 harvester-threshers in the country. Clearing of land by burning, although illegal, is common and most small farmers use hand tools. Only 3% of the farms use some form of irrigation. Fertilizer consumption is increasing, encouraged by credit facilities. In 1982, 180,475 tons of fertilizer were used.

E. AGRICULTURAL CREDIT

Commercial banking in Costa Rica is provided only through government controlled institutions grouped in the National Banking System (NBS) under the control and direction of the Central Bank. There is no agricultural bank to offer long-term financing at reasonable rates of interest for agricultural production or diversification. The Banco Nacional de Costa Rica (BNCR) consistently disburses more agricultural credit than all other

SBN banks combined. The BNCR rural credit department consists of over 40 regional offices and 60 rural credit boards, with each regional office manager usually having a background in agronomy and living in the area. Small loans can be approved by the manager of a regional office and loans up to US \$35,000 can be approved by the local credit board. High interest rates and scarcity of funds make it difficult for farmers to obtain credit. Problems with long-term agricultural credit have become more difficult with the current economic stagnation.

F. GOVERNMENTAL ACTIVITIES

Ministry of Agriculture and other agencies have directed many of their activities toward small farmers. Examples of long-term measures are the production-oriented Projects by Campaign Program, the cooperative movement which organizes the support groups of farmers, the National Banking System's Production Credit Program for small farmers, the Land Tenure and Colonization Program for small farmers and the National Production Council's program to purchase basic grains at guaranteed minimum prices. Medium-term strategies include changes in land tenure patterns, expanded use of new technologies, expansion and diversification of agricultural exports, zoning of principal agricultural activities and promotion of employment-generating production. In the short run, emphasis is placed on production needed for domestic consumption of food grains and industrial raw materials through strengthening extension, credit, and marketing services for small and medium farmers. A project, sponsored jointly by the Costa Rican Institute of Lands and Colonization and the Tropical Agricultural Research and Training Center in Turrialba, is exploring the needs and attitudes of Costa Rican small land holders.

Most international research on Latin American farming is keyed to the needs of large landholders and modern, capital-intensive agriculture. Scientists hope to evolve, however, systems that could be adapted by all Latin America to upgrade the small farmer. Experiments show that one-man farms can be highly productive.

A price support program for basic commodities is carried out by an autonomous institution, The National Production Council (Consejo Nacional de Producción). The National Production Council has a great influence in agriculture, which is headed by the minister of agriculture. It classifies and grades crops; provides marketing and storage facilities and operates its own consumer retail stores and several wholesale warehouses. It also recommends the importation of required resources such as tools, machinery, seed, and fertilizer.

The government provides higher education in agriculture for about 200 to 300 students at the University of Costa Rica and also operate five secondary-level agricultural schools with a total enrollment of about 1,000 students. Additionally, the Inter-American Institute of Agriculture Sciences, a specialized agency of the Organization of American States, is located in Costa Rica on 2,500 acres of land donated by the government and the results of much of its experimental works are readily available to local farmers. It also trains graduate students and has the most complete library on tropical agriculture in the world. The country also benefits from the

research done in San José by the International Regional Organization of Plant and Animal Health, which works on animal and plant pests and diseases.

The Ministry of Agriculture and Livestock (Ministerio de Agricultura y Ganadería) has several departments which are actively engaged in research on specific crops. It is located at El Alto, 10 miles east of San Jose. All graduate students must conduct some research to meet requirements for their degrees. The Banana Company of Costa Rica (Compañía Bananera de Costa Rica) has two banana research stations and makes the results available to other banana growers.

The veterinary department of the Ministry of Agriculture and Livestock is capable, effective, well equipped, and very successful in controlling poultry and animal diseases.

The extension service run by the Ministry of Agriculture is considered to be the most effective in Central America. There are 52 extension agencies; each agency has an extension agent, an assistant extension agent and a home economics agent.

What is now the Faculty of Agronomy of the University of Costa Rica was founded in 1926 under the name of the Escuela Nacional de Agricultura and was merged with the university in 1940. It provides a six-year course leading to the degree of Ingeniero Agrónomo. The College of Agricultural Engineers cooperates with the university in the promotion of agriculture.

G. AGRARIAN REFORM

The government has inaugurated a redistribution program aimed at providing land for 10,000 families by the end of 1986. The greatest emphasis seems to be in the banana lands in the southern zones. Sources of land for redistribution are 1) banana companies' excess lands, 2) large landowners' and 3) government-owned tracts.

Approximately 2,000 families are expected to receive parcels of farmland by the end of this year. The entire program will cost the government about \$55 million, of which about \$22 million already has been appropriated. The semi-autonomous Institute for Agrarian Development (IAD) is responsible for administering the program.

H. AGRICULTURAL TECHNOLOGY

Despite availability of trained technicians, technology is still a serious constraint to increasing production and improving marketing practices due to the following reasons: (a) improved technology has not been introduced or adapted to the various potential ecological areas; (b) the delivery system for transferring information to potential users is inadequate; (c) inputs essential to utilization of improved technology often are not available; (d) reluctance to take risk, which hinders acceptance of new technology by low-income farmers living close to subsistence levels and by others who are skeptical of investing in unfamiliar commodities and practices.

The topography of the land and the small size of most of the farms are limiting factors in the mechanization of agriculture. The farms dedicated to raising export crops are more mechanized than farms raising domestic crops. There is no mechanization in coffee picking, but some has been introduced in secondary coffee activities such as washing and bagging. Gunacaste is the most mechanized province, because rice and cotton grows on flat lands conducive to mechanization. Irrigation is practiced on approximately 100,000 hectares. It is utilized on coffee, sugar cane, vegetable crops, rice and the banana produced in the Pacific lowlands. There is a rough estimate that 250,000 hectares have irrigation potential, of which two projects, Itiquis and Moracia are the most important. Itiquis is a vegetable-growing area in the Central Valley with an estimated 1,500 ha under irrigation. The irrigation of the lower Tempisque basin will utilize water from Arenal to incorporate approximately 200,000 ha into agricultural production. Proposed crops include pasture and hay, grains, sugar cane, fruit tree crops, vegetables and rice.

The use of fertilizer is becoming more general, but it is still limited. It is distributed in country by two concerns: FERTICA--government-owned and located at Puntarenas, and CAFESA--privately-owned and located at San José. Costa Rica has one production plant which processes imported material into chemical fertilizers. Although the plant is not producing at its maximum level, its annual capacity is approximately 240,000 metric tons broken down as follows:

1) Complete chemical fertilizer	95,000 MT
2) Blended fertilizers	45,000 MT
3) Ammonium sulfate	45,000 MT
4) Ammonium Nitriate fertilizer	55,000 MT

All production is utilized locally, no exports are permitted. Information on stocks is not available, although industry sources state that a 2-3 month inventory level is desirable, but has yet to be achieved.

Agricultural diversification is technically feasible, as shown by successes with macadamia, pejobaye, coconut, and black pepper. Much more can be done and needs to be done if agricultural exports are to increase. Most of the crop possibilities already exist in the country, thus what is needed for successful diversification are marketing outlets, technical, and financial assistance and a supportive commitment from government. Several other interesting possibilities merit commercial development such as using discarded bananas for animal feed, conversion of biomass to alcohol and agroindustrial food processing in the industrial parks.

I. WATER RESOURCES

Water resources constitute probably the most viable option for sustained development in Costa Rica. The combination of very broken topography and high rainfall over a relatively small geographic area make the country one of the world's richest in water resources. The country abounds with excellent dam sites and strong-flowing rivers that carry much more water than suggested by watershed size. Topographic features favor the capture of surface waters and gravity distribution for irrigation, human, and industrial use.

The rational exploitation of water resources is contingent upon the protection of watersheds, especially the native forests that cloak the steep mountain slopes. Under conditions of steep topography and high rainfall, it is well known that drastic changes in land use, such as deforestation, urbanization, highway construction, and open pit mining, cause substantial changes in water and sediment regimes that have a negative effect on the development of water resources. Exploitation of water resources traditionally involves engineering the capture, storage, conduction, and use of water, but the concept of the watershed must become an integral part of the development and management of water resources. According to physical (topography, climate, geology, soils, etc.), biological (principally vegetation cover), and cultural (land use) conditions, the watershed transforms rainfall into outflows of variable water quality and quantity over time and space.

Costa Rica is a tiny country favored with excellent natural resources of soil and water that provide daily subsistence, the major portion of income, electricity, potable and industrial water, plus considerable potential for irrigation. It is imperative that these vital, irreplaceable resources be used rationally. Protected watersheds are the best guarantee that present and future generations will have potable water, hydroelectricity, food, energy, plus many other uses and opportunities indispensable to survival and quality of life.

J. MARKETING

The efficiency of the Costa Rican marketing system varies widely from one commodity to another. Bananas, coffee, cocoa, cut flowers, beef, shrimp and sugar are marketed competitively in international markets, while meat, milk, potatoes and some fruits are supplied to the domestic market quite efficiently. Other products, however, experience inefficient marketing, many with high product losses, or are reaching only limited markets. The most serious marketing deficiencies stem from inadequate transportation, improper production practices, poor handling and storage, insufficient technical knowledge and inefficient technical knowledge and inefficient distribution systems.

K. CROPS

1. COFFEE

Cropland devoted to coffee plantings in 1982-83 remained unchanged at 83,500 hectares containing an average of 3,750 trees per hectare. The industry is limited by available area and has embarked upon a program to increase the tree population per hectare. The tree density can go from about 3,800 trees per hectare to 5,000 trees per hectare. The government is providing credits to small and medium-size producers aimed at increasing the number of trees per hectare. Many producers have already begun to take out the old and marginal producing trees and are replanting two trees for each one removed.

The crop for 1982-83 is now officially estimated at a record 2.3 million bags, up substantially over last year's harvest and 13 percent above the previous record set in 1981-82. The 1983-84 harvest is forecast at 2.07

million bags, a decline from 1982-83 because of an expected normal production downturn after a bumper harvest.

Extreme weather patterns have precipitated the early maturation of Costa Rica's coffee crop this season. Consequently, farmers have embarked upon a hasty harvest. The coffee office has appealed to all school age children to join in harvesting as close to 100 percent of the crop as possible. The children will be dismissed from school to assist in the harvesting efforts. They will comprise 22-25 percent of the total labor force for the coffee harvest. Coffee pickers' minimum wage is 25 colones per cajuela.

It is worthwhile to note that Costa Rica's production expansion efforts, which began several years ago when international prices were at their peak, have had the opposite effect envisioned by coffee producers. They did not foresee the glut of coffee on the world market, its downward pressure on world prices and the subsequent reduction in the country's export quota. Thus far, the expansion efforts have only resulted in substantial increases in stock levels and forced the industry to double its efforts in searching for other markets, a task that has proven to be very difficult.

The Costa Rica quota under the recent ICO agreement for 1983-84 is 1,226,659 bags for member countries. The bumper crops for the last two years have built up a large surplus. Consequently, Costa Rica has sought out non-ICO buyers for its coffee, though these countries pay less than half the ICO market price. The non-ICO sales have drawn criticism from such producers as Colombia and Brazil, who accuse smaller nations of undercutting the ICO market. But Costa Rica contends that it sells its surplus to minor markets, such as Asian countries. Also Israel and Argentina could be potential non-member markets as Costa Rica is presently negotiating barter arrangements with these countries involving such inputs as insecticides, herbicides, corn and grains with Argentina for Costa Rican coffee.

The coffee office requires that 14 percent of the 1983-84 crop be retained for local market purposes. Based on the size of this year's record crop and past consumption patterns it is felt that this amount is more than adequate for domestic requirements. It is felt that the contraband of processed coffee has been stopped. But green coffee produced near the Panamanian border is bought by Panamanian coffee processing plants. With the imposition of controls at the Costa Rican-Panamanian border, it is believed that quantities of processed coffee shipped illegally will drop. But not for green coffee, because many farms are closer to Panamanian mills than to the Costa Rican ones.

Domestic consumption for 1982-83 is estimated at 223,000 60-kilogram sacks and for 1983-84 at 233,000 60-kilogram sacks.

2, GRAIN AND FEED

Basic grains such as bean, corn, and sorghum all compete for the same land in the Guanacaste Province because they require a dry season for harvest.

Grain production for 1982-83 (milled rice, corn and sorghum) is now placed at 207,000 tons, a 14 percent decrease from last year's output. The reduction in rice yields is the primary reason for the decrease, also both the corn and sorghum crops suffered small reductions in output. Dry weather has been responsible for the reduction in the rice, corn and sorghum harvest.

Grain production in 1983-84 is expected to increase due to more area planted, and, if the weather remains favorable, good yields are expected for this season. According to the Basic Grain Council, rice production is expected to exceed domestic demand, and some rice will be exported. At least half of the grain imports are programmed under the P.L. 480 Title I program for 1984. Imports of corn and dry beans will continue to be necessary to meet local requirements. Wheat is not commercially grown in Costa Rica but imports have diminished due to reduced local consumption. Imports totaled 100,00 tons in 1982-83 and imports are forecast at 100,000 tons in 1983-84. Production of dry beans in 1982-83 is placed at 13,000 tons and forecast at 14,000 tons for 1983-84, but still much less than the 23 to 25,000-ton requirement of the country; thus necessitating imports.

Costa Rica's policy toward the production of basic grains continues to be supportive. However, because of the continued deterioration in the overall economy, the government was forced to reduce or provide credit at very high interest rates during the 1982-83 season. This coupled with adverse weather in the grain-producing regions made it necessary for the government to seek foreign assistance to fill the gap left by reduced domestic grain output. During fiscal year 1983 Costa Rica received \$3 million under GSM-102 Credit Guarantee for wheat. Under the P.L. 480 Title I Program for 1983, Costa Rica received \$28 million for wheat, corn, soybean meal and dry beans. For FY 1984 Costa Rica has requested \$31.8 million under the P.L. 480 Title I Program to purchase 95,000 tons of wheat, 50,000 tons of corn, 8,500 tons of dry beans and 5,000 tons of soybean meal.

