

This metadata describes the compilation practices, sources and methodology in use in 2003. Please refer to the contact person below for details of any changes that may have been introduced by the country since that time.

Costa Rica:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Costa Rica

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

Direct Investment Abroad

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

DIRECT INVESTMENT IN COSTA RICA

BALANCE OF PAYMENTS (“INWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data (the most timely) are compiled by the Banco Central de Costa Rica (BCCR) within the balance of payments framework on (a) the components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These data are disseminated with a timeliness of 3 months after the end of the reference period on the BCCR website. <http://www.bccr.fi.cr>. The data are also reported to the IMF for publication.

More comprehensive separately identifiable annual (calendar year) data are compiled by the BCCR within the balance of payments framework on (a) the components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These data are disseminated with a timeliness of 6 months after the end of the reference period on the BCCR website cited above. The data are also reported to the IMF for publication.

Revision Practices

The data are preliminary when first released. The quarterly data for the current and previous years are revised each quarter to take account of revised source data and are disseminated quarterly together with the preliminary data for the latest quarter. The quarterly data for the previous year become final in June of each year, that is, up to 12 months after their first release. The annual data are final when first released 6 months after the end of the reference year.

The revised status of the data is clearly identified in the disseminated data. However, the general public are not informed of the reasons for the revisions. The historical data are revised back 5 years in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected using a mixture of an individual transactions basis (press reports) and an aggregate basis (enterprise surveys). The reporting requirements are compulsory for the public sector and the financial private sector, and are voluntary for the nonfinancial private sector.

Data Sources

The quarterly data (the most timely) for all components are compiled primarily from quarterly enterprise surveys of resident enterprises. Information from the government agency responsible for promoting and attracting direct investment, which is based on investments actually made, is used as a secondary data source for the data on equity capital. Information from press reports is used as an additional data source. The annual data (the most comprehensive) for all components are compiled primarily from annual and quarterly enterprise surveys of resident enterprises. Information from the government agency responsible for promoting and attracting direct

investment, which is based on investments actually made, is used as a secondary data source for the data on equity capital. Information from press reports is used as an additional data source.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the inward direct investment transactions data. The register is maintained by the BCCR and is updated on an annual basis using information from (i) the international trade system's list of exporters and importers, (ii) registers maintained by government licensing and regulatory authorities, (iii) the financial press, and (iv) voluntary direct investment surveys. The same business register is used to compile the inward direct investment transactions and position data, but no register is used for the outward direct investment transactions and position data.

Geographic Classification

Annual data showing breakdowns by country for the direct investment financial flows data are compiled by the BCCR and disseminated every 6 months with a timeliness of 6 months after the end of the reference period in the semi-annual report on foreign direct investment, *Informe sobre flujos de Inversión Extranjera Directa en Costa Rica*, which is disseminated on the BCCR website <http://www.bccr.fi.cr>. The data cover 35 countries and bilateral data are not used in the compilation of the data. Data showing breakdowns by country are not compiled for the direct investment income data.

The debtor/creditor principle is used as the basis for the geographic allocation of the data. The five countries with the largest amount of direct investment financial flows into Costa Rica during 2003 (ranked in descending order) were: the United States, Germany, Mexico, El Salvador, and Venezuela.

Data showing breakdowns by regions/economic zones are not compiled.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing geographic breakdowns disseminated in the national publications and the aggregate inward data on direct investment financial flows reported to the IMF for publication.

Industrial Classification

Annual data showing breakdowns by industrial activity for direct investment financial flows are compiled by the BCCR and disseminated every 6 months with a timeliness of 6 months after the end of the reference period in the semi-annual report on foreign direct investment, *Informe sobre flujos de Inversión Extranjera Directa en Costa Rica*, which is disseminated on the BCCR website <http://www.bccr.fi.cr>. The data cover 8 industrial activities. The classification used covers (i) agriculture, (ii) agro-industry, (iii) commerce, (iv) industry, (v) services, (vi) financial sector, (vii) tourism, and (viii) other. The United Nations International Standard Industrial Classification of All Economic Activities (ISIC) is not used. Data showing breakdowns by industrial activity are not compiled for the direct investment income data.

