

This metadata describes the compilation practices, sources and methodology in use in 2001. 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”)**

[Glossary of Direct Investment Terms and Definitions](#)

DIRECT INVESTMENT IN COSTA RICA
BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary quarterly data on (i) direct investment income (income on equity, reinvested earnings, and income on debt [interest]), and (ii) direct investment financial flows (equity capital and other capital), are disseminated with a timeliness of 10 weeks after the end of the reference quarter.

Revision Policy: The data for all four quarters of the previous year are revised every August, at which time they are considered to be final.

Data Coverage: No major industrial sectors are excluded from the data.

Data Collection Methods: Data are collected on an aggregate basis, and reporting requirements are voluntary.

Data Sources: The data are compiled from quarterly and annual enterprise surveys of direct investment enterprises in Costa Rica. Press reports are used for cross-checking the data obtained from the surveys. A business register of enterprises involved in direct investment is maintained. This register is updated on a quarterly and annual basis using information from (i) the international trade system's list of exporters/importers, and (ii) the financial press.

Geographic Classification: Quarterly data showing country breakdowns for direct investment financial flows (but not direct investment income) are disseminated every August for all four quarters of the previous year. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data are disseminated showing breakdowns of direct investment financial flows for the NAFTA economic zone. The five countries with the average largest amount of direct investment flows into Costa Rica during the 3 year period from 1999 through 2001 (ranked in descending order) were: the United States, Canada, Mexico, Panama, and El Salvador.

Industrial Classification: Quarterly data showing breakdowns by industrial sector for direct investment financial flows (but not direct investment income) are disseminated every August for all four quarters of the previous year. The data are based on the industry of the resident direct investment enterprise. The classification used since 1997 covers (i) agriculture, (ii) agro-industry, (iii) commerce, (iv) industry, (v) services, (vi) financial sector, (vii) tourism, and (viii) other. Data showing breakdowns by (i) industrial sector/region or economic zone, and (ii) industrial sector/partner country, are compiled but not disseminated. However, data for the period since 1997 are available on request.

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. Enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. No value threshold is used to identify 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 indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in Costa Rica are not required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, or (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings: In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is used to calculate earnings of direct investment enterprises. Specifically, (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 exchange rate gains

or losses are not included. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings.

Treatment of Income on Equity (Dividends and Distributed Branch Profits): The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, dividends and distributed branch profits are recorded (i) on the date they are payable (in the case of the unincorporated enterprises and most incorporated enterprises), and (ii) gross of any withholding taxes. However, contrary to the international standards, the dividends and distributed branch profits of some incorporated enterprises are recorded on the date they are paid, rather than the date they are payable.

Treatment of Reinvested Earnings and Undistributed Branch Profits: The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

Treatment of Income on Debt (Interest): The data cover interest income from: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, and (iv) trade credits. Contrary to the international standards, the data include interest from: (i) financial derivatives, and (ii) deposits, loans and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries. In accordance with the international standards, the data are compiled on an accrual basis.

Treatment of Equity Capital: The data cover all types of financial flows affecting equity capital, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares), and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

Treatment of Other Capital: The data cover: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, (iv) financial leases, (v) trade credits, and (vi) financial derivatives. Contrary to the international standards, the data include (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) 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 accordance with the international standards, the data include transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

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 and loan transactions are recorded as "Direct Investment in Costa Rica: Increase in Claims on Direct Investors", rather than as "Direct Investment Abroad: Increase in Claims on Affiliated Enterprises" in both instances. However, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan transactions are recorded in accordance with the international standards as "Direct Investment in Costa Rica: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations: In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Costa Rica by nonresidents of (i) aircraft, and (ii) construction enterprises. Quasi-corporations arising from the operation of the operation in Costa Rica by nonresidents of mobile equipment, such as ships and drilling rigs, are not applicable at present.

Treatment of Offshore Enterprises: In accordance with the international standards, activities of offshore enterprises established in Costa Rica by nonresidents are generally included in the direct investment data.

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 data include purchases and sales of land and buildings in Costa Rica by nonresident enterprises and individuals.