CORN

Corn production for 1982-83 is placed 74,000 tons, a 10 percent decrease from the previous year. The decline is attributed to the drought which caused some damage and reduced yields. Some difficulty in obtaining production credit also compounded the problem. Corn production in Costa Rica is done by small producers who are not always eligible for bank credit or who find credit application mechanisms too complicated. Imports of yellow corn will be necessary due to the continued strong demand for animal feed. Most corn produced in Costa Rica is white corn for human consumption.

Output of corn is forecast at 76,000 tons for 1983-84, close to the previous season, but below the level experienced during 1981-82.

RICE

In 1982-83 rice production will total 107,000 tons (milled basis), down 16 percent from the previous year. A severe two-month-long drought damaged about 30 percent of the rice area planted in the northern province of Guanacaste, where about 70 percent of the country's rice is grown. To meet local demand and maintain traditional stock levels, Costa Rica imported 35,000 tons of rice in 1983. Of the total rice imported, 20,800 tons were programmed as part of the FY 1983 P. L. 480 Title I program. Trade sources indicate that Costa Rica exported 15,288 and 10,460 tons of milled rice to México in 1981 and 1982, respectively. The 1983-84 forecast for rice production is 128,000 tons. Assuming normal weather conditions during the next two months, the Basic Grains Council says that Costa Rica will not be importing rice, but hopefully exporting as has been customary.

SORGHUM

Sorghum production in 1982-83 is placed at 26,000 tons, drop of 13 percent from a year ago. The decrease is attributed to less area planted and severe drought during planting time, which affected seed germination. Assuming no major weather problems, production is forecast at 43,000 tons for 1983-84. An increase area planted is also expected. There were only 4,000 tons imported during 1982-83 and no imports are forecast for 1983-84.

WHEAT

All requirements for wheat continue to be met by imports. For 1982-83, imports are placed at 100,000 tons. Usually all imports originate from the United States. In 1982, 5,000 tons came from Germany. Although wheat imports are normally done by two private mills, during the past year all wheat imports from the United States were handled by the government as a part of the P.L. 480 Title I and CCC programs signed with Costa Rica. The National Production Council (CNP) also used some of its own funds to import wheat in September. For 1984, as much as 95,000 tons will be imported from the United States under P.L. 480, if it is approved. The government continues to regulate local flour and bread prices, based on the price of imported and domestic milling cost.

DRIED BEANS

Dry bean production in 1982-83 totaled 13,000 tons, similar to that in 1982-83. This low yield per hectare was due to the heavy rains in the major producing area during harvest time, which prevented the harvesting of a portion of the crop. Virtually all of the bean production in the northern provinces, which account for about 30-40 percent of the country's bean output, is hand-planted and harvested. In 1983-84 the bean crop is forecast at 14,000 tons, assuming no major adverse weather problems.

3. SUGAR

Estimated sugar cane area in 1982-83 is estimated at 36,000 hectares. The outlook for 1983-84 is an increase to 37,000 hectares. This increase

is due to part to the work the government did in cleaning the Tempisque River to stop any type of flood in a rainy year, which in previous years has damaged around 300 hectares. It is possible that, since the Tempisque Mill has provided better service to the private farmers, some expansion in the sugar cane area will take place. This is the private farmers only area that can be expanded and all of it belongs to the private sector.

The sugar league reports that cane crushed by Costa Rica's 25 mills through August in 1982-83 totaled 2,191,687 tons. This compares with 2,140,343 tons in the previous year. While no mills closed during the year, industry officials state that several are operating marginally and could be forced to close coming years. Most of the sugar mills in Costa Rica are very small. Several mills have announced that they will only operate for three to four months but at full capacity. Cane production heavily depends on the United States quota and world prices.

The sugar league reports raw sugar production for 1982-83 at 200,000 tons, 10 percent above last year's production. This increase is because of more area harvested in the Guanacaste province as well as a return to more favorable weather in that region. A forecast of 220,000 tons for 1983-84 relies heavily on an expected increase in production around the Tempisque Mill in the Guanacaste region.

Molasses obtained from sugar cane processing is used domestically for animal feed and alcohol production. During this coming year the distribution is estimated at 60 percent animal feed and 40 percent for alcohol use. The program to produce alcohol for automobiles has been because there was insufficient cane for this purpose and because the resultant gasohol has not been received well by consumers, who complained about the quality of the product.

Molasses production through August 1983 is placed at 73,368 metric tons. For 1983-84 production is forecast at 81,000 metric tons.

During the October, 1982-August, 1983 period about 118,869 tons of sugar were used for local consumption. In 1983-84, it is expected that 140,000 tons will be refined for domestic consumption. As long as Costa Rica's domestic prices remain below those of Panama, it will be very difficult to stop illegal shipments to Panama. Based on historical trends and discounting the contraband to Panama, consumption is increasing at a rate of 2-3 percent.

The 1982-83 stocks position is estimated at 66,962 tons, an increase of increase of 89 percent from the previous year. The increase is directly correlated to production increases with small decline in exports. As the sugar league handles domestic and export marketing functions, all stocks can be considered to be government controlled. Costa Rica is required to have a maximum of 18,000 tons of sugar in stock at all times following the provisions of the International Sugar Organization. For 1983-84, stocks are forecast at 85,927 tons. The export market other than to the United States under quota is not attractive for Costa Rica.

The sugar league's function is to fix production quotas, determine the level of advance payment to be made to producers by the mills at the end of the season, calculate returns from domestic and export sales, subtracting costs and prorating net returns between mills and producers. The sugar league is an autonomous government agency designed to control the marketing of Costa Rica sugar cane deliveries, and also responsible for the imported sugar when needed. Sugar league officials are planning to work with the CBI program to export alcohol to the United States in order to reduce stock levels.

4. BANANAS

Bananas are second in importance among cash crops. Most of the plantations are under corporate management and do their own exporting but there are a number of independent producers who sell to the major producers or to other companies engaged solely in the export business. The main producers are Cia Bananera de Costa Rica, a subsidiary of the United Fruit Company; Standard Fruit Company, and Delmonte. These three together have played a major part in the development of this crop. They control all marketing of bananas from Costa Rica, although they produce only 60 to 70 percent of the total. They purchase the remainder from independent producers; who claim the companies pay below agreed prices in order to compete internationally.

Banana production has been falling steadily over the past few years and will remain flat or decline slightly this year. These sliding trends brought production down from over 1 million to 900,000 MT in 1982-83. Exports were down in 1982 resulting from the two-month-long strike and depressed international prices. In 1982 exports were down to 45 million boxes compared to about 51 million in 1981. Because of the above reasons, exports for 1983 are expected to dip even further to around 40 million boxes, thus reducing much needed foreign exchange. Prices received in 1983 are expected to be lower due to over-production in Ecuador. Due to the lower prices the multinational fruit companies have increased their pressure on the government to lower the export tax from \$1.00 per box to \$0.60 per box. Black Sigatoba disease and continued labor unrest tend to be the major limitations to production. Nearly all banana workers are organized into unions with leftist leanings. Low international prices in conjunction with the labor problem has caused the multinational companies to convert some banana acreage into African Palm production. At present prices, African Palm oil is more attractive.

5. COCOA

Most of the production is located on the Atlantic Coast with fairly good roads around the major producing areas. Processors purchase their raw materials (beans) directly from producers, based on world prices. Producers dry the beans and then offer the product to the buyers. Cocoa represents the principal source of income for large numbers of small farmers. Since cocoa grows in the Atlantic area, weather is not a problem for cocoa production, as there is always enough rain. Sometimes too much rain can damage the flowering process and affects production. Pesticides are used to eradicate manillia and fungus diseases. There is no irrigation for cocoa production. The 1982-83 output, estimated at 4,000 tons, is based on the industry's efforts to hold to this level,

in the face of dwindling government assistance. While a 4,000 ton level is below normal, producers feel that if they can maintain this level, it would be a positive sign to continue good management practices to retard the spread of monillia. Good management will be the key to success in halting the spread of the disease. If the government can provide some funding, industry sources feel that eventually monillia can be controlled. However, assuming that there will not be any government assistance and very little credit available to cocoa producers, cocoa production for the 1983-84 season is forecast at the 3,500 ton level. Cocoa exports are the number five foreign exchange earner for the country.

Domestic consumption is decreasing since Cabsha closed down due to financial problems. Domestic consumption is placed at 1,000 metric tons. There is no cocoa substitute in Costa Rica. There are two domestic processors/users of Costa Rica's cocoa output: El Gallito S.A. and Costa Rica Cocoa Products. El Gallito, the largest, produces basically for the domestic market, exporting only finished candy products and a small amount of beans and butter. Costa Rica Cocoa Products exports the majority of its cocoa products in the form of beans and butter. They also produce small quantities of candy for export and the domestic market.

Because of the reduced crop this year, the government recommended that exports would be determined after domestic requirements were met. Thus, cocoa exporting firms will have about 2,500 tons to supply their traditional export markets, even though this quantity does not fulfill all of their requirements.

Producers sell their cocoa directly to intermediaries, or the two processing firms. Prices paid to producers are dependent on the quality of the beans and level of world cocoa prices. There are no fixed producer prices. There has been no technical nor financial assistance from the government during the last two years, or a substitute crop for the infected areas.

Since cocoa is one of the top five major agricultural exports from Costa Rica and therefore a significant exchange earner, the government of Costa Rica should be keenly interested in assisting this industry. On the surface, governmental policy toward its traditional agricultural commodities is one of support, technical assistance, financial assistance and emergency aid. However, the reality of the current severe economic situation and the resulting efforts to reduce government spending will likely not provide much governmental assistance -- at least at the desired level to combat the monillia disease.

6. OTHER CROPS

All of Costa Rica's vegetable oil requirement is met through importation, except for margarine, mayonnaise, and shortening produced from African Palm oil. The United Brands processing plant at Quepos supplies practically 100% of these oil palm products for the local market. In the last 10 years there has been a serious attempt to produce oilseed crops necessary to supply cooking oils. Cotton, sesame and peanuts were considered priority crops since their annual production cycle is shorter than for oil palms; however, they have not been successful.

Cotton is produced basically to utilize the seed for oil and the cotton seed meal for animal feed, The fiber that is produced is generally exported since the local industry cannot absorb the national production,

Soybeans, in addition to oil products, have other uses as high protein meal and human food, Peanuts are grown for oil but they require dry, sandy soil. To attempt to grow soybeans or peanuts on a commercial scale in any part of Costa Rica other than Guanacaste is not practical; these crops require good soils for high yield and a dry season for harvest.

To date, the trend has been large scale plantings of African Palm financed by foreign capital, such as the United Brands 14,000 ha plantation near Quepos. There is no reason to believe this trend is going to change. ITCO has 60 ha of oil palm in production near Coto Sur and has proposals for larger plantings although it will take three to seven years before production starts. Ecological conditions are appropriate for increased plantings on the Caribbean coast, but it is doubtful whether small farmers can be successfully incorporated into production schemes. Small to medium size farms could produce soybeans and peanuts in Guanacaste, but economics of crop substitution dictate that those lands should probably be planted to higher value crops.

L. LIVESTOCK

Beef production will continue to be driven downward by drought in Guanacaste province, export taxes (although lowered from 4% to 1%), poor local demand, high credit costs and herd decimation. The USDA forecasts this year's production at 70,000 MT, with 1984's output falling to 60,000 MT. Right now, Costa Rica is struggling to increase output to fulfill its assigned quota in the U.S. market. At the same time, the country has its eyes on Nicaragua's quota, in the expectation that the Reagan Administration will grant it to other Central American nations in the near future. A \$35.8 million loan from the Inter-American Development Bank is expected to alleviate some of the problems plaguing the Costa Rican cattle industry for some time, including an acute shortage of cattle for slaughter and inadequate sanitary control. The loan will be used to promote a \$55 million national program of cattle development and animal health control, according to an IDB representative in San José.

The four-point program, which will be administered by the Ministry of Agriculture, includes improvement of quantity and quality of beef cattle production, increased production of hogs, goats, sheep and fowl, increased control of prevalent animal epidemics and technical training for both ministry and private enterprise personal involved in the cattle business.

Beef exports were resumed in September, after three major packing plants were forced to close their doors on April 30 due to a shortage of cattle. Cattle ranchers have blamed high interest rates and export taxes for discouraging investment in building up herds. Shipment rejections by the U.S. Department of Agriculture have also been seen as responsible for the closure of some plants in the past.

In 1981, the livestock population was estimated at 2.3 million head of cattle, 240,000 pigs, 113,000 horses, and 5,600,000 head of poultry. Approximately 95% of the cattle inventory is beef animals.

The Province of San Jose carries (based on slaughter house figures) some 36 percent of the stock, closely followed by Cartago, 24 percent and Alajuela, 22 percent; the others are Heredia 8 percent, Guanacaste 4 percent, Puntarenas 5 percent and Limon, only 1 percent.

About 2,000 cattle ranches produce about 50% of all beef cattle. The dairy industry is beginning to move from the San Jose area to the lowlands because the cattle can be fed grass instead of high-priced imported concentrates.

There are four slaughtering plants:

<u>NAME</u>	<u>LOCATION</u>	<u>CAPACITY(hd/day)</u>
1. Montecillos (Coop)	Puntarenas	300
Montecillos (Coop) for local consumption only (beef and pork)	San José	300
2. Gisa (Private)	Guanacaste	300
3. Henderson (Private)	Alajuela	150
4. Corres de Centro America (Private)	Heredia	300

The cattle are marketed through an auction or direct to processors.

