INTRODUCTION

- In recent years there has been a growing interest from Swedish companies in the Central America region, particularly in Costa Rica and Panama.
- In order to gain understanding of the market conditions, Business Sweden in Mexico has performed a study to identify business opportunities for Swedish companies in both countries.
- The study focuses on the following sectors:
  - Healthcare
  - ICT
  - Infrastructure
  - Energy
- The study also included the Mesoamerican Project, as it was identified to represent several business opportunities throughout the Central American region.
- This report contains the final findings of the focus study in Panama and Costa Rica.

BUSINESS SWEDEN IN COSTA RICA AND PANAMA

Business Sweden’s office in Mexico City, that covers Mexico, Central America and the Caribbean, has eight business consultants with extensive market knowledge and long experience of promoting Swedish business in the region.

Over the last years we have supported business entries and growth in various sectors, such as Healthcare & Life Sciences, Energy and Environmental Technologies, Telecom and IT, Automotive and Transport Systems.

Welcome to contact us!

Olof Hällerman
Trade Commissioner Mexico, Central America and the Caribbean
Mesoamerican Project is expected to boost public health investments in Costa Rica and Panama.
- Both countries' imports of pharmaceuticals is expected to reach 1.3 BUSD in 2018.
- Several international pharmaceutical companies have chosen Costa Rica and Panama for production due to favorable tax laws and shipping abilities.

Increased demand of construction equipment is expected in both countries due to planned projects.
- The transport/infrastructure sector has the largest number of projects of the Mesoamerican Project (1.7 BUSD under implementation).
- Swedish construction equipment enjoys an excellent reputation in both markets due to high quality, maintenance and repair services.

Sweden has a good reputation in both countries due to good experience with companies such as Ericsson.
- Costa Rica is having one of the best progress in the telecommunications sector worldwide serving as benchmark for the region.
- Several investments are expected as both countries are specializing in contact centers services.
- Swedish Millicom is present in the region under the Tigo brand.

Both countries have very ambitious agendas to exploit renewable energy but lacks technological knowledge.
- Energy production for own consumption is being promoted in Costa Rica and Panama, representing a need to develop smart grid infrastructure.
- Cooperation opportunity due to similar energy situation in Sweden, Costa Rica and Panama – lack of fossil fuels.
CONTENT

- Costa Rica & Panama Overview
  - Business Climate
  - Mesoamerican Project
  - Focus Sectors
  - Current key projects
  - Appendix
**DURING 2014, COSTA RICA & PANAMA IMPORTED 74 MUSD FROM SWEDEN AND EXPORTED 84.5 MUSD**

**COSTA RICA**
- **Area:** 51,100 sq km
- **Inhabitants:** 4.81 million
- **Constitution:** Democratic Republic
- **Languages:** Spanish (official), English
- **Nominal GDP:** 54.3 MUSD
- **Main exports:** bananas, pineapples, coffee, melons, ornamental plants, sugar; beef; seafood; electronic components, medical equipment
- **Main imports:** raw materials, consumer goods, capital equipment, petroleum, construction materials
- **Swedish exports to Costa Rica:** 43.8 MUSD
- **Swedish imports from Costa Rica:** 47.7 MUSD

**PANAMA**
- **Area:** 75,420 sq km
- **Inhabitants:** 3.65 million
- **Constitution:** Constitutional Democracy
- **Languages:** Spanish (official), indigenous languages
- **Nominal GDP:** 49.2 MUSD
- **Main exports:** fruit and nuts, fish, iron and steel waste, wood
- **Main imports:** fuels, machinery, vehicles, iron and steel rods, pharmaceuticals
- **Swedish exports to Panama:** 40.7 MUSD
- **Swedish imports from Panama:** 26.3 MUSD

**8.46 million inhabitants**

**103.5 BUSD nominal GDP**

**SOURCE:** CIA WORLD FACTBOOK; INTERNATIONAL TRADE CENTRE
**TOP-10 SWEDISH EXPORTS (K USD) 2014**

<table>
<thead>
<tr>
<th>Item</th>
<th>Costa Rica</th>
<th>Panama</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrical, electronic equipment</td>
<td>15 220</td>
<td>8 082</td>
<td>23 302</td>
</tr>
<tr>
<td>Machinery, nuclear reactors, boilers, etc</td>
<td>7 971</td>
<td>5 242</td>
<td>13 213</td>
</tr>
<tr>
<td>Pharmaceutical products</td>
<td>4</td>
<td>11 392</td>
<td>11 396</td>
</tr>
<tr>
<td>Optical, photo, technical, medical, etc apparatus</td>
<td>6 695</td>
<td>3 281</td>
<td>9 976</td>
</tr>
<tr>
<td>Iron and steel</td>
<td>3 656</td>
<td>128</td>
<td>3 784</td>
</tr>
<tr>
<td>Paper and paperboard, articles of pulp, paper and board</td>
<td>2 179</td>
<td>1 464</td>
<td>3 643</td>
</tr>
<tr>
<td>Plastics and articles thereof</td>
<td>2 055</td>
<td>1 502</td>
<td>3 557</td>
</tr>
<tr>
<td>Articles of iron or steel</td>
<td>3 384</td>
<td>86</td>
<td>3 470</td>
</tr>
<tr>
<td>Ships, boats and other floating structures</td>
<td>-</td>
<td>2 455</td>
<td>2 455</td>
</tr>
<tr>
<td>Milling products, malt, starches, inulin, wheat gluten</td>
<td>-</td>
<td>2 404</td>
<td>2 404</td>
</tr>
</tbody>
</table>

**TOP-10 SWEDISH IMPORTS (K USD) 2014**

<table>
<thead>
<tr>
<th>Item</th>
<th>Costa Rica</th>
<th>Panama</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edible fruit, nuts, peel of citrus fruit, melons</td>
<td>38 651</td>
<td>21 280</td>
<td>59 931</td>
</tr>
<tr>
<td>Optical, photo, technical, medical, etc apparatus</td>
<td>6 990</td>
<td>33</td>
<td>7 023</td>
</tr>
<tr>
<td>Copper and articles thereof</td>
<td>-</td>
<td>2 689</td>
<td>2 689</td>
</tr>
<tr>
<td>Nickel and articles thereof</td>
<td>-</td>
<td>1 130</td>
<td>1 130</td>
</tr>
<tr>
<td>Iron and steel</td>
<td>722</td>
<td>91</td>
<td>813</td>
</tr>
<tr>
<td>Pearls, precious stones, metals, coins, etc</td>
<td>21</td>
<td>643</td>
<td>664</td>
</tr>
<tr>
<td>Vegetable, fruit, nut, etc food preparations</td>
<td>518</td>
<td>-</td>
<td>518</td>
</tr>
<tr>
<td>Electrical, electronic equipment</td>
<td>160</td>
<td>149</td>
<td>309</td>
</tr>
<tr>
<td>Fish, crustaceans, molluscs, aquatic invertebrates nes</td>
<td>272</td>
<td>-</td>
<td>272</td>
</tr>
<tr>
<td>Machinery, nuclear reactors, boilers, etc</td>
<td>20</td>
<td>116</td>
<td>136</td>
</tr>
</tbody>
</table>

**In 2014, main Swedish import from Costa Rica & Panama was fruit – accounting to almost 60 MUSD**

**Source:** International Trade Centre (ITC); Business Sweden Analysis
8 OF SWEDEN’S TOP-10 EXPORTS CORRESPOND TO COSTA RICA AND PANAMA’S MAIN IMPORTS

