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Costa Rica: On Privatization Plans

by Deborah Tyroler

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On Aug. 27, politicians and local news media reported that the government is prepared to privatize large-scale and profitable state-run companies to meet prerequisites imposed by the US government toward qualifying for participation in a free trade agreement. One of the requirements is "total liberalization" (read privatization) of the services sector. Deputies pertaining to the opposition National Liberation Party (PLN) said Central Bank president Alvaro Trejos has been in contact with the US firm Paine Weber Inc. for the past year. Paine Weber has offered to serve as financial consultant in the privatization of the Electricity and Communications Institute (ICE), and the National Insurance Institute (INS). Daily newspaper La Republica reported that the government plans to privatize three of four state-run banks as part of a structural adjustment program funded by the World Bank. PLN Deputy Sonia Rodriguez said the government has already received bids of \$500 and \$700 million for acquisition of controlling shares in the ICE. The ICE produces 90% of the nation's electricity, and administers telephone services. Rodriguez said that Paine Weber would receive a \$5 million commission in an ICE privatization deal. (Basic data from ACAN-EFE, 08/27/91)

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