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COSTA RICA: UPDATE OF MACROECONOMIC ASSESSMENT

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I. INTRODUCTION

My TDY to Costa Rica during the week of October 12 to 15 followed a lengthy visit by the IMF team. I was able to obtain the key analytical tables that will form the basis of the IMF report. Since these tables represent the best judgement of the IMF team as well as the formal position of the government of Costa Rica, my analysis is based largely on these IMF data and projections. However, I have explored the 1983 balance of payments projection in greater detail, working closely with Ricardo Quezada, Head of the Balance of Payments Section of the Central Bank. This work resulted in the presentation of an alternative balance of payments projection that is less optimistic than that of the IMF and results in a substantially larger deficit for 1983.

I held lengthy discussions on the general economic situation, the IMF agreement and prospects of compliance with its terms with two other central bank officials -- Otto Kikut, Director of the Economic Affairs Section, and Carlos Hernandez, Director of the Monetary Department. The private sector view of the liquidity position of the banking system was discussed with Guillermo Von Breymann, General Manager of BANEX.

The "Summary and Conclusions" Section appears under Section XIII.

II. THE BALANCE OF PAYMENTS IN 1982 AND 1983

This balance of payments analysis is based on the projections in summary tables 1 and 2. Supporting data for these projections is presented in tables 3 through 5.

The IMF's balance of payments projections for 1982 and 1983 are shown in Table 1. They show an increase in net international reserves of $100 million in 1982 and an unfinanced gap (or decline in reserves) of $539 million for 1983. Note that this IMF projection assumes a rescheduling of principal payments on debt arrears equal to $638 million in 1983. Most of the $539 million listed as "contingent financing" or decline in reserves in Section V of Table 1 will consist of the refinancing or rescheduling interest due or arrearages accumulated in 1981 and 1982. The IMF projection assumes that interest accrued in 1983 will be paid out of current foreign exchange earnings and capital inflows. Note also that the IMF's projection in Table 1 includes $100 million in AID balance of payments financing as a capital inflow; but does not treat the approximately $100 million IMF stand-by as a net capital inflow entered "above the line." In accordance with standard IMF practice, the IMF stand-by will be available to cover part of the decline in net international reserves.

The alternative balance of payments projection for 1983 that I developed as a result of informal consultations with the

Chief of the balance of payments section of the central bank is even more pessimistic. It is presented in Table 2. It arrives at a decline in net international reserves or an unfinanced gap of $565 million after allowing for $100 million in the IMF stand-by (see Column 3 of Table 2). This compares with the IMF's "contingent financing" requirement of $539 million before allowing for IMF financing, or $439 million after allowance for such financing. The difference between the two 1983 projections is thus $126 million.

The difference in the two sets of projections for 1983 consists of the following:

1. Less optimism with respect to exports in my projection in Table 2: the IMF projects exports to increase from $1,010 million in 1982 to $1,085 million in 1983. It assumes the same coffee quota for 1983 than in 1982 and that Costa Rica will be able to sell its excess in non-traditional markets. In fact, the central bank notes that the 1983 coffee export quota has been reduced and believes that non-traditional markets have been saturated, and projects 1983 coffee exports at 2,075 quntales* in lieu of 2,190 quintales projected by the IMF. The central bank also projects a lower volume of banana exports than the IMF (1,075 metric ton in lieu of 1,150) and lower earnings from the sale of "other products," particularly to the CACM ($365 million in lieu of $405 million). As a

*One quintal equals 100 lbs.

result of these various adjustments, the central bank export projection for 1983 is $85 million below that of the IMF.

2. The central bank's projection of official disbursements (official capital inflows) is some $41 million below that of the IMF. It is presented in Table 6. Only partial data supporting the IMF capital inflow projection was available to me (presented in Table 5).

3. My balance of payments projection in Table 2 differs from the IMF projection in presentation: I have separated autonomous capital inflows (entered "above the line" in Section II) from those that are compensatory in nature (shown in Section IV). The latter are loans and inflows specifically negotiated for the purpose of financing the balance of payments gap or preventing a decline in net international reserves. Thus, in my presentation in Table 2, the "overall balance" (item III) measures the magnitude of the overall balance of payments disequilibrium in any particular year. Note that over 1981-83, the magnitude of the annual disequilibrium ranges between $413 million and $526 million. All compensatory financing is entered below the line under "financing of the deficit" in Section IV.

4. Finally, I have entered the expected IMF contribution in 1983 ($100 million) under "compensatory

financing" as I believe it should be treated in the same manner as AID/ESF assistance. Thus, the $565 million unfinanced gap at the bottom of Column 3 of Table 2 shows the gap after $100 million in AID/ESF, $100 million in IMF assistance and $75 million in the IBRD Structural Readjustment Loan have been allowed for.

The difference in the two sets of estimates is less important, however, than what they have in common. They both show the substantial magnitude of Costa Rica's balance of payments disequilibrium, which is particularly large if the arrears problems is taken into account. The projections show that, in 1983, the country requires $638 million to finance arrears of principal alone, and an additional $469 million to finance interest arrears (see Section IV of Table 1).

The importance of the arrears problem is further illustrated in Column 4 of Table 2. That column shows Costa Rica's balance of payments position <u>without</u> taking the arrears problem into account. As in the case of the IMF projection in Table 1 and my alternative projection in Col. 3 of Table 2, Column 4 assumes that interest payments falling due in 1983 will be paid out of current foreign exchange earnings. But, in contrast to the other projections, it abstracts from the arrearage problem altogether. Note that, when arrearages are disregarded, all but $26.2 million of the overall balance of

payments deficit is financed. In other words, if the arrears problem can be abstracted from, the remaining unfinanced gap or decline in net international reserves is only $26 million. Note however, that this outcome has been obtained after allowing for $275 million in compensatory financing ($100 million in AID/ESF, $100 in IMF and $75 million in the IBRD Structural Adjustment Loan). Without such compensatory financing, Costa Rica's unfinanced balance of payments gap would still be around $300 million.

The major causes of Costa Rica's balance of payments difficulties in 1982 and 1983 are:

1. Adverse movement in the terms of trade: sharp decline in coffee and sugar prices and relatively low prices of bananas, in comparison with rapid the increase in import prices, particularly petroleum.

2. Sharp decline in sales to the CACM.

3. Cut-off of foreign lines of credit (banks and suppliers) along with a change in direction of the private capital inflow. Thus, this inflow (including errors and omissions) changed from a <u>positive</u> $92 million in 1979 to a <u>minus</u> $96 million in 1981 and a <u>minus</u> $63 million in 1982 (see Tables 1 or 2).

4. Most importantly, there is the problem of debt service charges accumulated in recent years by both the public

and private sectors*: the public sector to cover its enormous deficits, and the private sector because it preferred to deal with foreign commercial banks which were much more responsive to its requirements than the slow-moving state controlled domestic banks.

III. NET INTERNATIONAL RESERVES

The trend in net international reserves since the end of 1980 is as follows:

TABLE 7

NET INTERNATIONAL RESERVES OF THE BANKING SYSTEM
(In millions of dollars)

December 31, 1980	$ 138.6
December 31, 1981	-185.3
March 31, 1982	-152.1
June 30, 1982	-122.0
August 31, 1982	-107.0
September 30, 1982	Range of -100 to -110

Source: Central Bank of Costa Rica.

*However, data on debt servicing arrearages in Tables 1 and 2 include the public sector only.

Thus, the country's net international reserve position deteriorated substantially (by $324 million) in 1981, but has improved by some $80 million since then. This improvement, however, is of little significance since it does not reflect the substantial accumulation of debt servicing arrears that has taken place since 1980.

IV. DEBT SERVICE CHARGES

The debt service charges on the external public debt and estimates of the debt service ratio are shown in Table 8.

TABLE 8

DEBT SERVICE CHARGES ON THE
EXTERNAL PUBLIC DEBT
(In million of dollars)

	(1) Interest	(2) Principal	(3) Total	(4) Merchandise Exports	(5) Debt Service Ratio (3) as % of (4)
1979	129.5	213.8	343.3	942.1	36.4
1980	159.0	253.7	412.7	1,000.9	41.2
1981	307.9	274.8	582.7	1,029.7	56.6
Projected					
1982	466.0	306.0	772.0	960.0	80.4
1983	545.0	235.0	780.0	1,000.0	78.0

	(1) Interest	(2) Principal	(3) Total	(4) Merchandise Exports	(5) Debt Service Ratio (3) as % of (4)
Unpaid Arrears as of Dec. 31, 1982	516.6	714.2	1,230.8		

Source: IMF Staff estimates and Central Bank.

Note that the very rapid increase in interest charges -- up from $130 million in 1979 to $545 million in 1983, and the very dramatic increase in the debt service ratio -- up from 36% to 78% over this period. Unpaid arrears as of December 31, 1982, were projected by the IMF staff at $1.2 billion. No country can service a debt equal to 80% of export earnings. Moreover, these service charges refer to the debt service charges on the external public debt only.

Clearly, interest payments arrears will have to be rescheduled along with principal. Both interest and principal ? arrears will have to be capitalized and amortized over a long period of time. At best, Costa Rica might be able to pay current interest charges (those accruing in 1983 and beyond) as scheduled in the IMF program. The rapid amortization of interest accrued over 1981-82 seems out of the question.

V. REAL GDP

The real GDP projected for 1982 and 1983, with breakdown by final expenditure and industrial origin, is presented in Tables 9 and 10 respectively. Note that the GDP, in constant prices, is expected to decline by 6% in 1982 and to remain constant in 1983. The most dramatic declines in 1982 are in the areas of fixed capital formation (down by 41%), and exports of goods and services (by 20%). Government consumption expenditures are expected to decline by 2.5%.

The breakdown of GDP by source of origin shows that the largest declines in 1982 are in the sectors of construction (down by 40%), commerce (down by 18%), and manufacturing (-6.5%).

The goal of zero real GDP change in 1983 appears ambitious but not impossible. As indicated in Tables 1 and 2, merchandise imports in 1983 are projected to increase by only 4.4% in current dollars, which is likely to mean a decline in real terms. Moreover, inventories are likely to be low and will require replenishment in 1983. If the compensatory financing and debt rescheduling projected in Tables 1 and 2 cannot be achieved, imports would have to be cut back and the goal of maintaining the real GDP at the 1982 level would not prove attainable.

VI. FISCAL SITUATION

The fiscal situation of the public sector, with the operations of the central government shown separately, are presented in IMF Tables 11 through 15. The following points stand out:

1. The agreed IMF/GOCR program calls for a particularly drastic retrenchment of the public sector deficit, particularly the deficit of state enterprises. Note that the total consolidated public sector deficit is already expected to decline substantially in real terms in 1982, but a much more drastic decline is projected for 1983. In that year, the overall public sector deficit is projected to decline from C9,590 million (in 1982) to C6,750 million (see Table 11), a decline of 30% in current colones. Given the fact that the price index is expected to increase by 54.6%* in 1983, this projection means a 55% decline in real terms of the consolidated public sector deficit.

2. The central government's deficit is projected to remain approximately constant in 1983 in current colones (Table 11). However, given the 55% rate of inflation projected, this means a 35% decline in real terms.

*This is the target increase in the average annual price index in 1983 over 1982. The target increase from December 1982 to December 1983 is 40%.