<table>
<thead>
<tr>
<th>TOP-10 SWEDISH EXPORTS (K USD) 2014</th>
<th>CR&amp;P*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery, nuclear reactors, boilers, etc</td>
<td>25 445 477</td>
</tr>
<tr>
<td>Electrical, electronic equipment</td>
<td>17 577 579</td>
</tr>
<tr>
<td>Vehicles other than railway, tramway</td>
<td>16 061 417</td>
</tr>
<tr>
<td>Mineral fuels, oils, distillation products, etc</td>
<td>13 287 846</td>
</tr>
<tr>
<td>Paper and paperboard, articles of pulp, paper and board</td>
<td>10 175 943</td>
</tr>
<tr>
<td>Pharmaceutical products</td>
<td>7 593 952</td>
</tr>
<tr>
<td>Commodities not elsewhere specified</td>
<td>7 319 221</td>
</tr>
<tr>
<td>Iron and steel</td>
<td>6 817 815</td>
</tr>
<tr>
<td>Plastics and articles thereof</td>
<td>5 881 847</td>
</tr>
<tr>
<td>Wood and articles of wood, wood charcoal</td>
<td>4 655 589</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOP-10 IMPORTS (K USD) 2014</th>
<th>COSTA RICA</th>
<th>PANAMA</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mineral fuels, oils, distillation products, etc</td>
<td>2 231 921</td>
<td>2 803 013</td>
<td>5 034 934</td>
</tr>
<tr>
<td>Electrical, electronic equipment</td>
<td>2 829 495</td>
<td>984 354</td>
<td>3 813 849</td>
</tr>
<tr>
<td>Machinery, nuclear reactors, boilers, etc</td>
<td>1 433 613</td>
<td>1 587 445</td>
<td>3 021 058</td>
</tr>
<tr>
<td>Vehicles other than railway, tramway</td>
<td>1 049 448</td>
<td>1 191 559</td>
<td>2 241 007</td>
</tr>
<tr>
<td>Plastics and articles thereof</td>
<td>1 198 127</td>
<td>434 028</td>
<td>1 632 155</td>
</tr>
<tr>
<td>Articles of iron or steel</td>
<td>440 534</td>
<td>708 670</td>
<td>1 149 204</td>
</tr>
<tr>
<td>Pharmaceutical products</td>
<td>629 955</td>
<td>345 442</td>
<td>975 397</td>
</tr>
<tr>
<td>Iron and steel</td>
<td>480 414</td>
<td>399 515</td>
<td>879 929</td>
</tr>
<tr>
<td>Paper and paperboard, articles of pulp, paper and board</td>
<td>607 088</td>
<td>198 574</td>
<td>805 662</td>
</tr>
<tr>
<td>Optical, photo, technical, medical, etc apparatus</td>
<td>453 558</td>
<td>205 875</td>
<td>659 433</td>
</tr>
</tbody>
</table>

THERE IS A CLEAR MATCH BETWEEN COSTA RICA’S & PANAMA’S NEEDS AND THE SWEDISH OFFERING

SOURCE: INTERNATIONAL TRADE CENTRE (ITC); BUSINESS SWEDEN ANALYSIS

*COSTA RICA & PANAMA
THE ASSOCIATION AGREEMENT WITH CENTRAL AMERICA HAS NOT INCREASED SWEDISH EXPORTS YET

ASSOCIATION AGREEMENT WITH THE EU

- The EU and the Central American (CA) region concluded a new Association Agreement, signed on 29 June 2012, but officially implemented during 2013
- The Agreement includes Panama, Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua
- The Association Agreement relies on three pillars to support economic growth, democracy and political stability in Central America
  1. Political dialogue
  2. Cooperation
  3. Trade
- It includes elimination of most import tariffs; improved access to public procurement, services and investment markets; better conditions for market access, competition and property rights; better dispute settlement mechanism
- Main EU imports from CA are office, machinery and transport equipment mainly – 59.6%, followed by Agricultural products – 30.1%
- Main exports from EU to CA are machinery and transport equipment – 47.2% and chemicals – 21.5%

SWEDISH EXPORTS TO COSTA RICA & PANAMA REGISTERED A RECORD HIGH IN 2011 REACHING 228 M USD

SOURCE: EU COMMISSION; INTERNATIONAL TRADE CENTRE (ITC); BUSINESS SWEDEN ANALYSIS
CONTENT

- Costa Rica & Panama Overview
- Business Climate
  - Mesoamerican Project
  - Focus Sectors
  - Current key projects
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BUSINESS CLIMATE HAS IMPROVED GREATLY IN COSTA RICA, WHILE PANAMA HAS NOT HAD MAJOR CHANGES

COUNTRY CREDIT RISK*

BUSINESS SWEDEN

EASE OF DOING BUSINESS RANKING 2016

<table>
<thead>
<tr>
<th>Country</th>
<th>Sweden</th>
<th>Mexico</th>
<th>Costa Rica</th>
<th>Panama</th>
<th>Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>38</td>
<td>58 (79**)</td>
<td>69 (66**)</td>
<td>116</td>
</tr>
</tbody>
</table>

Costa Rica improved 21 positions in the World Bank’s Ease of Doing Business Ranking in the last year by implementing 3 business reforms:

- **Getting Credit**: Costa Rica improved access to credit by adopting a new secured transactions law that establishes a functional secured transactions system and a modern, centralized, notice-based collateral registry.

- **Paying Taxes**: Costa Rica made paying taxes easier for companies by promoting the use of its electronic filing and payment system for corporate income tax and general sales tax.

- **Getting Electricity**: The utility in Costa Rica made getting electricity easier by reducing the time required for preparing the design of the external connection works and for installing the meter and initiating the electricity supply.

Panama lost 3 places in the ranking by not implementing any business reform to benefit the ease of doing business.

COSTA RICA & PANAMA ARE THE BEST RANKED COUNTRIES BY THE SWEDISH EXPORT CREDITS GUARANTEE BOARD

SOURCE: EKN; WORLD BANK

*RISK OF NON-PAYMENT; **PREVIOUS RANK
IN THE LAST YEARS CSR HAS BECOME MORE IMPORTANT IN COSTA RICA AND PANAMA

COSTA RICA

- The Costa Rica government actively highlights its role in attracting high-tech companies to Costa Rica; the strong Corporate Social Responsibility culture that many of those companies cultivate has become part of that winning package
- Large multinational companies commonly pursue CSR goals in line with their corporate goals and have found it beneficial to advertise such CSR activities in Costa Rica
- Many smaller companies, particularly in the tourism sector, have likewise integrated CSR activities into their way of doing business
- There is a general awareness of CSR among both producers and consumers in Costa Rica
- Infrastructure and large energy projects are not allowed in indigenous territories

PANAMA

- Panama maintains strict domestic laws relating to labor and employment rights and environmental protection
- While enforcement of these laws is not always stringent, major construction projects are required to complete environmental assessments, guarantee worker protections, and comply with government standards
- In 2012, Panama adopted ISO 26000 to guide businesses in the development of CSR platforms. Business groups are active in encouraging and rewarding good CSR practices
- Since 2009, the American Chamber of Commerce has given an annual award to recognize member companies for their positive impact on the local community and environment
- Opposition to hydroelectric and mining projects is gaining support from the general population

EFFORTS ARE UNDER WAY TO PROMOTE A CULTURE OF SOCIAL RESPONSIBILITY AMONG BUSINESSES IN BOTH COUNTRIES

SOURCE: EXPORT.GOV; BUSINESS SWEDEN ANALYSIS
SEVERAL ORGANIZATIONS ARE WORKING TO PROMOTE CSR WITHIN THE BUSINESS SECTOR

- **INTEGRARSE**
  Regional
  - The Central American Integration for Corporate Social Responsibility (INTEGRARSE) is an alliance of organizations promoting corporate responsibility and sustainability in Central America and the Caribbean
  - It seeks to promote a permanent culture of corporate social responsibility in the business community of the region and to contribute effectively in sustainable development and regional integration

