

# **POLICIES FOR SUSTAINABLE PRODUCTIVE DEVELOPMENT AND ECONOMIC GROWTH**

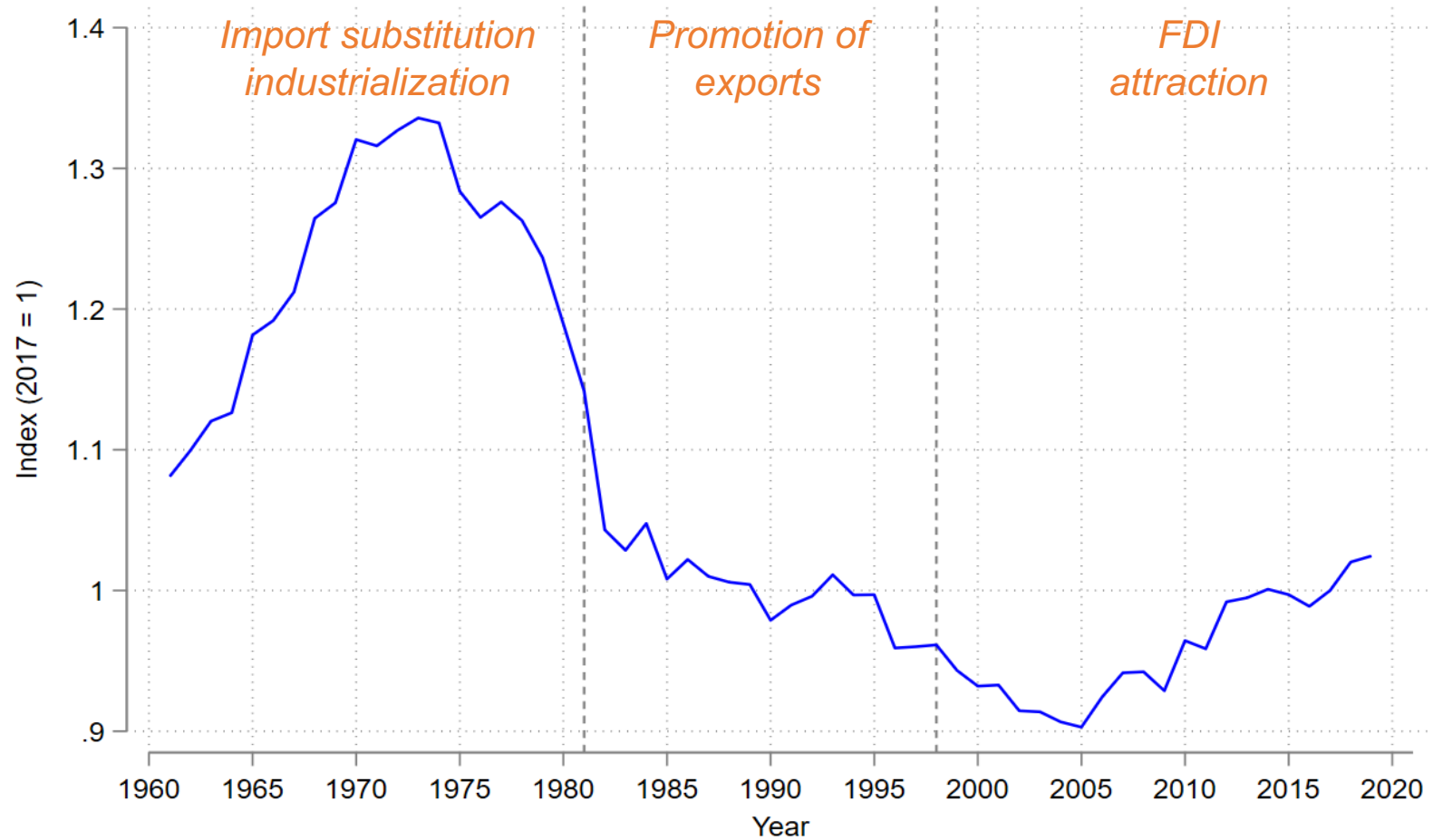
2023 Annual Conference of the OECD  
Global Forum on Productivity

*September 27th-28th, 2023 - Santiago, Chile*

A wide-angle photograph of a volcanic landscape. In the foreground, a dark, rocky crater floor leads to a small, bright green crater lake. The lake is partially obscured by a thick plume of white smoke or steam rising from the water. The surrounding crater walls are dark and jagged. In the background, a large, forested mountain peak rises against a blue sky with scattered white clouds. The image is overlaid with a semi-transparent blue and white geometric design on the right side.