3. Particularly drastic is the reduction in the projected deficits of the state enterprises which are committed to raise their rates for their services so as to eliminate or drastically reduce their deficits in the shortest possible term. Thus, the deficits of the state enterprises are projected to decline from ₡5.7 billion to C2.6 billion between 1982 and 1983 (Table 11), a reduction of 54% in current colones and 70% in real terms.

4. The degree to which the overall public sector deficit is expected to contract is best reflected by its proportion of the GDP. According to the IMF's projection, that proportion is projected to decline from 15.0% in 1981 to 9.2% in 1982 and 4.4% in 1983. For the central government alone, the proportion of its deficit to GDP should decline from 8.0% in 1980 to 3.3% in 1982 and 2.3% in 1983 (see Table 14).

5. A key feature of the public sector austerity program is the restraint that must be exercised in the areas of salaries and in the adjustment of the price of gasoline and key public services. Government salaries can be increased only in proportion to the increase in living costs for the lowest income group (a basket of "basic" goods). The lowest income groups can obtain an increase of approximately 40% in their annual salaries. However, no more than this same increase, in absolute terms, can be granted to middle and upper echelon

officials. The latter will thus be getting salary increases in the range of only 5 to 10%, way below the 55% projected increase in the 1983 price index.

Another feature of the program is agreement by the GOCR that cost increases incurred by state enterprises will be passed automatically to the public. Thus, increases in the interbank rate would automatically increase the import prices of gasoline and the cost of energy production, which would require an immediate adjustment in gasoline prices and electricity rates.

VII. TAX REFORM

The agreement also considers the adoption of a number of tax reform measures expected to contribute 3.1 billion colones to public sector revenues (₡4.6 billion to the central government less a reduction of ₡1.5 billion to the rest of the public sector). The yields of the various reform measures are detailed in Table 15.

The principal measures include a temporary surcharge of 15 to 30 percent on the corporate income tax; increases in the rates of the vehicles tax (progressive in accordance with the weight and power of the vehicle), plus a temporary 100% surcharge over the vehicles tax paid in 1981; expansion of the taxable base of the general sales tax (eliminating a number of current exemptions) and raising the general tax rate from 8 to

10 percent; higher tax rates on selective consumer goods; increases in the property tax from 25 per thousand to 65 per thousand on properties worth less than ₡500,000, and a rate of 1.55 percent on properties worth more than this amount. In addition, a progressive tax ranging from zero to one percent is imposed on housing, in addition to a temporary (one-year) 75 percent tax surcharge.

Many of these reforms were submitted under the previous government. However, the current fiscal situation and the targets set in the IMF/GOCR agreement have provided fresh impetus to its adoption.

VIII. MONETARY SITUATION

Projections of the key monetary variables by the IMF staff in consultation with the central bank are presented in Tables 16 through 19. Main observations are as follows:

1. Only a very moderate rate of total bank credit expansion is scheduled for the public sector in both 1982 and 1983. The increase is 36% for 1982 and 15% for 1983. In both years, the projected increase is substantially below the increase in the price level. The dramatic reduction in credit to the public sector is illustrated by its proportion to the GDP, which declined from 16.9% in 1981 to 12.6% in 1982 and to 9.8% in 1983 (bottom of Table 16).

2. A much more significant rate of expansion is scheduled for the private sector. Total bank credit to the private sector is scheduled to increase by 39% in 1982 and 48% in 1983. Thus, some provision has been made for the reactivation of the private economy by replacing with domestic credit the foreign credit lines cut off as a result of the country's inability to service its obligations.

3. The money supply (currency in circulation plus demand deposits) increased by 50% in 1981 and is projected to increase by 78% in 1982. In 1983, the rate of increase is scheduled to decline to 37%, 3% below the rate of inflation projected to occur between December 1982 and December 1983 (Table 17).

4. Central bank credit to the public sector is expected to expand by 36% in 1982, but only 15% in 1983. The central bank's operations with respect to the banks is contractionary: the central bank's position is a negative ₡11.1 billion in 1982 and a minus ₡8.4 billion in 1983 (Table 18).

IX. LIQUIDITY SITUATION OF THE BANKING SYSTEM

The central bank stated -- and a banker* confirmed -- that Costa Rica does not have a liquidity problem as far as local currency bank credit to the private sector is concerned.

*Guillermo Von Breymann, General Manager of BANEX.

While the banking system does not have any excess cash (i.e. excess over the legal reserve requirement) as far as current deposits are concerned, there is ₡2.0 billion in excess liquidity with regard to time deposits and certificates (six-month maturity and over). The head of the Monetary Section of the central bank also pointed out that the bank experienced no difficulty in placing government bonds with the non-bank public. Such sales increased from ₡1.5 billion on December 31, 1981, to ₡5.0 billion in early October 1982. Thus, a producer would have had no difficulty in obtaining credit accommodation if he had good credit standing and acceptable collateral. This conclusion was accepted by bank manager Von Breymann,* though he noted that there were very few industrial entrepreneurs in Costa Rica today that met these requirements.

The finding of adequate liquidity does not extend to the commercial sector. Bank lending is governed by sectoral quotas, and most of the credit is channelled to the "productive" sector which excludes the commercial sector.

The favorable liquidity situation of the banking system is attributed mainly to two factors:

*In Von Breymann view, however, the current liquidity surplus may be a temporary situation that could disappear quickly if foreign exchange for debt servicing and other uses became available.

a. The general drop in economic activity, particularly construction and commerce, but extending also to manufacturing.

b. An even more important factor is the inability of public institutions to obtain dollars to service their external debt. Thus, their colon accounts cannot be demonetized. The public sector only pays its debt to the international financial institutions, not to the commercial banks. The private sector is in a similar situation. Moreover, there are some $40 million in import obligations on which decisions are pending.

X. RATE OF INFLATION

During the twelve-month period ending on August 31, 1982, the consumer price index for low- and middle-income groups in San Jose increased by 104%, which compares with an increase of only 39% for the prior twelve-month period (ending on August 31, 1981). The annualized rate of increase of the price index over the eight-month period January through August of 1982 is 92% for the consumer price index and 99% for the wholesale price index (see Tables 20 through 25).

Note that the IMF target for 1983 is a reduction of this rate of inflation to 40% for the twelve-month period ending in December; and 55% for the average in 1983 compared with the average for 1982. This target is only attainable, of course, if targets relating to public sector deficits, bank credit creation and foreign exchange availability can be achieved.

XI. THE IMF AGREEMENT: MAIN GOCR COMMITMENTS AND PROSPECTS FOR COMPLIANCE

The Letter of Intent on which agreement in principle was reached between the IMF staff and the government of Costa Rica could not be made available to me at the time of my visit. However, its major goals and conditions are apparent from the set of IMF tables, reproduced here, and were elaborated (without quantification) by central bank staff in their conversations with me. They are as follows:

1. Limits will be set on the amount of credit that the consolidated banking sector can provide to the public sector, as well as on the total net amount of credit that the central bank can provide. Observance of these limits would in turn require that the consolidated public sector deficits be held approximately to the limits projected in Table 11.

2. No further decline in the level of net international reserves in 1983.

3. A limit on the amount of foreign loans with maturities of less than 10 years that can be contracted.

4. Meeting the current interest obligations that fall due beginning in January of 1983. It is recognized, however, that both principal and interest payment arrears must be capitalized and rescheduled.

5. Unification of the inter-bank and free exchange rates within a year of signing of agreement.

6. Enactment of the tax reform package, including a 10% increase on the gasoline tax.

7. Increases in the prices of services provided or sold by state enterprises (gasoline, electricity, water, transport, etc.) in line with cost increases resulting from the adjustment in the inter-bank rate to permit the enterprises to achieve solvency.

8. Increase in social security contributions by 4% (2% for the employer and 2% for the employee).

9. Adjustment in interest rates: the rate on deposits is to rise to 25%; while interest charged on agricultural loans is also to rise to that level. Interest on loans to manufacturing industry is to increase to a range of 28 to 30 percent.

10. Salary increases in the public sector are to be governed by the low income group basket of goods which should increase by no more than 40% in 1983. However, the resulting increase in the salary of low income groups cannot be exceeded (in absolute terms) for middle and high income public sector employees.

What are the prospects that the goals of the IMF agreement will be achieved and the terms complied with? I discussed two points with the central bank's research staff:

the internal consistency of the program and its feasibility from a political standpoint.

The consensus -- with which I concur -- is that the program is internally consistent: if all the measures in the program relating to tax reform, public sector salary policy, contraction of public sector expenditures, increase in utility rates and ceilings on credit expansion, are taken, then the key policy goals relating to the rate of inflation and the prevention of further drops in net international reserves appear attainable.

With respect to political feasibility, the officials I talked to emphasized the government's firm intent to comply with all the terms of the IMF/GOCR agreement. They pointed out that Costa Rica needed the $100 million in IMF assistance plus the commercial bank credit likely to ride on its tail. Moreover, there appears to be a strong realization, both at the technical level and by President Monge, that all or most of the measures urged by the IMF were essential to pave the way to the restoration of Costa Rica's credit standing and economic viability.

On the other hand, the program worked out with the IMF strikes me as highly ambitiousin terms of the degree of belt tightening required and political feasibility. The objective of lowering the inflation rate from the current 80 to 90

percent to 40% by December 1983, may be difficult since the state enterprises must raise many of their rates for essential services further to eliminate their losses even without fresh adjustments in the exchange rate. The requirement that they unify the exchange rate in one year will require further adjustments in utility rates and in the price level. A related problem is the salary adjustment which, for middle and upper level public sector employees, amounts to only 5 to 10 percent of their current salaries. Public employees are unionized and may fight to achieve better protection of their living standards. They can be expected to exert strong political pressure on the government. So will the ministries whose expenditures have been cut drastically and all those adversely affected by the ambitious tax reform program. The goal of maintaining the 1983 real GDP at the same level as in 1982 may be hard to achieve in view of the need to replenish inventories, and the need to hold down the increase in merchandise imports, in current dollars, to 4.4%, which is likely to mean a reduction in real terms. If real GDP declines in 1983, revenue collections are likely to be below the level projected.

In sum: The IMF/GOCR program appears internally consistent and the political resolve exists to comply with all of its terms. However, it is very ambitious and compressed into a very short period -- a single year. Its execution will

require strong resolve on the part of the government and the ability to resist powerful political pressures from many quarters.

XII. IMPLICATIONS FOR AID POLICY

Four topics will be addressed in this section: the interrelationship between AID/ESF and IMF assistance; whether AID's ESF assistance should be tranched; disposal to be made of the colon counterpart of the AID/ESF program; and the magnitude of the demand for imported raw materials and intermediate goods that our balance of payments assistance is programmed to finance.

a. Interrelationship of AID/ESF and IMF Assistance

I understand that AID has conditioned its substantial balance of payments assistance program to Costa Rica -- $70 million under the CBI program and possibly another $60 million of DA FY-83 funds -- on the negotiation of an agreement with the IMF. This is reasonable since the IMF has much greater capabilities than AID in the area of macroeconomic analysis, and has special expertise in defining the fiscal, monetary and foreign exchange policies necessary to achieve economic stabilization.