- **AED**
  Costa Rica
  - The Business Association for Development (AED) is a nonprofit organization focused on sustainability and competitiveness, through the promotion of responsible business models in business organizations
  - AED guides the productive sector to consider principles of social responsibility as part of its management, reducing negative impacts and maximizing positive impacts on society, the environment and the economy
  - It comprises more than 120 companies working in coordination with civil society and the government through public-private partnerships

- **SUMARSE**
  Panama
  - SUMARSE is the local network of the United Nations Global Compact initiative. It promotes social responsibility and acts as meeting point between various sectors of the society to promote a sustainable development
  - It works with more than 200 members in training and exchange of best practices in economic, social and environmental topics
  - SUMARSE promotes the dialogue between the public sector and third sector, seeking to turn the sum of individual efforts into a true collective impact to make Panama a more sustainable country

*Source: INTEGRARSE; AED; SUMARSE; BUSINESS SWEDEN Analysis*
PROGRESS HAS BEEN MADE IN RECENT YEARS TO INCLUDE CSR IN THE DEVELOPMENT OF THE REGION

CSR is becoming more important for consumers...

“The Chamber of Commerce promotes CSR projects. There is a growing tendency among companies in Costa Rica to include CSR. Projects such as food banks have been undertaken with the support of large private companies”

Chamber of Commerce, Costa Rica

Public pressure forces the government to take serious measures against corruption...

“There have been cases of corruption involving government officials, as the case of Alcatel. When the bribes were discovered, public pressure was so powerful that Alcatel had to leave the country”

Ericsson, Costa Rica

The new government has adopted an open dialogue with vulnerable groups...

“The current government is more transparent than the previous one and has established a good relationship with indigenous groups, promoting clean energy projects that do not affect this part of the population. Freedom of press in Panama is very strong and protected by the government”

PROINVEX, Panama

Lately there have been no social conflicts generated by the construction of new projects...

“There is activity from social movements against some projects, but they are not militant movements as in other countries in the region. Due to the economic interests behind the projects, investors always finds a way to meet all sustainable regulations without causing a social conflict.”

Ministry of Public Works, Panama

SOURCE: INTERVIEWS; BUSINESS SWEDEN ANALYSIS
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The Mesoamerican Project is a proposal developed by ten countries to strengthen regional integration and to promote economic and social development of the participating countries.

The objective is to improve progress conditions and human prosperity among population.

At present the Mesoamerican Project is composed by:

- México
- Guatemala
- Belize
- El Salvador
- Honduras
- Nicaragua
- Costa Rica
- Panamá
- Colombia
- Dominican Republic


- Transport (342.3 MUSD)
- Trade facilitation (5.2 MUSD)
- Energy (262 MUSD)
- Telecom (2.1 MUSD)
- Risk management (0.8 MUSD)

45 projects under implementation

- Transport (1,681.2 MUSD)
- Trade facilitation (553.9 MUSD)
- Energy (223.5 MUSD)
- Telecom (5.75 MUSD)
- Risk management (0.6 MUSD)

62 COMPLETED PROJECTS AND 45 THAT ARE IN PROGRESS REPRESENT AN INVESTMENT OF 3,077 MUSD

SOURCE: MESOAMERICAN PROJECT; BUSINESS SWEDEN ANALYSIS

* IDENTIFIED SECTORS AS MAIN PRIORITIES FOR COSTA RICA & PANAMA
### Transport/Infrastructure

- International Network of Mesoamerican Highways (RICAM)
- Mesoamerican Integration Corridor (Pacific Corridor) – **1.34 BUSD**
- TCs for road transport
  - Analysis, Strategy and Instruments for Improving Freight Logistics and Trade in Mesoamerican
  - Mesoamerican Observatory on Freight Transport and Logistics
  - Sustainable Transport and Climate Change
- Distance Short Sea Shipping (TMCD) – **1.25 MUSD**

### Energy

- Electric Interconnection System for Central American Countries (SIEPAC) – **505 MUSD**
- Regional Electricity Market (MER) – **3 MUSD**
- Mexico-Guatemala Electric Interconnection
- Interconnection Panama-Colombia – **450 MUSD**
- Mesoamerican Biofuels Program (PMB)
- Mesoamerican Network of Research and Development of Biofuels (RMIDB)
- Energy efficiency
  - Efficient Lighting Strategy in Central

### Telecommunications

- Mesoamerican Information Highway (AMI) – **792 KUSD**

### Healthcare

- Mesoamerican Public Health System (SMSP)
- Mesoamerican Health Initiative 2015 – **142 MUSD**

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**THE TRANSPORT & ENERGY SECTORS CONCENTRATE MOST INITIATIVES OF THE MESOAMERICAN PROJECT**

**SOURCE:** MESOAMERICAN PROJECT; BUSINESS SWEDEN ANALYSIS

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**BUSINESS SWEDEN**

**26 APRIL, 2016**
CONTENT

- Costa Rica & Panama Overview
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- Mesoamerican Project
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  - Healthcare
    - ICT
    - Infrastructure
    - Energy
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COSTA RICA AND PANAMA´S COMBINED HEALTHCARE EXPENDITURE ACCOUNTED FOR 8,34 BUSD IN 2014

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**COSTA RICA**
- Expenditure on healthcare accounted for 10.06% of GDP in 2014. The government extended the healthcare coverage, which accounted for 74.8% of the country's total healthcare expenditure in 2014.
- It is forecasted that the government's healthcare spending will grow in line with Costa Rica's GDP growth. However, government-led healthcare development in Costa Rica will gradually shift to private consumers, as more people are able to afford private healthcare insurance due to Costa Rica's strong economic growth and stable political and business environment.

**PANAMA**
- Panama's government has a significant advantage over its neighbors due to its unique ability to tap revenue from canal traffic to continue funding public-private investment projects.
- Moreover, strong investment and household spending levels should drive healthcare spending growth.
- It is calculated that Panama spent 3.3 BUSD on healthcare in 2014 and will grow to 3.6 BUSD in 2015. This figure will increase to 5.1 BUSD by 2019. This equates to 7.7% of GDP.

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COSTA RICA AND PANAMA´S COMBINED HEALTHCARE EXPENDITURE IS EXPECTED TO REACH 13.38 BUDS BY 2019

**SOURCE:** WORLD HEALTH ORGANIZATION (WHO), BMI; BUSINESS SWEDEN ANALYSIS
BOTH COUNTRIES HAVE A CLOSE COLLABORATION IN THE HEALTHCARE SECTOR DUE TO THEIR SIMILARITIES

COSTA RICA

- The **Ministry of Public Health** is the Costa Rican ministerial portfolio responsible for ensuring public health. Among its tasks is the management of the country’s health system, supervision of public hospitals and the Costa Rican Department of Social Security,

- The **Costa Rican Department of Social Insurance (CCSS)** is in charge of most of the nation’s public health sector. Its role in public health (as the administrator of health institutions) is key in Costa Rica, playing an important part in the state’s national health policy making

- Ministry of Public Health ([www.ministeriodesalud.go.cr](http://www.ministeriodesalud.go.cr))
- Department of Social Insurance ([www.ccss.sa.cr](http://www.ccss.sa.cr))

PANAMA

- Healthcare in Panama is provided by a system through the government and the private sector

- The public sector is funded through the **Ministry of Health (MINSA)** and the **Social Security Fund (CSS)**

- The **Social Security Fund (CSS)** is the responsible public institution of social security in Panama. Its function is to provide social security to policyholders through comprehensive health services and economic livelihoods.