# **COSTA RICA: ECONOMIC PERFORMANCE**

# Total Factor Productivity (1960-2019)

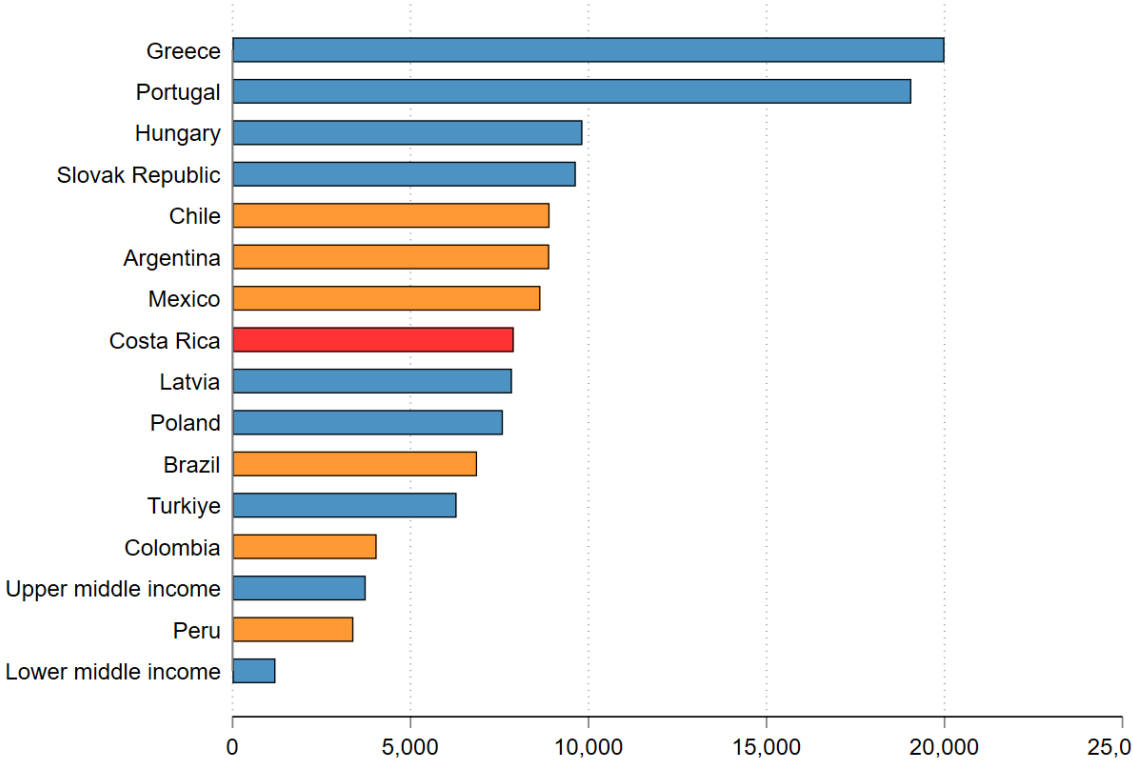


Source: World Penn Tables.

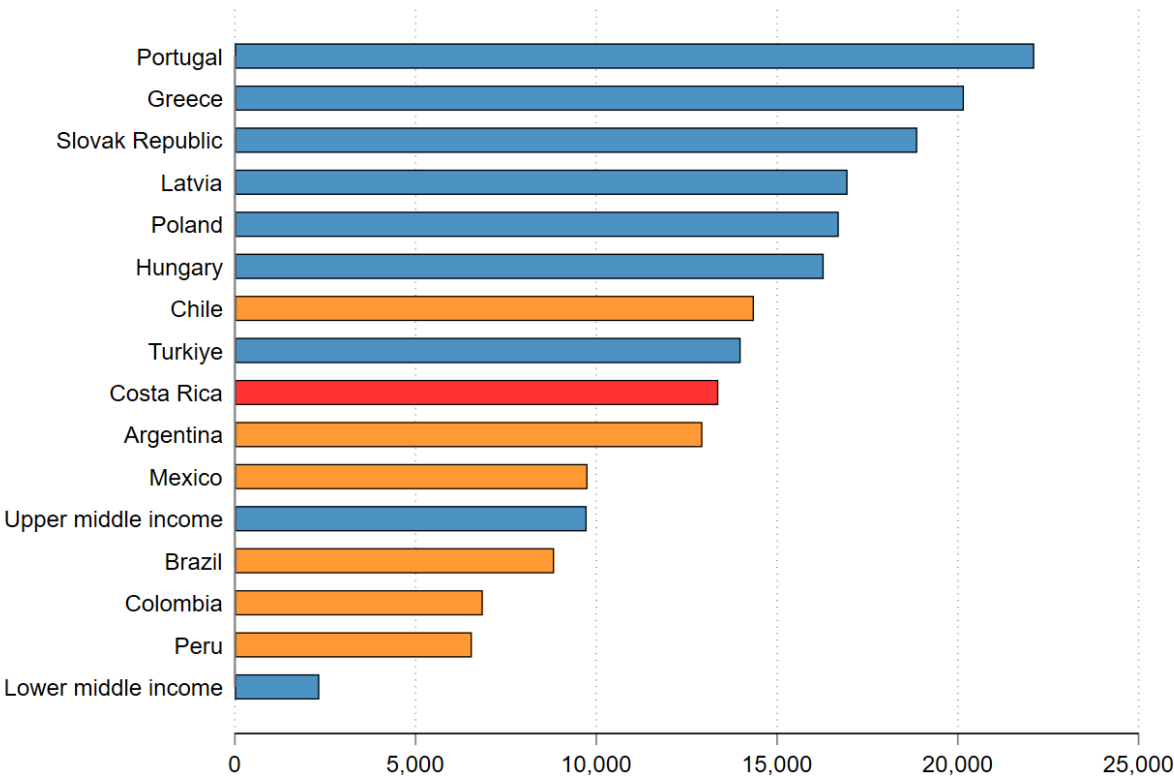
# GDP per capita (constant 2015 USD)