There are four plants that process dairy products. They are:

1. Dos Pinos	San José	Bottle milk
2. Dos Pinos	San Carlos	Powder milk
3. Lactaria		Bottle milk
4. Coronada		Bottle milk

M. FORESTRY

Originally 99.8% of Costa Rica was covered with natural forests. By 1977 the country's natural forests had been reduced to 15,901 km² (31%). More than half of the deforestation has been done since 1950. Current estimates of deforestation are 60,000-70,000 ha/year, equivalent to more than 1% of the country, of the forests remaining in 1977. The principal cause of deforestation is the strong demand for land, rather than for

timber. General unsuitability for agriculture or pasture has not slowed deforestation on steep slopes with high rainfall and low soil fertility. Behind the seemingly irrational destruction of forests lies a complex array of causes, including land usage, laws and tenure rights, in combination with individualistic human nature, population growth, economic incentives and strong foreign influence over the national economy. With population increases, the demand for land increases, for land is social security and prestige. Costa Rican common law recognizes explicitly that a person who openly occupies and works land not actively used by another gains "rights due to labor," or for "improvements" proven by land clearing and agricultural usage. An unwritten law of rural people is that possession and use are more important than title alone. In the last century the government promulgated a series of laws to encourage settlement of public domain lands with rights of full ownership after 3 to 15 years of occupation. According to all reports, most settlers never bothered to register for title, settlement was largely unorganized and haphazard, and as a result, there has been a nearly total loss of control over the public domain. It is doubtful that the government can clearly identify lands remaining in public domain today.

According to the Forestry Law, all tree cutting must be authorized by the DGF. In 1980, DGF gave permits to deforest 22,355 ha, only 35% of the forests cut that year. In theory, DGF forest cutting permits are given only when use capability justifies deforestation for agricultural use. In practice, the DGF largely concerns itself with timber exploitation and essentially ignores deforestation for conversion to agriculture or pasture. Squatters are seldom hindered by the DGF, because they usually fell and burn forest to quickly establish their possessory claims, rather than sell timber. DGF claims that ITCO squatters and colonist are responsible for up to one-half of the illegal deforestation. Wholesale invasions of forests by large numbers of squatters have destroyed some of the country's best potential production forests, e.g., Chambacu, Sarapiquí and Golfo Dulce.

Except for the Arenal Forest Reserve, not a single forest reserve has been classified according to land use capability. In fact, most of the forest reserves (except Golfo Dulce) are situated in important catchment areas where the forests play a critical role in regulating the hydrologic regime. Timber exploitation of these forest reserves using traditional methods would seriously alter the local hydrologic regime and possibly cause irreparable damages and losses downstream. Many of these critical forest reserves would be more appropriate as hydrologic reserves.

USAID recognized the importance of demonstrating natural forest management techniques by incorporating production forestry as a major component of the Conservation of Natural Resources Loan. The GOCR administration is extremely interested in productive forest management and has designated the Sarapiquí area for development of production forestry. The Sarapiquí area is one of the few regions of the country with sufficient forests remaining that are suitable for production forestry.

1. TIMBER INDUSTRY

The timber industry has an installed annual capacity of 759,980 m³ and

actual production of 582,160 m³/year. One-third of the sawmill industry uses circular saws and the other two-thirds use band saws. In addition to sawmills, the country has two plywood factories, one paneling company, two carton factories, two match factories and a paper plant. The secondary industries consist of furniture factories, broom factories, wagon shops, and craft shops, none of which is under DGF control.

Of the total number of sawmills, 96 (47.4%) are concentrated in the provinces of Alajuela and Limon where the largest number of logging permits are granted (65% in 1980). San Jose province comes next with 31 sawmills located in the Southern Pacific area. These three provinces have 64% of the installed capacity and 66% of the actual production of the country's sawmills. Wood consumption by industry follows the same pattern with Alajuela and Limón the most active with a consumption of 73% of the total (894,200 m³).

The species most frequently used by sawmills include Caobilla, Laurel, Ceiba, Chiricano, Fruta dorado, Cola de pavo, Campano, Cedro amargo, Gavilan, Jícaro, Pilón, Botarrama, plus numerous lower-quality woods for form lumber.

The panelboard industry uses Caobilla, Cativo, Cedro macho, Ceiba, and Fruta Dorado. For decorative veneer, Cenizaro, Cristobal, and Sura are preferred.

The wood-turning industry that produces many popular tourist items depends on the colorful woods from the Pacific lowlands: Cocobola, Ron-ron, Guapinol, Nazareño, Cristobal, and Cenizaro. Most premium woods have become quite scarce due to logging and deforestation. The following important timber species are threatened with extinction outside of national parks and equivalent reserves: Ron-ron, Pochote, María, Cedro María, Mora, Camibar, Cocobola, Almendro, Guayacanreal, Guapinol, Jícaro, Olla de Mono, Nispero, Manu, Nazareño, Cristóbal, Chiricano, Danto plomillo, Caoba, Guayacán, Roble coral, and Sura, Guayabón.

2. REFORESTATION

The country has the following types of tree nurseries; regular DGF, DGR research, schools and charity institutions, autonomous institutions, permanent private, and temporary private. The DGF has 12 regular nurseries designed to cover the demand generated by reforestation projects. The installed capacity of these nurseries is 2,775,000 trees and actual production in 1980 was 2,020,682. The principal species produced include Laurel, Ciprés, Pino, Jaul, Pochote, Teca, Nogal, Gallinazo, and Roble.

The DGF research department has six nurseries located in rural areas. Almost the entire production of these nurseries is used primarily in demonstration parcels. Installed capacity of 200,000 trees is much higher than production of 61,000 for the year 1980. The species produced vary with the specific research goals of the projects.

There are 13 nurseries associated with schools or charity institutions for environmental education and rehabilitation objectives. The administration, design and implementation initially correspond to the DGF which also supplies labor and necessary materials. After a certain period of time the administration is transferred to the corresponding institution but the DGF maintains general control and provides technical assistance. Any profits from tree sales are returned to the nursery for its operation. The species produced are Ciprés, Jaúl, Pino and a few other species common to the region where the nursery is located. Installed capacity of 1,790,000 seedlings greatly surpasses actual production of 331,238 for 1980.

Two of the autonomous institutions, ICE and ITCO, maintain tree nurseries to fulfill their needs. There are three nurseries with a total production of 369,000 trees, which is far below installed capacity of 1,350,000 trees. The ICE nurseries are for their reforestation projects, essentially for beautifying and protecting the areas around dams, for donations when they are used to protect watershed areas, and occasionally for sale to the public. ITCO directs its production to reforestation projects and for sale to the public. The main species produced are Teca, Melina and Pino Hondureño by ITCO, and Ciprés and Pino Hondureño by ICE.

Private nurseries have an installed capacity of 2,230,000 trees, but actual production of only 886,500. The exact destination of their production is not known, but at least part of it goes to reforestation in commercial projects for land recovery and protection. One of these nurseries belongs to a university center and is used for teaching purposes.

In addition to permanent nurseries there are 22 temporary ones associated with specific reforestation projects. These nurseries work at full capacity and produce more than 50% of the national production (4,145,000 seedlings per year). The main species produced are Laurel, Melina, Teca, Fruta dorado, Jaul, Ciprés, Pochota, Roble and Pino Hondureño. Individual nurseries produce 25,000-500,000 seedlings per year. These nurseries have their own administration and technical supervisors. The DGF gathers information for the yearly evaluation of each project.

3. CURRENT NEEDS:

The country has 1,810,000 ha of land best suited to forestry that are currently being used for agriculture or livestock. These areas should be reforested to establish a better environmental equilibrium. From an ecological point of view, 50% of this area should be reforested commercially in large plantings and the remaining 50% should be allowed to regenerate naturally in order to protect other renewable natural resources. From the point of view of the economic development of the country, 450,000 ha should be reforested during a period of 30 years in order to avoid the importation of wood and to maintain a growing trend in wood exports.

According to projections done by OFIPLAN in 1978, the reforestation situation is serious; even if the existing forest is managed and the annual deforestation is reduced, by the year 2012 the country will have a lumber deficit and will have to import this material at a rate of 1,100,000 m³ in the first year of deficit and increasing to 5 million m³ annually over a period of 25 years.

Though reforestation of 450,000 ha is urgent, several conditions are inhibitory; a) the lack of technical experience and cultural tradition make it impossible to reforest 15,000 ha/year in a short period of time; b) investments in reforestation yield profits only in the long-term and thus do not appear attractive to investors; c) current legislation and economics dictate that land has a greater value when clear of trees even if is not producing; d) a decisive aspect in the government's inability to effect reforestation is the fact that the land that should be reforested is in private hands, thus limiting the application of deforestation and reforestation regulations,

4. WILDLANDS

The term "wildlands" refers to areas of forestry vocation that are either legally protected or receive some degree of management by government or private institutions. Wildlands provide services of facilities to the public depending on their classification and type of management. Use ranges from resource exploitation on a sustained yield basis (e.g., timber, wildlife) to absolute preservation (e.g., genetic resources) and includes environmental recreation and education as well.

5. NATIONAL CONSERVATION OBJECTIVES

The impressive efforts in conservation have occurred without the benefit of clear policies and guidelines in a single administrative or legal agency. The government has yet to legally set conservation objectives or administrative programs for the national patrimony. The 1979-1982 National Development Plan (OFIPLAN 1978) called for minimizing environmental deterioration associated with urban growth and forestry, agricultural and industrial development. Such a grandiose objective was to be met by special research efforts to correct environmental degradation and by emphasizing productive activities that contribute to ecological protection. Impressive advances in wildlands protection and management have occurred in the past three years. Despite the creation of a few national parks and equivalent reserves the overall national situation continues to deteriorate.

A growing public conscience of the importance to protect and to manage natural areas for sustained yields of water, timber and wildlife, as well as for tourism, recreation and education came about during the 1970's. Public and official preoccupation for the future of wildlands was the motivation to formulate a preliminary strategy for natural resources.

N. FISHERIES

Fishing is an activity of coastal inhabitants that has inhibited significant development of commercial fisheries. Commercial extraction of marine resources is characterized by intensive exploitation of a very few species from well-defined geographic areas. The concept of integrated exploitation is completely lacking, thus there is considerable underutilization of associated species, such as the shrimp by-catch. Utilization of marine resources is seriously affected by the lack of scientific information on exploitable resources. The absence of a central institution responsible for the fisheries sector means that there is almost no policy, coordination, or control of fishing.

Fishing activity is conveniently classified on three levels; artisanal, semi-industrial and industrial. Artisanal fishing is done in small boats (less than 10 m long) and near shore, although some may stay at sea for up to five days. Though artisan fishing occurs on both coasts, it has much greater socio-economic importance on the Pacific, particularly in the Nicoya Gulf. On the Caribbean coast it is primarily concentrated on seasonal catching of lobster and green turtles. Semi-industrial fishing by the shrimp fleets (69 boats) and sardine fleets (12 boats) is done in the 20 km zone of the Pacific in depths less than 100 meters. Industrial fishing for tuna in Pacific off-shore waters is done by two vessels (1200 tons); the majority of tuna is exported frozen, rather than canned locally.

Fisheries exploitation plays an insignificant role in the national economy, although there has been a slight relative increase in the past few years. Fish exports have quintupled, yet fish remain a tiny percentage of total exports. Fish imports represent only about 20% of the national production.

Probably the most important limiting factor is the absence of an adequate administrative organization. There is no central agency to set the policy nor to execute programs through specialized dependencies. The existing office of Fisheries Resources and Agriculture (DRPA) is just one of numerous dependencies of the complex MAG, thus subordinate to the budgetary restrictions and personnel limitations of the government bureaucracy. The sector is complicated by the direct involvement of other government institutions in fisheries activities, causing severe fragmentation of responsibility.

The lack of reliable scientific information on currently exploited resources, as well as those potentially exploitable, is another major limiting factor. Despite efforts by FAO in the mid-60's and more recent agreements with specific fishermen, the country's marine resources have not been adequately evaluated. Inability to utilize the catch in an integrated process is also an important limitation.

Mariculture is a recent activity in the country. Mariculture S.A. has the largest operation (405 hectares) raising white shrimp in Chomes. Another project near Playas del Coco by Acilultera S.A. involves rearing the fresh water crayfish. CODESA, a governmental development corporation is a participant in this project and is developing a program for technology transfer and training extension agents. The commercial rearing of shrimp and crayfish requires considerable investment capital, sophisticated technology and highly specialized technical and scientific personnel, that often limits the success and potential of mariculture.

The rearing of filter-feeding bivalves (oyster and clams) has barely begun. The Pacific Coast appears to offer excellent possibilities, due to the abundance of highly productive estuaries. Limitations are the same as for shrimp and crayfish.

The commercial rearing of fish is another component of aquiculture that offers major possibilities for protein production. Fish culture tends to be less costly to establish than shrimp mariculture, and is more readily complementary to traditional agriculture, plus it is relatively independent of fossil fuel energy. Despite an abundance of native species potentially

suitable for fish culture, tropical countries invariably choose exotic species such as Tilapia and carp because of information available, high yields and adaptability.

The national program in fish culture is administered by MAG's department of aquiculture and operates from a network of experiment stations. Their efforts involve research, fish nurseries, technical training and technology promotion and transfer.

Fishing organizations vary from simple associations to complex chambers and cooperatives. In the industrial sub-sector the most important organization is the Pacific Fishermen's Cooperative (COOPERATUN, R. L.), whose two ships are based in Puntarenas. COOPERATUN's financial operations are endorsed by the government.

The Puntarenas Chamber of Fisherman includes most of the semi-industrial fishing and processing operations for shrimp and sardines. The 69-boat fleet receives government subsidized fuel.