- Ministry of Health ([www.minsa.gob.pa](http://www.minsa.gob.pa))
- Social Security System ([www.css.gob.pa](http://www.css.gob.pa))

In January 2015, representatives from the Panamanian Ministry of Health met with the Costa Rican Ministry of Public Health to discuss Panama’s decision to introduce universal healthcare
Costa Rica has yet to form a partnership with the country which would make it able to expand trade, healthcare intelligence and to support Panama in its transition for universal healthcare

SOURCE: MINISTRY OF PUBLIC HEALTH; CCSS; MINSA; CSS; BUSINESS SWEDEN ANALYSIS
THE PHARMACEUTICAL SECTOR IN COSTA RICA AND PANAMA REPRESENTS A MARKET OF 1.4 BUSD

COSTA RICA
- Costa Rica has the second-largest pharmaceutical market in Central America, after Guatemala
- Costa Rica’s annual per capita pharmaceutical spending in 2014 was 159 USD
- Pharmaceutical sales were 783 MUSD in 2014 and are projected to reach 1.2 BUSD by 2019

PANAMA
- Panama has the third-biggest pharmaceutical market in Central America
- At 160 USD in 2014, Panama had one of the highest levels of per capita spending on pharmaceuticals in Central America
- It is forecasted that the per capita spending on pharmaceuticals will grow in Panama to 207 USD by 2019. Over the same time period, medicine sales in Panama will grow from 627 MUSD to 876 MUSD, with a CAGR of 6.9%

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Imports MUSD</th>
<th>Value MUSD</th>
<th>% of health expenditure</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>Costa Rica</td>
<td>591</td>
<td>783</td>
<td>15.6</td>
<td>1.57</td>
</tr>
<tr>
<td></td>
<td>Panama</td>
<td>418</td>
<td>627</td>
<td>18.9</td>
<td>1.45</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,009</td>
<td>1,410</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015f</td>
<td>Costa Rica</td>
<td>612</td>
<td>812</td>
<td>15.1</td>
<td>1.54</td>
</tr>
<tr>
<td></td>
<td>Panama</td>
<td>446</td>
<td>670</td>
<td>18.6</td>
<td>1.39</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,058</td>
<td>1,482</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016f</td>
<td>Costa Rica</td>
<td>644</td>
<td>870</td>
<td>14.7</td>
<td>1.53</td>
</tr>
<tr>
<td></td>
<td>Panama</td>
<td>477</td>
<td>716</td>
<td>18.3</td>
<td>1.35</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,121</td>
<td>1,586</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017f</td>
<td>Costa Rica</td>
<td>682</td>
<td>922</td>
<td>14.4</td>
<td>1.52</td>
</tr>
<tr>
<td></td>
<td>Panama</td>
<td>510</td>
<td>766</td>
<td>18.0</td>
<td>1.32</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,192</td>
<td>1,688</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018f</td>
<td>Costa Rica</td>
<td>756</td>
<td>1,021</td>
<td>14.2</td>
<td>1.53</td>
</tr>
<tr>
<td></td>
<td>Panama</td>
<td>546</td>
<td>819</td>
<td>17.6</td>
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<tr>
<td></td>
<td>Total</td>
<td>1,302</td>
<td>1,840</td>
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</tr>
</tbody>
</table>

COSTA RICA AND PANAMA TOGETHER IMPORTED 1 BUSD IN PHARMACEUTICALS DURING 2014

SOURCE: WORLD HEALTH ORGANIZATION (WHO); BMI; BUSINESS SWEDEN ANALYSIS
COSTA RICA AND PANAMA ARE REGIONAL OUTPERFORMERS IN THE HEALTHCARE SECTOR

Costa Rica’s private healthcare sector is expanding…
“The public health system can not keep up with the current demand as it is currently experiencing a serious financial crisis. Therefore there has been a tremendous growth in the private health sector, that is being preferred by the general population”
Chamber of Commerce, Costa Rica

Costa Rica has expressed interest to strengthen its health standards…
“As part of the accession process to the OECD, Costa Rica must undergo an examination of their health policy, in which the capacity of the healthcare system will be evaluated to provide safe and appropriate services for all segments of the population, in an efficient and transparent manner”
Health Ministry, Costa Rica

The health sector is a priority for the Panamanian government…
“One of the cornerstones of our Government Plan is health promotion and disease prevention to assure good growth and development of our youth, a healthy lifestyle to all Panamanians and improve the quality of life of the productive population to contribute to the development of the country”
Government of Panama

Panama and Costa Rica have created favorable conditions to attract investments…
“Few multinational pharmaceutical companies currently have a presence in Central America and those that do exist are exclusively in Panama and Costa Rica due to favorable tax laws and shipping abilities. These include Eli Lilly, Merck, Pfizer, Sanofi, and Valeant Pharmaceuticals”
Business Monitor International

SOURCE: INTERVIEWS; BUSINESS SWEDEN ANALYSIS
HEALTHCARE – SWOT

STRENGTH

- Investment in the expansion of healthcare coverage will drive growth in pharmaceutical demand
- The export industry benefits from several countries being signatories to the Central America Free Trade Agreement-Dominican Republic (CAFTA-DR)
- Panama offers favorable tax incentives and is positioned as a convenient distribution location between South and North America

OPPORTUNITY

- Many treatment-naïve patients for clinical trials
- An underpenetrated branded generic drug sector
- Improved market access through regional regulatory harmonization
- Costa Rica signed a cooperation agreement with Mexico’s health authorities to allow the recognition of Costa Rica drugs for registration approval by the Federal Commission For The Protection Against Sanitary Risks (COFEPRIS)

WEAKNESS

- Low per capita spending in healthcare services: a large proportion of the regional population is low income, which limits affordability
- Underdeveloped regulatory and patent linkage processes and poor clinical data protection
- Underdeveloped infrastructure and manufacturing capabilities lead to a negative pharmaceutical trade balance

THREAT

- An undercurrent of political instability
- Unfulfilled economic development
- High prevalence of counterfeit medicines

SOURCE: BMI: BUSINESS SWEDEN ANALYSIS
CONTENT

- Costa Rica & Panama Overview
- Business Climate
- Mesoamerican Project
- Focus Sectors
  - Healthcare
- ICT
  - Infrastructure
  - Energy
- Current key projects
- Appendix
IN 2014 COSTA RICA & PANAMA TOGETHER ACCOUNTED FOR OVER 14 MILLION MOBILE SUBSCRIBERS

<table>
<thead>
<tr>
<th></th>
<th>Mobile subscribers '000</th>
<th>3G &amp; 4G subscribers '000</th>
<th>3G/4G share of mobile market</th>
<th>Telephone lines in service '000</th>
<th>Broadband subscribers '000</th>
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<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
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<tr>
<td>Costa Rica</td>
<td>8,015.2</td>
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<td>2015f</td>
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</tr>
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<td>Costa Rica</td>
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<td>2016f</td>
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<td>45.9</td>
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<td>2018f</td>
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<td>7,987.4</td>
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</tbody>
</table>

COSTA RICA

- Costa Rica was the last market in the Region to introduce competition into the mobile market with two new entrants licensed in 2011
- Market’s operators - newcomers Claro and Movistar alongside incumbent ICE* - focusing on 4G services in 2014
- The rapid growth extends to the market for mobile broadband services that has seen smartphones reach 40-60% of subscribers, far outpacing the rest of the Central America region.