2002 vs. 2022

**Panel A.  
2002**



**Panel B.  
2022**

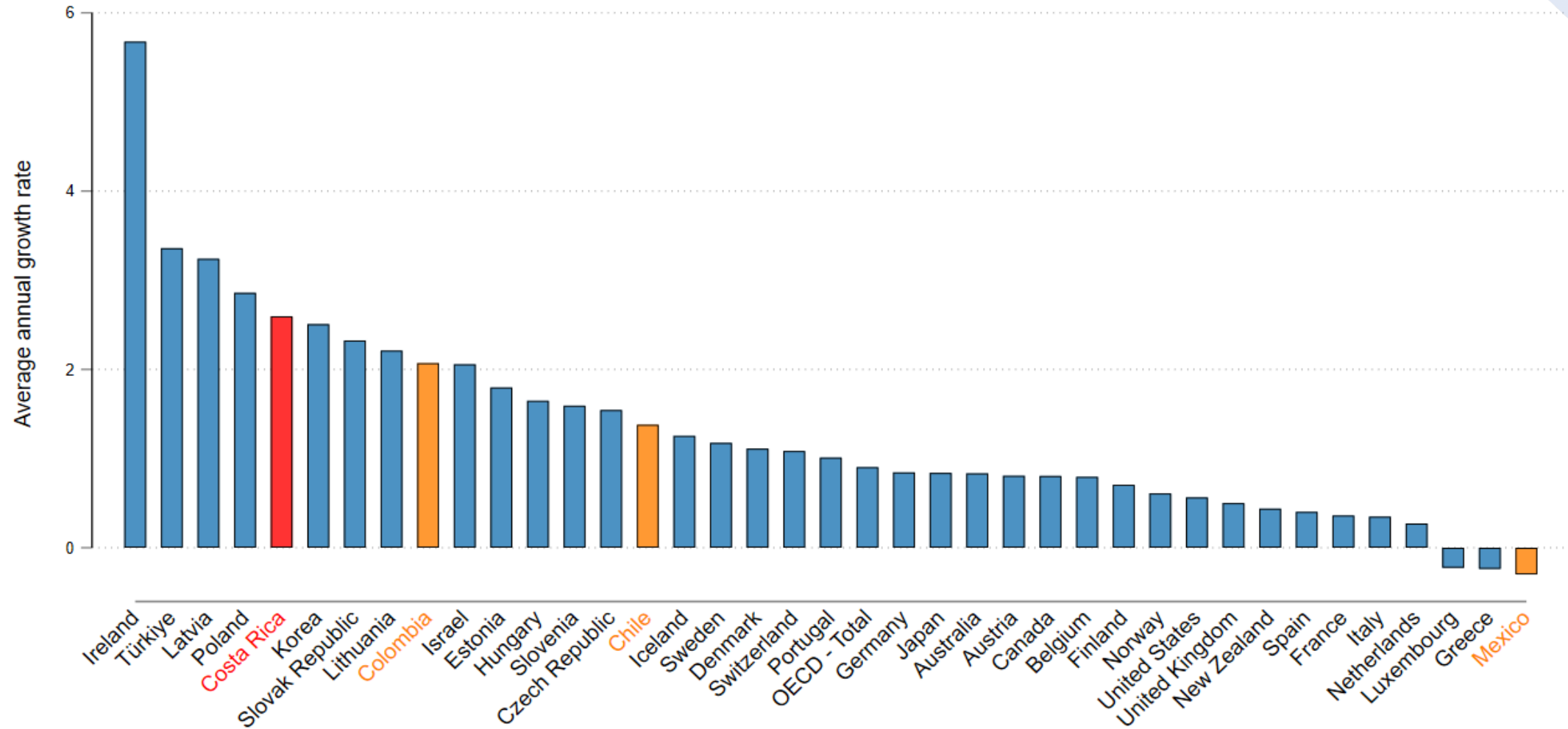


Note: The graph shows some Latin-American countries and 7 non-Latin American OECD countries with the lowest GDP per capita.

Source: World Bank

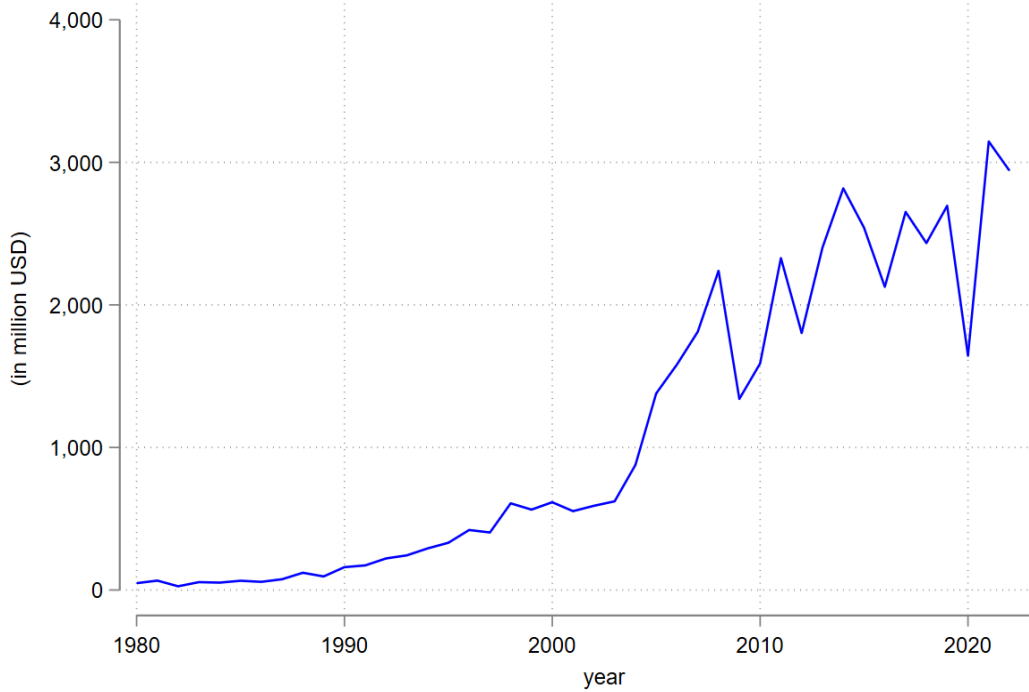
# GDP per hour worked

## Annual average growth rate 2012-2022



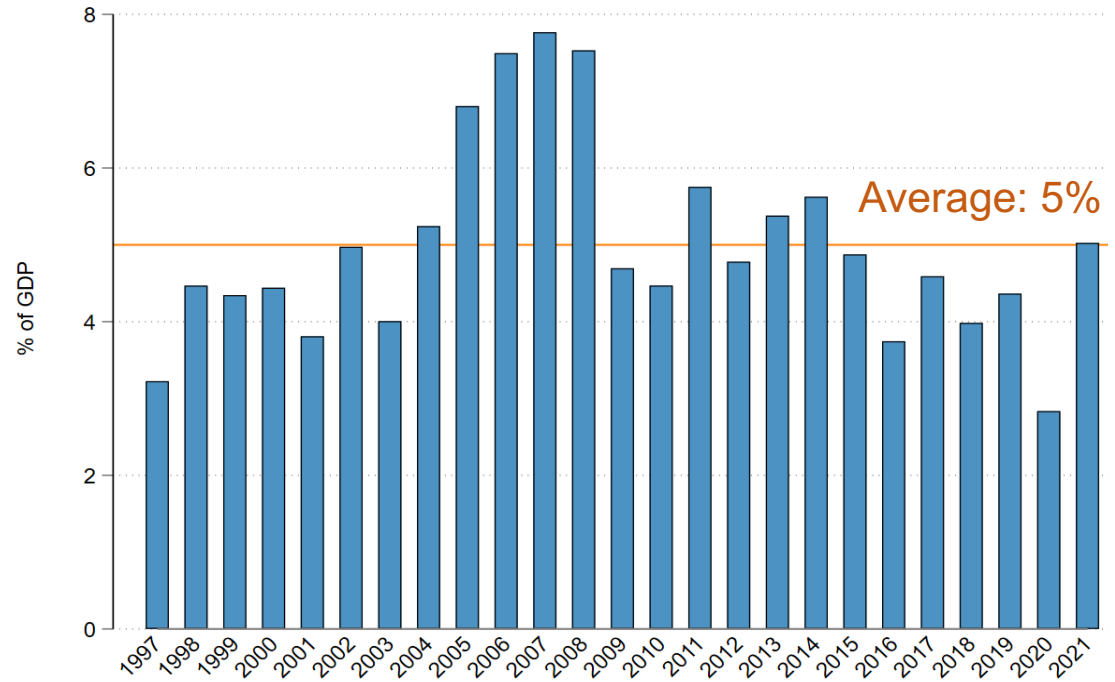
Source: OECD

## Foreign Direct Investment (1980-2022)



Source: CEPAL.