It does not follow from this, however, that AID should suspend the right of the GOCR to draw on U.S. balance of payments assistance whenever the IMF decides to do so. While I

fully agree that balance of payments assistance should be part of a comprehensive agreement designed to ensure that monetary-fiscal policies are adjusted and other necessary structural changes made to achieve the goals of the stabilization program, we should also be aware that the conditions that the IMF imposes are often extremely demanding in the areas of monetary-fiscal discipline and cut-back in living standards, and may be difficult to achieve politically. The above analysis has shown that this is the case for Costa Rica. Moreover, the right to draw on IMF funds is generally conditioned on the authorities meeting a number of quarterly tests. There is generally a tendency to suspend automatically the country's drawing rights when one or more tests are failed. This approach impresses me as excessively mechanical. Should the IMF suspend drawing rights, I would recommend that AID despatch to Costa Rica one or two macroeconomists to determine (a) the seriousness of the violation; (b) the degree to which the violation is due to factors beyond the government's control (such as further deterioration of the terms of trade or decline in the real GDP); (c) the degree to which the violation threatens the overall economic stabilization program; (d) whether it represents a weakening of the will of the government to comply with the terms of the IMF agreement. It is only after a

careful analysis of the circumstances surrounding the violation that a decision to follow suit should be made.

b. Tranching

The above discussion raises the question as to whether the AID/ESF contribution should be made in one lump sum or be tranched. I would favor tranching on a quarterly basis in order to give AID the flexibility of suspending drawing rights in case of gross violation due to factors outside the authorities' control.

c. Use of the Colones Counterpart to AID/ESF Assistance

At the time of my visit, the AID mission was seriously concerned about the use that would be made of the colon counterpart of the AID/ESF assistance. In particular, there was concern that (1) such utilization would be inflationary and might cause the government to violate the IMF agreement; (2) whether it should all go to the private sector or whether a portion should be used to finance particular projects.

I found that the concern with respect to inflationary impact was unjustified. The program negotiated with the IMF made full allowance for the counterpart generated by the ESF program. In other words, colon generation of the program has already been considered in determining the ceilings on credit creation. At least this is the case for $10 million in new ESF assistance in 1982 (in addition to the $15 million

in loans provided earlier this year); and $100 million* in additional balance of payments assistance during 1983. If our ESF and other balance of payments assistance should exceed these amounts, then the disposal of the excess colones must be programmed in consultation with the central bank and the IMF.

With regard to the distribution of this counterpart between the private and public sectors, the Mission's preference is to give it all to the private sector.** This has already been done: the central bank assured me that the AID counterpart has all been assigned to the private sector. This is apparent from Table 18 which shows that the central bank's credit position with the commercial banks is scheduled to increase by ₡5.0 billion in 1983, which is the counterpart of $100 million in projected U.S. balance of payments assistance at ₡50 to $1. This amount is well below the overall projected credit expansion to the private sector in 1983, which is equal to ₡8.9 billion (see Table 16).

*The IMF and the central bank were conservative in projecting the level of U.S. balance of payments assistance over 1982-83. The Mission hopes to obtain a total of $130 million.

**The counterpart to $11 million in grant financing would be turned over to a voluntary organization to finance particular projects, also in the private sector. The balance of the $130 million (maximum) would be turned over to the central bank for allocation to the commercial banks, to be used for the importation of essential raw materials and intermediate goods.

d. Demand for Imports of Raw Materials and Intermediate Goods Originating in the U.S.

The Mission contemplates that the dollar assistance under the AID/ESF program for 1982 to 1983 would all be used for the importation of raw materials and intermediate goods originating in the United States. The question arises as to whether the requirement for such imports is large enough to justify earmarking the whole amount of the ESF assistance (a maximum of $130 over 1982-83) for this purpose.

I have therefore asked the central bank to provide data on the raw material requirements of the industrial and agricultural sectors in 1980 and 1981. The central bank argued that materials for construction should be included since (a) the construction sector is a vital sector of the economy; (b) is highly labor-intensive; and (c) is severely depressed at this time, in part because of the difficulty of securing necessary inputs. I see no reason for excluding it. The combined imports (from the U.S.) of these three sectors is $251 million in 1980, $223 million in 1981 and $78 million over the first five months of 1982 (or an annualized rate of $186 million).

I would suggest that the $250 million figure for 1980 be taken as the benchmark of the combined raw material requirement of these three sectors, since the import figures for 1981 and the first five months of 1982 reflect the

depressed state of the economy and the unavailability of foreign exchange for purchasing raw materials. The year 1980 is the last "normal" year. Thus, the $130 million maximum of U.S. balance of payments assistance is only slightly more than half the estimated requirement.

XII. SUMMARY AND CONCLUSIONS

The IMF's balance of payments projections show a $100 million increase in international reserves in 1982, but an unfinanced gap of $539 million in 1983. Most of this gap consists of interest payments arrearages incurred over 1981 and 1982. In addition, the IMF's 1983 projection assumes that Costa Rica will obtain $638 million in rescheduled arrears to cover principal payments that accrued (but were not paid) over 1981 and 1982.

The balance of payments projection I developed with the assistance of the central bank shows an even bigger unfinanced gap for 1983 -- equal to $565 million. This gap remains after making full allowance for $100 million in AID/ESF assistance, $100 million in IMF credits and $79 million in IBRD structural readjustment loans. About $469 million of this deficit is attributable to interest arrearages over 1981 and 1982. If such arrearages are abstracted from (i.e. disregarded or assumed to be refinanced), the unfinanced gap on current 1983 operations would decline to only $26 million (Col. 4 of Table 2). Clearly, Costa Rica has no alternative but to reschedule or refinance all principal and interest payments accrued prior to 1983.

Net international reserves declined from $139 million at the end of 1980 to minus $107 million on August 31, 1982. Debt service charges on the external public debt increased from $343 million in 1979 to a projected $780 million for 1983. The debt service ratio increased from 36% to 78% over this period.

Costa Rica's real GDP is projected to decline by 6% in 1982 and to remain constant in 1983. Largest areas of decline in 1982 are fixed capital formation (down by 41%) and exports of goods and services (by 20%).

The IMF's fiscal projections reflect a major effort on the part of the central government and state enterprises. The central government's deficit in 1983 is projected to decline by about 35% in real terms while that of the state enterprises would decline by about 70%. As a proportion of the GDP, the public sector deficit would decline from 15.0% in 1981 to only 4.4% in 1983. The fiscal program involves a substantial reduction in the real pay of government employees as well as a tax reform program yielding an additional ₡3.1 billion in 1983.

Total net credit to the public sector is projected to increase by only 15% (in current colones) in 1983, which entails a significant reduction in real terms. Credit to the private sector is scheduled to increase by 48%. The money supply increased by 78% in 1982, but is projected to rise by only 37% in 1983. The rate of inflation between August 1982 and December 1981 was 92% on an annual basis for the consumer price index and 99% for the wholsesale price index.

Costa Rican authorities are resolved to comply with all the terms of the IMF agreement. The consensus is that it is internally consistent and that the targets could be achieved if the various conditions are complied with. However, it is very demanding in terms of living standard reductions, particularly for the middle and upper-income groups. It makes unusual demands in the areas of salary adjustments for public sector employees, tax reform and reduction in government expenditure. Strong political pressures to relax some of the norms should be expected.

With respect to AID policy, it is recommended that AID assistance also be tranched, perhaps on a quarterly basis to coincide with those of the IMF. However, our balance of payments assistance program should not be automatically suspended along with any suspension the IMF may order for violation of one of its tests. Any suspension of the ESF program should be preceded by an on-the-spot evaluation to assess the gravity of the violation and whether it was due to factors beyond the government's control.

AID need not concern itself with the possible inflationary impact of the disbursement of counterpart funds generated by its balance of payments assistance program as the colon counterpart generated by a $100 million 1983 ESF program was taken into account by the IMF in setting ceilings on credit expansion.

This report also provides data on the magnitude of Costa Rica's requirement for raw materials and intermediate goods to be imported from the United States to ensure that this requirement is large enough to accommodate a $130 million (maximum) U.S. allocation for the importation of raw materials for the private sector under our balance of payments assistance program over 1982-83. The data show that the annual requirement is about $250 million, nearly double the maximum amount of U.S. balance of payments assistance to be provided over this period.

TABLE 1

Table 8. Costa Rica: Balance of Payments 1/

(In millions of U.S. dollars)

	1979	1980	1981	1982	1983
I. Current account	-558.6	-663.9	-409.2	-272.0	-285.0
Merchandise trade	-454.8	-526.6	-183.6	100.0	135.0
Exports, f.o.b.	942.1	1,000.9	1,029.7	1,010.0	1,085.0
Imports, c.i.f.	-1,396.9	-1,527.5	-1,213.3	-910.0	-950.0
Services	-116.0	-151.8	-252.0	-400.0	-465.0
Other services	30.1	64.4	83.8	87.0	105.0
Factor	-146.1	-216.2	-335.8	-487.0	-570.0
Direct investment and private	(-16.6)	(-57.2)	(-27.9)	(-21.0)	(-25.0)
Official interest	(-129.5)	(-159.0)	(-307.9)	(-466.0)	(-545.0)
(Contractual: Paid)	/-129.5/	/-159.0/	/-160.3/	/-97.0/	/-374.0/
(Contractual: Unpaid)	/--/	/--/	/-147.6/	/-258.0/	/--/
(Interest on arrears)	/--/	/--/	/--/	/-111.0/	/-167.0/
(Interest current principal)	/--/	/--/	/--/		/-4.0/
Transfers	12.2	14.5	26.4	28.0	45.0
II. Capital account	452.7	185.9	-61.0	-163.0	285.0
Private (incl. net errors and omissions)	92.3	-125.[illegible]	-95.7	-63.0	--
Official	360.5	311.7	34.7	-100.0	285.0
Disbursements	(574.2)	(565.4)	(309.5)	(206.0)	(408.0)
Repayments	(-213.8)	(-253.7)	(-274.8)	(-306.0)	(-235.0)
(Contractual: Paid)	/-213.8/	/-253.7/	/-63.6/	/-86.0/	/-123.0/
(Contractual: Unpaid)	/--/	/--/	/-211.2/	/-220.0/	/-112.0/
Refinancing of current principal	--	--	--	--	112.0
III. Other (SDRs revaluation and transaction with non-monetary agencies	23.5	22.3	5.4	--	--
IV. Net international reserves (overall balance)	-82.4	-455.7	-464.8	-435.0	--
Accumulation (+) of arrears					
Reduction (-) of arrears	--	283.0	358.8	589.0	-1,177.0
(Principal)	(--)	(283.0)	(211.2)	(220.0)	(-708.0)
(Interest)	(--)	(--)	(147.6)	(369.0)	(-469.0)
Rescheduling of arrears	--	--	--	--	638.0
(Principal)	(--)	(--)	(--)	(--)	(638.0)
Repayment of arrears	--	--	--	-54.0	(...)
(Principal)	(--)	(--)	(--)	(-6.0)	(...)
(Interest)	(--)	(--)	(--)	(-48.0)	(...)
V. Contingent financing (rescheduling/refinancing/new loans)					539.0
VI. △ Official reserves (- increase)	82.4	172.7	106.0	-100.0	

1/ See separate note for basic assumptions and calculations.