PANAMA

- Regulator ASEP reported 6.361M active mobile lines at the end of 2014, up from 6.298M at the end of 2013
- In May 2013, the National Authority for Government Innovation (AIG) awarded contracts to Panamanian incumbent CWP and Digicel. According to the contracts, the two mobile operators will deploy mobile phone and internet lines in rural, remote and isolated areas of the country.

SOURCE: BMI: BUSINESS SWEDEN ANALYSIS

* COSTA RICAN ELECTRICITY INSTITUTE
COSTA RICA IS BETTER RANKED THAN PANAMA AND MEXICO IN THE NETWORKED READINESS INDEX

<table>
<thead>
<tr>
<th></th>
<th>COSTA RICA</th>
<th>PANAMA</th>
<th>MEXICO</th>
<th>SWEDEN</th>
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<tr>
<td></td>
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<td>1-7 (best)</td>
<td>Rank / 143</td>
<td>1-7 (best)</td>
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<tr>
<td><strong>Environment subindex</strong></td>
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<tr>
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<td>4.2</td>
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<tr>
<td>- Business and innovation environment</td>
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<tr>
<td><strong>Readiness subindex</strong></td>
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<tr>
<td>- Infrastructure and digital content</td>
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<tr>
<td>- Affordability</td>
<td>16</td>
<td>6.4</td>
<td>91</td>
<td>3.3</td>
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<tr>
<td>- Skills</td>
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<td>5.7</td>
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<td>4.3</td>
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<tr>
<td><strong>Usage subindex</strong></td>
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<td></td>
<td></td>
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<tr>
<td>- Individual usage</td>
<td>56</td>
<td>4.6</td>
<td>19</td>
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<tr>
<td>- Business usage</td>
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<tr>
<td>- Government usage</td>
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<td>57</td>
<td>4.2</td>
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<td><strong>Impact subindex</strong></td>
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<tr>
<td>- Economic impacts</td>
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<td>3.5</td>
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<td>- Social impacts</td>
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<td>4.8</td>
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<td>4.1</td>
</tr>
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<td><strong>Networked Readiness Index</strong></td>
<td>49</td>
<td>4.4</td>
<td>51</td>
<td>4.4</td>
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</table>

SOURCE: WORLD ECONOMIC FORUM; THE GLOBAL INFORMATION TECHNOLOGY REPORT 2015
# MOVISTAR AND CLARO ARE PRESENT AND DOMINATE BOTH MARKETS

## COSTA RICA

<table>
<thead>
<tr>
<th>Operator</th>
<th>Subscribers ('000)</th>
<th>Market share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICE Celular (Grupo ICE)</td>
<td>4,337</td>
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<tr>
<td>Claro</td>
<td>1,307</td>
<td>18.4</td>
</tr>
<tr>
<td>Movistar</td>
<td>1,272</td>
<td>17.9</td>
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<tr>
<td>Others (MVNOs*)</td>
<td>195</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,112</td>
<td>100.0</td>
</tr>
</tbody>
</table>

## PANAMA

<table>
<thead>
<tr>
<th>Operator</th>
<th>Subscribers ('000)</th>
<th>Market share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movistar</td>
<td>2,020</td>
<td>29.8</td>
</tr>
<tr>
<td>+móvil</td>
<td>2,087</td>
<td>28.9</td>
</tr>
<tr>
<td>Digicel</td>
<td>1,764</td>
<td>25.2</td>
</tr>
<tr>
<td>Claro</td>
<td>1,128</td>
<td>16.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,999</td>
<td>100.0</td>
</tr>
</tbody>
</table>

## MOBILE OPERATORS

- **Movistar**
  The second largest provider of mobile services in Central America and Mexico with operations in El Salvador, Guatemala, Panama, Nicaragua, Costa Rica and Mexico. Is a subsidiary of Movistar in Spain

- **Claro**
  Part of América Móvil, a Mexican telecom group serving clients in Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay

- **+móvil (Cable & Wireless Communications)**
  British multinational telecommunications company headquartered in London with operations in Pan-America (the Caribbean and Central America)

- **Digicel**
  Mobile phone network provider operating in 33 markets across the Caribbean, Central America, and Oceania regions. It is incorporated in Bermuda, and based in Jamaica. It has about 13 million wireless users

- **ICE Celular**
  The Costa Rican government-run electricity and telecommunications services provide. Operates under the Kölbi brand

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**SOURCE:** BMI; BUSINESS SWEDEN ANALYSIS; OPERATORS WEBSITE

* MOBILE VIRTUAL NETWORK OPERATOR
COSTA RICA AND PANAMA SHOW A NOTABLE DEVELOPMENT ACROSS THE TELECOM SECTOR

The sector is being dominated by Chinese companies…
“Ericsson established an office in Costa Rica five years ago when the market was opened in 2011. From 2004 to 2012 Ericsson has sold more than 300 million USD in Costa Rica, but a little over eight years ago the government took the initiative to support Chinese companies to diversify the ICT market due to the great dominance that European companies had (Ericsson & Alcatel). Since then, Huawei has dominated the supply of 3G and 4G technology to ICE”

Ericsson, Costa Rica

Costa Rica is one of the countries with the greatest progress in the telecommunications sector worldwide…
“Costa Rica was one of the last countries in Latin America to release its mobile telecommunications market, but nevertheless, is becoming one of the pioneers in the use of new technologies for mobile broadband access. The first deployment of LTE in Central America was held in Costa Rican soil, in late 2013, and by the middle of last year, all mobile operators with their own network in the country had a trade offer LTE”

4G Americas

High potential for Contact Centers in Costa Rica and Panama…
“Clearly Latin America is a growing region in the contact center business because, among other reasons, cloud solutions have slowly been gaining ground. In Central America it seems that the most dynamic countries in this market niche are Costa Rica and Panama”

Aspect Software

World class infrastructure for ICT services…
“The sector is valued at 957 million USD, contributing 3% of Panama’s GDP. We have a top of class ICT infrastructure such as the seven submarine fiber optic cables (the largest number in the world). We have a great capacity for servers and services call centers. We estimate that our current ICT infrastructure will comply with our needs for the coming 15 years”

PROINVEX, Panama

SOURCE: INTERVIEWS; BUSINESS SWEDEN ANALYSIS
### TELECOMMUNICATIONS – SWOT

#### Strength
- Central American markets show robust growth across the telecoms sector, with the mobile segment particularly strong.
- Competition has led to high mobile penetration rates - Panama and El Salvador hold the highest rates in Latin America.
- Several large international investors are present: América Móvil, Millicom International Cellular and Telefónica.

#### Opportunity
- Operators are looking to mobile content as a means of building revenues, offering potential for new services such as m-banking, telehealth, VoIP and m-commerce.
- Broadband penetration rates are low, creating ample room for growth.
- Mesoamerican Information Highway (AMI) should help to increase internet access while lowering cost and improving quality.

#### Weakness
- Markets are predominantly prepaid, generating low average revenues per user (ARPU).
- Fixed-line infrastructure tends to be concentrated in major cities; rural areas have been largely ignored, limiting the potential of fixed broadband.
- Regulators often lack independence and there is a strong state presence in the sector.
- Convergence is lacking, with the markets still focused on mobile-only developments.