The data on direct investment financial flows are classified on the basis of the industrial activity of the resident direct investment enterprises. The five industrial activities with the largest amount of direct investment financial flows into Costa Rica during 2003 (in descending order) were: (i) industry, (ii) services, (iii) tourism, (iv) agro-industry, and (v) financial services.

Data showing breakdowns by (i) industrial activity and main partner country, and (ii) industrial activity and region/economic zone, are not compiled.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing industrial activity breakdowns disseminated in the national publications and the aggregate inward data on direct investment financial flows reported to the IMF for publication.

B. Methodology

Definition of Direct Investment Enterprises in Costa Rica

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Costa Rica is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management—that is, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. Contrary to the international standards, the 10 percent ownership is calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country, rather than being based on the ownership of each individual nonresident investor or group of related nonresident investors. No value threshold is used to identify resident direct investment enterprises, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, (i) the direct investment earnings data do not include the relevant share of all indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Costa Rica are not required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, or (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings

Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not fully used to calculate direct investment earnings. In accordance with the COPC, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are not included. Contrary to the COPC, (i) interest receivable/payable is not included, and (ii) debt repayments receivable/payable are not excluded.

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

The data on dividends and distributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) dividends and distributed branch profits are recorded gross of any withholding taxes, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. In accordance with the international standards, most dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are declared payable. Contrary to the international standards, some dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are payable (due for payment) or on the date they are paid, rather than the date they are declared payable in both instances.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security

dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) trade credits. The data do not include interest on financial leases. In accordance with the international standards, (i) the data do not include interest on financial derivatives, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) most of the data are recorded on an accrual basis. Contrary to the international standards, (i) some of the data are compiled on a paid basis, rather than an accrual basis, and (ii) the data do not exclude interest on deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference [preferred] shares are classified as equity capital, rather than as other capital.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) trade credits. The data do not cover financial leases. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, and (iii) changes in insurance company technical reserves. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being all contractual agreements with the direct investor used to capitalize the institution or increase its net worth.) Contrary to the international standards, the data do not include non-participating preference [preferred] shares, which are instead classified as equity capital, and (iv) the data do not exclude transactions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities.

In instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise, the periodic payments of principal and interest are treated as direct investment lending by the guarantor and recorded under "Direct Investment in Costa Rica: Other Capital: Increase in Liabilities to Direct Investors" at the time the periodic payments are made.

Treatment of Reverse Investment

Transactions involving reverse investment are not treated in accordance with the international standards in all instances.

Assuming that the direct investment enterprise is a resident of Costa Rica and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor,

and has therefore established a direct investment relationship in its own right, contrary to the international standards, equity transactions are recorded as “Direct Investment in Costa Rica: Equity Capital: Increase in Claims on Direct Investors”, rather than as “Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises” and loan transactions are recorded as “Direct Investment in Costa Rica: Other Capital: Increase in Claims on Direct Investors”, rather than as “Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises”.

Assuming that the direct investment enterprise is a resident of Costa Rica and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity transactions are recorded as “Direct Investment in Costa Rica: Equity Capital: Increase in Claims on Direct Investors”, and loan transactions are recorded as “Direct Investment in Costa Rica: Other Capital: Increase in Claims on Direct Investors”. However, data showing “Direct Investment in Costa Rica: Equity Capital: Increase in Claims on Direct Investors” and “Direct Investment in Costa Rica: Other Capital: Increase in Claims on Direct Investors” are not reported to the IMF for publication as the amounts involved are either zero or too small to report.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation of construction enterprises in Costa Rica by nonresidents. Quasi-corporations arising from the operation in Costa Rica by nonresidents of mobile equipment, such as ships, aircraft, and drilling rigs, are not applicable as such activities have not occurred to date.

Treatment of Offshore Enterprises

Not applicable. There are no offshore enterprises established in Costa Rica by nonresidents at present.