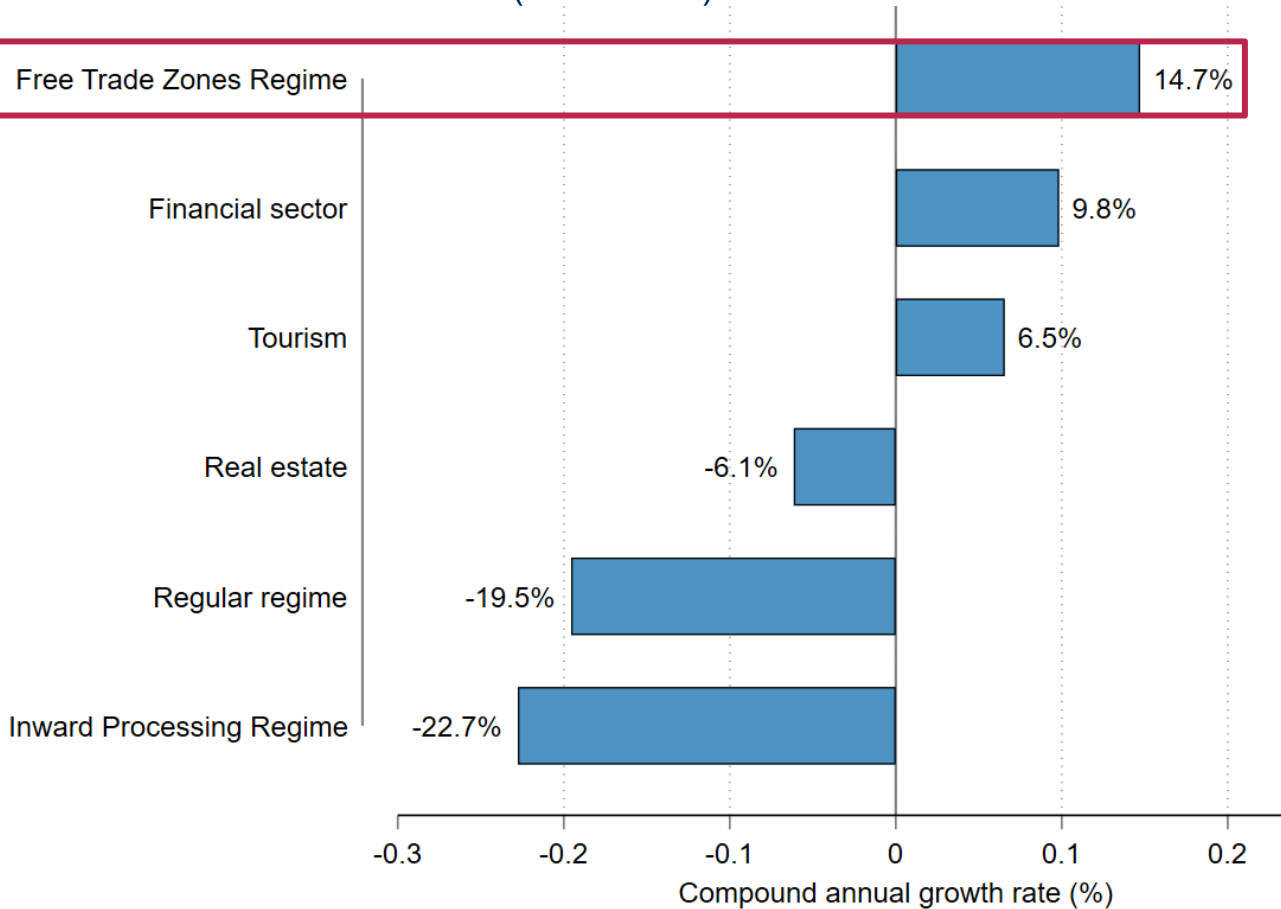
## Foreign Direct Investment (% of GDP) (1997-2021)



Source: Central Bank of Costa and World Bank.

# Costa Rica has followed a strategy of pursuing FDI investment by offering benefits to firms established in Free Trade Zone Regime.