#### Threat
- Low purchasing power in a number of countries means ARPU is difficult to grow.
- Low PC ownership rates limit broadband growth.
CONTENT

- Costa Rica & Panama Overview
- Business Climate
- Mesoamerican Project
- Focus Sectors
  - Healthcare
  - ICT
- Infrastructure
  - Energy
- Current key projects
- Appendix
PANAMA & COSTA RICA HAVE THE LARGEST INFRASTRUCTURE SECTORS IN CENTRAL AMERICA

Costa Rica has long had one of the most attractive investment environments in Central America, benefiting from relative high security and political stability and it is expected that this positive business environment to be maintained over the coming years.

Costa Rica has the second largest construction industry in the region - valued at 2.6 BUSD in 2014, only after Panama.

The sector benefits from the participation of large and skilled domestic players, such as Constructora MECO. However, large infrastructure projects have suffered from prolonged and costly delays in recent years.

PANAMA

Panama will continue to spend heavily on infrastructure to buoy the construction industry as the canal expansion project comes to an end.

With the construction industry one of the largest drivers of economic growth in Panama, it’s believed that the government will be under enormous pressure to sustain this critical sector.

The sector will contract in the first two years following the end of the canal expansion, but it will rebound as these new projects more forward, causing the sector to post positive growth from 2018.

PANAMA HAS A LARGE NUMBER OF HIGH-VALUE PROJECTS IN PIPELINE READY TO FILL THE VOID LEFT WITH THE CANAL

SOURCE: BMI; BUSINESS SWEDEN ANALYSIS

The diagram shows the infrastructure industry value in BUSD for Costa Rica and Panama from 2014 to 2019. Costa Rica has a CAGR of 4.98% from 2014 to 2019, while Panama has a CAGR of 3.53% from 2014 to 2019.
INTERNATIONAL COMPANIES ARE BEING ATTRACTED BY NEW PLANNED INFRASTRUCTURE PROJECTS

COMPETITIVE LANDSCAPE

- The small size of local construction industries limits the scope of domestic players, making for a fragmented regional construction sector.
- There are a number of international companies in the region ranging from European companies capitalizing on expertise or historic ties to Chinese companies extending their international reach.
- Although a poor business environment could deter some companies from entering the market, the opportunities on offer could attract those with a greater risk appetite.
- The Central American construction sector is home to a large number of small domestic contractors, as well as a combination of European and Latin American players, with a growing interest noted from China.
- Players from Italy and Spain have been the most active in securing a foothold in the region, with Impregilo, Astaldi, FCC, and Grupo ACS also present.

TAPPING INTO NICHE SECTORS

- A good entry point into the region is via the niche sectors, where local technology or expertise is not fully developed.
- The Spanish companies, in particular, have exploited the local renewable energy potential and lack of domestic expertise in order to stake a claim in a growing sector.
- Examples include Iberdrola and Acciona, which have both invested in wind farms in the region.
- It is expected a growing interest from global renewable energy companies, specially geothermal and wind, as other regions remain uncertain and deflated and untapped potential in Central America is explored.
- The greatest amount of activity has been seen by companies with exposure elsewhere in Latin America, providing a base from where they can expand into the region.

SOURCE: BMI; BUSINESS SWEDEN ANALYSIS
THE INFRASTRUCTURE SECTOR IS EXPERIENCING DIFFERENT SITUATIONS IN THE TWO COUNTRIES

Costa Rica’s high public debt limits investments in infrastructure...
“The fiscal deficit precludes the construction of new roads and big infrastructure projects. Several of the main infrastructure projects have external support, as the new port being built with the support of the Netherlands, which will have an artificial island”
Chamber of Commerce, Costa Rica

The private sector has taken the lead in investments in infrastructure...
“Costa Rica lacks flood prevention infrastructure, there is also a big problem of deteriorating infrastructure of bridges and roads. Some infrastructure projects are being conducted by the private sector, as in the case of several desalinization plants promoted by the hotel industry”
Ministry of Environment and Energy, Costa Rica

The infrastructure sector is a pillar in the economy of Panama...
“The commitment of this government to the port and logistics sector is strong. That is why we must work together around the main initiatives we have planned, which will definitively influence the growth of investments in the infrastructure sector, investments required for the economic development of the country”
Government, Panama

The sector will continue to grow after completing the expansion of the canal....
“The canal expansion will be finished in April 2016. The government will continue to promote infrastructure projects in the form of joint venture to boost the sector growth”
PROINVEX, Panama

SOURCE: INTERVIEWS; BUSINESS SWEDEN ANALYSIS
INFRASTRUCTURE – SWOT

STRENGTH

- High demand for infrastructure assets given the considerable deficit in the region
- Great variety of opportunities in terms of sector and market size
- Availability of high-level local expertise, led by regional players such as Constructora Urbana of Panama and Constructora MECO of Costa Rica

OPPORTUNITY

- Creation of a mezzanine fund for infrastructure investment by the Central American Bank for Economic Integration
- Growing Chinese investment in the region and potential for Japanese investment to pick up, especially in Panama, is a positive for access to funding
- Unsaturated infrastructure markets with scope for growth, as opportunities for infrastructure development proliferate

WEAKNESS

- Small economies (Panama and Costa Rica) and governments have little capacity to finance large infrastructure projects
- Vulnerable to global economic shocks, due to reliance on other countries in Latin America for trade and investment
- The high level of drug-related violence, especially in Honduras and Guatemala, has led to an unstable business environment

THREAT

- Dependence on official development assistance for the smaller economies to finance infrastructure
- Continued growth in drug related violence could destabilize economy and deter investors
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  - Healthcare
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  - Current key projects
  - Appendix
**IT IS EXPECTED THAT PANAMA WILL INCREASE THE INSTALLED CAPACITY OF RENEWABLES**

### ELECTRICITY CAPACITY

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<tr>
<th></th>
<th>NET, MW</th>
<th>COSTA RICA</th>
<th>PANAMA</th>
<th>TOTAL</th>
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<tr>
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<td>Hydro</td>
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<td>5,992.5</td>
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<td><strong>2014</strong></td>
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<tr>
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<tr>
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<td><strong>Total</strong></td>
<td>3,709</td>
<td>3,214</td>
<td></td>
<td>6,923</td>
</tr>
</tbody>
</table>

**COSTA RICA**

- The country has no domestic sources of fossil fuels - apart from minor coal deposits - but its mountainous terrain and abundant rainfall have permitted the construction of a dozen hydroelectric power plants, making it largely self-sufficient in most energy needs, except in oil for transportation
- The abundance of natural resources, combined with Costa Rica’s strong commitment to environmentalism, spurred policymakers to set a goal for carbon neutrality by 2021
- Approximately 80% of the population has access to electricity. Costa Rica exports electricity to Nicaragua and has the potential to become a major exporter if plans for new generating plants and a regional distribution grid are realized

**PANAMA**

- With no proven oil, natural gas or coal reserves, the country is required to import all of its hydrocarbon needs
- The country already has Central America’s largest refinery but is building two more oil refineries at a cost of 14.5 BUSD
- The country is participating in the Mesoamerican project. The goal of this initiative is to unify Central American electricity grids to reduce costs and the frequency of power disruptions, as well as to attract private sector investment for the development of new power plants

SOURCE: BMI; BUSINESS SWEDEN ANALYSIS
SEVERAL ACTORS ARE INVOLVED IN THE SECTOR, FROM REGULATION TO PRODUCTION & DISTRIBUTION