TABLE 2

COSTA RICA: BALANCE OF PAYMENTS PROJECTION
FOR 1982-83
(In million of Dollars)

	(1) 1981	(2) 1982	(3) 1983 With Arrears	(4) 1983 W/O Arrears
I. Current Account, Net	- 409.2	-322.0	- 370.0	- 370.0
Exports, FOB	1029.7	960.0	1000.0	1000.0
Imports, CIF	-1213.3	-910.0	-950.0	-950.0
Services, Net (including interest)	- 252.0	-400.0	- 465.0	- 465.0
Transfers, Net	26.4	28.0	45.0	45.0
II. Autonomous Capital Movement, Net	- 55.6	-203.7	- 43.2	- 43.2
Private Capital, Net	- 95.7	- 63.0	-	-
Official Disbursements	309.5	165.3	191.8	191.8
Repayments Due	- 274.8	-306.0	- 235.0	- 235.0
SDR Revaluation	5.4	-	-	-
III. Overall Balance	- 464.8	-525.7	- 413.2	- 413.2
IV. Financing of Deficit	358.8	578.0	- 152.0	387.0
Accumulation (+) or Reduction of Arrears (Int. & Principal)	358.8	589.0	-1177.0	-
Refinancing of Current Principal	-	-	112.0	112.0
Rescheduling of Arrears (Principal only +)	-	-	638.0	-
Repayment of Arrears (-)	-	- 54.0	-	-

	(1) 1981	(2) 1982	(3) 1983 With Arrears	(4) 1983 W/O Arrears
Compensatory Financing	-	43.0	275.0	275.0
AID/ESF		(25.0)	(100.0)	(100.0)
PL 480		(18.0)	-	-
IMF	-	-	(100.0)	(100.0)
IBRD Structural Readjustment Loans		-	(75.0)	(75.0)
V. Decline in Net Int'l. Reserves (- increase) or Unfinanced Gap (III-IV)	106.0	- 52.3	565.2*	26.2

*To be covered mostly by refinancing of interest payments due.

Source: IMF projections adjusted by ROCAP Economic Advisor in consultation with Central bank.

Each
Without compensatory finance for AID IMF
and IBRD it is estimated
If arts Rican resolution project on its
foreign debt

Excluding payment on debt arrearages which is being
~~to~~ renegotiated.

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TABLE 3

Table 33. Value, Volume, and Unit Value of Principal Exports

(Values in millions of U.S. dollars; volumes in thousands of units as indicated: and unit values in U.S. dollars)

	1979	1980	Prel. 1981	Proj. 1982	Proj. 1983
Exports, f.o.b.	942.1	1,001.7	1,029.7	1,008.4	1,085.1
Coffee	315.4	247.9	240.7	261.3	258.6
Volume (quintal)	2,117	1,559	2,095	2,077	2,190
Unit value (per quintal)	149.0	159.0	114.9	125.8	118.1
Bananas	190.5	207.5	246.9	286.0	322.0
Volume (metric ton)	1,025	973	1,002	1,075	1,150
Unit value (per ton)	185.9	213.3	246.4	266.0	280.0
Meat	81.7	70.7	74.0	67.2	69.9
Volume (metric ton)	31.6	26.0	33.2	32.0	33.3
Unit value (per ton)	2,590.0	2,715.2	2,228.9	2,100.0	2,099.1
Sugar	17.5	40.7	43.1	9.9	11.0
Volume (quintal)	1,502	1,574	1,597	896	1,000
Unit value (per quintal)	11.7	25.9	27.0	11.1	11.0
Cocoa	9.7	4.2	2.7	3.5	3.7
Volume (quintal)	92	47	44	61	61
Unit value (per quintal)	105.6	89.2	61.4	57.85	60.0
Fertilizer	9.3	10.0	15.6	10.4	14.9
Volume (metric ton)	61.1	55.6	86.0	59.8	74.7
Unit value (per ton)	152.2	179.9	181.4	173.9	199.5
Other products	310.3	420.7	412.9	370.1	405.0
Agricultural	(60.3)	(56.1)	(86.9)	(70.1)	(75.0)
Industrial	(250.0)	(364.6)	(326.0)	(300.0)	(330.0)
Adjustment	7.7	--	-6.2	--	--

Sources: Central Bank of Costa Rica; and Fund staff estimates.

TABLE 4
VALUE OF MERCHANDISE IMPORTS (CIF)
(Millions of dollars)

	1976	1977	1978	1979	1980	1981 (1)	Six months Ended June 1981 (1)	Six months Ended June 1982
Consumer goods.....	100,8	243,5	295,8	350,1	335,1	256,4	127.9	73.0
Raw materials.....	325,4	413,3	468,9	544,1	696,1	621,8	394.5	241.1
Agriculture.....	22,8	29,2	34,2	36,0	50,7	46,4	44.4	30.5
Manufacturing and mining.	269,6	341,8	364,1	449,4	573,0	527,0	288.0	177.0
Construction.....	32,0	42,3	70,6	58,7	72,4	45,4	42.3	13.6
Petroleum products.....	40,1	62,5	67,7	121,7	95,4	69,4	35.7	47.9
Capital goods.....	175,1	237,7	269,1	317,5	252,8	179,0	119.0	64.4
Agriculture.....	22,0	26,4	27,1	29,2	23,5	13,4	13.0	5.0
Manufacturing and mining.	65,5	84,3	94,2	133,5	104,3	82,6	82.7	43.2
Construction.....	28,2	31,4	38,6	45,1	40,3	17,5	8.7	2.0
Transportation.....	59,4	93,6	109,2	109,7	84,7	65,5	14.6	14.2
Other.....	53,0	69,4	64,2	63,4	91,4	84,9	—	—
Total.....	770,4	1.021,4	1.165,7	1.328,8	1.523,5	1.211,2	659.3	426.4

(1) Preliminary figures.
SOURCE: Dirección General de Estadística y Censos y Banco Central de Costa Rica.

VALUE OF MERCHANDISE IMPORTS BY ORIGIN (CIF)
(Millions of dollars)

	1976	1977	1978	1979	1980	1981 (1)	Five months Ended May 1981 (1)	Five months Ended May 1982
Canada.....	16,0	16,1	17,6	24,3	34,5	25,4	11,5	6,7
Central American Common Market countries (2).....	135,6	167,9	202,6	211,7	219,8	152,3	70,2	47,3
Federal Republic of Germany	33,9	55,6	50,2	69,1	70,9	53,4	22,8	15,4
Finland.....	0,6	0,5	0,3	0,2	0,4	0,5	0,2	0,6
Italy.....	8,7	13,3	18,9	36,5	23,4	24,8	11,5	6,1
Japan.....	83,2	136,4	156,8	172,9	171,3	118,3	57,2	14,8
Mexico.....	20,4	23,4	39,6	44,4	96,7	110,7	52,0	30,6
The Netherlands.....	7,2	6,7	7,9	13,0	11,1	7,0	3,9	1,3
Panama.....	10,7	12,1	14,6	19,7	30,2	20,3	11,2	4,2
United Kingdom.....	21,7	23,2	27,4	26,6	25,8	18,3	10,0	4,8
United States of America...	226,1	342,6	374,4	424,2	502,1	401,1	179,4	125,8
Venezuela.....	46,4	33,6	40,7	30,0	105,2	92,0	45,3	54,6
Other countries.....	148,9	188,0	205,5	304,2	232,4	184,1	76,0	49,6
Total.....	770,4	1.021,4	1.165,7	1.328,8	1.523,8	1.211,2	551,2	361,2

(1) Preliminary figures.
(2) Includes all imports from Guatemala, El Salvador, Honduras and Nicaragua.
SOURCE: Dirección General de Estadística y Censos y Banco Central de Costa Rica.

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TABLE 5

Table 25.
Banking System: Net Use of Medium- and Long-Term Foreign Loans

(In millions of U.S. dollars)

	1982	1983
Central Bank		
Total (net)	65	183
A. Disbursements	98	242
Of which: U.S. balance of payments assistance		
CCC	(12)	(12)
ESF	(15)	(100)
IBRD balance of payments assistance	(--)	(60)
IDB loan for industrial rehabilitation	(--)	(15) 1/
B. Amortization 2/	-25	-46
C. Transfers of FIV 3/	-8	-8
D. 10 per cent of rescheduled principal for 1983	--	-5
Commercial banks		
Total (net)	--	-1
A. Disbursements	8	7
B. Amortization	-8	-7
C. 10 per cent of rescheduled principal for 1983	—	-1
Banking System		
Total (net)	65	182

Sources: Central Bank of Costa Rica; and Rand staff estimates.

1/ It is assumed that US$15 million of a US$50 million loan for the export sector will be disbursed to the Central Bank for importation of raw materials.

2/ Includes mainly amortization to multilateral creditors. The total amount of amortization due is US$146 million for 1982 and US$86 million for 1983.

3/ It is assumed that US$4 million will be transferred to the Central Government and the remaining US$4 million to ICE. Thus, the total net disbursement to the Central Bank differs from that shown in the balance of payments by US$8 million both in 1982 and 1983.

TABLE 6

Projection of Foreign Loan Disbursements in 1982 and 1983

CUADRO Nº 7 ...(Continuación)

Prestamista y Préstamo	Desembolsos 1982 2/	Desembolsos 1983 2/
A.- Gobierno Central (Continuación)		
BID		
# 543 UNA-UCR-ITCR	3.500	4.500
# 500 Préstamo para la educación	200	250
# 531 Programa Sanidad Animal	1.200	1.600
BIRF		
# 915 Educación Profesional	382	-
#1187 Carretera San José - Siquirres	1.000	2.000
#1491 Transp. Urbano San José	2.400	1.800
#1845 Proyecto Carreteras	400	1.500
#2019 Exploración Petrolera (Trámite)	500	1.000
AID		
# 515-T-026 Programa Nutrición	500	-
# 515-T-027 Producción Agrícola	3.500	-
# 515-W-028 Proyecto Urbano Empleo y Mejoramiento de Caminos	800	1.000
# 515-W-030 CONICIT	400	700
# 515-W-031 CONICIT	400	500
# 515-T-032 Conservación Recursos Naturales	800	900
# 515-T-032A Conservación Recursos Naturales	400	500
# 515-W-033 Conservación Recursos Naturales	100	200
# 515-T-034 Asentamientos Campesinos	1.000	1.500
(Trámite) Importación de bienes	10.000	30.000
PL-480-1 Importación de bienes	18.000	-
EXIMBANK de Japón - Caldera # 2	500	625
KFW - Ampliación Puerto Limón # 1	3.000	3.600
Banco Exterior España - SINART	250	365
KFW - Ampliación Puerto Limón # 2	1.000	2.000
SUB-TOTAL GOBIERNO CENTRAL	58.847	72.150
B.- Banco Central de Costa Rica		
BCIE # 564 Agroempresas Rurales	700	-

CUADRO Nº 7 ...(Continuación)