Treatment of Natural Resources Exploration: Contrary to the international standards, the direct investment data do not include expenditure related to natural resources exploration in Costa Rica by nonresidents.

Exchange Rate Conversion: Transactions are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded.

DIRECT INVESTMENT IN COSTA RICA
INTERNATIONAL INVESTMENT POSITION ("POSITION DATA")

Not applicable. Position data on direct investment in Costa Rica are not compiled at present. However, there are plans to begin to disseminate annual position data on direct investment in Costa Rica starting in 2002.

COSTA RICA: DIRECT INVESTMENT ABROAD
BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary quarterly data on (i) direct investment income (income on equity, reinvested earnings, and income on debt [interest]), and (ii) direct investment financial flows (equity capital and other capital), are disseminated with a timeliness of 10 weeks after the end of the reference quarter.

Revision Policy: The quarterly data for all four quarters of the previous year are revised every August, at which time they are considered to be final.

Data Coverage: No major industrial sectors are excluded from the data.

Data Collection Methods: Data are collected on an aggregate basis, and reporting requirements are voluntary.

Data Sources: The data are compiled from quarterly and annual enterprise surveys of residents with direct investment enterprises abroad. Press reports are used for cross-checking the data obtained from the surveys. A business register of enterprises involved in direct investment is not maintained.

Geographic Classification: Not applicable. Data showing country breakdowns or breakdowns by regions or economic zones are not compiled at present.

Industrial Classification: Not applicable. Data showing breakdowns by industrial sectors are not compiled at present.

B. Methodology

Definition of Direct Investors Abroad: In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. Investors which own less than 10 percent of a direct investment enterprise but have an effective voice in management are not included. No value threshold is used to identify direct investors abroad, 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 indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in Costa Rica are not required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, or (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings: In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is used to calculate earnings of direct investment enterprises. Specifically, (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 exchange rate gains or losses are not included. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings.

Treatment of Income on Equity (Dividends and Distributed Branch Profits): The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, dividends and distributed branch profits are recorded (i) on the date they are payable (in the case of the unincorporated enterprises and most incorporated enterprises), and (ii) gross of any withholding taxes. However, contrary to the international standards, the dividends and distributed branch profits of some incorporated enterprises are recorded on the date they are paid, rather than the date they are payable.

Treatment of Reinvested Earnings and Undistributed Branch Profits: The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

Treatment of Income on Debt (Interest): The data cover interest income from: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, and (iv) trade credits. Contrary to the international standards, the data include interest from: (i) financial derivatives, and (ii) deposits, loans and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries. In accordance with the international standards, the data are compiled on an accrual basis.

Treatment of Equity Capital: The data cover all types of financial flows affecting equity capital: (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares), and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

Treatment of Other Capital: The data cover: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, (iv) financial leases, (v) trade credits, and (vi) financial derivatives. Contrary to the international standards, the data include (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) 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 accordance with the international standards, the data include transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

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 and loan transactions are recorded as "Direct Investment in Costa Rica: Increase in Claims on Direct Investors", rather than as "Direct Investment Abroad: Increase in Claims on Affiliated Enterprises" in both instances. However, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan transactions are recorded in accordance with the international standards as "Direct Investment in Costa Rica: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations: Not applicable. There are no instances at present of quasi-corporations involving the operation abroad by Costa Rican residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

Treatment of Offshore Enterprises: Not applicable. There are no offshore enterprises established abroad by Costa Rican residents at present.

Treatment of Special Purpose Entities (SPEs): Not applicable. There are no SPEs established abroad by Costa Rican residents at present.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings abroad by Costa Rican resident enterprises and individuals.

Treatment of Natural Resources Exploration: Contrary to the international standards, the data do not include expenditure related to natural resources exploration abroad by Costa Rican residents.

Exchange Rate Conversion: Transactions are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded.

COSTA RICA: DIRECT INVESTMENT ABROAD
INTERNATIONAL INVESTMENT POSITION ("POSITION DATA")

Not applicable. Position data on direct investment abroad are not compiled at present. However, there are plans to begin to disseminate annual position data on direct investment abroad starting in 2002.