COSTA RICA
- Founded in 1949, Instituto Costarricense de Electricidad (ICE) is a Costa Rican state-owned holding company that controls assets in electric energy generation, transmission and distribution. It also participates in the telecom sector.
- Costa Rican state power utility Compañía Nacional de Fuerza y Luz (CNFL) is engaged in the generation and distribution of electricity, serving some 510,314 clients or 46% of the country’s population.
- The Costa Rican Association of Energy Producers (ACOPE) is a non-profit association founded in 1990 by a group of Costa Rican interested in the field of renewable energy. Currently, it groups most private generators.
- Costa Rican Institute of Electricity (www.grupoice.com)
- Costa Rican National Power and Light Company (www.cnfl.go.cr)
- Costa Rican Association of Energy Producers (www.acope.com)

PANAMA
- The National Secretariat of Energy (SNE) is the highest institutional body on definition of energy sector policies, being responsible for taking policy national in hydrocarbons and electricity, as well as use policy rational energy and the development of alternative sources.
- Panama’s public services regulator ASEP regulates and monitors the provision of utilities, including drinking water, sewerage, electric power, telecoms, and radio and television, as well as natural gas transmission and distribution.
- Empresa de Generación Eléctrica S.A. (EGESA) is a Panamanian state power generator. Founded in 2006, the company was formed to develop generation projects designed to help meet the country’s growing energy demands.
- National Secretariat of Energy (www.energia.gob.pa)
- Government of Panama Electric Regulatory Agency (www.asep.gob.pa)
- Empresa de Generación Eléctrica (egesa.net)

THE ENERGY SECTOR IN PANAMA IS CONTROLLED BY THE PRIVATE SECTOR WITH THE EXCEPTION OF THE TRANSMISSION COMPANY

SOURCE: ICE; CNFL; ACOPE; SNE; ASEP; EGESA; BUSINESS SWEDEN ANALYSIS
BOTH COUNTRIES HAVE IMPORTANT PROJECTS IN THE ELECTRICITY SECTOR FOR COMING YEARS

There is uncertainty of achieving the carbon neutral goal by 2021…
“The government’s goal for 2021 is an ambitious goal. We’re a long way to meet the objective of being carbon neutral by 2021, but we are making major efforts. This year Costa Rica had 3 months in a row using only renewable energy from hydro and wind sources.”

Chamber of Commerce, Costa Rica

Main challenges to convert the transportation sector more sustainable…
“Costa Rica is making various efforts to have a sustainable electricity sector, we are promoting electricity generation for own consumption using sola panels. The subsector with the main challenges is the transportation, we have a very old vehicle fleet, although the best in the region our fuel has poor quality, and there is not a good planning of urban mobility”

Ministry of Environment and Energy, Costa Rica

The Electric Interconnection project with Colombia is a priority of the current government…
“The grid interconnection project consisting of a power transmission line between Colombia and Panama is still going strong, however, it is not decided the route to be used for its construction to be ready in 2019. The route of this line will be 600 kilometers with a transportation capacity of 400 megawatts of electricity.”

Ministry of Electricity, Panama

Energy production for own consumption is being promoted in Panama…
“We expect an total growth of 18% by 2019 of the use of renewable energy in Panama. The government is encouraging the use of solar panels on buildings for own consumption and to contribute to the national grid. Panama priority the purchase and use of electricity from renewable sources before traditional sources”

PROINVEX, Panama
### ENERGY – SWOT

**STRENGTH**
- The growth of the economy in Panama has generated a steady demand for electricity in the last 5-7 years, driven by the projected increase in low-cost housing construction and the implementation of a number of infrastructure projects.
- Costa Rica’s ambitious plan to become the first carbon neutral country by 2021.

**OPPORTUNITY**
- Panama’s demand for electricity is growing by approximately 50 MW per year. The government would like to increase the percentage of renewable in the generation matrix to about 70-80% of the total.
- Renewable energy, specifically wind and geothermal, is seeing increased interest from international developers supported by government targets for capacity.

**WEAKNESS**
- Panama has no particular standards and regulations for power generation equipment opening the sector for low quality competitors.
- Although the Costa Rican government supports the use of clean energies there are still some barriers such as, absence of clear legislation, the absence of a clear policy on incentives, a lack of regulation on services and prices, lack of evaluation of green projects, and finally, a lack of financing options.

**THREAT**
- Major competitors in this sector of companies from US, China, Germany, Israel, Japan, and Taiwan.
CONTENT

- Costa Rica & Panama Overview
- Business Climate
- Mesoamerican Project
- Focus Sectors
- Current key projects
- Appendix
## CURRENT KEY PROJECTS (1/4)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>SECTOR</th>
<th>PROJECT TITLE</th>
<th>FINANCING MUSD</th>
<th>STATUS</th>
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<tbody>
<tr>
<td>Costa Rica</td>
<td>Energy</td>
<td><strong>First Renewable Energy, Transmission and Distribution of Electricity Program</strong></td>
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<td>Other</td>
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<td><strong>Coopenae Housing Financing Partnership</strong></td>
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<td><strong>Banco Davivienda Costa Rica Green Line Partnership</strong></td>
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<td>Costa Rica</td>
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<td><strong>MUCAP- Home Improvement Loans for the BOP in Costa Rica</strong></td>
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<td>Costa Rica</td>
<td>Environment And Natural Disasters</td>
<td><strong>Sustainable management of ecosystem's services</strong></td>
<td>3.40</td>
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<td>Costa Rica</td>
<td>Health</td>
<td><strong>Mesoamerican Health Facility 2015 Costa Rica- Second Individual Operation</strong></td>
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SOURCE: IADB; BMI
## CURRENT KEY PROJECTS (2/4)

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<tr>
<td>Costa Rica</td>
<td>Power Plants &amp; Transmission Grids</td>
<td>Reventazon Hydroelectric Power Project, Limon Province</td>
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<td>Costa Rica</td>
<td>Roads &amp; Bridges</td>
<td>Route 32 Highway Renovation and Expansion Project, Limon</td>
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<td>Project finance closure</td>
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<td>Costa Rica</td>
<td>Airports</td>
<td>Juan Santamaria International Airport - Coopesa Hangar, Alajuela</td>
<td>39</td>
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<td>Costa Rica</td>
<td>Commercial Construction</td>
<td>Escazu Village Mixed-use Project, Trejos Montealegre, San Jose</td>
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<td>Costa Rica</td>
<td>Healthcare</td>
<td>William Allen Taylor Hospital, Turrialba</td>
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<td>Costa Rica</td>
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<td>Costa Rica</td>
<td>Commercial Construction</td>
<td>Parque Industrial del Caribe Project, Limon</td>
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SOURCE: IADB; BMI
## CURRENT KEY PROJECTS (3/4)

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<td>Panama</td>
<td>Health</td>
<td>Mesoamerican Health 2015 Panama - Second Individual Operation</td>
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<td>Panama</td>
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<td>Support technical strengthening and implementation of the National Logistics Agenda</td>
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<td>Water And Sanitation</td>
<td>Panama City and Bay Sanitation Program II</td>
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<td>Panama</td>
<td>Education</td>
<td>Improving the Efficiency of the Education Sector</td>
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<tr>
<td>Panama</td>
<td>Energy</td>
<td>Llano Sanchez Solar Power Project</td>
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<tr>
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<td>Health</td>
<td>Integrated Health Service Networks Strengthening Program</td>
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<td>Preparation</td>
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<td>Panama</td>
<td>Urban Development And Housing</td>
<td>Implementation of the Emerging and Sustainable Cities in Panama City-Fase II</td>
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<td>Panama</td>
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<td>Balboa Port Expansion and Upgrade, Panama City</td>
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<td>Panama</td>
<td>Ports</td>
<td>West Corozal Container port, Corozal, Panama Province</td>
<td>650</td>
<td>At planning stage</td>
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</table>