The artisanal sector has several organizations of which the more important are the Artisan Fishermen's Chamber and the Fishermen's Cooperative, both in Puntarenas, while the Atlantic Fishermen's Cooperative is dominant on the east coast. The Puntarenas cooperative is the beneficiary of the project "Pacific Fisheries Development Program" financed by the IDB through the Banco Anglo Costarricense. So far the cooperative has 21 fiberglass boats with electronic equipment.

The institutional framework overseeing the utilization and management of fisheries resources is similar to that prevalent in other Latin American countries. The basic institutional structure is associated with MAG, a government agency without power to make decisions or formulate policy and subject to budgetary restrictions typical of a bureaucratic organization. Too many institutions are involved with fisheries, with consequent absence of coordination and duplication of efforts. Institutions concerned with the fisheries sector include MAG-DRPA, the National Fishing Commission, ICT, INCOP, JAPDEVA, AND municipal governments.

The marine hunting and fishing law dates to 1948 and sets the general character and definitions of marine fisheries. Explicit regulations concern biotic resources in the terrestrial maritime zone and water pollution. A total of 10 other laws and 15 Executive Decrees refer to specific aspects involving the fisheries sector. The legal framework for this sector needs updating and consolidation to include diverse aspects such as fishing, coastal zoning, mariculture, the new International Law of the Sea and occupational guidelines.

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 10
Public Finance

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
General Conditions	The dominant sector of the economy is private with a free market economy. Serious economic problems began in 1977 caused by excess demand in a consumer-oriented economy and the impact of import prices. By 1979, Costa Rica had an unmanageable international debt.
Fiscal Policy	Although all budgets must be balanced according to the constitution, all governmental budgets have shown chronic deficits since the 1960's. The money supply increased by 69 percent in 1982.
Monetary System	The Costa Rican unit of currency is the colon divided into 100 centimos.
Development Planning	The National Development Plan emphasizes development of natural resources, improvement in living conditions of underprivileged groups and greater participation in the ownership of the means of production.
Exchange Rate	At the end of 1982, the free exchange rate was 45 colones to US \$1.00. Interest rates remain very high. Government bonds have been made more attractive by increasing their interest rates.
Banking System	Since 1948, the banking system has been a state monopoly. In 1984, there were 10 private banks and two foreign banks. Only three of the private banks are considered strong.

CHAPTER 10

PUBLIC FINANCE

A. GENERAL

Costa Rica is one of 35 upper middle-income countries with a free market economy, in which the dominant sector of the economy is private. Economic problems began in 1978 and worsened in 1979 through 1982 with high interest rates and inflation. This economic crisis was caused by excess demand in a consumer-oriented economy and the impact of import prices, especially those of petroleum and fuels. In 1982 the wholesale prices index was 494, over twice as much as the previous year. The Consumer prices index was 384, as compared with 202 in 1981 (See Table 1). The high level of government expenditure under the Carazo administration was one of the major causes of the economic deterioration.

During the 1978-79 period, international money was easy to borrow and by the end of 1979 Costa Rica had an unmanageable international debt, the second largest per capita in the world. The International Monetary Fund (IMF) began placing restrictions which forced austerity measures on Costa Rica. Limits were set on the expansion of banks lending the private sector (16 percent) and to the public sector (29 percent). Also, to discourage the use of credit from external sources, the Central Bank raised the commission it charges for guaranteeing loans contracted abroad up to a level that will make the domestic rate equal to external interest rates.

TABLE I

ECONOMIC INDICATORS FOR COSTA RICA

	<u>1980</u>	<u>1981</u>	<u>1982 (est)</u>	<u>1983 (forecast)</u>
GDP (Millions) of US \$	4,484	4,129	5,108	-----
GDP (Constant colones, Millions)	9.648	9.208	8,664	8,644
GDP percent growth	0.8	-4.6	-5.9	0
GDP in current colones	41,405	57,176	104,138	154,578
Exports F.O.B. (Million \$s)	1,107.8	1,029.7	880	950
Imports C.I.F. (Million \$s)	1,528.9	1,213.3	879	950
Current account deficit (Million \$s)	-661	-373	100	-----
Net International Reserves (Million \$s)	-138.6	-188.2	-131.2	-131.2
Central Government Budget (Million ¢)	8,224	9,000	11,670	19,500
Public Sector Deficit (Million ¢)	5,230	8,600	9,590	6,750
Deficit as % GDP	12.6	15	9.2	4.4
Consumer Price Index	147	202	384	538
Wholesale Price Index	143	237	494	692
Devaluation, %	175	200	32(Oct)	---

B. FISCAL POLICY

Costa Rica's fiscal year is the calendar year. Separate budgets are for the central government, the municipalities, and each of the autonomous institutions. The combined budgets of the autonomous institutions equal or surpass that of the central government. Some of the autonomous institutions have a budget surplus, but the surplus is carried over and is not turned over to the central government. The combined budget of the municipalities is equivalent to about 10% of the central budget. Although all budgets must be balanced according to the constitution, since the 1960s they have shown chronic deficits.

The money supply increased by 69 percent in 1982, of which currency in circulation increased by 55 percent to \$136 million. Demand deposits grew by 75 percent. The increase was large because of high inflation, but was below the annual inflation rate. High inflation increased demand for nominal cash balances. Time and savings deposits (Quasi-money) ended the year with a healthy 49 percent increase, but still below the rate of inflation. Time deposits denominated in dollars increased by \$12 million to \$118 million.

The public sector use of credit (32 percent) from the national banking system reversed its disproportionate rate of increase in private sector credit (39 percent). Total credit of the system increased 36 percent over 1981, less than one-half the rate of inflation, causing general credit tightness.

C. MONETARY SYSTEM

The Costa Rican unit of currency is the colón divided into 100 céntimos. Coins are issued in denominations of 5, 10, 25 and 50 céntimos and 1 and 2 colones. Notes are issued in denominations 5, 10, 20, 50, 100, 500 and 1,000 colones.

D. DEVELOPMENT PLANNING

In late 1979, the National Development Plan 1979-82 was published. It identifies the following as the most important obstacles to the development of the country: stagnation of agricultural production; inadequate development of natural resources; concentration of economic activity in the Central Valley; industrial incentives and protection that encourage intensive use of capital and the development of activities in which the national value added is relatively low; and excessive size of the public sector and its inefficient operation.

Accordingly, the objectives of the Plan are: transformation of the productive structure of the economy; efficient development of natural resources in the light of development needs and environmental protection; and continuing improvement of the living conditions of underprivileged groups through the provision of more and better social services and greater participation in the ownership of the means of production.

E. EXCHANGE RATE

The free exchange rate rose from about 38 colones to US\$1.00 in early January, to 63 colones in July, only to drop down to 45 by year-end. The free rate dropped steadily beginning in August when exchange trading was taken out of the exchange houses and put in the banking system.

In October, the interbank rate was raised from ¢38 to ¢40=US\$1.00. The official rate set by the Legislature remains at ¢20=US\$1.00. Only expenses of students studying abroad and some medicines are allocated dollars at the official rate. All exports and about 80 percent of imports are done at the interbank rate. Exporters are required to sell 95 percent of their dollars to the commercial banks at the interbank rate and 5 percent at the official rate. Essential imports are brought at the interbank rate. Those imports not on the approved list must be purchased at the free rate as must dollars for dividends, private loan payments, royalties, etc. The free rate is set by supply and demand and there is virtually no delay in Central Bank dollar sales. The gap between the interbank and free rates must be steadily narrowed during 1983 according to the GOCR-IMF Agreement. The slight devaluation of the interbank rate, only 5 percent in October, and the increased export taxes (based on the exchange rates differential 40-20, 6 percent for CACM, 10 percent on traditional, and 1 percent on nontraditional exports) plus continued high domestic inflation have put a squeeze on exporters. On January 10, 1983 the Central Bank created a capital registry for any dollar inflow above \$50,000 that has a direct or indirect positive impact on the balance of payments. Capital may be registered at the free or interbank rate. Registration guarantees the Central Bank will make dollars available for repatriation (debt payments, dividends) at the prevailing rate at the time of transfer in the previously chosen market (free or interbank).

On December 1 the Central Bank notified the members of the National Banking System that the basic passive or deposit interest rate would increase from 21.5 to 25 percent. The basic rate is a time deposit from six to less than twelve months and for an amount greater than 100,000 colones. The banking system lending rates were increased to 25 percent for agriculture, 28.5 percent for agro-business and industry and coffee, sugar and rice marketing. Other types of loans such as commerce, services, personal, etc., are at 30 percent. On December 9 the Central Bank announced it would charge an additional 1.5 percent on all loans. This is allocated to the state banks to cover their foreign exchange losses on external loans. Private banks and finance companies typically charge rates of 32 to 36 percent on their colon denominated loans. There are still subsidized interest rates for small farmers, artisans and industrialists at 12 percent, but the supply is limited. In 1982, about 7.8 percent of total credit was loaned at subsidized rates of which 88 percent went to the agricultural sector.

The GOCR also took steps to make government bonds more attractive by increasing the interest rates. In December alone, the government sold 1.6 billion colones of bonds.

MONEY AND CREDIT DECEMBER 31, 1982
(\$ Millions)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>%Change</u>
Total Liquidity	2,050	850	1,247	56
M1 (Currency and demand deposits)	829	270	456	69
Quasi-money (time and saving deposits)	1,221	580	791	49
External Debt	---	706	780	9
TOTAL CREDIT	2,050	600	815	36
Public Sector	1,046	269	354	32
Central Government	647	162	165	2
Rest of Public Sector	399	107	189	79
Private Sector	1,406	331	461	39
Other Items (net)	-266	1,228	1,262	14
Net International Reserves	-136	186	-50	78

NOTE: Conversion from colones to dollars was done at 8.6 for 1980 and 40- US\$1.00 for 1981 and 1982.

F. BANKING SYSTEM

Since 1948 the banking system in Costa Rica has been a state monopoly. Demand deposits from the public are restricted to state owned banks which gives the state owned banks a monopoly on all checking accounts. The banking system consists of the following types of institutions:

- 1) The Central Bank of Costa Rica (Generally equivalent to US Federal Reserve)
- 2) State Owned or Public Banks
- 3) Commercial Private Banks
- 4) Foreign Banks

With the exception of the above mentioned deposit restriction, both public and private banks can perform most other commercial banking operations. Non-state banks can only accept deposits of six months or more and they can only loan to one applicant as much as 15% of reserves. Liability can only be 10 times liquidity.

There are currently (1984) 10 private banks including two foreign banks. The two foreign banks are Bank of America and Bank of Spain. Several U.S. banks have established corporate entities in Costa Rica, operating as financial representatives.

In recent years, credit and capital facilities in Costa Rica have become more sophisticated due largely to the development of industry, the spectacular growth in regional trade prompted by the Common Market and the appearance of a number of financieras (private financial intermediaries) to provide medium and long-term funds to facilitate equity placement.

International sources of medium to long-term financing include CABEI (the Central American Bank for Economic Integration), the Inter-American Development Bank and the World Bank.

The nationalized banks are managed by Boards of Directors who are politically appointed. These appointees are not necessarily professional financially experienced people and lack the expertise needed for decision making. At this time 40-50% of the loan portfolio is past due over 130 days and the profit picture is bad because of these past due loans.

Bank employees belong to unions. Ten percent of the payroll is required to go into a pension fund. Retirees borrow against the fund upon retirement and never repay the "loan".

Bank operations are not efficient due to bureaucratic procedures and long teller lines result. It is not too unusual to see teller lines through the front door of the bank and into the street.

The private banks were nearly wiped out when the colón was devalued. Only three private banks are considered strong. USAID has channeled funds through the private bank system. An attempt is being made for reforms to allow the private banks access to demand deposits.

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 11
Public Works and
Utilities

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
Electricity	Hydro=electric energy supplies 90% of Costa Rica's light and power. There are approximately 30 plants. Total installed capacity (809,263 KW) of electrical energy in 1982 comprised 171,692 KW thermal and 635,571 KW hydro.
Water	Water is plentiful; piped water is available to most of the urban populations but only one-half of the rural population. Springs supply more than half of all the water used. All surface supplies are contaminated.
Sewers	Sewerage systems are available only to a small percentage of the population. The problems of sewerage system installation and maintenance are great.

CHAPTER 11

PUBLIC WORKS AND UTILITIES

A. ELECTRICITY

As water and wood are the only indigenous sources, the bulk of the generating capacity is hydro-electric, although there are some thermal and diesel stations using imported fuel. Hydro-electric energy supplies 90% of Costa Rica's light and power. The Instituto Costarricense de Electricidad (ICE), an autonomous government institution and the Cía Nacional de Fuerza y Luz (CNFL), a subsidiary of the American and Foreign Power Co., provide 88% of the country's electricity. Some municipalities own their own plants, the two largest being those of Heredia and Alajuela. A few small independent producers provide electricity to some of the towns, notably Cartago and Turrialba. The remaining capacity, most of it thermal, is in private hands. The Banana Company of Costa Rica is the largest of the private operations, having diesel plants on all its plantations. In addition, there are at least 200 other private plants.

Total installed capacity (809,263kw) of electrical energy in 1982 comprised 171,692kw thermal and 635,571kw hydro.

There are approximately 30 large plants. Some of the largest are Corobici-180,000kw; Cachi-100,800kw; La Garita-30,000kw; Río Macho-120,000kw; Arenal-160,000kw; all hydro-electric. There is a 9,000kw diesel generating capacity at Colima and Puerto Limón.

B. WATER

Water shortages, where they occur, are more problems of distribution than supply as the overall rainfall is high. Responsibility rests with the National Water and Sewer Service (SNAN), an autonomous state institution.