Treatment of Special Purpose Entities (SPEs)

Not applicable. There are no SPEs established in Costa Rica by nonresidents at present.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings in Costa Rica by nonresident enterprises and nonresident individuals. Land and buildings purchased in Costa Rica by nonresident enterprises and nonresident individuals on long-term leases are included. (Long-term leases are defined as being leases with a duration of more than 10 years, or leases with an option to buy.)

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration in Costa Rica by nonresidents is not included in the equity capital data, and (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise. The treatment of instances of the shutdown of a direct investment enterprise established in Costa Rica by nonresidents for natural resource exploration, is not applicable.

Exchange Rate Conversion

All transactions are converted to the unit of account at the average exchange rate for the period.

DIRECT INVESTMENT IN COSTA RICA

INTERNATIONAL INVESTMENT POSITION LIABILITIES (“INWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the Banco central de Costa Rica (BCCR) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital, and are disseminated with a timeliness of 6 months after the end of the reference period on the BCCR website <http://www.bccr.fi.cr> (Prior to 2002, inward position data were not compiled.) The data are also reported to the IMF for publication.

Revision Practices

The data are final when first released.

There have been no major changes in the methodology or data collection systems since the data began to be compiled in 2002. However, in the event of such changes, the historical data would be revised back 5 years.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected using a mixture of an individual transactions basis (press reports) and an aggregate basis (enterprise surveys). The reporting requirements are voluntary.

Data Sources

The data for all components are compiled primarily from quarterly and annual enterprise surveys of resident enterprises. Information from the government agency responsible for promoting and attracting direct investment, which is based on investments actually made, is used as a secondary data source for the data on equity capital. Information from press reports is used as an additional data source. The perpetual inventory method (a method for deriving position data from transactions data) is not used in the compilation of the data.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the inward direct investment position data. The register is maintained by the BCCR and is updated on an annual basis using information from (i) the international trade system's list of exporters and importers, (ii) registers maintained by government licensing and regulatory authorities, (iii) the financial press, and (iv) voluntary direct investment surveys. The same business register is used to compile the inward direct investment transactions and position data, but no register is used for the outward direct investment transactions and position data.

Geographic Classification

Not applicable. Data showing geographic breakdowns are not compiled for the inward direct investment position data.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity are not compiled for the inward direct investment position data.

B. Methodology

Definition of Direct Investment Enterprises in Costa Rica

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Costa Rica is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management—that is, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. Contrary to the international standards, the 10 percent ownership is calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country, rather than being based on the ownership of each individual nonresident investor or group of related nonresident investors. No value threshold is used to identify resident direct investment enterprises, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, the data do not include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) all equity capital and other capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Costa Rica are not required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, or (ii) identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference shares are classified as equity capital, rather than as other capital.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment in Costa Rica.)

Treatment of Other Capital

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) trade credits. The data do not cover financial leases. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, and (iii) changes in insurance company technical reserves. In accordance with the international standards, (i) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being all contractual agreements with the direct investor used to capitalize the institution or increase its net worth.) Contrary to the international standards, the data do not include non-participating preference [preferred] shares, which are instead classified as equity capital, and (iv) the data do not exclude positions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities.

In instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise, the periodic payments of principal and interest are treated as direct investment lending by the guarantor and recorded under "Liabilities: Direct Investment in Costa Rica: Other Capital: Liabilities to Direct Investors" at the time the periodic payments are made.

Treatment of Reverse Investment

Positions involving reverse investment are not treated in accordance with the international standards in all instances.