Prestamista y Préstamo	Desembolsos 1982 2/	Desembolsos 1983 2/
B.- Banco Central de Costa Rica (Continuación)		
BIRF # 1410 Desarrollo Rural	700	700
BCIE - Expansión instalaciones (Trámite)	-	500
BIRF # 1599 FODEIN	4.000 4/	4.500
Banco Central de Argentina	-	-
Banco Exterior España # 2	900	1.000
Banco Exterior España # 3 - CODESA	342	-
Banco Nal. de Comercio Exterior - México	8.500	5.500
Credit Lyonnais - Bienes Importados	100	100
Banco Central de China - Bienes de Capital	100	100
Rumanian Bank for Foreign Trade (L.C.) - Bienes de Capital	100	100
Creditanstanl Bankverein - Bienes de Capital	100	200
Deutsch Sudamerikanische Bank # 3 - Bienes de Capital	600	800
Skandinaviska Enskilda - Bienes de Capital	100	100
Societé Generale Banque L.C. - Bienes de Capital	100	100
Banco Central Venezuela - Importac. de Venezuela	2.000	-
FIV	25.000	25.000
First Palm Beach Int. Bank. - Imp. Prod. Agrícolas	12.000	-
BIRF - Fomento Exportaciones (Trámite)	-	10.000
BIRF - Ajuste Estructural 1 (Trámite)	-	75.000
BIRF - Ajuste Estructural 2 (Trámite)	-	-
Gobierno de México	3.000	8.000
AID - Economic Support	15.000	-
AID - Asist. para el Desarrollo	-	70.000
BID # 678 Crédito Agropecuario VI Etapa (Trámite)	1.000	2.000
FIDA - Crédito Agropecuario VI Etapa	500	1.000
SUB-TOTAL BANCO CENTRAL	74.842	204.700
C.- Banco Nacional de Costa Rica		
BID # 96 Crédito Agropecuario VI Etapa	500	1.000
BCIE Agroempresas Rurales (Trámite)	-	500
BCIE Ampliación proyecto agroempresas rurales (Trámite)	-	500

CUADRO Nº 7 ...(Continuación)

Prestamista y Préstamo	Desembolsos 1982 2/	Desembolsos 1983 2/
D.- Banco de Costa Rica		
BID - Créditos Ind. V Etapa PC	500	1.000
E.- Banco Anglo Costarricense		
BID # 429 Desarrollo Pesquero	400	-
EXIMBANK - Importación Bienes	-	-
First National Bank of Commerce	-	-
F.- Banco Crédito Agrícola de Cartago		
BCIE # 5-070 Vivienda	6.241	-
BCIE (Trámite) Vivienda	-	3.700
SUB-TOTAL BANCOS COMERCIALES (C+D+E+F)	7.641	6.700
RESTO SECTOR PUBLICO		
Instituto Costarricense de Electricidad		
BCIE		
# 108 Proyecto Hidroeléctrico Arenal	231	-
# 140 Interconexión Costa Rica - Nicaragua	700	-
# 121 Telecomunicaciones	500	-
# 157 Ventanas Garita y Palomo	100	1.000
# 183 Edificio Telecom. San Pedro	200	800
BID		
# 463 Electrificación Rural	1.000	-
# 22 Proyecto Hidroeléctrico Corobicí	4.762	5.000
# 34 Proyecto Hidroeléctrico Corobicí	4.762	5.000
# 67 Ventanas - Garita	12.000	14.000
# 535 Telefonía Rural	2.000	2.958
# 598 Electrificación Rural	12.000	13.500
# 373 Proyecto de Riego Río Tempisque	100	300
# 68 Proyecto Geotérmico (Trámite)	-	-
# 617 Proyecto de Riego Río Tempisque	100	500
BIRF		
# 1126 Proyecto Hidroeléctrico Arenal	88	-

CUADRO Nº 7 ...(Continuación)

Prestamista y Préstamo	Desembolsos 1982 2/	Desembolsos 1983 2/
BIRF		
# 1532 Telecomunicaciones	1.406	1.669
# 1713 Energía Eléctrica	9.000	12.000
Préstamo Corto Plazo	1.095	-
Varios Proveedores	12.000	14.000
SUB-TOTAL ICE	62.044	70.727
CODESA		
BCIE Zonas Francas de Exportación en Moín y Santa Rosa (Trámite)	-	800
BID Parque Industrial Moín y Caldera (Trámite)	-	500
SUB-TOTAL CODESA	-	1.300
JASEC		
Credit Swize - Consultoría Proyecto Birrís	100	300
BCIE - Proyecto Hidroeléctrico Birrís (Trámite)	-	500
SUB-TOTAL JASEC	100	800
I.C.T.		
BCIE # 569 - Bahía Culebra	100	200
SUB-TOTAL I.C.T.	100	200
IFAM		
BCIE # 130-1 CENADA	200	-
BID Obras Municipales y pequeña infraestructura (Trámite)	-	300
AID Obras Municipales y pequeña infraestructura (Trámite)	-	300
SUB-TOTAL IFAM	200	600
IDA		
BCIE - Siembra Marañón (Trámite)	-	-
BCIE # 577 - Agroempresas Rurales	200	300
SUB-TOTAL IDA	200	300

CUADRO Nº 7 ...(Continuación)

Prestamista y Préstamo	Desembolsos 1982 2/	Desembolsos 1983 2/
I.N.A.		
BCIE # 5 Expansión Física y Equipamiento	350	1,000
SUB-TOTAL I.N.A.	350	1.000
INFOCOOP		
BCIE # 578 - Agroempresas Rurales	95	100
SUB-TOTAL INFOCOOP	95	100
ALUNASA		
Banco Santander	100	-
SUB-TOTAL ALUNASA	100	-
FUNAC - 4S		
BID TF-80-18 SP/TF Crédito Jóvenes Clubes 4-S	100	100
SUB-TOTAL FUNAC - 4S	100	100
BANCO POPULAR		
BCIE - Desarrollo Social (Trámite)	-	300
SUB-TOTAL BANCO POPULAR	-	300
INVU		
BCIE # 5-076 PC Vivienda	100	400
BCIE Vivienda (Trámite)	-	400
Fondo Inversiones Venezuela	-	500
SUB-TOTAL INVU	100	1.300
ICAA		
CDC (Corporación Desarrollo Comunidades) Proyecto Orosi 5/	500	1.500

CUADRO Nº 7 ...(Conclusión)

Prestamista y Préstamo	Desembolsos 1982 2/	Desembolsos 1983 2/
BIRF # 1935 - Proyecto Orosi 5/	500	1.500
BID # 469 SF-CR Alcantarillado Metropolitano II Etapa	-	1.844 6/
Gob. Británico Alcantarillado Metropolitano II Etapa	-	-
SUB-TOTAL ICAA	1.000	4.844
C.C.S.S.		
K.F.W. - Equipo Hospitales	400	500
BID # 439 SF-CR - Servicios Médicos Rurales	1.500	-
Siemens A.G. Equipo Hospitales	250	-
SUB-TOTAL C.C.S.S.	2.150	500
FECOSA		
K.F.W. - Reparación Vías	200	427
Banque Nat. Paris - Reparación Vías	200	800
Browm Boverin - Electrificación Vía Bananera	-	-
SUB-TOTAL FECOSA	400	1.227
RECOPE	-	-
SUB-TOTAL RESTO SECTOR PUBLICO	66.939	83.298
TOTAL GENERAL	209.269	366.848

NOTAS AL CUADRO Nº 7:

1/ El 17 de mayo, el representante del BCIE en Costa Rica manifestó que la Institución sufre una baja fuerte de ingresos por falta de pago de empresas y entidades oficiales del área favorecidas con sus créditos. La mora ascendía al 31 de diciembre de 1981 a unos $70 millones, lo que ha hecho que el BCIE suspenda los giros sobre préstamos destinados a infraestructura, manteniendo únicamente los que se refieren a operaciones que financian vivienda y agroempresas. El cálculo para 1982 supone que se mantendrá esa situación. Para 1983 se considera que el problema de falta de fondos del BCIE empezará a superarse y se darán algunos giros para obras de infraestructura, aunque a un ritmo muy lento.

2/ Estimación con base en datos reales para el período enero-marzo de 1982, informes telefónicos de las entidades y cálculos de presupuesto.

3/ Se giraría en 1984.

4/ Datos del Fondo de Desarrollo Industrial.

5/ Giros sujetos a aumento de tarifas.

6/ Giros sujetos a cambio de destino de los recursos.

TABLE 9

CUADRO 6

OFERTA Y DEMANDA GLOBALES

-EN MILLONES DE COLONES DE 1966-

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
UCTO INTERNO BRUTO PRECIOS DE COMPRADOR	6438,0	6934,3	7318,8	7472,5	7884,8	8586,9	9125,1	9575,8	9647,8	9207,9	8664,3	8664,3
PORTACIONES DE BIENES SERVICIOS	2385,0	2532,9	2771,1	2568,1	2983,6	3731,7	4011,7	4128,7	3987,0	2963,2	1813,4	1833,6
OFERTA GLOBAL	8823,0	9467,2	10089,9	10040,6	10868,4	12318,6	13136,8	13704,5	13634,8	12171,1	10477,7	10497,9
STO PRIVADO DE CONSU- FINAL	4324,1	4502,6	4734,6	4837,4	5039,0	5726,2	6204,7	6351,3	6238,0	5411,5	5159,6	5194,3
STO DE CONSUMO FINAL EL GOBIERNO GENERAL	790,8	838,7	909,5	961,0	1036,0	1126,7	1168,0	1258,1	1276,4	1187,4	1157,7	1118,5
ORMACION BRUTA DE CA- ITAL FIJO	1313,2	1424,4	1563,2	1543,9	1909,7	2147,1	2321,7	2676,6	2424,5	1756,2	1040,1	1083,1
UMENTO DE EXISTENCIAS	-15,8	115,1	108,4	-21,2	16,8	217,9	33,5	-103,5	328,8	-84,0		
DEMANDA INTERNA	6412,3	6880,8	7315,7	7321,1	8001,5	9217,9	9727,9	10184,5	10267,7	8271,1	7357,4	7395,9
XPORTACIONES DE BIENES SERVICIOS	2410,7	2586,4	2774,2	2719,5	2866,9	3100,7	3408,9	3520,0	3367,1	3900,0	3120,3	3102,0
DEMANDA GLOBAL	8823,0	9467,2	10089,9	10040,6	10868,4	12318,6	13136,8	13704,5	13634,8	12171,1	10477,7	10497,9

Fuente: Banco Central de Costa Rica

TABLE 10

Table 12.
Costa Rica: Gross Domestic Product at Constant Prices

	1977	1978	1979	1980	1981	Proj. 1982	Proj. 1983
(In millions of 1966 colones)							
Gross domestic product	8,587	9,125	9,576	9,648	9,208	8,664	8,664
Agriculture and related areas	1,629	1,736	1,745	1,736	1,757	1,817	1,837
Manufacturing and mining	1,893	2,048	2,103	2,120	2,040	1,908	1,866
Construction	483	511	609	603	533	320	340
Utilities	182	191	201	225	244	248	255
Commerce	1,653	1,723	1,794	1,741	1,419	1,166	1,170
Transport and communications	512	572	643	676	680	681	675
Financial services	410	444	486	500	477	486	500
Government	839	881	933	967	981	989	989
Other services	986	1,019	1,062	1,080	1,077	1,049	1,032
(Percentage distribution)							
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture and related areas	19.0	19.0	18.2	18.0	19.1	21.0	21.2
Manufacturing and mining	22.0	22.4	22.0	22.0	22.2	22.0	21.5
Construction	5.6	5.6	6.4	6.3	5.8	3.7	3.9
Utilities	2.1	2.1	2.1	2.3	2.6	2.9	2.9
Commerce	19.2	18.8	18.7	18.0	15.4	13.4	13.5
Transport and communications	6.0	6.3	6.7	7.0	7.4	7.9	7.8
Financial services	4.8	4.9	5.1	5.2	5.2	5.6	5.8
Government	9.8	9.7	9.7	10.0	10.6	11.4	11.4
Other services	11.5	11.2	11.1	11.2	11.7	12.1	11.9
(Percentage change from previous year)							
Gross domestic product	8.9	6.3	4.9	0.8	-4.6	-5.9	--
Agriculture and related areas	2.2	6.6	0.5	-0.5	1.2	3.4	1.1
Manufacturing and mining	12.7	8.2	2.7	0.8	-3.8	-6.5	-2.2
Construction	3.9	5.8	19.3	-1.0	-11.6	-40.0	6.3
Utilities	6.9	5.4	5.1	11.9	8.4	2.0	2.6
Commerce	17.9	4.2	4.1	-3.0	-18.5	-17.8	0.3
Transport and communications	12.0	11.7	12.4	5.2	0.6	0.1	-0.9
Financial services	7.8	8.3	9.5	2.9	-4.6	2.0	2.8
Government	5.0	5.0	5.9	3.6	1.4	0.8	--
Other services	5.1	3.3	4.2	1.7	-0.3	-2.6	-1.6

Source: Central Bank of Costa Rica.