Piped water is available to most of the urban population, but only about one-half of the rural population. Springs supply more than half of all the water used. Such water requires little treatment in making it potable. All surface supplies, however, are contaminated, and filtration and chlorination are necessary, but are not in effect everywhere. Intervals of low pressure and leaks in the distribution system frequently make water unsanitary that was safe at its source. Where piped water is not available, people bathe and do laundry in rivers and streams or collect drinking water from these sources or open wells.

C. SEWERS

Sewerage systems are available only to a small percentage of the population. Sanitary inspectors connected with health units throughout the country help supervise the construction of latrines, but the problems of sewerage system installation and maintenance are great.

CHART #1

NATIONAL ELECTRIC SYSTEM
CAPACIDAD INSTALADA AL 30 DE ABRIL 1982

1. Plantas

	<u>Unidades</u>	<u>Capacidad (En KW)</u>
a. <u>Hidráulicas</u>		
Arenal	3	160,000
Corobici	3	180,000
Cachi	3	100,800
Río Macho	5	120,000
Garita	2	30,000
Menores	<u>34</u>	<u>41,771</u>
	50	635,571
b. <u>Termicas</u>		
Colima	6	19,540
San Antonio	4	54,300
Barranca	2	53,280
Moin	4	32,000
Otras		
Localidades	<u>38</u>	<u>12,572</u>
	54	171,692
TOTAL	104	807,263

2. Líneas De Transmisión

<u>Voltaje</u>	<u>Longitud (KM-CTO)</u>
230KV	354
138KV	634
34.5KV	132

3. Subestaciones Elevadoras

<u>Número</u>	<u>Capacidad</u>
12	974MVA

4. Subestaciones Reductoras

<u>Número</u>	<u>Capacidad</u>
26	987MVA

5. Líneas Y Redes De

<u>Distribución</u>	
Primaria	3.360KM
Secundaria	2.076KM

IN-COUNTRY RESOURCE ANALYSIS . SUMMARY MATRIX

CHAPTER 12
Public Communication and
Civil Information

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
General	Public information in all aspects is better developed in Costa Rica than in the other Central American countries, excluding Panama. The literacy rate is high.
Telephones	A nationwide automatic system is operated by Institute Costarricense de Electricidad (ICE). Direct dial service to the US is available 225,712 telephone line capacity was available in June 1983.
Telegraph	Commercial wireless stations are located at Cartago, Limon, Puntarenas, Quepos and Golfito. The principal or central station at San José also maintains international radio-telegraph circuits to Nicaragua, Honduras, El Salvador and México.
Postal Service	Maintained by the government and extends to practically all the centers of population.
Radio	The radio is the primary source of information and entertainment. There were 53 commercial and six government owned radio stations in 1983.

CHAPTER 12

PUBLIC COMMUNICATION AND CIVIL INFORMATION

A. GENERAL

Public information in all aspects is better developed in Costa Rica than in the other Central American countries, excluding Panama. This has been the result of the freedom with which various media have been allowed to develop, the homogeneous, predominately Spanish speaking population, the relatively large middle-class, the relatively high literacy rate, the concentration of much of the population in the Meseta Central, easing distribution problems, which has provided advertisers with a responsive audience. The telephone, telegraph, and radio systems are owned and operated by both government and private firms.

B. TELEPHONES

A nationwide automatic system is operated by Instituto Costarricense de Electricidad (ICE). Direct dial service to the U.S. is available. 225,712 telephone lines capacity was available in June 1983 (estimated). Some of the leading cities and the number of installed telephone lines as December 31, 1982 are listed below:

<u>CITY</u>	<u>LINES INSTALLED</u>	<u>CITY</u>	<u>LINES INSTALLED</u>
San José	37,000	Cartago	8,320
San Pedro	25,000	Libería	2,288
Sur	22,000	Limón	4,000
Norte	15,000	Puntarenas	3,000
Oeste	16,000	Ciudad Quesada	1,600
Heredia	12,000	El Roble	1,032
Escazú	4,200	Grecia	2,200
Tres Ríos	2,040	Paraíso	1,032
Coronado	2,000	San Isidro de El	
Hatillo	2,000	General	2,000
San Antonio (Cariari)	3,400	San Ramón	1,200
San Antonio (Desamparados)	1,000	Santa Cruz	1,040
Santa Ana	2,000	Sarchi	333
Alajuela	10,000	Turrialba	2,060

C. TELEGRAPH

Commercial wireless stations are operated by Radiografica Internacional de Costa Rica. The stations are located at Cartago, Limon, Puntarenas, Quepos, and Coflito. The government has 19 stations in its local network. The principal or central station at San José also maintains international radio-telegraph circuits to Nicaragua, Honduras, El Salvador, and México. The government has 202 telegraph offices and 89 official telephone stations.

D. POSTAL SERVICE

It is maintained by the government and extends to practically all the centers of population, with airmail services to the principal cities and to foreign countries. Mail is normally collected from post office boxes.

E. RADIO

People on the whole, rely on the radio as the primary and sometimes only source of information and entertainment. Although radio reaches more of the population than any other medium, it is relatively more important to rural people and the urban poor than it is to people with greater access to newspapers, books, films, and television. Extensive radio listening is more characteristic of lower-class than middle-class people.

Radio license fees are not required. It is estimated that there were 180,000 receivers in 1982. Broadcasting frequencies are assigned by the government. General supervision of broadcasting is exercised by the Departamento Control Nacional de Radio-Televisión. Most of the stations are on the air for 8 to 12 hours a day, and a few broadcast in English as well as Spanish.

There are 53 commercial and 6 government owned radio stations in 1983.

COSTA RICAN AM RADIO STATIONS

April 1983

<u>Freq. KHz</u>	<u>Call Letters</u>	<u>Location</u>	<u>Owner</u>	<u>Station</u>	<u>Power KW</u>
530	TI-CAL	Cartago	Carlos La Fuente	R. Rumbo	2.5
550	TI-SCL	San Carlos	Conf Episcopal de CR	R. Sta Clara	50
570	TI-SJB	San José	Fund Ciudadelas Libertad	R. Libertad	10
590	TI-RN	San José	Minist de Cultura	R. Nacional	30
610	TI-PSU	Guadalupe	Arnoldo Vargas V	Sist Universal	5
640	TI-QQ	San José	Cadena Musical S.A.	R. Cucú	1
670	TI-TNT	San José	Radio Monumental S.A.	R. Monumental	12
700	TI-JC	San José	Cadena Musical S.A.	R. Sonora	12
730	TI-MB	San José	Roger Barahona Gómez	R. Reloj	10
760	TI-LX	San José	Cadena Emisoras Columbia	R. Columbia	1
780	TI-RA	San José	Orietta Aguilar Villa	R. América Latina	1
800	TI-W	San José	Sociedad Radio Uno	R. Uno	1
820	TI-CC	San José	Roberto Hernández R	R. Centro	1
850	TI-OS	Tibas	Cia Nal Radiodifusión	R. Tiranía	18
870	TI-UCR	San José	Universidad de Costa Rica	R. Universidad	1
890	TI-LDA	Guanacaste	Radio Monumental	R. Monumental	3
910	TI-QM	Tibas	La Voz de América S.A.	R. Metrópolis	5
930	TI-JJ	San José	Cadena Musical S.A.	R. Juvenil	1
960	TI-ECO	San José	Radio Eco Ltda	R. Eco	5
980	TI-RI	Desamparados	Roberto Hernández	R. Impacto	1
1000	TI-MIL	San José	Radio Mil Ltda	R. Mil	1
1020	TI-BAS	Puntarenas	Radio Monumental S.A.	R. Monumental	1
1040	TI-AC	San José	Antonio Troyo Calderón	R. Fides	1
1060	TI-LX	Perez Zeledón	Deportes Unidos	R. Columbia	1
1080	TI-FC	San José	Asoc Faro del Caribe	Faro del Caribe	1
1100	TI-SCR	Guanacaste	Conf Episcopal de CR.	R. Santa Cruz	20
1120	TI-SHB	San José	Róger Barahona	R. Sonido 1120	10
1140	TI-BAS	Perez Zeledón	Radio Monumental	R. Monumental	1
		C. Quesada			
1160	TI-LXX	Puntarenas	Cadena Emisoras Columbia	R. Columbia	1
1180	TI-PJ	Heredia	Radio Victoria	R. N. Victoria	5
1200	TI-BB	San José	Sonia Salas Guevara	—	1
1220	TI-Q	Limón	Radio Casino S.A.	R. Casino	1
1240	TI-WC	Nicoya	Cadena Emisoras Columbia	R. Columbia	1
1260	TI-RN	San Vito	Diócesis San Isidro Gral	R. Emaus	16
1280	TI-HT	Alajuela	Ruben Herrera Calvo	R. Alajuela	2
1300	TI-LC	Cartago	José Fco Lafuente	Puente Musical	1
1320	TI-LX	Limón	Cadena Emisoras Columbia	R. Columbia	1
1340	TI-HR	San Ramón	José Ml Retana	R. Sideral	1
1360	TI-BAS	Limón	Radio Monumental	R. Monumental	1
1380	TI-LG	Liberia	Radio Casino S.A.	R. Columbia	12
1400	TI-CJ	San Isidro Gral	Alvaro Coto Orozco	R. Sinai	1
1420	TI-BAS	Nicoya	Radio Monumental	R. Monumental	1
1440	TI-DVC	San Carlos	Mario del Valle	R. San Carlos	1
1460	TI-LX	San Carlos	Cadena Emisoras Columbia	R. Columbia	1
1480	TI-AC	Puntarenas	Soc. Teleradioprogramas	R. Puntarenas	1
1500	TI-ASF	San Carlos	Lindérgh Quesada	R. Cima	1
1520	TI-LX	Turrialba	Cadena Emisoras Columbia	R. Columbia	1
1540	TI-ACA	San José	Amando Céspedes	R. Lira	1
1560	TI-FQ	Nicoya	Radiofónica Nicoyana	R. Nicoya	5
1580	TI-MS	Liberia	Mario Salgado Sandoval	R. Guanacaste	1
1600	TI-JV	Quepos	Juan Vega Quirós	R. Quepos	0.25
1600	TI-LGJ	Grecia	Luis Gustavo Jiménez	R. 16	0.25
1600	TI-MQ	Cuápiles	Manuel Quesada Campos	R. Pococí	0.25
1600	TI-CC	Golfito	Olmedo Chan Cerceño	--	0.25
* 1600	TI-RT	Turrialba	Minist Educación Pública	R. Cult Turrialba	0.25
* 1600	TI-NI	Nicoya	Minist Educación Pública	R. Sist Nicoyano	0.25
* 1600	TI-PL	Pital	Minist Educación Pública	R. Cult de Pital	0.25
* 1600	TI-BA	Buenos Aires	Minist Educación Pública	R. Cult de B. Aires	0.25
* 1600	TI-AT	Amubri. Talam	Minist Educación Pública	--	0.25

* Government owned

LIST # 2

COSTA RICAN FM RADIO STATIONS

April 1983

<u>Freq in Mhz</u>	<u>Power KW</u>	<u>Call Letters</u>	<u>Location</u>	<u>Owner</u>	<u>Station</u>
89.1	0.5	TI-SS	Cerro de la Muerte	Oscar Aguilar	R. Estereo S
89.5	0.25	TI-SDV	San José	Nicolasa Rojas	R. Sendas d
89.9	1	TI-EC	Volcan Irazú	Estereo Continent	R. Estereo
90.3	0.25	TI-CAL	Cartago	Carlos Lafuente	R. Rumbo
90.7	2	TI-RSU	Volcán Irazú	Multi Visión de CR	R. Sist Uni
91.1	0.25	TI-LG	Cerro de la Muerte	Cad Emis Columbia	R. Columbia
91.5	0.01	TI-SBJ	San José	Fund. Ciud Libert	R. Libertad
91.9	0.05	TI-W	Puntarenas	Radio Uno S.A.	R. Uno
92.3	0.25	TI-MM	Golfito y Limón	Ma. Eugenia Mora	R. Golfito
92.7	0.25	TI-DU	Puntarenas	Deportes Unidos	R. Puntaren
93.1	1	TI-AC	San José	Armando Alfaro	R. Fides
93.5	0.25	TI-GPH	cerro Palmira	R. Monumental	R. Monument
			Cerro de la Muerte		
93.9	--	TI-ABC	San José	Industr Jilguero	R. ABC Rada
94.3	10	TI-HBG-2	Volcán Irazú	Roger Barahona	R. Reloj
94.7	1	TI-QM	Tibas	Carlos Fonseca	R. Metrópol
95.1	0.05	TI-GPH	Goicochea	Radio Monumental	R. Monument
95.5	0.05	TI-MIL	Puntarenas	Radio Mil Ltda	R. Mil.
95.9	1	TI-AR	Coronado S.J.	--	R. Arpegio
96.3	-	TI-GPH	San José	Leonel Pinto	R. Centro
96.7	1	TI-UCR	San Pedro S.J.	UNIV de CR	R. Universi
97.1	4	TI-FC	Volcán Irazú	Asoc Faro Caribe	R. Faro de
97.5	-	TI-GPH	--	Radio Monumental	R. Monument
97.9	1	TI-MS	Volcán Irazú	Comp Nal Radioaf	R. Titania
98.3	1	TI-HT	Alajuela	Herrera y Troyo	R. Alajuela
98.5	0.05	TI-Q	Limón	Radio Casino	R. Casino
98.7	1	TI-LC	San José	Radio Columbia	R. Columbia
99.1	0.25	TI-AAC	San José	Radio Sabrosa	R. Sabrosa.
99.5	0.25	TI-MGM	Liberia, Gte	Alvaro Mora	R. W
99.9	10	TI-AMR	San José	Estereo Azul	R. Estereo
100.3	0.25	TI-MMC	Cerro de la Muerte	Marcos Muñoz	R. Golfito
100.7	5	TI-MIL	San José	Radio Mil	R. Mil
101.1	0.01	TI-LQA	San Carlos	Linbergh Quesada	R. Ultrasoni
101.5	1	TI-RN	Volcán Irazú	* Min de Cultura	R. Nacional
101.9	1	TI-UCR	Limón	U de Costa Rica	R. Universi
102.3	1	TI-MAH	San José	Manuel Hidalgo	R. Cinema P
102.7	0.25	TI-W	San José	Roberto Hernández	R. Uno
103.1	0.05	TI-RHR	Turrialba	Roberto Hernández	R. Centro
103.5	1	TI-HBG	San José	Sist HB	R. Popular
103.9	0.01	TI-CJ	San Isidro Gral	Alvaro Coto	R. Sinai
104.3	1	TI-ECO	San José	Radio Eco S.A.	R. Eco
104.7	0.5	TI-JC	San José	Cadena Musical	R. Sonora
105.1	0.25	TI-LC	San José	Unión Radio	R. ---
105.5	0.1	TI-SI	San Isidro Gral	Victor M. Viquez	R. W
105.9	1	TI-JCFM	San José	Cadena Musical	R. Juvenil
106.3	1	TI-FM	San José	Johnny Fernández	R. Stereo
106.7	1	TI-HBG-3	Volcán Irazú	Roger Barahona	R. Sonido
107.1	1	TI-ATL	Limón	Difusor Atlántico	R. Atlántic
107.5	1	TI-RA	Cañas, Gte	Orietta Aguilar	R. Corobici
107.9	0.01	TI-CVP	Puntarenas	Juan Cañas	R. Bahía
		TI-CVL	Limón	Juan Cañas	R. Bahía.