Assuming that the direct investment enterprise is a resident of Costa Rica and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, contrary to the international standards, equity positions are recorded as "Liabilities: Direct Investment in Costa Rica: Equity Capital: Claims on Direct Investors", rather than as "Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises" and loan positions are recorded as "Liabilities: Direct Investment in Costa Rica: Other Capital: Claims on Direct Investors", rather than as "Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Costa Rica and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity positions are recorded as "Liabilities: Direct Investment in Costa Rica: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Liabilities: Direct Investment in Costa Rica: Other Capital: Claims on Direct Investors". Data showing "Liabilities: Direct Investment in Costa Rica: Other Capital: Increase in Claims on Direct Investors" are reported to the IMF for publication, but data showing "Direct Investment in Costa Rica: Equity Capital: Increase in Claims on Direct Investors" are not because the amounts involved are either zero or too small to report.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation of construction enterprises in Costa Rica by nonresidents. Quasi-corporations arising from the operation in Costa Rica by nonresidents of mobile equipment, such as ships, aircraft, and drilling rigs, are not applicable as such activities have not occurred to date.

Treatment of Offshore Enterprises

Not applicable. There are no offshore enterprises established in Costa Rica by nonresidents at present.

Treatment of Special Purpose Entities (SPEs)

Not applicable. There are no SPEs established in Costa Rica by nonresidents at present.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings in Costa Rica by nonresident enterprises and nonresident individuals. Land and buildings owned in Costa Rica by nonresident enterprises and nonresident individuals on long-term leases are included. (Long-term leases are defined as being leases with a duration of more than 10 years, or leases with an option to buy.)

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration in Costa Rica by nonresidents is not included in the equity capital data, and (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise. The treatment of instances of the shutdown of a direct investment enterprise established in Costa Rica by nonresidents for natural resource exploration, is not applicable.

Valuation of Assets and Liabilities

Most of the data on equity capital for listed enterprises are recorded at market values. However, some are recorded at book values, which are the values recorded in the accounting records of the individual reporting entities. The data on equity capital for unlisted enterprises are recorded at book values, which are the values recorded in the accounting records of the individual reporting entities.

The data on other capital are recorded at book values, which are the values recorded in the accounting records of the individual reporting entities.

The book values used are those shown in the accounting records of the resident direct investment enterprises, rather than the nonresident direct investors.

Exchange Rate Conversion

All positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate.

DIRECT INVESTMENT ABROAD

BALANCE OF PAYMENTS (“OUTWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data (the most timely) are compiled by the Banco Central de Costa Rica (BCCR) within the balance of payments framework on (a) the components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These data are disseminated with a timeliness of 3 months after the end of the reference period on the BCCR website. <http://www.bccr.fi.cr>. The data are also reported to the IMF for publication.

More comprehensive separately identifiable annual (calendar year) data are compiled by the BCCR within the balance of payments framework on (a) the components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These data are disseminated with a timeliness of 6 months after the end of the reference period on the BCCR website cited above. The data are also reported to the IMF for publication.

Revision Practices

The data are preliminary when first released. The quarterly data for the current and previous years are revised each quarter to take account of revised source data and are disseminated quarterly together with the preliminary data for the latest quarter. The quarterly data for the previous year become final in June of each year, that is, up to 12 months after their first release. The annual data are final when first released 6 months after the end of the reference year.

The revised status of the data is clearly identified in the disseminated data. However, the general public are not informed of the reasons for the revisions. The historical data are revised back 5 years in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected using a mixture of an individual transactions basis (press reports) and an aggregate basis (enterprise surveys). The reporting requirements are compulsory for the public sector, and the financial private sector, and are voluntary for the nonfinancial private sector.

Data Sources

The quarterly data (the most timely) for all components are compiled primarily from quarterly enterprise surveys of resident direct investors. Information from press reports is used as a secondary data source for the data on equity capital.

The annual data (the most comprehensive) for all components are compiled primarily from annual and quarterly enterprise surveys of resident direct investors. Information from press reports is used as a secondary data source for the data on equity capital.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is not used to compile the outward direct investment transactions data.

Geographic Classification

Not applicable. Data showing geographic breakdowns are not compiled for the outward direct investment transactions data.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity are not compiled for the outward direct investment transactions data.

