

COUNTRY PROFILE



Costa Rica

GLOBAL RANK: 38th= of 104



Costa Rica's overall ranking of 38th puts it equal in the Index with South Africa and Poland. It has one of the largest disparities between its Economic Competitiveness and Comparative Liveability rankings at 58th and 26th respectively. High scores for freedom of choice and health, complemented by strong family life, are primarily responsible for pulling up the liveability ranking.

● BACKGROUND

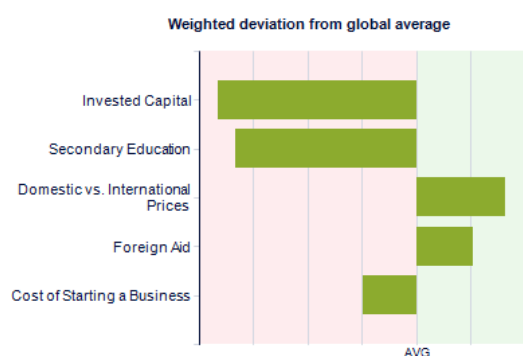
This Central American republic enjoys relative political and economic stability. Agricultural exports and tourism are central economic sectors, along with a growing high-tech manufacturing sector. However, interest rates and inflation are high, and the government has been slow to carry out privatisation of the banking and utilities sectors. Entrance to the Central American Free Trade Agreement was narrowly approved in a 2007 referendum but remains politically controversial. Costa Rica is a popular location for ecotourism, but industrialisation and development have caused worsening environmental problems. Coastal waters have often become contaminated by sewage, forests are shrinking, and animal populations are declining.

FAST FACTS

Population:	4.2 million (2008 est.)	FDI (net inflow):	3.16% (2006 est.)
Life Today	7.3 (2007 est.)	Exports	38.27% (2006 est.)
GDP (PPP)	\$45.77 billion (2007 est.)	Imports	53.66% (2006 est.)
GDP (Growth)	6.8% (2007 est.)	Unemployment:	4.6% (2007 est.)
GDP (per Capita)	\$10,300 (2007 est.)	Life Expectancy	77.4 years (2008 est.)
Political System:	Democratic Republic		
Foreign Aid:	0.07% (2006 est.)		

● KEY SCORE DRIVERS

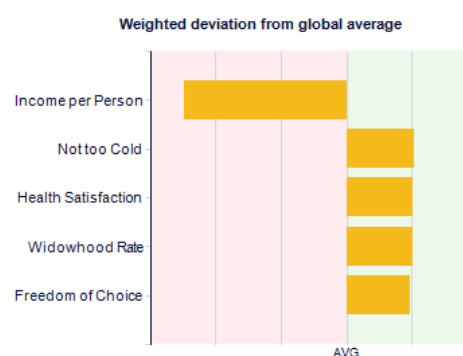
ECONOMIC COMPETITIVENESS



Costa Rica has a stable and open economy, depending heavily on tourism and agriculture. Unusually for the region, the country has enjoyed long periods of political and economic stability, but these have not yet translated into consistent policies for development and poverty eradication. Economic growth has been relatively slow, and levels of inflation are among the highest in the region. Fundamentally low levels of physical and human capital are a persistent drag on well-publicised diversification efforts.

Government effectiveness and regulatory quality score well, underlining Costa Rica's tradition of strong governance. Free trade agreements have led to booming exports in some sectors, in the

COMPARATIVE LIVEABILITY



Income per capita is above average for the region (US\$13,500), but is not equitably distributed. According to the Human Development Report, more than 15% of the population lives below the poverty line.

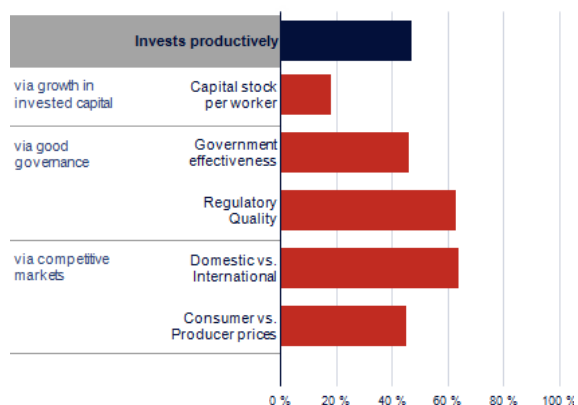
However, Costa Rica's liveability score is substantially improved by other indicators. The warm climate provides a welcome boost. By contrast with its peers in Central and Latin America, Costa Rica has been well-governed, and has shown some degree of adaptability when facing regional financial crises. Costa Rica always ranks among the highest in Latin America in terms of government performance and corruption control, despite recent corruption scandals involving high-level bureaucrats and politicians. Political

context of strong international competitiveness, as indicated by movements in relative price levels. High-technology corporations have started operating in the country in recent years, and now account for more than 20% of exports and nearly 5% of GDP. This reduces dependence on commodities and raw materials.