COSTA RICAN SHORT WAVE STATIONS

APRIL 1983

<u>Freq KHz</u>	<u>Call Ltrs</u>	<u>Location</u>	<u>Owner</u>	<u>Station</u>
4.832	TI-HB	San José	Roger Barahona	R. Reloj
5.055	TI-FC	San José	Samuel Calvo	Faro del Caribe
5.954	TI-Q	Limón	Luis Grau V.	R. Casino
6.006	TI-HB	San José	Roger Barahona	R. Reloj
6.035	TI-RN	Cartago	Flora de Antillón	R. Nacional
6.075	TI-CAL	Cartago	Carlos Lafuente	R. Rumbo
6.105	TI-UC	San José	José Tassies	R. Universidad C.R.
6.132				
6.150	TI-RI	San José	Roberto Hernandez	R. Impacto
6.175	TI-FC	San José	Samuel Calvo	Faro del Caribe
9.615		San José	Ana Lorena Cartin	E. Noticias del Continente
9.645	TI-FC	San José	Samuel Calvo	Faro del Caribe

COSTA RICAN TELEVISION STATIONS

<u>Channel</u>	<u>Video Carrier</u>	<u>Audio Carrier</u>	<u>Location</u>	<u>Owner</u>	<u>Station</u>
2	55.25	59.75	Volcán Irazú	Fernando Carazo	Telesistema Nacional SA
3	61.25	65.75	Vista al Mar Sta Cruz	Franz Ulrich S.	Televisora Sur y Norte
4	67.25	71.75	Volcán Irazú	Arnoldo Vargas	Multivisión de C.R.
5	77.25	81.75	Palmira	Olga Cozza de Picado	Televisora de C.R
6	83.75	87.75	Volcán Irazú	José Otiz	Corporación Costarricense de T.V. S.A.
7	175.25	179.75		Olga Cozza de Picado	Televisora de C.R
*8	181.25	185.75	Santa Rita	Finura de Antillón	Sistema Nacional de Radio y Televisión
9	187.25	191.75	San José	Arnoldo Vargas	Multivisión de C.R.
*10	193.25	197.75		Flora de Antillón	Sistema Nacional de Radio y Televisión
11	199.25	203.75	Volcán Irazú	Fran Ulrich	Televisora Sur y Norte
12	205.25	209.75	C.Frío Talamanca	Franz Ulrich	Televisora Sur y Norte
*13	211.25	215.75	Volcán Irazú	Flora de Antillón	Sistema Nacional de Radio y Televisión
** 17	489.25	493.75			
19	501.25	505.75			

* Government Owned

** English Speaking

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 13
Public Transportation

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
General	<p>Transportation is still one of the major obstacles to economic development. Seventy-five percent of the farmers market their products on foot or by using beasts of burden. Due to physical terrain transportation development has always been a problem.</p>
Railways	<p>There are 1,286 KM, all of 1.067 meter gage; 967 KM are plantation lines.</p>
Shipping	<p>The country has main seaports at Puntarenas, Puerto Limon, Golfito, Puerto Quepos and Puerto de Caldera. The ports of Puntarenas and Puerto de Caldera are the most modern. The ports of Golfito and Puerto Quepos are private belonging to the United Fruit Company of Costa Rica.</p>
Highways	<p>Costa Rica has a total of 27,494 KM of roads and the route of the Pan-American Highway is now wholly paved. In 1979, there were 81,012 passenger cars and 78,958 commercial vehicles in the country.</p>
Air Transport	<p>The main international airport is the Juan Santamaria airport near San José. There are 230 other airfields in the country of which 228 are usable and 29 have permanent surface runways.</p>
Rental Cars-Taxis	<p>Fourteen rental car firms and many taxis operate out of San José.</p>

CHAPTER 13

PUBLIC TRANSPORTATION

A. GENERAL

Transportation, although fairly well developed, is still one of the major obstacles to economic development. Because of the diverse physical features, overland transportation has always been a problem for the country, and the cost of building and maintaining roads and railroads is very high. The easy marketing of farm crops was restricted for many years by the ruggedness of the terrain. Until very recently, it was estimated that as much as 75 percent of the farmers marketed their products on foot or by using beasts of burden.

B. RAILWAYS

There are 1,286 km., all of 1.067 meter gauge; 967 km. are plantation lines (336 km. of the Northern Railway and 631 km. of the United Brands Company). The formerly British-owned Northern Railway has 525 km.; its main line is between Puerto Limón and San José (166 km.), and it has a branch line (21 km.) between San José and Alajuela. The government-owned Ferrocarril Eléctrico al Pacífico between San José and Puntarenas has 132 km. of track and with the completion of Puerto Caldera, this line will be rerouted, with Caldera as its western terminus. New track has been laid in the Río Frío banana plantations zone; these trains are electric. Plans exist for electrification of the entire Atlantic railway.

C. SHIPPING

Ocean shipping is very important for foreign trade. Over 1,000 ships enter the nation's ports annually. The country has four main seaports and a number of small ports. Only two, however, Puntarenas and Puerto Limón are national ports of any size. Golfito and Puerto Quepos are private ports belonging to the United Fruit of Costa Rica and are seldom used for other than the company's own shipping. Puerto Quepos is almost abandoned; only one ship per year has entered the port since 1963. Over 41% of the country's overseas exports leave via Puerto Limón, 38% via Golfito, 11% via Puntarenas, and the balance via the small ports. Puntarenas is the leading port of entry for imports, handling 46% of the total. Puerto Limón handles about 29% of the imports, Golfito about 10% and smaller ports the balance.

A new modern port has been built near Puntarenas to solve some of the problems caused by weather and loading delays. Puerto de Caldera is a modern port with facilities for handling 40' x 20' containers. It covers 26 hectares and has 12,700 square meters of covered storage and 50,000 square meters of open storage. It is connected by good roads and railroads to San José and other cities.

At Limon, shipside is serviced by rail and truck. Three new installations that are available include two areas for general cargo, one area for containers and an area for crude oil, Ro-Ro service and banana handling. New warehouses and open storage are available. Cargo Handling - Nets, slings, and pallets are used as needed. Forklifts are available in the terminal. About five percent of general cargo is containerized. Pilferage-Port security is reported good and pilferage is under control.

In addition to domestic coastal shipping, there is some domestic traffic on the few navigable rivers. Shallow-draft vessels can navigate for about 100 miles on the San Juan River, which forms part of the border with Nicaragua, and on two of its tributaries, the San Carlos and the Sarapiquí. Three other rivers on the Atlantic coast are navigable for much smaller boats and shorter distances: the Colorado River for almost 30 miles, the Tortuguero for 7 miles, and the Sixaola for 11 miles. Six rivers can be navigated on the Pacific side for short distances by small boats; the Coto Colorado for 9 miles, Sierpe for 10 miles, Grande de Terraba for 15 miles, Tempisque for 25 miles, Bolsón for 4 miles, and Bebedero for 12 miles. Inland navigation should increase in the future when the Tortuguero Canal is completed. This is a major project canalizing inland lagoons and lakes on the Atlantic coast. The canal will be about 75 miles long and will unite the Moin River near Puerto Limón with the San Juan River at the Nicaragua border. It will facilitate the transportation of bananas and merchandise between the new growing areas and Puerto Limón.

D. HIGHWAYS

The Inter-American Highway, 560 km. (348 mi.) long, links Nicaragua with Panamá through Costa Rica. In 1979, there were 81,012 passenger cars and 78,958 commercial vehicles in the country.

Costa Rica has a total of 27,494 km. of roads and the route of the Pan-American Highway is now wholly paved. A new dual lane highway is being built from San José to Caldera, the new port recently completed on the Gulf of Nicoya. Twenty-two km. of roads have been completed, as far as Villa Colón. New highways are also being constructed from San José via Guapiles and Siquirres to Puerto Limón, although this project is several years behind schedule. Also a new road is being built to improve access to the Pacific beaches, from Playas de Jaco to Puerto Quepos and Puerto Cortés.

E. AIR TRANSPORT

The national airline is Lineas Aereas Costaricenses, (LACASA), which operates 26 aircraft on internal and external routes. In 1980, the airline flew 5.2 million passenger miles and carried 187,000 passengers. The main international airport is the Juan Santamaría airport near San José, with a runway over 2,500 meters (8,000 ft.). The other international airport is at Limón. There are 230 other airfields in the country, of which 228 are usable and 29 have permanent surface runways. There are also two seaplane stations.

The following is a list of airlines that fly to and from Costa Rica or have offices there:

<u>NAME</u>	<u>SAN JOSE ADDRESS</u>	<u>TELEPHONE</u>
Aerolíneas Argentinas	Calle 1, Avenida 3/5	22-68-50
Aero México	Calle 1, Avenida Central/1	22-78-61
*AERONICA (Nicaraguan)	Calle 1, Avenida 2	33-24-83 23-02-26
	Airport Office	41-60-94
*Air Florida	Calle 1/3, Avenida 1 Airport Office	33-34-35 41-29-54
Air France	Calle 4/6, Avenida 1	22-88-11
Air Panamá	Calle 1, Avenida 5	23-70-33
Alitalia	Calle 1, Avenida Central/2	22-61-38
*AVIANCA/SAM (Colombian)	Calle 1/3, Aveinda 5	33-30-66 23-23-21
	Airport Office	41-62-44
British Airways	Calle 1, Avenida 5	23-56-48
British Caledonian Airways	Calle 26/28, Avenida 10	22-51-86
*COPA (Panamanian)	Calle 1, Avenida 5	21-55-96 23-70-33 22-34-01
Eastern	Calle Central, Avenida 1/3	21-66-13
*IBERIA	Calle 1, Avenida 2/4	21-33-11
Icelandair	Calle 1, Avenida 3/5	21-64-76
*KLM	Avenida Central, Calle 1	21-30-81
*LACSA (Costa Rican)	Calle 1, Avenida 5 La Uruca Reservations (international) Reservations (local) Airport Office	21-73-15 32-35-55 31-05-01 23-30-11 41-62-44
Lan Chile	Calle 1, Avenida 5/7	22-77-24 21-85-12

Lufthansa	Calle 5, Avenida 3/5	22-73-11
*Mexicana	Calle 1, Avenida 2/4	22-17-11
Pan Am	Calle 5, Avenida 3 Reservations Airport Office	21-89-55 21-80-01 41-14-44
SAHSA (Honduran)	Calle 1, Avenida 5/7	21-57-74 21-55-61
SANSA (Costa Rican domestic)	Calle 24, Avenida Central/1	21-94-14 33-03-97
Swiss Air	Calle Central, Avenida 1/3	21-66-13
TACA	Calle 1, Avenida	22-17-90 22-17-44
TWA	Calle 2, Avenida 1	22-13-32 22-47-37
Varig	Calle 2, Avenida 1	22-13-32 22-47-37
Viasa	Calle 1, Avenida 5	23-34-11 31-05-01

(* Airlines that fly to and from Costa Rica)

AIRPORT JUAN SANTAMARIA

Arrival and Departure Information	41-07-44
Airport Administration	41-50-41
Airport Migration Office	41-55-41
Diplomatic Lounge	41-41-49
Restaurant	41-51-01

F. RENTAL CARS/TAXIS

Fourteen rental car firms and many taxis operate out of San Jose.

G. FUSES

Local buses are available in San José with service to most towns. International buses run to Nicaragua and Panamá. There is, in some instances, a two week wait for reservations. Tour buses are available and are modern.

H. FUTURE PLANS

Several new undertakings will improve the transportation system and help unite the country. The major ones are the "Northern Zone" project and the proposed road project to be constructed by National Guard Engineer units from the U.S. and Puerto Rico. The planned use of non-combat units, as well as non-active duty, two week reservists, builds understanding between both countries and demonstrates that civic action/humanitarian projects can benefit the local people of the host country.

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 14 - Displaced
Persons, Refugees and
Evacuees

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
Refugees	By the end of 1984, there will be some 4,000 - 6,000 refugees from Nicaragua and El Salvador. Refugee camps are located at Tilarán, Limón and Los Angeles.
Illegal Aliens	Up to 220,000 are residing in Costa Rica taxing health and social services.
Migration	A negligible factor with most migrating to the US.