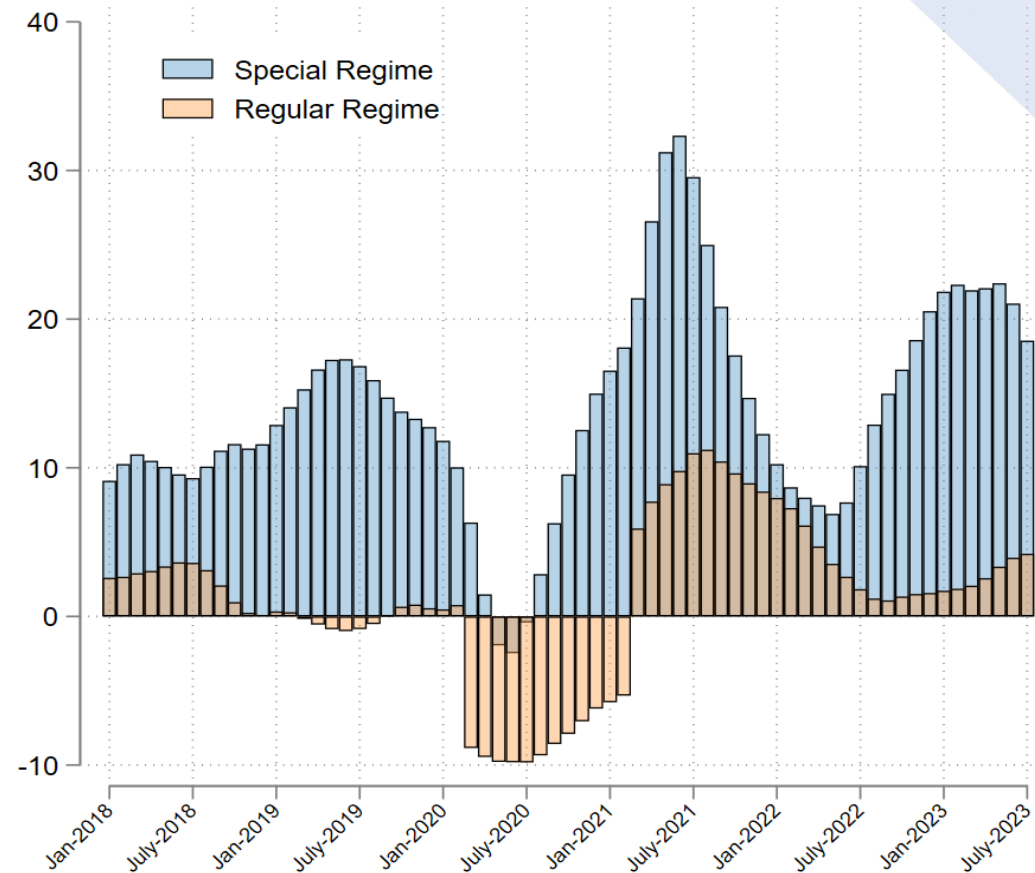
## Foreign Direct Investment by regime type Compound annual growth rate (2012-2022)



Note: Preliminary data for 2021 and 2022

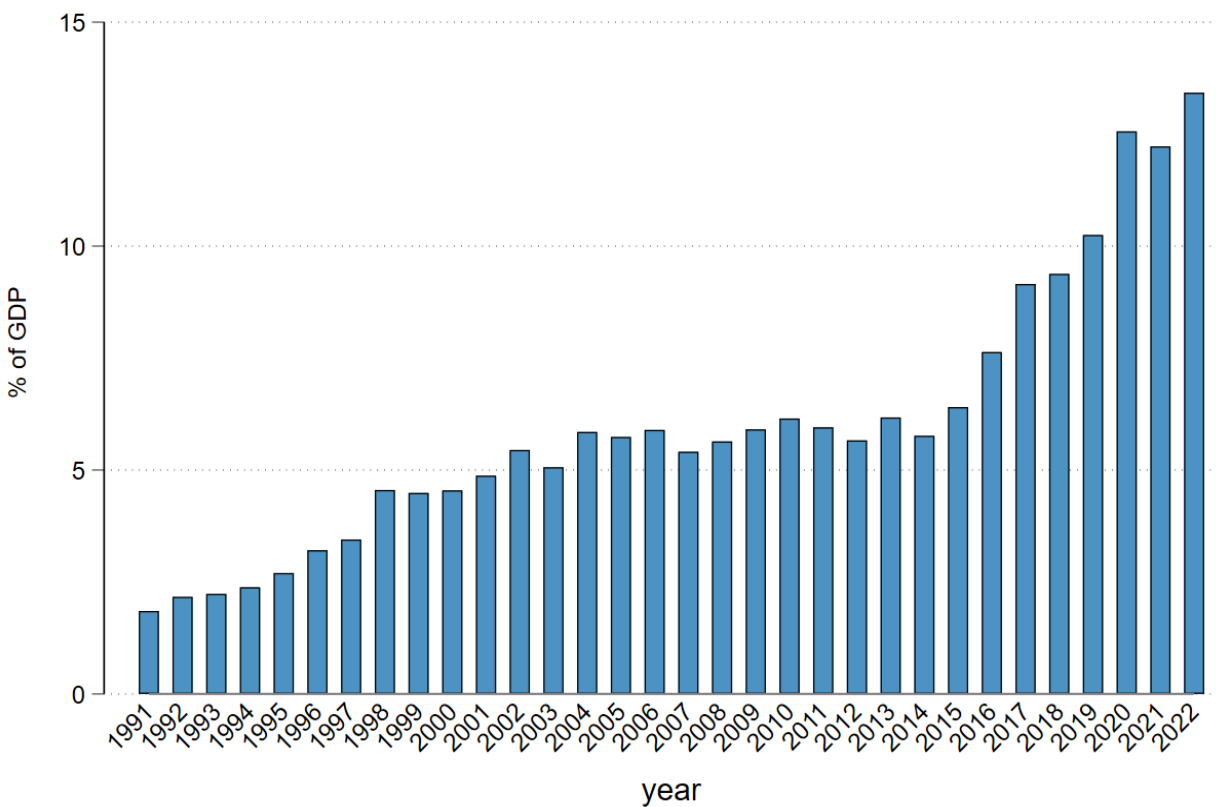
Source: Inter-institutional Foreign Direct Investment Group (Central Bank of Costa Rica, Costa Rican Investment Promotion Agency, Foreign Trade Promotion Enterprise, Ministry of Foreign Trade and Costa Rica Tourism Board).