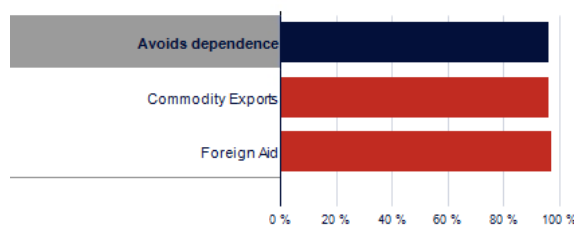
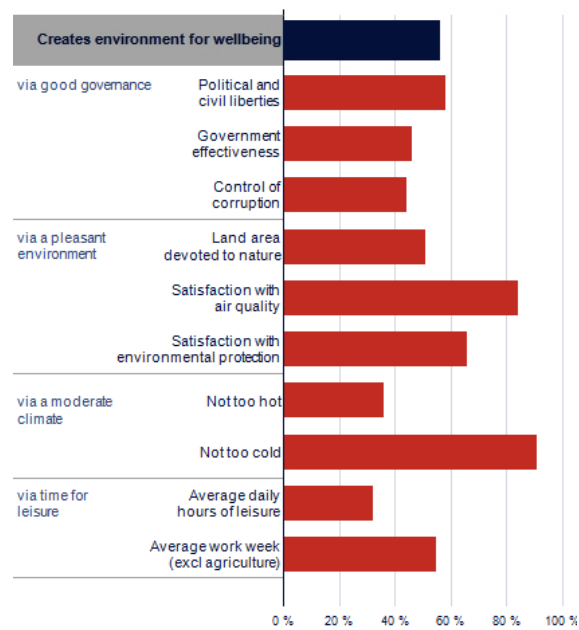
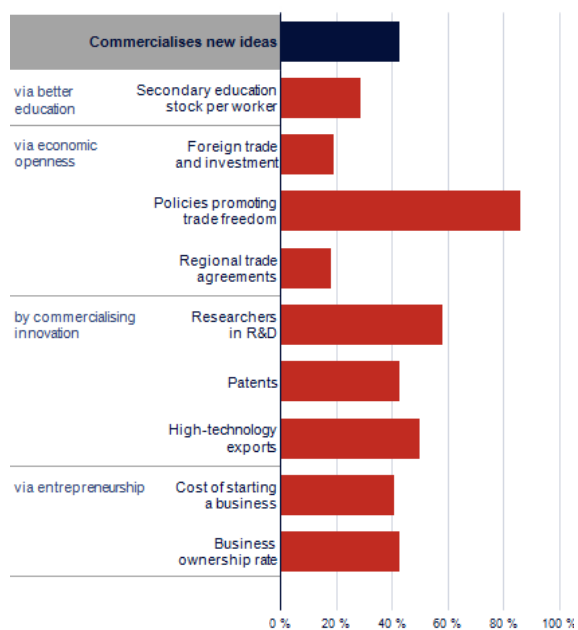
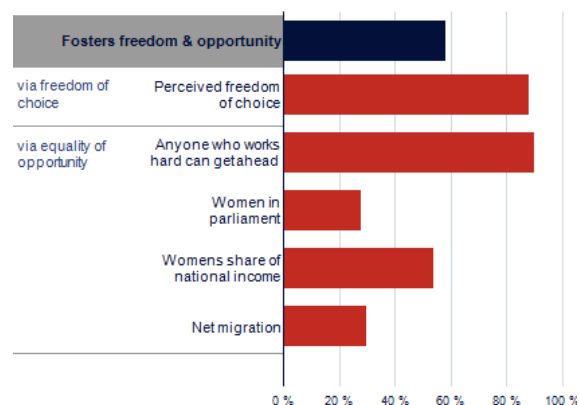
rights and civil liberties are well protected.

High levels of Comparative Liveability are also rooted in a strong family life, characterised by a low widowhood rate of 1.2%⁹. Costa Ricans report high levels of satisfaction with their freedom of choice, as well as satisfaction with personal health, two indicators which are no doubt related to each other as well as to the country's good governance. Opportunities for social and political mobility are likewise open. However, not unusually for Latin America, gender equity suffers somewhat, with women earning only around 50% of male income.

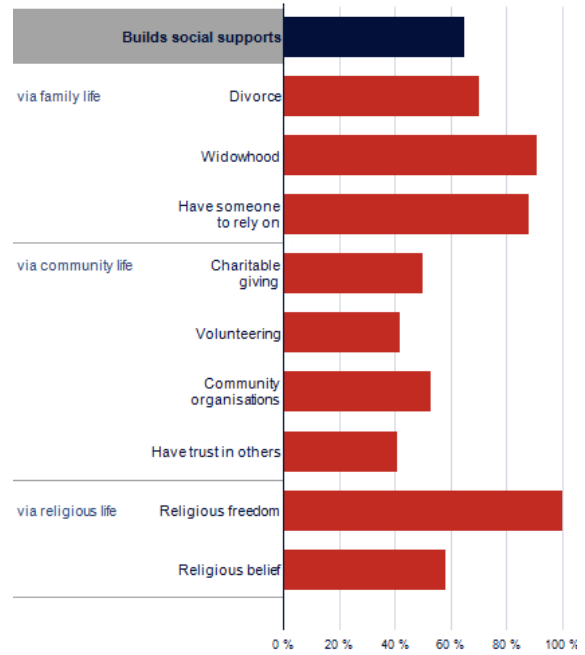
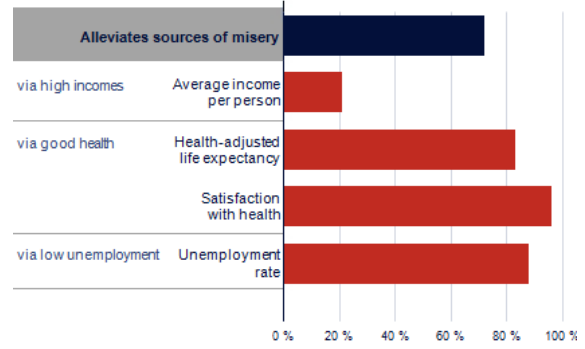
ECONOMIC COMPETITIVENESS: SCORECARD



COMPARATIVE LIVEABILITY: SCORECARD



All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.