TABLE 11

Table 2. Costa Rica: Summary Operations of the Nonfinancial Public Sector

(In millions of colones)

	1978	1979	1980	1981 Program 1/	1981 Actual	1981 "Reduced" Actual	Program 1982	Program 1983
Central Government	-1,458	-2,390	-3,297	-2,500	-2,989	-2,989	-3,460	-3,510
Current revenue	4,026	4,239	4,982	7,900	7,292	7,292	12,430	19,880
Expenditure (-)	-5,484	-6,629	-8,279	-10,400	-10,281	-10,281	-15,890	-23,390
Current (-)	(-4,276)	(-5,152)	(-6,349)	(-8,488)	(-8,168)	(-8,168)	(-13,210)	(-19,530)
Capital (-)	(-1,208)	(-1,477)	(-1,930)	(-1,912)	(-2,113)	(-2,113)	(-2,630)	(-3,860)
Rest of general government	-93	150	-491	-352	-599	-505 2/	-420	-630
Revenue	3,897	5,033	5,694	6,792	6,966	3,604	5,680	8,140
Current	(3,739)	(4,847)	(5,408)	(6,392)	(6,456)	(3,320)	(5,680)	(8,140)
Capital	(158)	(186)	(286)	(400)	(510)	(284)	(--)	(--)
Expenditure (-)	-3,990	-4,883	-6,185	-7,144	-7,565	4,109	-6,100	-8,770
Current (-)	(-3,319)	(-4,286)	(-5,025)	(-6,299)	(-6,042)	(-3,545)	(-5,690)	(-8,080)
Capital (-)	(-671)	(-597)	(-1,160)	(-845)	(-1,523)7/	(-564)	(-410)	(-690)
State enterprises	-1,162	-1,872	-1,970	-2,398	-4,407	-4,403 3/	-5,710	-2,610
Current account surplus	200	-120	-116	784	-1,839	-1,891	-1,121	4,170
Capital revenue	26	171	52	150	759	747	220	311
Capital expenditure (-)	-1,388	-1,923	-1,906	-3,332	-3,327 8/	-3,259 8/	-4,809	-7,091
Consolidated public sector deficit	-2,713	-4,112	-5,758	-5,250	-7,995		-9,590	-6,750
Residual 4/	-331	82	554	--	-605		--	--
Overall financing	3,044	4,030	5,204	5,250	8,600		9,590	6,750
External	1,843	1,781	1,958	2,750	4,582		1,970	4,675 5/
Domestic	1,201	2,249	3,246	2,500	2,363		3,890	2,075
Banking system	(851)	(2,856)	(2,401)	(...)	(1,837)	)	(3,500)	(2,000)
Nonbank financial intermediaries	(-27)	(-64)	(80)	(...)	(19)	)		
Private sector	(65)	(-160)	(266)	(...)	(-76)	)	(390)	(75) 6/
Change in floating debt	(312)	(-382)	(499)	(...)	(583)	)		
Interest in arrears	(...)	(...)	(...)	(--)	1,655		3,730	--

Sources: General Comptroller's annual reports; Ministry of Finance; Central Bank of Costa Rica; and Fund staff estimates.

1/ As presented in EBS/81/123.
2/ Includes only the Social Security Institute.
3/ Includes ICE, RECOPE, CODESA, CNP, ICAA, FECOSA, and IDA.
4/ Includes differences arising from reporting on an accrual and actual basis as well as statistical discrepancies.
5/ Includes amortization of 10 per cent of current principal (₡350 million).
6/ Includes an increase in floating debt of ₡ 160 million.
7/ Increased by ₡ 240 million for valuation adjustment.
8/ [illegible]

TABLE 12

Table 3. Costa Rica: Operaciones del Sector Público no Financiero Durante 1983

(En millones de colones)

	Gobierno Central	CCSS	CNP	CODESA	ICA y A	IDA	ICE	FECOSA	RECOPE	Total 1/
Ingresos corrientes	19,880 2/	8,140 3/	4,425	5,914 4/	670	180	7,675 5/	730 6/	13,845 7/	61,284
Ingresos de capital	--	--	115	--	120	65	10	--	--	190
Gastos corrientes	-19,530	-8,080	-4,460	-5,387	-485	-335	-6,025	-655	-11,920	-56,702
Gastos de capital	-3,860	-690	-150	-242	-615	-300	-4,780	-75	-930	-11,522
Déficit (-)	-3,510	-630	-70	285	-310	-390	-3,120	--	995	-6,750
Financiamiento	3,510	630	70	-285	310	390	3,120	--	-995	6,750
Externo	2,215	--	-20	-285	325	170	3,180	--	-560	4,675 8/
Interno	1,295	630	90	--	-15	220	-60	--	-435	2,075
Sistema bancario	(1,295)	(630)	(100)	(--)	(--)	(220)	(--)	(--)	(-435)	(2,000)
Otro	(--)	(--)	(-10)	(--)	(-15)	(--)	(-60)	(--)	(--)	(75)

1/ Consolidado.
2/ Incluye paquete tributario tal como está actualmente, es decir, con extensión de sobretasa al impuesto a la renta, gravando a todos los derivados de petróleo con el impuesto a las ventas y aplicando un impuesto promedio al diferencial cambiario de un 5 por ciento.
3/ Incluye ₡ 1,240 millones por aumento de 4 puntos porcentuales en las contribuciones.
4/ Incluye ₡ 650 millones por venta de empresas.
5/ Incluye un aumento adicional de aproximadamente un 5 por ciento sobre el nivel vigente en Febrero de 1983 a cobrarse a partir del 1/3/83 (equivalente a ₡ 330 millones).
6/ Incluye un aumento del 22 por ciento en las tarifas a partir del 1/1/83.
7/ Incluye un aumento del 31 por ciento a partir del 1/1/83.
8/ Incluye el pago de un 10 por ciento de las amortizaciones corrientes de 1983 (₡ 350 millones).
9/ Incluye un aumento en la deuda flotante de ₡ 160 millones.

TABLE 13

CF 9/20/82

Cuadro 15.
Operaciones del Gobierno Central

(En millones de colones)

	1981	Proyección 1982	Proyección 1983
Ingresos corrientes	7,292	12,430	19,880
Impuestos directos	1,555	2,860	3,655
Impuesto a la renta	(1,484)	(2,750) 1/	(3,490) 2/
Otros	(71)	(110)	(165) 3/
Impuestos indirectos	5,378	9,185	15,825
Ventas	(686)	(1,500) 4/	(5,400) 5/
Selectivos al consumo	(1,120)	(1,360) 6/	(2,670) 6/
Específicos al consumo 7/	(311)	(280)	(--)
Importaciones 8/	(859)	(965)	(1,270)
Ad valorem sobre exportaciones 9/	(706)	(1,670)	(2,180)
Banano	(1,080)	(1,610) 10/	(2,250) 11/
Café 12/	(339)	(755)	(1,065)
Diferencial cambiario	(5)	(800)	(600) 31/
Sobre vehículos	(35)	(45)	(190) 13/
Otros	(237)	(200)	(200)
Otros ingresos corrientes	359	385	400
Gastos corrientes	8,168	13,210	19,530
Sueldos y salarios	3,409	5,425 21/	7,625 22/
Bienes y servicios	378	800	1,200
Intereses	1,427	2,325	3,970 19/
Pagados	(908)	(1,330) 16/	(3,970)
No pagados	(519) 17/	(995) 18/	(--)
Transferencias	2,594	4,510 20/	6,535
Sector privado	(846)	(1,240)	(1,480)
Sector público	(1,729)	(3,125)	(4,920)
CCSS	/525/	/870/	/910/
Universidades	/830/	/1,150/	/1,600/
FERTICA	/--/	/130/	/140/
Por eliminación destino específico	/--/	/--/	/1,180/ 24/
Otros	/374/	/975/	/1,090/
Sector externo	(19)	(145)	(135) 25/
Otros gastos corrientes	360 26/	150 27/	200
Gastos de capital	2,113	2,680	3,860
Inversión real 23/	1,180	2,100	3,160
Transferencias	307	540	650
Otros gastos de capital	626 28/	40	50
Déficit o superávit total	-2,989	-3,460	-3,510
Financiamiento	2,989	3,460	3,510
Externo 29/	442	1,150	2,215
Interno 30/	2,028	1,315	1,295
No pago de intereses	519	995	--