## Monthly Index of Economic Activity by regime type Interannual variation (January 2018 – July 2023)



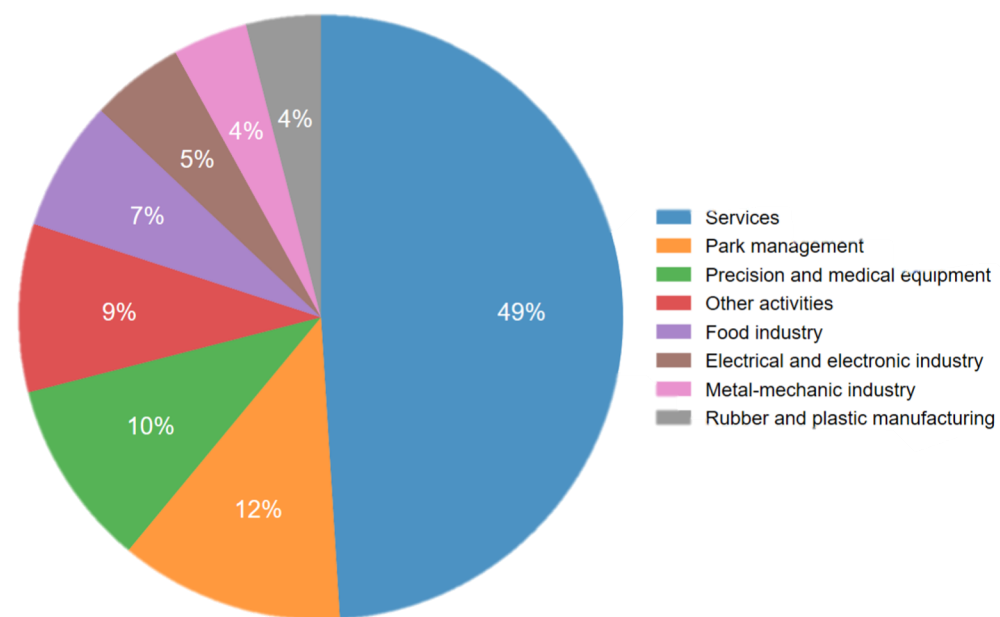
Source: Central Bank of Costa Rica.

## Special Regime's contribution to GDP (1991-2022)



Source: Central Bank of Costa Rica.

## Free Trade Zone firms by economic activity 2021

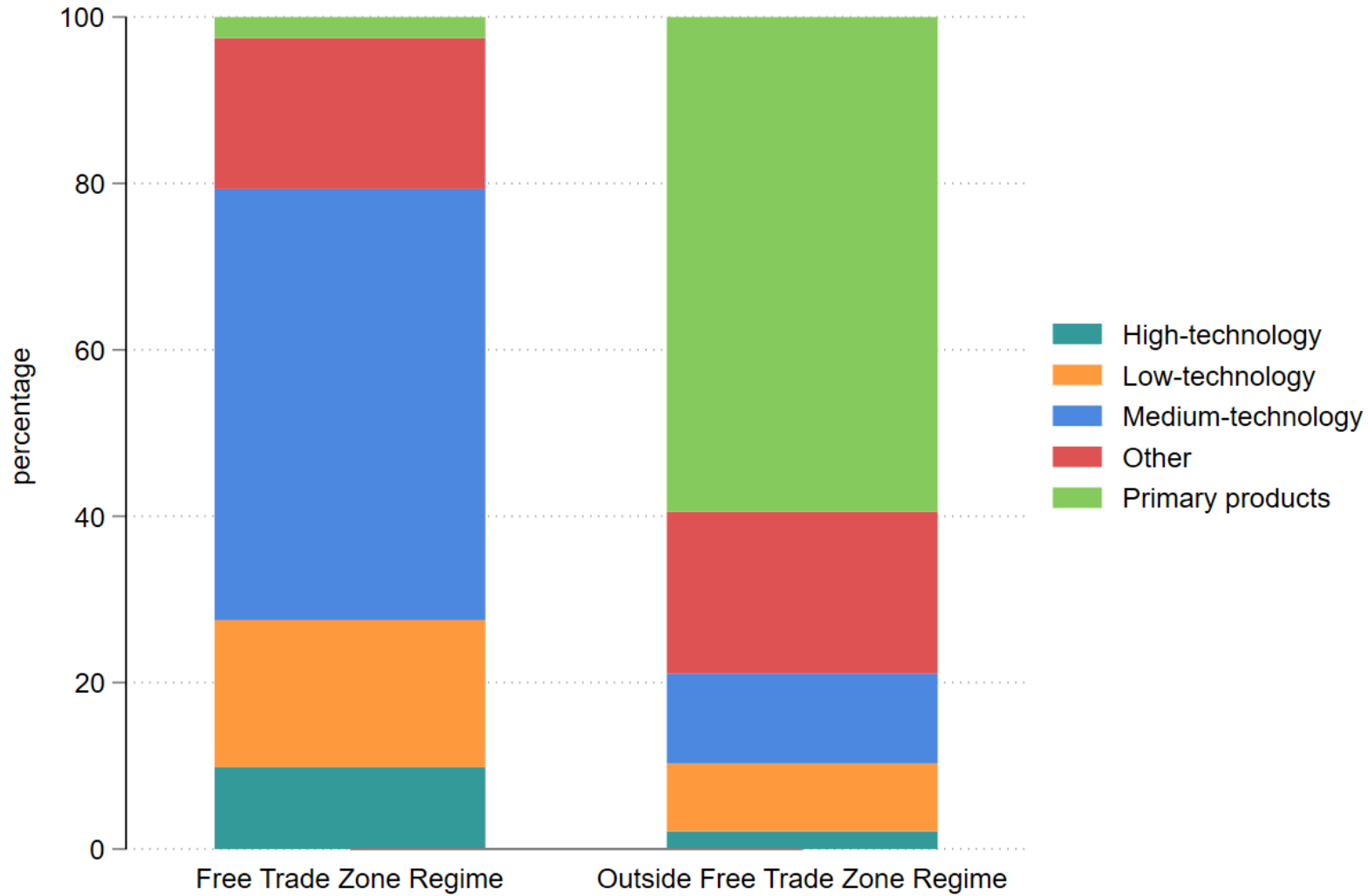


Source: Foreign Trade Promotion Enterprise (PROCOMER).



# Technological intensity of FTZ goods exports by regime type

2020



Source: Foreign Trade Promotion Enterprise (PROCOMER).