CHAPTER 14

DISPLACED PERSONS, REFUGEES, AND EVACUEES

A. REFUGEES

The international situation in neighboring Nicaragua and nearby El Salvador continues to create problems for Costa Rica and is an area of intense concern for civil affairs. The Constitution requires the country to accept any refugee regardless of belief or homeland. There are currently (early 1984) 2,247 refugees in a camp at Tilarán (approximately 1,500 are from Nicaragua); about 350 Mosquito Indians in a camp at Limón; and about 300 refugees from El Salvador in a farm settlement work camp at Los Angeles.

Plans are being developed for two additional camps in the southern part of the country. These will be working camps designed to hold up to 8,000 refugees, in which their food will be grown by the refugees themselves. Money has not been budgeted yet by the Costa Rican government to purchase the land for these camps.

The Ministry of Justice has overall responsibility for an umbrella organization of eight committees which oversee the health and welfare needs of the refugees.

Two projections for refugees in 1984 have been made. If the trends over the past year continue, by the end of 1984 there will be some 4,000-6,000 refugees in Costa Rica. If Nicaragua's government falls, Costa Rica will be faced with a tide of 50,000 - 70,000 refugees streaming across its borders from the north. Since the existing camps are already approaching their limits, this latter scenario could be a disaster for refugee planners.

The primary funding for refugee support comes from the United Nations High Commission on Refugees. But this organization will not provide money for purchase of land for camps. A few religious groups provide limited funding in very small amounts for the refugees.

B. ILLEGAL ALIENS

There are up to 220,000 illegal aliens who are now in Costa Rica. They are living throughout the country and are drawing heavily on the social and health services of the country. Most of these aliens are from neighboring Central American countries and several Caribbean nations, such as Haiti.

C. MIGRATION

Migration is a negligible factor, with immigration and migration generally balanced at around 250,000 per year. The United States is the destination of almost all Costa Rican migrants. Relative to the country's population, more Costa Ricans emigrate to the U.S. than citizens of any other Latin American country.

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 15
Cultural Affairs

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
Libraries	National library is located at San Jose. The Inter-American Institute of Agricultural Sciences in Turrialba has a library of 31,000 volumes.
Buildings and Monuments	Numerous building and monuments of historical significance are located throughout the country.
Music, Dance and Theatre	There are two conservatories, a ballet school and numerous singing schools. There are several theatres in San Jose and a National Symphony Orchestra.
Art	A number of Costa Ricans have been known internationally for their artistic works.
National Parks	Since the establishment of the National Park Service in 1970 remarkable progress has been made in conservation. There are 22 national parks and wildlife refuges.

CHAPTER 15

CULTURAL AFFAIRS

A. LIBRARIES

The National Library at San José, founded in 1888, is a reference library containing about 175,000 volumes. Other important libraries in San Jose are the National Archives and the Library of the University of Costa Rica which contains about 92,000 volumes. The Inter-American Institute of Agricultural Sciences, in Turrialba, has a library of 31,000 volumes.

B. CITY BY CITY LOCATION OF IMPORTANT BUILDINGS AND MONUMENTS

Alajuelo:

JUAN SANTAMARIAS HOMESITE - a statue is erected to this national hero. The drummer boy, nicknamed Erizo, was fatally wounded while setting fire to William Walker's stronghold.

SPRING OJO de AGUA - gushes 24,092 liters of water a minute. It provides drinking water for a vast area.

LA AGONIA - murals done from life.

Cartago:

The colonial capital of Costa Rica founded in 1564. Near Central Park are the ruins of an old church destroyed by the 1910 earthquake.

BASILICA OF OUR LADY OF THE ANGELS - This church houses the 15-centimeter Indian Virgin that draws pilgrims from throughout Central America on her feast day, August 2.

San José:

It is noted for fine edifices such as the Cathedral, National Theatre, University, Museum, Library, Post Office and Stadium. Modern buildings of architectural interest include the Banco Central, the Oficinas de la Caja Costarricense de Segura Social, and the Corte Suprema de Justicia.

NATIONAL THEATRE - This beautiful landmark is modeled in miniature after the Paris Opera. It is decorated with paintings by prominent artists, and was built by public subscription from 1887 to 1897, when it opened on October 21. It is built in an elaborate rococo style, with solid marble stairways and gold leaf and bronze decorations.

MUSEUM OF COLOMBIAN JADE - Hours: Monday-Friday 9:00 a.m. to 3:30 p.m. It houses valuable pre-Colombian gold and ceramic treasures and an exhibition hall for contemporary art. Located in the National Insurance Building (on

the corner of Calle 9 and Avenida 7) on the 11th floor, Telephone: 33-45-70.

MUSEUM OF COSTA RICAN ART - Hours: Tuesday-Sunday 10:00 a.m. to 5:00 p.m. Located in a picturesque building which used to be Costa Rica's International Airport Terminal, the Museum of Costa Rican Art features a permanent exhibit of paintings and sculpture by national artists. The museum also hosts special exhibits of artwork by international and national painters. Telephone: 22-71-55.

CRIME MUSEUM - Hours: Monday, Wednesday, Friday 1:00 p.m. to 4:00 p.m. The museum contains various weapons, counterfeit money, equipment to investigate accidents and unsolved crimes, and a rather grisly display relating to violent death. Located on the second floor of the Organization for Judicial Investigation (OIJ).

ENTOMOLOGY MUSEUM - Hours: Wednesday-Thursday 1:00 p.m. to 6:00 p.m. This is the only museum of its kind in Central America. Located in the School of Agronomy at the University of Costa Rica, on Sabanilla Road, 100 mts. E. and 25 S. of Sterling Products. Telephone: 25-55-55, ext. 2318.

THE NATIONAL MUSEUM - Hours: Tuesday-Sunday 8:30 a.m. - 5:00 p.m. An old fortress converted into a museum in 1948, the National Museum features room after room of pre-Colombian ceramic, stone, jade and gold pieces. The thousand of items on display carry an explanation of where they were found and the period they date from. The museum also features an exhibit on rocks, local fauna, antique furniture, and historic and religious relics, as well as an art gallery. Calle 17, Avenida Central/2. Telephone: 22-12-29.

MUSEUM OF NATURAL SCIENCES - Hours: Monday-Friday 8:00 a.m. - 3:00 p.m., March through November. This new museum displays more than 1,500 examples of the world's animals, some of which are now extinct. These specimens are shown as they would appear in their natural habitat. Located in what was the La Salle School in the south Sabana Park area.

JUAN SANTAMARIA HISTORICAL MUSEUM - It focuses on the national period and the fight against William Walker and the Filibusters. Located 20 minutes from the capital, Calle Central/2, Avenida 3, Alajuela. Telephone: 41-47-75.

The Central Bank has an excellent display of pre-Colombian gold artifacts which will soon be housed in the New Plaza de la Cultura adjacent to the National Theatre. Calle 2/4, Avenida 1. Telephone: 33-42-33.

Heredia

Located here is a statue to the poet, Aquileo Echeverría (1866-1909).

Monteverde

The site of a 1600 hectare nature reserve, mainly primary cloud forests with many species of birds, monkeys, reptiles, and orchids and other flowers.

C. MUSIC, DANCE, AND THEATRE

There are two conservatories, a ballet school, and numerous singing schools.

Composers have written music ranging in style from classical to traditional to modern and have ranged from Alejandro Monestal and Rafael Chávez Torres who have written religious music to Julio Mata Oreamuno who has experimented with modern music.

The government-subsidized National Symphony Orchestra performs regularly in the National Theatre. Its program usually includes classical and other serious music by European and Costa Rican composers; it has, on occasion, staged operas in conjunction with the conservatories. In addition to the symphony, there are provincial and municipal bands, some supported by the central government, which play at official, religious, and other gatherings. In addition, the Ministry of Education has sponsored traveling groups which stage dance and dramatic performances and exhibit paintings outside the metropolitan San Jose area.

Many composers have taken their inspiration from folk music, which is best preserved in Guanacaste Province, perhaps because Guanacaste has remained a frontier province for so long. Much of the music and some of the instruments used to play it have indigenous origins, like the Guanacasteans themselves. The guitar and the marimba, a kind of indigenous xylophone, accompany people dancing the Punto Guanacasteco, the spirited national dance. A number of folklore groups have grown up and are reviving popular interest in folk music and dance with their research and performances.

The following are theatres in San José which regularly present dramas in Spanish:

LIVE THEATRE (SPANISH)

The Centro Cultural Costarricense-Nort americano (English); Eugene O'Neil Theatre 200 mts. N. of Centro La Mufia	San Pedro, Los Yoses
The National Theatre	Calle 3/5, Avenida 2
The National Insurance Institute	Calle 9/9B, Avenida 2
The School of Fine Arts of the University of Costa Rica	
Teatro de Angel	Calle 11/15, Avenida Central
Teatro Tiempo	Calle 13, Avenida 2/4
Teatro de la Compañía	Calle 9, Avenida 1/3
Teatro Platerio (children)	Galleria Central Ramírez, Calle 5/7, Avenida Central

All theatres closed on Mondays.

D. ART

A number of Costa Ricans have become well known internationally for their artistic works. One of the most interesting is Francisco Amighetti Ruíz, wood

engraver, whose works first appeared in Repertorio Americano. He has traveled throughout North, Central, and South America, engraving simply, starkly, and honestly what he has seen of the American panorama. He has written at least three books, all illustrated with his engravings, Francisco en White (1966), Francisco y los Camines (Francisco and the Road, 1963) and Francisco en Harlem (1947). Other well known artists include Francisco Zúñiga, a modern sculptor, and Cesar Valverde, a painter who combines a modern style with folk themes to produce a serene nostalgic mood.

E. NATIONAL PARKS

Since the establishment of the National Park Service (SPN), in 1970, Costa Rica has made truly remarkable progress in conservation. Twenty-two national parks and equivalent reserves cover 8.47 percent of the country, one of the highest percentages of any country in the world. In contrast to many Latin American countries, Costa Rica's national parks and equivalent reserves are functional conservation units; each has on-site administrative and guard personnel. Management plans exist for most of the conservation units. SPN is responsible for all national parks and public biological reserves and through an intraministerial agreement with the Forest Service, the SPN administers two protection zones contiguous to the national parks.

Two wildlife refuges, Palo Verde and Tapanti, are administered by the Wildlife Department (DVS). Two well-known private biological reserves are important components of the conservation system; Monteverde Cloud Forest Reserve is owned by the Tropical Science Center and the La Selva Biological Station is owned by the Organization for Tropical Studies.

Monteverde Cloud Forest Reserve

Straddling the low Cordillera de Tilaran in north-central Costa Rica, the Monteverde Reserve is an exceptional cloud forest laden with epiphytes and mosses. Monteverde has good populations of the resplendent quetzal and the endemic golden toad; legitimately identified feathers have been found of the oil bird. The private Monteverde Cloud Forest Reserve is owned and administered by the Tropical Science Center, a Costa Rican Association involved in the conservation and rational use of natural resources in the tropics.

Volcán Irazú National Park

The oldest of Costa Rica's national parks and equivalent reserves, Irazu functions exclusively as a tourist attraction. Volcanic eruptions in 1963-1965 destroyed the vegetation near the summit and most of the rest of the park is used for agriculture or pasture.

Cahuita National Park

This small park on the Caribbean coast includes 1,000 hectares of degraded terrestrial habitats and 600 hectares of sea to protect Costa Rica's only coral reef that is about 6.5 kilometers long and 300 meters offshore. Unfortunately, the coral reef is badly deteriorated and with considerable mortality, apparently caused by sedimentation.

Cabo Blanco Strict Nature Reserve

The Cabo Blanco Reserve at the tip of the Nicoya peninsula was established in 1963 as a private reserve by Olof Wessberg. The nearby island of Cabo Blanco is a major rookery for frigatebirds and pelicans. Cabo Blanco is now administered by the SPN as a biological reserve.

Manuel Antonio National Park

Manuel Antonio is the smallest of Costa Rica's national parks, but includes some of the most beautiful Pacific beaches. Pollution from nearby houses and the town of Quepos and sedimentation are affecting the marine component of the park.

La Selva Biological Station

La Selva was owned by Dr. L. R. Holdridge from 1953 to 1968 when he sold it to the Organization for Tropical Studies (OTS). Nearly three decades of research activities have made La Selva a renowned site. The U. S. National Research Council recommended La Selva as one of the four tropical sites for long-term ecological research.

Islas de Guayabo, Negritos, Pajaros Biological Reserves

Three small rocky islands in the Gulf of Nicoya serve as sea-bird rookeries, especially for brown pelicans, brown boobies, and anhingas.

Barra Honda National Park

Intricate and extensive limestone caverns are the primary feature of Barra Honda. All the land is privately owned, with the consequence that terrestrial habitats are severely degraded.

Rafael Lucas Rodríguez Wildlife Refuge (Palo Verde)

Extensive seasonal lagoons on the Tempisque flood plain attract thousands of migratory waterfowl in the dry season to the Palo Verde refuge. The Forest Service's Wildlife Department (DVS) administers the Palo Verde Refuge and has an active research program on several waterfowl species. Palo Verde Wildlife Refuge also includes one of the least disturbed blocks of dry forest remaining in northwestern Costa Rica.

Palo Verde National Park

Bordering the Palo Verde wildlife Refuge on the south, this national park was reduced to about 25 percent of its original size due to the government's financial inability to expropriate the large private holdings in the park. Seasonal lagoons remain in the park, but severe financial problems have hindered SPN consolidation of the park and protection of the waterfowl.