SOURCE: IADB; BMI
## CURRENT KEY PROJECTS (4/4)

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<tr>
<th>COUNTRY</th>
<th>SECTOR</th>
<th>PROJECT TITLE</th>
<th>FINANCING MUSD</th>
<th>STATUS</th>
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</thead>
<tbody>
<tr>
<td>Panama</td>
<td>Ports</td>
<td>West Corozal Container port Phase 1, Corozal, Panama Province</td>
<td>NA</td>
<td>In tender/Tender launched</td>
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<tr>
<td>Panama</td>
<td>Ports</td>
<td>West Corozal Container port Phase 2, Corozal, Panama Province</td>
<td>NA</td>
<td>In tender/Tender launched</td>
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<tr>
<td>Panama</td>
<td>Rail</td>
<td>Panama Metro project - Line 3, Panama City</td>
<td>NA</td>
<td>In tender/Tender launched</td>
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<tr>
<td>Panama</td>
<td>Commercial Construction</td>
<td>Punta Pacifica Coast - Second Artificial Island, Panama City</td>
<td>NA</td>
<td>Contract Awarded</td>
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<tr>
<td>Panama</td>
<td>Residential Construction</td>
<td>City of Hope/Ciudad de Esperanza, Arraijan, Panama Oeste Province</td>
<td>137</td>
<td>Under construction</td>
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<tr>
<td>Panama</td>
<td>Ports</td>
<td>Panama Canal Expansion, Isthmus of Panama</td>
<td>5,250</td>
<td>Under construction</td>
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<tr>
<td>Panama</td>
<td>Rail</td>
<td>Panama Metro Project - Line 2, San Miguelito - 24 de Diciembre, Panama City</td>
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<td>Panama</td>
<td>Airports</td>
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<td>Panama</td>
<td>Roads &amp; Bridges</td>
<td>Panama Canal Bridge (Atlantic side)/Panama Canal Third Bridge, Colon</td>
<td>570</td>
<td>Under construction</td>
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<tr>
<td>Panama</td>
<td>Power Plants &amp; Transmission Grids</td>
<td>Cobre Panama Plant (PACO Plant), Punta Rincon Region, Chiriqui</td>
<td>662</td>
<td>Under construction</td>
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</table>

**SOURCE:** IADB; BMI
CONTENT

- Costa Rica & Panama Overview
- Business Climate
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- Focus Sectors
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- Appendix
COSTA RICA – OPPORTUNITIES & CHALLENGES

**OPPORTUNITIES**

- Costa Rica has announced its intention to become an OECD member and has begun taking the steps to make changes in key areas that will improve competitiveness
- Costa Rica's trade deficit will be relatively stable, while the current account will benefit from lower oil prices
- The Costa Rican central bank cut the policy interest rate by 50 basis points, this lower interest rate will support economic development in the short term
- The exchange-rate band system has been replaced by an administered float, which effectively changes very little for how the Costa Rican exchange rate will fluctuate

**CHALLENGES**

- Costa Rica ranked 83 out of 189 countries in the 2015 World Bank's Doing Business Index
- Costa Rican fiscal accounts are deteriorating and leading to increasing public debt
- Contamination in rivers, beaches, and aquifers is a matter of rising concern, given the great amount of untreated wastewater
- The government has not had great success with many of its concession schemes for its public works projects
- Enforcement of intellectual property laws has been lacking in many cases, due to insufficient resources and training, and weaknesses in the country’s criminal code

SOURCE: EXPORT.GOV
# COSTA RICA – COUNTRY OVERVIEW

## Political summary

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Presidential elections</td>
<td>Next contest: 2018 February; Last contest: 2 February and 6 April 2014.</td>
</tr>
<tr>
<td>Legislative elections (Lower chamber)</td>
<td>Next contest: 2018 February; Last contest: 2 February 2014.</td>
</tr>
<tr>
<td>President:</td>
<td>Luis Guillermo Solis (since 8 May 2014)</td>
</tr>
<tr>
<td>First Vice President:</td>
<td>Helio Fallas Venegas (since 8 May 2014)</td>
</tr>
<tr>
<td>Second Vice President:</td>
<td>Ana Helena Chacón Echeverría (since 8 May 2014)</td>
</tr>
</tbody>
</table>

## Key Macro-Economic Indicators

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Real GDP (% change)</td>
<td>4.5</td>
<td>5.2</td>
<td>3.4</td>
<td>3.5</td>
<td>3.7</td>
<td>4.1</td>
<td>3.9</td>
<td>4.1</td>
<td>4.1</td>
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<tr>
<td>Nominal GDP (US$ bil.)</td>
<td>41.7</td>
<td>45.8</td>
<td>49.8</td>
<td>50.1</td>
<td>54.3</td>
<td>56.4</td>
<td>59.9</td>
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<tr>
<td>Nominal GDP Per Capita (US$)</td>
<td>8,797</td>
<td>9,530</td>
<td>10,223</td>
<td>10,151</td>
<td>10,848</td>
<td>11,128</td>
<td>11,693</td>
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<td>Consumer Price Index (% change)</td>
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<td>4.5</td>
<td>5.2</td>
<td>4.5</td>
<td>2.5</td>
<td>3.7</td>
<td>3.9</td>
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<tr>
<td>Exchange Rate (LCU/US$, end of period)</td>
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<td>502.07</td>
<td>495.01</td>
<td>533.31</td>
<td>554.87</td>
<td>572.43</td>
<td>594.92</td>
<td>619.15</td>
<td>644.38</td>
</tr>
</tbody>
</table>

SOURCE: IHS GLOBAL INSIGHT
## Panama – Opportunities & Challenges

### Opportunities

- No restrictions on the outflow of capital or outward direct investment
- Lowest average import tariff rate in Latin America
- European goods and services enjoy a reputation for high quality and are highly competitive
- The country boasts the highest per capita GDP in the region
- Panama aims to join the Pacific Alliance
- The strong performance of the economy will continue to encourage domestic demand. Private-sector consumption is expected to continue on an expansive path in 2015–16

### Challenges

- Inflexible labor laws are a source of concern for prospective investors
- Panama's minimum wage is relatively high in a Central American context
- Competent technical employees fluent in English may be difficult to find
- Labor issues, coupled with relatively high costs for electricity, result in higher-than-average unit production costs in Panama
- Instances of questionable government practices have affected investors in Panama
- Opposition to hydroelectric and mining projects is gaining support from the general population
## PANAMA – COUNTRY OVERVIEW

### Political summary

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<thead>
<tr>
<th></th>
<th>2019 May</th>
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<td>Next contest:</td>
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<td>Last contest: 4 May 2014.</td>
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<tr>
<td>President:</td>
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<td>Juan Carlos Varela (since 1 July 2014)</td>
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<tr>
<td>First Vice President:</td>
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<td>Isabel St Malo De Alvarado (since 1 July 2014)</td>
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### Key Macro-Economic Indicators

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<tbody>
<tr>
<td>Real GDP (% change)</td>
<td>10.8</td>
<td>10.2</td>
<td>8.4</td>
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<td>4.3</td>
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<td>Nominal GDP (US$ bil.)</td>
<td>31.3</td>
<td>35.9</td>
<td>40.6</td>
<td>44.3</td>
<td>49.2</td>
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<td>Consumer Price Index (% change)</td>
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<td>4.0</td>
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<td>Exchange Rate (LCU/US$, end of period)</td>
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**SOURCE:** IHS GLOBAL INSIGHT
CONTACT US

BUSINESS SWEDEN IN MEXICO, CENTRAL AMERICA AND THE CARIBBEAN

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