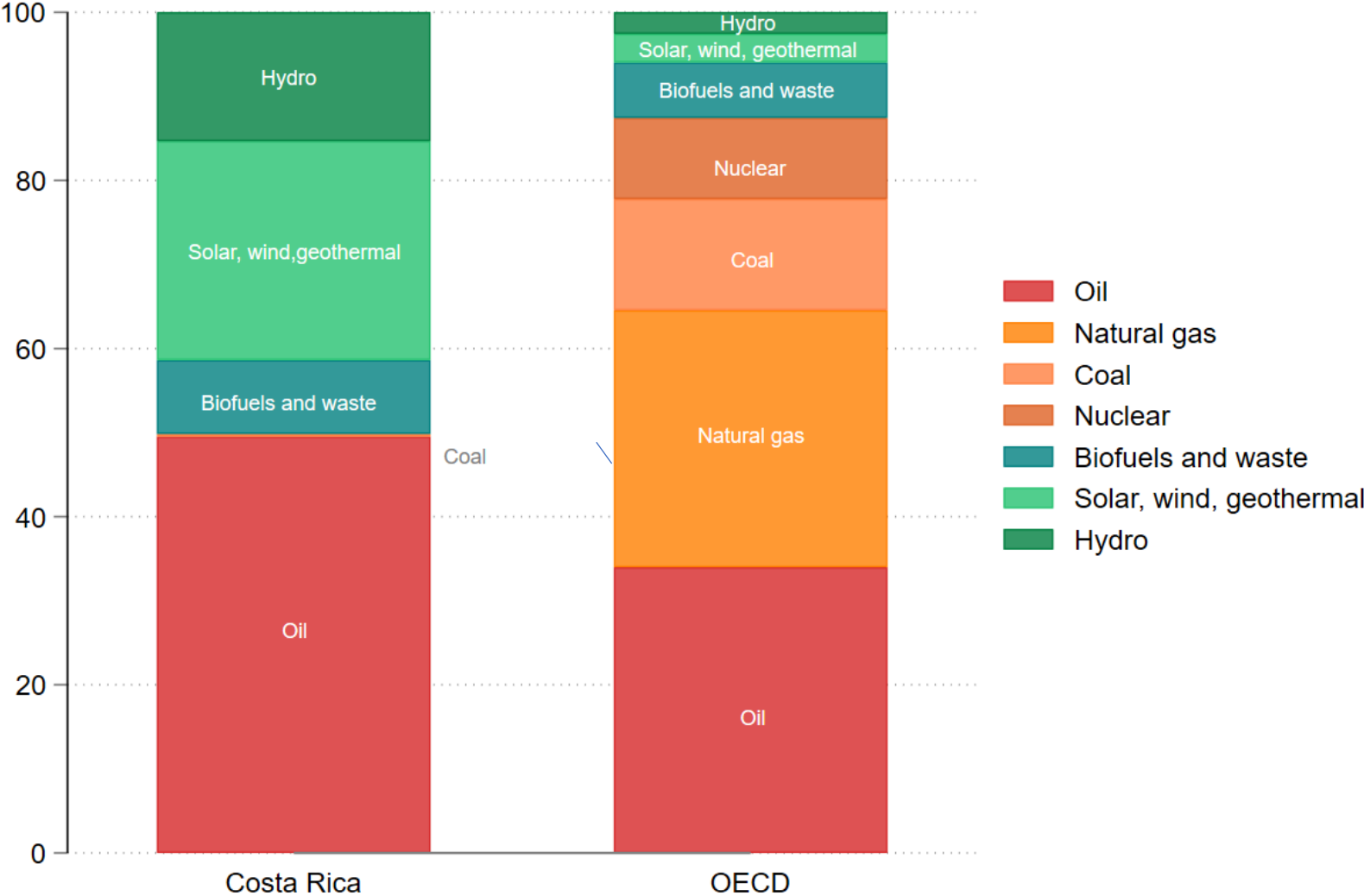
In 2022, the Free Trade Zone Regime was responsible for 61.8% of Costa Rica's goods exports