1/ En base a un aumento del 50 por ciento (observadó durante los primeros 8 meses de 1982) y de una recaudación de ₡ 525 millones por sobretasa temporal.
2/ Con la misma elasticidad de las recaudaciones con respecto a precios observada en el primer semestre de 1982 (o.s., es decir, un aumento de 27.5 por ciento), más la recaudación esperada de la extensión de la sobretasa a 1983 (₡ 650 millones).
3/ Incluye ₡ 25 millones adicionales por modificación esperada por paquete tributario.
4/ En base a la recaudación de los primeros ocho meses del año.
5/ Ver Anexo A de la estimación del efecto del paquete tributario.
6/ Ver Anexo B de la estimación del efecto del paquete tributario.
7/ Incluye impuestos a la cerveza, otras bebidas alcóholicas, cemento, gaseosas, derivados de petróleo, y otros al consumo.
8/ Ver Cuadro __.
9/ Ver Cuadro __.
10/ Sobre la base de 53.8 millones de cajas exportadas, US$0.95 por caja de impuesto, tipo de cambio de ₡ 37 por US$, y una recaudación efectiva del 85 por ciento.
11/ Sobre la base de 57.5 millones de cajas exportadas, US$0.95 por caja de impuesto, tipo de cambio de ₡ 48.5 por US$, y una recaudación efectiva del 85 por ciento.
12/ Ver Cuadro __.
13/ De acuerdo con la reforma efectuada al impuesto al ruedo.
16/ Incluye ₡ 517 millones por deuda interna y US$20.9 millones (a ₡ 39 por US$) de acuerdo con estimaciones de BOP.
17/ US$23.6 millones a ₡ 22 por US$, de acuerdo con las estimaciones de BOP.
18/ Incluye US$26.2 millones a ₡ 38 por US$.
19/ Incluye ₡ 780 millones de deuda interna; US$57.8 millones en concepto de intereses contractuales (a ₡ 50 por US$), y US$6 millones por intereses no pagados en 1981 (US$23.6 millones) y en 1982 (US$26.2 millones), con una tasa de interés del 12 por ciento.
20/ De acuerdo con cuadros que acompañan el proyecto de presupuesto para 1983.
21/ Incluye tercera revaloración de Septiembre por ₡ 100 millones. Los aumentos de salarios en los últimos 2 años fueron los siguientes: 1/3/81, ₡ 500; 1/1/82, ₡ 1,300; 1/7/82, ₡ 1,000; y 1/9/82, ₡ 300 (por mes).
22/ Incluye dos aumentos de ₡ 1,000 mensuales, uno en Enero y el otro en Julio.
23/ Bajo el supuesto de que los desembolsos netos de préstamos del exterior del Gobierno Central serían de US$30.3 millones en 1982 y US$44.3 millones en 1983 (en 1981 fueron US$20.1 millones).
24/ ₡ 980 millones por impuesto a las ventas (corresponde a recaudación prevista para 1982), ₡ 175 millones al IDA; ₡ 21 millones al IFAM; y ₡ 4 millones al INFOCOP.
25/ Incluye ₡ 133 millones de cuotas a organismos internacionales.
26/ Pérdidas cambiarias.
27/ Incluye ₡ 90 millones de pérdidas cambiarias.
28/ Incluye deuda asumida CNP por ₡ 199 millones y bonos CODESA por ₡ 335 millones.
29/ Fuente datos de deuda externa.
30/ Por residual.
31/ A la recaudación prevista para 1982 se le agregó un 50 por ciento (por cambio en el tipo de cambio) y de ese total se tomó el 50 por ciento bajo el supuesto de que la tasa bajaría de un 10 por ciento promedio a un 5 por ciento promedio.

TABLE 14

Table 4. Costa Rica: Gobierno Central: Ingresos y Gastos como Porcentaje del PIB

	1977	1978	1979	1980	1981	1982	1983
Ingresos corrientes	13.5	13.3	12.3	12.0	12.8	11.9	12.8
Impuestos directos	3.2	3.5	3.1	2.6	2.7	2.7	2.4
Impuestos indirectos	9.8	9.5	8.9	8.7	9.4	8.8	10.2
Otros ingresos corrientes	0.5	0.3	0.3	0.7	0.6	0.4	0.2
Gastos totales	16.7	18.1	19.2	20.0	18.0	15.3	15.1
Gastos corrientes	13.3	14.1	14.9	15.3	14.3	12.7	12.6
Gastos de capital	3.4	4.0	4.3	4.7	3.7	2.6	2.5
Déficit (-)	3.2	4.8	6.9	8.0	5.2	3.3	2.3

TABLE 15

Cuadro 16

Estimación del Rendimiento del Paquete Tributario en 1983

(En millones de colones)

	Ley Actual		Reforma		Diferencia con Ley Actual	
	Gobierno Central	Resto del Sector Público	Gobierno Central	Resto del Sector Público	GC	RSP
1. Sobretasa impuesto a la renta 1/	--	--	650	--	+650	--
2. Impuesto al ruedo	50	--	190	--	+140	--
3. Impuesto a las ventas 2/	2,110	1,380	5,400	--	+3,290	-1,380
4. Selectivos al consumo 3/	1,865	--	2,670	--	+805	--
5. Específicos al consumo 4/	280	165	--	--	-280	-165
6. Territorial	15	...	45	...	+30	...
Totales	4,320	1,545	8,955	--	4,635	-1,545

1/ Estimación del Ministerio de Hacienda (en el caso de no aprobarse).
2/ Ver Anexo A. La transferencia para el resto del sector público se calculará en base a lo realmente girado en 1982.
3/ Ver Anexo B.
4/ Se supone que el Gobierno Central deberá transferir ₡ 175 millones al IDA, ₡ 21 millones al IFAM, y ₡ 4 millones al INFOCOOP.

TABLE 16

Table 5. Costa Rica: Banking System Operations

(In millions of colones)

	₡ 40 = US$1		₡ 50 = US$1	
	1981	1982	1982	1983
Net international reserves	-34,940	-51,548	-65,435	-65,435
Official reserves	-9,268	-5,268	-6,585	-6,585
Payments arrears	-25,672	-46,280	-58,850	--
Rescheduling of arrears	--	--	--	-58,850*
Net domestic assets	86,287	119,144	141,405	163,755
Net credit to public sector 1/	9,671	13,171	13,171	15,171
Credit to private sector 2/	13,241	18,420	18,420	27,345
Net interest payments	...	2,500	3,125	13,950
Valuation adjustment	32,273	32,273	41,839	41,839
Other	5,430	6,500	6,000	6,600
Counterpart arrears	25,672	46,280	58,850	58,850
SDR and gold revaluation	1,140	1,140	1,425	1,425
Long-term foreign liabilities	22,556	25,156	31,445	40,545
Liabilities to rest of financial system	253	300	300	350
Liabilities to private sector	27,398	41,000	42,800	56,000
(In per cent change) 3/				
Net domestic assets 4/	64.6	119.9		52.2
Credit to public sector	-3.4	36.2		15.2
Credit to private sector	9.8	39.1		48.4
Long-term foreign loans 4/	2.2	9.5		21.3
Liabilities to private sector	28.4	49.6		30.8
Nominal GDP	38.1	82.1		48.4
(As per cent of GDP)				
Credit to public sector	16.9	12.6		9.8
Credit to private sector	22.8	17.7		17.7
Liabilities to private sector 5/	35.4	31.2		31.4
Memorandum item				
Nominal GDP (in millions of colones)	57,176	104,138		154,579

Sources: Central Bank of Costa Rica; and Fund staff estimates.

1/ Includes exchange subsidies.
2/ Includes credit to rest of nonbank financial system.
3/ Ratios for 1981 are based on the accounting rate of ₡ 15 per U.S. dollar.
4/ Against the stock of the liabilities to the private sector at the beginning of the period.
5/ Ratio of the arithmetic average of year t and year t-1 with respect to the GDP of year t.
* Includes contingent financing.

TABLE 17

Table 23. Costa Rica: Liabilities to Private Sector of the Banking System

	Actual				Projection			Actual		Projection	
	Dec. 1980	July 1981	Dec. 1981	July 1982	Dec. 1982	Dec. 1982	Dec. 1983	Dec. 1981/80	July 1982/81	Dec. 1982/81	Dec. 1983/82
	(Outstanding balance)							(Per cent change)			
A. Deposits in colones (million)											
Currency in circulation	2,255	2,410	3,500	4,152	6,300		8,630	55.2	72.3	80.0	37.0
Demand deposits	4,978	4,990	7,310	8,787	12,900		17,660	46.8	76.1	76.5	36.9
Savings deposits	1,267	1,253	1,444	1,661	1,890		2,330	13.9	32.6	30.9	23.6
Time deposits and bonds	4,997	6,650	7,488	10,488	11,410		16,090	49.8	57.7	52.4	41.0
Time deposits	(4,551)	(5,116)	(5,909)	(6,645)	(...)		(...)	(29.8)	(30.0)	(...)	(...
Bonds	(446)	(1,534)	(1,579)	(3,843)	(...)		(...)	(254.0)	(150.5)	(...)	(...
Other liabilities	514	541	778	808	1,130		1,550	51.3	49.4	45.2	37.[illegible]
Private capital	66	100	94	185	170		240	42.4	85.0	80.9	41.[illegible]
Subtotal	14,077	15,944	20,614	26,081	33,800	33,800	46,500	46.4	63.6	64.0	37.6
B. Deposits in dollars (million)											
Foreign currency deposits	264	220.3	169.6	191.8	180	180	190	-35.7	-12.9	6.1	5.6
(Equivalent in ₡ million) 1/	(10,560)	(8,812)	(6,784)	(7,672)	(7,200)	(9,000) 2/	(9,500) 2/				
Total (A+B) (₡ million)	24,637	24,756	27,398	33,753	41,000	42,800	56,000	11.2	36.3	49.6	30.8

Sources: Central Bank of Costa Rica; and Fund staff estimates.

1/ Foreign currency deposits valued at ₡ 40 per U.S. dollar.
2/ Foreign currency deposits valued at ₡ 50 per U.S. dollar.

TABLE 18

Table 7. Costa Rica: Central Bank Operations

(In millions of colones)

	¢ 15 = US$1		¢ 40 = US$1		¢ 50 = US$1	
	1980	1981	1981	1982	1982	1983
Net international reserves	-6,299	-13,282	-35,420	-52,028	-66,035	-66,035
Official reserves	-2,061	-3,655	-9,748	-5,748	-7,185	-7,185
Payments arrears	-4,238	-9,627	-25,672	-46,280	-58,850	--
Rescheduling of arrears	--	--	--	--	--	-58,850*
Net domestic assets	9,194	17,708	39,846	59,988	73,995	76,935
Net credit to public sector 1/	7,340	9,651	9,651	13,151	13,151	15,151
Central Government 1/	(4,430)	(5,638)	(5,638)	(...)	(...)	(...)
Rest of public sector 1/	(2,910)	(4,013)	(4,013)	(...)	(...)	(...)
Bonds and position with banks	-2,743	-5,662	-9,659	-14,904 5/	-16,604	-18,162 2/
Net position with banks	(-2,457)	(-4,120)	(-8,117)	(-9,454)	(-11,154)	(-8,412)
Credit	/2,578/	/2,065/	/2,065/	/1,900/	/1,900/	/6,900/
Deposit	/-5,035/	/-6,185/	/10,182/	/-11,354/	/-13,054/	/-15,312/
Stabilization bonds	(-286)	(-1,542)	(-1,542)	(-5,450)	(-5,450)	(-9,750)
Interest payments (net)	--	--	--	2,500 3/	3,125	13,950
Valuation adjustment	6,153	6,153	30,267	30,267	39,026	39,026
Other	2,134	5,565	4,251	5,630 4/	5,117	5,940 4/
SDR	-1,137	-427	-1,140	-1,140	-1,425	-1,425
Long-term foreign liabilities	-6,791	-7,199	-19,196	-21,796	-27,245	-36,395
Counterpart arrears	4,238	9,627	25,672	46,280	58,850	58,850
Currency issue	2,895	4,426	4,426	7,960	7,960	10,900
(In per cent change)						
Net domestic assets 5/		294.1		455.1		36.9
Currency issue		52.9		79.8		36.9
(As per cent of GDP)						
Currency issue 6/		6.4		5.9		6.1
Memorandum items						
Exchange subsidies (in ¢ million)		886		2,436		3,066
Central Government		(360)		(450)		(450)
Rest of public sector		(526)		(1,986)		(2,616)

Sources: Central Bank of Costa Rica; and Fund staff estimates.

1/ Includes exchange subsidies.