B. Methodology

Definition of Direct Investors

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad, regardless of whether the investor has an effective voice in management—that is, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management are not included. Contrary to the international standards, the 10 percent ownership is calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad, rather than being based on the ownership of each individual resident investor or group of related resident investors. No value threshold is used to identify resident direct investors, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, (i) the direct investment earnings data do not include the relevant share of all indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Costa Rica are not required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, or (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings

Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not fully used to calculate direct investment earnings. In accordance with the COPC, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are not included. Contrary to the COPC, (i) interest receivable/payable is not included, and (ii) debt repayments receivable/payable are not excluded.

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

The data on dividends and distributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) dividends and distributed branch profits are recorded gross of any withholding taxes, (ii) the data include transactions between nonfinancial direct investment

enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. In accordance with the international standards, most dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are declared payable. Contrary to the international standards, some dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are payable (due for payment) or on the date they are paid, rather than the date they are declared payable in both instances.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) trade credits. The data do not include interest on financial leases. In accordance with the international standards, (i) the data do not include interest on financial derivatives, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) most of the data are recorded on an accrual basis. Contrary to the international standards, (i) some of the data are compiled on a paid basis, rather than an accrual basis, and (ii) the data do not exclude interest on deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference [preferred] shares are classified as equity capital, rather than as other capital.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) trade credits. The data do not cover financial leases. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being all contractual agreements with the direct investor used to capitalize the institution or increase its net worth.) Contrary to the international standards, the data do not

include non-participating preference [preferred] shares, which are instead classified as equity capital, and (iv) the data do not exclude transactions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities.

In instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise, the periodic payments of principal and interest are treated as direct investment lending by the guarantor and recorded under "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises" at the time the periodic payments are made.

Treatment of Reverse Investment

Transactions involving reverse investment are not treated in accordance with the international standards in all instances.

Assuming that the direct investment enterprise is a resident of Costa Rica and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, contrary to the international standards, equity transactions are recorded as "Direct Investment in Costa Rica: Equity Capital: Increase in Claims on Direct Investors", rather than as "Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises" and loan transactions are recorded as "Direct Investment in Costa Rica: Other Capital: Increase in Claims on Direct Investors", rather than as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Costa Rica and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity transactions are recorded as "Direct Investment in Costa Rica: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Direct Investment in Costa Rica: Other Capital: Increase in Claims on Direct Investors". However, data showing "Direct Investment in Costa Rica: Equity Capital: Increase in Claims on Direct Investors" and "Direct Investment in Costa Rica: Other Capital: Increase in Claims on Direct Investors" are not reported to the IMF for publication, because the amounts involved are either zero or too small to report.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation abroad of construction enterprises by residents of Costa Rica. Quasi-corporations arising from the operation abroad of mobile equipment, such as ships, aircraft, and drilling rigs, by residents of Costa Rica are not applicable as such activities have not occurred to date.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Costa Rica are included in the direct investment data

Treatment of Special Purpose Entities (SPEs)

Not applicable. There are no SPEs established abroad by residents of Costa Rica at present.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings abroad by enterprises and individuals resident in Costa Rica. Land and buildings purchased abroad by enterprises and individuals resident in Costa Rica on long-term leases are included. (Long-term leases are defined as being leases with a duration of more than 10 years, or leases with an option to buy.)

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration abroad by residents of Costa Rica is not included in the equity capital data, and (ii) expenditure on bonus payments made

by residents of Costa Rica to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise. The treatment of instances of the shutdown of a direct investment enterprise established abroad by residents of Costa Rica for natural resource exploration, is not applicable.

Exchange Rate Conversion

All transactions are converted to the unit of account at the average exchange rate for the period.

DIRECT INVESTMENT ABROAD

INTERNATIONAL INVESTMENT POSITION ASSETS (“OUTWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the Banco central de Costa Rica (BCCR) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital, and are disseminated with a timeliness of 6 months after the end of the reference period on the BCCR website <http://www.bccr.fi.cr> (Prior to 2002, outward position data were not compiled.) The data are also reported to the IMF for publication.

Revision Practices

The data are final when first released.

There have been no major changes in the methodology or data collection systems since the data began to be compiled in 2002. However, in the event of such changes, the historical data would be revised back 5 years.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected using a mixture of an individual transactions basis (press reports) and an aggregate basis (enterprise surveys). The reporting requirements are voluntary.