La Armistad International Park

Friendship International Park extends along the Cordillera de Talamanca east from Chirripo National Park to the Panamá border, where it is supposed

to join Panama's component of this binational park. Costa Rica's Armistad Park covers about 192,000 hectares, extending down to 900 meters on the Pacific slope and 200 meters on the Caribbean side. The 19,602 hectare Las Tablas Protection Zone is considered part of Armistad, even though it was legally established as a separate unit because the lands are privately owned.

Armistad National Park includes 7 of the 12 ecological life zones in Costa Rica and is estimated to contain at least two-thirds of the country's vertebrate fauna. The very large size of the park and its exceptional ecological diversity make Armistad potentially the most important conservation unit in Central America.

Tapanti Wildlife Refuge

Practically no information is available on this new conservation unit administered by the DVS. It is near the Río Grande de Orosi at the northern end of the Cordillera de Talamanca, and it includes one of the major watersheds supplying the Río Macho and Cachi hydroelectric power plants.

Chirripo National Park

The highest peak in Costa Rica, several lakes of glacial origin and extensive paramo vegetation are the principal features of this national park in the central Cordillera de Talamanca. The Chirripo paramo is the northernmost occurrence of this high-altitude, shrubby vegetation that dominates the northern Andes. A fire set by visitors in March 1976 burned about 90 percent of the paramo. Post-fire recovery is being documented by a team of ecologists from the National University (UNA).

Corcovado National Park

Many visitors consider Corcovado to be the gemstone of Costa Rica's system of national parks and equivalent reserves. The park includes entire watersheds of several rivers that flow onto the 10,000 hectare Corcovado plain before interrupting the 19 kilometers of pristine beach. Endangered large mammals, such as white-lipped peccary, giant anteater, tapir, and jaguar are well-represented in Corcovado. SPN is having considerable difficulty controlling the activities of placer miners in the rugged interior of the park.

Braulio Carrillo National Park

This major national park is partly a consequence of a proposed highway through the rugged Cordillera Volcanica Central. Conservation opposition to construction of the San José-Guapiles highway played a major role in the establishment of the park. Extending from the peak of Volcan Barba (2,900 meters) down to 500 meters on the Caribbean slope, Braulio Carrillo offers exceptional altitudinal transect through three superhumid ecological life zones.

Tortuguero National Park

Isolated low hills, extensive swamp forests, coastal lagoons and a long stretch of sandy beach make up this extremely wet national park that is world-famous as the primary nesting area of the endangered green turtle.

Rincón de la Vieja National Park

The relatively low, isolated volcanic massif of Rincón de la Vieja in the Cordillera de Guanacaste is the principle park feature. The park also has critical watershed functions, with 32 rivers and 16 intermittent streams originating in the park. The Pacific slope drainages form the headwaters of the Río Tempisque, the principal river of the monsoonally dry Guanacaste lowlands.

Santa Rosa National Park

Not only is Santa Rosa the most important historic site in the country, but it is also the largest conservation unit in the seasonally dry lowlands of northwestern Costa Rica. Santa Rosa includes the recent 11,600 hectare Murciélago addition; however, the two are separated by 13,000 hectares of private land.

Nancite beach is one of the principal nesting sites of the Pacific ridley sea turtle. Uncontrollable fires sweeping through dry, rank grasses are the major problem confronting the park.

Hitoy-Cerere Biological Reserve

This little-known biological reserve is nestled in the rugged Caribbean foothills of the Cordillera de Talamanca. It is bordered on three sides by the Estrella, Talamanca, and Telire Indian Reserves.

Carara Biological Reserve

When the government expropriated the vast Hacienda Coyolar for agricultural colonization, the extensive forests were segregated to form the Carara Biological Reserve. It is the only large block of primary forest remaining on the lower slopes of the central Pacific region. The area is very rich biologically because it is in a transitional region between the southern prehumid life zones and the northern subhumid life zones. Excellent accessibility from the Coastal Highway suggests reclassification to national park status. Easy access to most of the reserve borders during the dry season facilitates illegal hunting, the principal problem affecting Carara wildlife.

Volcán Poás National Park

This active volcano in the Cordillera Volcánica Central just northwest of the capital, San José, is the most visited of the national parks. A recent government loan from the Central American Bank for Economic Integration (BCIE) funded major improvements in tourist facilities, including visitors' center, restaurant, and a paved highway.

Isla de Coco National Park

This oceanic island lies about 500 kilometers southwest of the Costa Rican mainland. In contrast to the Galápagos Islands, Coco is extremely wet, with annual rainfall of about 7,000 millimeters. The Coco Island finch is closely related to the famed Darwin's finches of the Galápagos. Sizable feral populations of domestic pigs and cats are the principal problem of the park.

IN-COUNTRY RESOURCE ANALYSIS

SUMMARY MATRIX

CHAPTER 16
Religious Affairs

<i>Resource Category</i>	<i>Estimate of Availability Status</i>
General	The state religion is Roman Catholicism. Protestantism is well established in the country with over 40,000 members. Relations between Catholics and Protestants have been increasingly cordial.
Catholic Influence	Costa Rica has been cited as one of the strongest Catholic countries in Central America. The Catholic religion permeates the daily life of almost all Costa Rican citizens.
Protestant Influence	A key to their success is the use of social welfare programs. Costa Rica has become the informal headquarters of the evangelical movement in Latin America.

CHAPTER 16

RELIGIOUS AFFAIRS

A. GENERAL

The state religion is Roman Catholicism but the Constitution guarantees religious freedom for all. Under the Constitution, no political propaganda may be carried on in any way by the clergy or by lay persons invoking religious motives or making use of religious beliefs. The relations between church and state have remained amiable and the government contributes 1% of the National budget to support of the church through the Ministry of Foreign Relations and Worship. Since the 1960's, the church has expanded its role in social welfare and espoused a form of liberal activism, although the hierarchy remains extremely conservative.

The ecclesiastical structure consists of one archbishop and four bishops at Alajuela, Limón, San Isidro, and Tilaran and 123 parishes. Although most of the priests are foreigners, the ratio of 1 priest for 4,000 Catholics is the highest in Central America. Indeed, Costa Rica has often been cited as the strongest Catholic country in the region.

Protestantism is well-established in the country with over 40,000 members. Relations between Catholics and Protestants, strained until the 1960's, have been increasingly cordial and marked by dialogue and cooperation. Costa Rica has become the headquarters of the protestant evangelical movement in Latin America with a number of seminaries, publishing houses, and radio stations. Anglican, Methodist, Baptist, Seventh-Day Adventist and others are represented.

Religious minorities include small colonies of Chinese Buddhists and Jews. There is little or no anti-semitism, and Costa Rica was among the few nations to abstain from a key United Nations resolution condemning Israel.

B. CATHOLIC INFLUENCE

The Catholic religion permeates the daily life of almost all Costa Rica's citizens, although religious customs differ somewhat between urban and rural areas. Life-cycle events such as marriage or birth are marked by religious ceremonies, and the nation's major holidays are predominantly religious celebrations. The Church is usually the largest and most beautiful building in both rural and urban communities, and many homes contain a family altar with candles, medals, and images of the saints and holy family.

The traditions and customs of the nation are inextricably bound to the Catholic religion. In addition, there is a strong social pressure toward religious conformity, and it is more socially advantageous to remain a nominal Catholic or even to be uncommitted to any faith than to espouse another religion.

Religion is not only an integral part of the individual's life but it

plays an important role in the society as a whole. Sunday mass is a high point of the week in each community, and religious fiestas are the major holidays of the year. For a rural farmer, these events are many of the diversions in his daily life.

Religion, however, does not play as important a part in rural life as many urban Costa Ricans have assumed. It does not serve as a strict social control, and many tenets of the faith are violated without public censure. When listing the characteristics of their leading men, villagers seldom mention religious faithfulness or devotion. In fact, village leaders often live in illegal unions or are the children of such alliances, despite the admonition of the Church to shun such people. Regular attendance at mass is often impossible, and even when a church is near, the rural people do not consider it a necessity to attend each week.

In the cities, religious practices are also an integral part of the community, and Sunday mass is a high point of the week. In the larger town, the mass may be embellished by the performance of the local band. Sunday is a time for both church attendance and afternoon socializing. In San José, for example, after the women attend mass in the evening, the whole family walks or drives through the streets, dressed in their finest clothes. In Heredia, they parade around Center Square, one of the few places where young people can openly meet and talk.

Costa Rica has been cited as one of the strongest Catholic countries in Central America, but there are indications that the content of the popular religion does not always coincide with Catholic doctrine. Nonetheless, in major issues, the population usually adheres to the dictates of the Church. This is one reason that the campaign for birth control has been relatively unsuccessful.

C. PROTESTANT INFLUENCE

A key to their success is the use of social welfare programs as a wedge to enter the community. The Protestants operate schools, hospitals, and numerous economic and financial aid programs for the poor. One such activity is the Good Will Caravans, sponsored by the Evangelical Alliance. These caravans offer medical, dental, agricultural, and educational aid to rural, isolated communities and at the same time provide Bible classes and distribute Bibles and pamphlets explaining the Protestant faith. These methods greatly enhance the Protestant cause and advance its missionary goal. In the last two decades, membership has been growing rapidly despite the entrance of the Catholic Church in the social welfare area.

In spite of the opposition the Protestants have faced, the country has become the informal headquarters of the evangelical movement in Latin America. There is a language school for English-speaking missionaries in San José and the Latin American Biblical Seminary (Seminario Bíblico Latinoamericano), which trains pastors from various countries and denominations. The seminary is operated by the Central American Mission, which also has established its headquarters in San José and founded a radio station, the Voice of the Caribbean. In addition, both El Caribe and Latin American Evangelical Literature (Literatura Evangélica Latinoamérica), which are large

publishing houses that service a wide area, are based there. The Episcopalians have also established their Central American Headquarters in San José. The Church of the Seventh Day Adventists, has an estimated total community of 6,000. The Protestants also operate six theological colleges and Bible schools.

D. CHURCHES

	<u>Phone Number</u>
<u>BAPTIST</u>	
Iglesia Bíblica Bautista Hatillo 2 Services: Sun. 10 a.m., 7 p.m. Youth Group: Sat. 7 p.m.	54-30-44
International Baptist Church (English and Chinese) 150 mts. N. Banco Anglo, San Pedro Worship: Sun. 9 a.m. Fellowship: Sun. 10 a.m. Sunday school: 10:15 a.m.	25-52-18
<u>CATHOLIC</u>	
Catedral Metropolitana Calle 1, Avenida 2/4 Masses: Mon.-Sat. 6:30, 8, 11 a.m., 5 p.m. Sun. 6, 7, 10, 11, 12 noon, 4, 5:30 7, 8 p.m.	21-38-20
Parroquia El Carmen Calle Central, Avenida 3 Masses: Mon.-Fri. 7 a.m., 5, 5:30 6 p.m. Sat. 7 a.m., 4, 5, 6 p.m. Sun. 7, 8, 10 a.m., 5, 7, 8 p.m.	22-14-35
Saint Mary's Chapel (English) Hotel Herradura Mass: Sun. 4 p.m.	39-01-17
Saint Vincent Moravia Masses: Mon.-Sat. 6 p.m. Sun. 6:30, 10 a.m., 4, 6, 7 p.m. Confessions in English: Thur. 3-4 p.m.	35-86-90
<u>CHRISTIAN SCIENCE</u>	
75 mts. NE Court of Justice, Avenida 8 English service: Sun. 11 a.m.	21-08-40
<u>EPISCOPALIAN</u>	
Church of the Good Shepherd Next to Colegio de Señoritas Calle 3/5, Avenida 4 English: Sun. 9 a.m. Spanish: Sun. 10:30 a.m.	22-15-60

<u>INTERDENOMINATIONAL</u>	23-34-88
Centro Bíblico Calle 6, Avenida 2/4 Worship: Sun. 10:15 a.m., 7:30 p.m. Prayer Meeting: Wed. 6 a.m. to 6 p.m. Youth Group: Sat. 7 p.m.	
Centro Cristiano (American pastors) Calle 2a, Avenida 7 Services: Sun. 8:30, 10:30 a.m.	21-46-10
Union Church (English) 600 mts. N., 600 mts. W., Caballo Blanco, Moravia Sunday School: 9:00 a.m. Social Time: 10:00 a.m. Worship: 10:30 a.m.	35-67-09
<u>JEHOVAH'S WITNESSES</u>	21-14-36
Watchtower Calle Central/2, Avenida 9	
Kingdom Hall Avenida 24, Calle 5/7 Services: Wed. 6:45 p.m. Sat. 6:00 p.m.	26-12-74
<u>JEWISH TEMPLE</u>	22-54-49
Synagogue Shaare Zion Calle 22/24, Avenida 1 Services: Fri. 5:40 p.m. Sat. 9:30 a.m., 12:30 , 5:30, 7 p.m.	
<u>LUTHERAN</u>	35-32-59
Lutheran Diocese of Costa Rica and Panama Calle Blancos	
<u>METHODIST</u>	35-28-54
Iglesia Metodista, Tibas 300 mts. E., 50 mts. S. of Parque de Tibas Sunday School: 9:30 a.m. Worship: 10:30 a.m. Night Service: Sun. 5:30 p.m.	
<u>MORMON</u>	25-02-08
Barrio Uno San Pedro Sacrament Meeting: Sun. 9 a.m. Priesthood Meeting: 11:00 a.m. Sunday School: 10:00 a.m.	
Barrio Don Bosco Avenida 8, 300 mts. W. of Cruz Roja Sacrament Meeting: Sun. 9 a.m. Sunday School: 10:00 a.m. Priesthood Meeting: 11:00 a.m.	33-32-66

SEVENTH DAY ADVENTISTS

33-33-63

Iglesia Adventista

Behind Centro Comercial El Pueblo

School: Sat. 8:45 a.m.

Worship: Sat. 10:00 a.m.

Youth Service: Sat. 4:30 p.m.

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