2/ Depending on the direction of the monetary policy, the breakdown between net position with banks and stabilization bonds may change, but the total remains unchanged.

3/ Includes only interest to be actually paid.

4/ Assumes no additional exchange subsidies, including those to the commercial banks, will be granted.

5/ Against the stock of currency issue at the beginning of the period.

6/ Ratio of the arithmetic average of year t and year t-1 with respect to the GDP over year t.

* Includes contingent financing.

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TABLE 19

Table 22. Costa Rica: Summary Accounts of the Commercial Banks

	₡ 8.57 = US$1			₡ 15.00 = US$1		₡ 40.00 = US$1		₡ 50.00 = US$1	
	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1980	Dec. 1981	Dec. 1981	Dec. 1982	Dec. 1982	Dec. 1983
	(In millions of colones)								
Net international reserves	383	226	3	6	179	480	480	600	600
Net domestic assets	9,656	12,567	14,509	16,734	19,289	25,300	32,280	34,788	41,310
Public sector	563	502	519	493	20	20	20	20	20
Central Government 1/	(941)	(912)	(1,542)	(1,515)	(1,934)	(1,934)	(...)	(...)	(...)
Rest of public sector	(-378)	(-410)	(-1,005)	(-1,021)	(-1,914)	(-1,914)	(...)	(...)	(...)
Net position with									
Central Bank	-108	1,064	969	2,487	4,117	8,113	9,454	11,154	8,412
Deposit	(1,435)	(3,184)	(3,559)	(5,077)	(6,119)	(10,116)	(11,354)	(13,054)	(15,312)
Liabilities to Central Bank	(-1,543)	(-2,120)	(-2,590)	(-2,590)	(-2,002)	(-2,003)	(-1,900)	(-1,900)	(-6,900)
Credit to private sector 2/	8,615	10,219	11,608	11,651	12,708	12,923	18,070	18,070	26,945
Others	586	782	1,413	1,578	1,919	2,238	2,730	2,730	3,120
Valuation adjustment	--	--	--	525	525	2,006	2,006	2,813	2,813
Medium- and long-term foreign liabilities	730	913	722	1,269	1,260	3,360	3,360	4,200	4,150
Liabilities to financial system	143	181	217	217	253	253	300	300	350
Liabilities to private sector	9,166	11,699	13,573	15,254	17,955	22,167	29,100	30,888	37,410
	(In per cent change)								
Credit to private sector	24.0	18.6	13.6		9.1		39.8		49.1
Liabilities to private sector	26.0	27.6	16.0		17.7		31.3		21.1
Nominal GDP	14.7	13.4	19.2		38.1		82.1		48.4

Sources: Central Bank of Costa Rica; and Fund staff estimates.

1/ Does not include Central Bank credit channeled through commercial banks.
2/ Includes credit to rest of financial system.

TABLE 20

Table D.2

PRICE INDEX FOR LOW AND MIDDLE INCOME CONSUMERS

OF THE SAN JOSE METROPOLITAN AREA*

Base 1975 = 100

Year 1980

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Monthly Average
General Index	136.91	137.59	142.82	143.33	143.87	147.75	149.12	149.33	151.24	152.96	155.67	158.27	147.40
Food	144.46	144.95	155.95	156.15	156.63	160.67	161.23	161.28	161.05	162.74	166.17	169.24	158.38
Clothing	90.48	90.96	91.93	92.59	92.54	93.08	93.84	94.27	95.44	96.51	100.12	101.24	94.42
Housing	135.86	136.39	138.07	138.59	138.92	142.50	142.88	143.47	149.70	152.57	155.50	157.57	144.34
Miscellaneous	145.33	146.64	147.51	148.50	149.70	155.16	159.50	159.47	160.41	161.07	161.79	164.86	155.00

* Calculated by the GOCR Office of Statistics and Census

Source: Central Bank

TABLE 21

Table D.3

PRICE INDEX FOR LOW AND MIDDLE INCOME CONSUMERS

OF THE SAN JOSE METROPOLITAN AREA*

Base 1975 = 100

Year 1981

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Monthly Average
General Index	166.07	170.11	173.24	178.75	187.10	192.83	204.28	207.05	212.61	227.83	242.59	261.29	202.03
Food	175.08	178.90	180.46	188.62	192.71	200.05	219.53	221.73	229.58	254.19	268.76	288.38	216.50
Clothing	105.46	110.93	113.51	116.34	122.28	124.30	126.75	127.90	129.72	139.75	162.04	174.42	129.44
Housing	167.31	170.92	173.86	176.36	188.63	194.27	200.29	203.25	205.28	212.03	222.29	231.98	195.54
Miscellaneous	175.53	179.85	186.40	191.95	204.45	208.97	216.37	223.47	228.07	238.72	255.98	286.90	216.39

* Calculated by the GOCR Office of Statistics and Census.

Source: Central Bank

BANCO CENTRAL DE COSTA RICA
DEPTO. INVESTIGACIONES Y ESTADISTICA
SECCION INDICES Y ESTADISTICA

TABLE 22

INDICE DE PRECIOS PARA LOS CONSUMIDORES DE INGRESOS MEDIOS Y BAJOS DEL AREA METROPOLITANA DE SAN JOSE 1/

Base 1975=100

Año 1982

	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Setiembre	Octubre	Noviembre	Diciembre	Promedio mensual
INDICE GENERAL	286,90	296,54	315,64	328,58	344,65	367,36	406,78	421,42					
Alimentación	325,35	341,45	374,47	394,58	414,74	449,45	485,72	501,07					
Vestuario	195,11	205,12	218,45	226,55	231,49	237,90	247,65	258,40					
Vivienda	243,76	247,47	253,51	258,12	264,06	282,65	306,19	323,15					
Miscelíneos	310,77	315,62	327,68	339,77	365,80	378,90	457,07	469,32					

1/ Calculado por la Dirección General de Estadística y Censos.

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TABLE 23

Table D. 4.

Wholesale Price Index

Base 1978=100

Year 1980

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Monthly Average
General Index	133.34	135.10	139.42	139.92	140.35	142.50	143.64	145.82	147.56	149.80	152.24	153.50	143.60
Food Products Animal Origin	125.90	128.69	144.76	143.48	140.83	140.42	140.36	141.51	144.32	144.76	147.29	149.55	140.99
Food Products Vegetable Origin	118.52	117.98	123.74	124.62	125.18	124.81	127.20	130.28	128.58	129.92	134,24	133.98	126.59
Beverages and Other Foods	134.48	134.62	138.08	140.43	141.17	141.15	142,18	143,69	149,66	151,88	153.66	154.12	143.76
Fuels, Electricity and Water	187.70	187.94	188.04	188.88	188.63	196.54	198.77	198.90	198.86	201.34	201.57	203.61	195.06
Textiles and Leather Goods	115.08	119.21	119.85	123.06	123.10	123.10	123.94	123.97	125.78	130.73	132.63	133.28	124.40
Clothing and Shoes	124.00	123.73	123.94	124.91	125.92	127.12	127.31	130.00	130.13	130.27	130.98	132.31	127.55
Construction Materials	126.66	131.11	133.64	133.95	134.36	136.19	137.56	140.05	143.58	149.08	150.65	151.42	139.02
Chemical and Pharmaceutical Products	131.63	135.72	139.12	137.47	140.83	144.23	145.04	149.15	151.31	153.66	157.43	158.35	145.33
Household Goods, Paper, Cigarrettes, and Others	118.21	121.31	121.44	121.80	122.94	128.71	129.06	132.55	132.88	134.67	138.54	142.08	128.68

Source: Central Bank

TABLE 24

Table D. 5.

Wholesale Price Index

Base 1978=100

Year 1981

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Monthly Average
General Index	172.66	178.87	185.94	200.88	219.48	227.27	234.71	242.41	252.13	284.21	316.09	333.38	237.34
Food Products Animal Origin	157.60	159.46	162.33	178.22	182.32	188.93	193.84	198.21	217.47	231.67	248.57	279.75	199.86
Food Products Vegetable Origin	133.52	141.41	142.18	148.70	156.25	169.74	184.55	185.85	191.14	211.15	227.13	245.94	178.13
Beverages and Other Foods	158.71	164.16	168.93	171.36	175.33	188.70	196.90	201.90	225.85	240.27	264.19	273.14	202.45
Fuels, Electricity and Water	282.18	283.33	293.81	337.68	391.35	395.17	399.30	405.11	405.11	412.34	421.43	423.09	370.82
Textiles and Leather Goods	156.50	159.49	167.11	179.00	202.64	217.92	227.68	242.35	244.72	267.62	313.35	358.02	228.03
Clothing and Shoes	138.10	146.42	155.35	165.80	175.65	180.23	190.92	194.96	201.93	253.94	285.90	289.98	198.26
Construction Materials	168.71	182.05	199.34	212.57	233.90	238.22	244.07	248.85	257.22	339.28	380.08	387.77	257.67
Chemical and Pharmaceutical Products	174. 1	183.43	191.70	207.52	237.78	242.19	243.72	257.70	264.86	311.49	387.02	418.49	260.04
Household Goods, Paper, Cigarrettes, and Others	166.52	171.07	176.72	191.15	210.92	215.03	221.95	244.84	250.29	289.81	337.60	357.75	236.14

Source: Central Bank

BANCO CENTRAL DE COSTA RICA
DEPTO. DE INVESTIGACIONES Y ESTADISTICA
SECCION DE INDICES Y ESTADISTICA

TABLE 25

INDICE DE PRECIOS AL POR MAYOR

Referencia 1978=100

Año 1982

	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Setiembre	Octubre	Noviembre	Diciembre	Promedio mensual
INDICE GENERAL	363,65	384,10	411,57	432,11	456,00	467,99	531,61	553,84					
Productos alimenticios de origen animal	293,53	307,55	366,67	380,18	398,98	410,39	432,59	466,80					
Productos alimenticios de origen vegetal	286,14	313,04	320,44	342,91	354,88	371,19	422,13	447,03					
Bebidas y otros alimentos	290,38	307,56	340,04	354,61	405,05	424,18	437,69	462,24					
Combustibles, electricidad y agua	507,43	507,58	512,00	519,88	524,16	542,29	858,05	864,11					
Textiles y cueros	369,66	411,27	450,91	475,85	524,16	532,83	574,10	581,08					
Vestuario y calzado	299,29	330,20	347,11	355,58	368,60	371,50	393,05	409,24					
Materiales de construcción	423,40	436,25	461,43	503,18	546,85	535,51	566,01	573,51					
Productos químicos y farmacéuticos	441,97	482,13	505,29	523,12	543,86	564,53	605,62	632,73					
Productos para el hogar, papel, cigarrillos y otros	370,44	388,94	434,11	465,94	476,61	491,70	499,83	540,40					

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TABLE 26

MATERIA PRIMA -- IMPORTACIONES CIF
PROCEDENTES DE U.S.A.
(millones de dólares)

		1980	1981	Enero-Mayo 1982
0	Materiales de Construcción	22.2	18.3	4.4
1	Materia Prima para la Industria y la Minería	210.0	183.6	61.5
2	Materia Prima para la Agricultura	18.6	21.4	11.8
	TOTALES	250.8	223.3	77.7

Fuente: Dirección General de Estadística y Censos.