

<b>Area:</b>	51,100 sq km (19,730 sq mi)
<b>Population</b>	(2003 est.): 4,171,000
<b>Capital:</b>	San José
<b>Head of state and government:</b>	President Abel Pacheco de la Espriella

Public attention remained riveted during 2003 on the changing fate of Pres. Abel Pacheco de la Espriella, who had been elected in April 2002 after soundly defeating his rival in Costa Rica's first-ever runoff election. Though Pacheco largely retained his preelection personal popularity, his job-performance rating slipped dramatically, falling to about half of what it had been at the beginning of his term. Contributing to the slide was the growing government budget deficit of more than 5% and Pacheco's inability to reign in government spending fully. In response, by the spring of 2003 international credit agencies were lowering their outlook for the Costa Rican economy. Optimists pointed to the promise of the proposed U.S.–Central American Free Trade Area as well as Costa Rica's recent success in expanding exports to the U.S., the destination of about 50% of its exports. On the other hand, Pacheco's administration was in disarray; several ministers had left the cabinet. Perhaps his most serious problem was the discovery of apparently illegal campaign contribution funds hidden in Panamanian banks; the discovery sparked a series of hearings in the Legislative Assembly and shook the confidence of Costa Ricans. Traditionally, elections in Costa Rica were extremely clean by any standard.

In some ways the troubling news about President Pacheco was overshadowed by the revitalization of the prospects for veteran politician and Nobel Peace Prize winner Óscar Arias Sánchez, who in polls regularly ranked as Costa Rica's most popular political figure. Though he had held the presidency from 1986 to 1990, during which time he used his position to help negotiate peace agreements in both Nicaragua and El Salvador, Arias had been prevented from running for office again as a result of a 1969 reform of Article 132 of the Costa Rican constitution. Arias had unsuccessfully challenged that reform before the Supreme Court (Sala IV) on two prior occasions, but on April 4, 2003, the court reversed itself and ruled that restricting the right to reelection was a limitation of constitutional rights. It was widely expected that Arias would run for office again in 2006.

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