# **COSTA RICA: ENVIRONMENTAL PERFORMANCE**

# Costa Rica: Oil remains significant in the energy supply

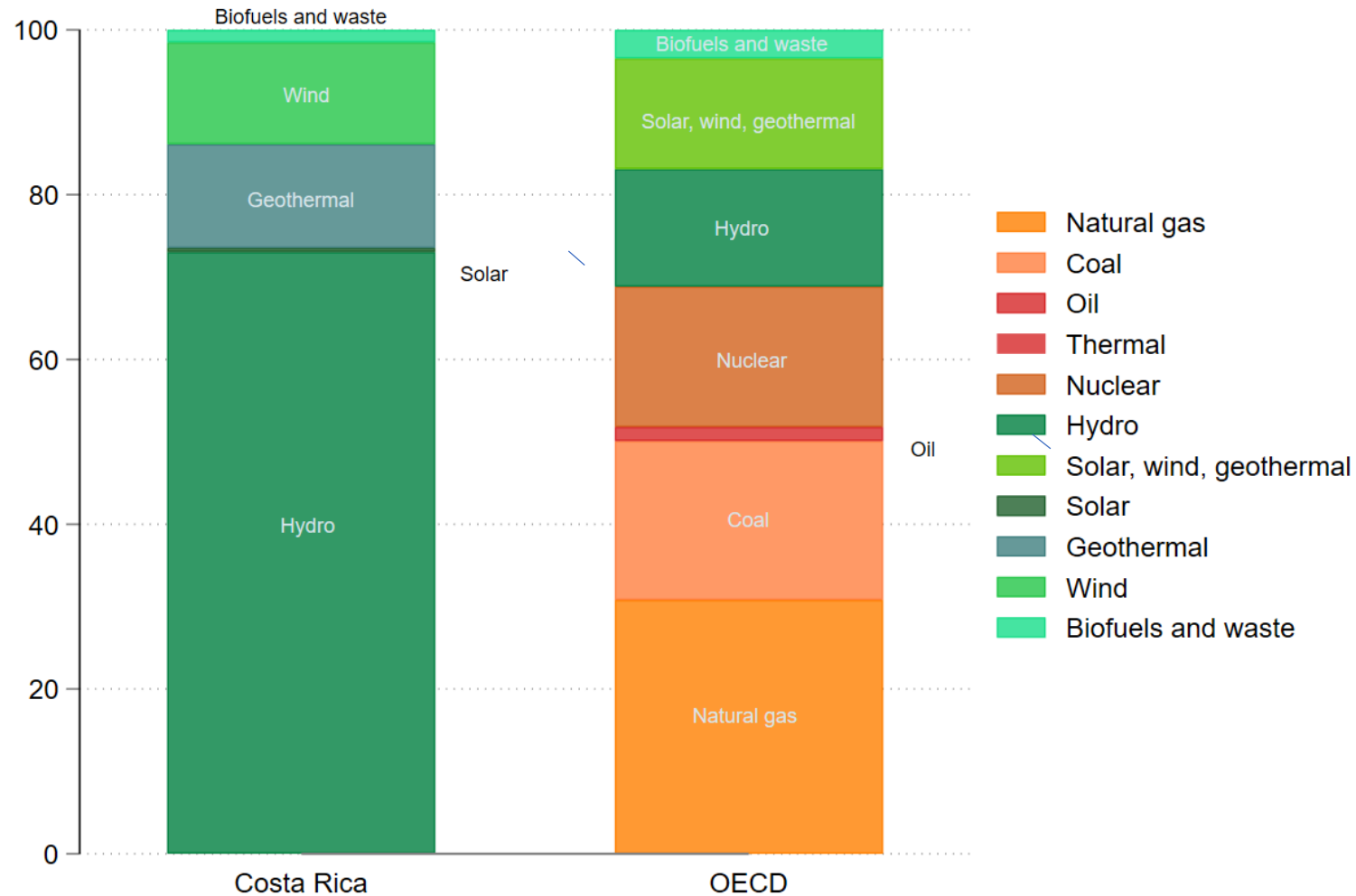
## Energy supply by source 2021



Source: OECD Economic Surveys: Costa Rica 2023

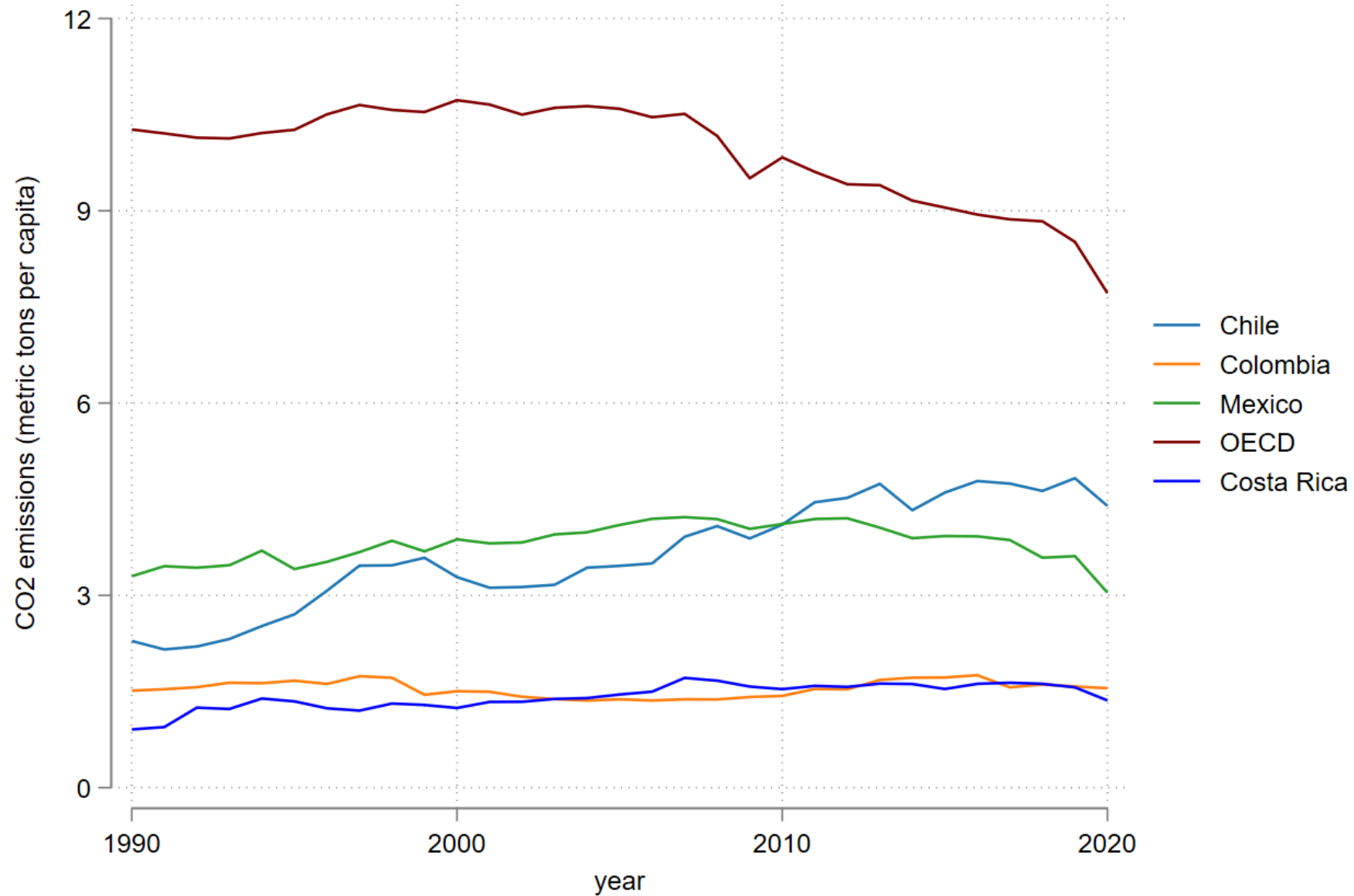
# Costa Rica generates over 99% of its electricity from renewable energy sources

## Electricity generation by source 2021



Source: OECD Economic Surveys: Costa Rica 2023

# CO<sub>2</sub> emissions (metric tons per capita)



## Challenge: Energy transition and growth

- Costa Rica remains as a dual economy characterized by a modern sector in Free Trade Zones and a traditional sector outside them. To boost aggregate productivity policies should continue to stimulate the productivity of domestic firms.
- Moreover, Costa Rica stands out as one of the few countries in the world that generates over 99% of its electricity from renewable energy sources (**99.9% in 2020**). However, electricity represents only a fraction of the nation's total energy consumption (**22.3% in 2021**).

## Challenge: Energy transition and growth

- In fact, Costa Rica's energy transition towards a more sustainable energy system faces its greatest challenge in the **transportation sector** (i.e., collective and private mobility of people and freight), responsible for about **40%** of all carbon emissions.
- Significant investments are needed to support renewable energy infrastructure projects and implement energy efficiency policies in the transportation sector.
- Costa Rica requires to balance the need for sustainable energy development with fiscal responsibility.

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