Data Sources

The data for all components are compiled primarily from annual and quarterly enterprise surveys of resident direct investors. Information from press reports is used as a secondary data source for the data on equity capital. The perpetual inventory method (a method for deriving position data from transactions data) is not used in the compilation of the data.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is not used to compile the outward direct investment position data.

Geographic Classification

Not applicable. Data showing geographic breakdowns are not compiled for the outward direct investment position data.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity are not compiled for the outward direct investment position data.

B. Methodology

Definition of Direct Investors

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad, regardless of whether the investor has an effective voice in management—that is, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management are not included. Contrary to the international standards, the 10 percent ownership is calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad, rather than being based on the ownership of each individual resident investor or group of related resident investors. No value threshold is used to identify resident direct investors, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, the data do not include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) all equity capital and other capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Costa Rica are not required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, or (ii) identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference shares are classified as equity capital, rather than as other capital.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment Abroad.)

Treatment of Other Capital

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) trade credits. The data do not cover financial leases. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, and (iii) changes in insurance company technical reserves. In accordance with the international standards, (i) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the

data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being all contractual agreements with the direct investor used to capitalize the institution or increase its net worth.) Contrary to the international standards, the data do not include non-participating preference [preferred] shares, which are instead classified as equity capital, and (iv) the data do not exclude positions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities.

In instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise, the periodic payments of principal and interest are treated as direct investment lending by the guarantor and recorded under "Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises" at the time the periodic payments are made.

Treatment of Reverse Investment

Positions involving reverse investment are not treated in accordance with the international standards in all instances.

Assuming that the direct investment enterprise is a resident of Costa Rica and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, contrary to the international standards, equity positions are recorded as "Liabilities: Direct Investment in Costa Rica: Equity Capital: Claims on Direct Investors", rather than as "Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises" and loan positions are recorded as "Liabilities: Direct Investment in Costa Rica: Other Capital: Claims on Direct Investors", rather than as "Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Costa Rica and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity positions are recorded as "Liabilities: Direct Investment in Costa Rica: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Liabilities: Direct Investment in Costa Rica: Other Capital: Claims on Direct Investors". Data showing "Liabilities: Direct Investment in Costa Rica: Other Capital: Increase in Claims on Direct Investors" are reported to the IMF for publication, but data showing "Direct Investment in Costa Rica: Equity Capital: Increase in Claims on Direct Investors" are not, because the amounts involved are either zero or too small to report.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation abroad of construction enterprises by residents of Costa Rica. Quasi-corporations arising from the operation abroad of mobile equipment, such as ships, aircraft, and drilling rigs, by residents of Costa Rica are not applicable as such activities have not occurred to date.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Costa Rica are included in the direct investment data.

Treatment of Special Purpose Entities (SPEs)

Not applicable. There are no SPEs established abroad by residents of Costa Rica at present.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings abroad by enterprises and individuals resident in Costa Rica. Land and buildings owned abroad by enterprises and individuals resident in Costa Rica on long-term leases are included. (Long-term leases are defined as being leases with a duration of more than 10 years, or leases with an option to buy.)

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration abroad by residents of Costa Rica is not included in the equity capital data, and (ii) expenditure on bonus payments made by residents of Costa Rica to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise. The treatment of instances of the shutdown of a direct investment enterprise established abroad by residents of Costa Rica for natural resource exploration, is not applicable.

Valuation of Assets and Liabilities

Most of the data on equity capital for listed enterprises are recorded at market values. However, some are recorded at book values, which are the values recorded in the accounting records of the individual reporting entities. The data on equity capital for unlisted enterprises are recorded at book values, which are the values recorded in the accounting records of the individual reporting entities.

The data on other capital are recorded at book values, which are the values recorded in the accounting records of the individual reporting entities.

The book values used are those shown in the accounting records of the resident direct investors, rather than the nonresident direct investment enterprises.

Exchange Rate Conversion

All positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate.