

# COST OF UTILITIES AND SERVICES

## ECONOMIC INDICATORS

### Currency Cordoba (C\$)

- Official exchange rate  
(as of November 15, 2002).....US\$1.00 x C\$ 14.50
- 1999 GDP (US\$ '000)..... 2,267.9
- 1999 GDP growth..... 7%
- Price Index..... 6% annual
- 1999 Exports (US\$ '000) ..... 800

## ANNUAL LABOR COST

- Social Security..... 15.0%
- National Institute of Technology (INATEC)..... 2.0%
- Annual vacation (1 month/year)..... 8.33%
- Xmas bonus..... 8.33%
- Paid holidays (approx. 10 days/year)..... 3.65%
- Severance pay (1 month/year)..... 8.33%
- Total Labor Cost..... 45.64%**

## ABSENTEEISM AND TURNOVER (MONTHLY AVERAGE)

COUNTRY	ABSENTEEISM	TURNOVER
▪ Mexico	10-12	12-15
▪ Costa Rica	7-9	5-7
▪ Honduras	5-8	4-7
▪ El Salvador	6-8	3-6
▪ Nicaragua	2.6-4.5	3.2-4.7

## EPZ LABOR COST

- Minimum monthly wage\*..... US\$ 67.61  
(Exchange rate US\$ 1 x C\$ 14.50)

\* Manufacturing.

## TOTAL MINIMUM WAGE (INCLUDING FRINGE BENEFITS)

- Minimum weekly wage..... \$ 13.39
- Seventh day..... 2.23
- Subtotal..... 15.62
- Social Security..... 2.34
- INATEC (2%)..... 0.32
- Total Minimum Weekly Wage..... \$ 18.28**

## ANNUAL MINIMUM COST (INCLUDING FRINGE BENEFITS)

- Annual minimum cost (48 weeks)..... \$ 877.44
- Annual paid vacations (1 month/year)..... 67.62
- Xmas bonus (1 month/year)..... 67.62
- Paid holidays (10 days/year)..... 23.30
- Severance pay (1 month/year)..... 67.62
- \*\*Total Annual Minimum Cost..... \$ 1,102.60**  
(\*\* Incentives, production and overtime are not included.)

## EPZ FACILITY CONSTRUCTION COST

- Industrial facilities..... US\$ 130/sq. meter
- Offices..... US\$ 220/sq. meter

## MONTHLY RENT

- Industrial facilities..... US\$ 3-3.50/sq. meter
- Offices..... US\$ 8-12/sq. meter

## ENERGY COST PER KILOWATT/HOUR

Classification	Tariff	Cost/Kilowatt
▪ Light industry	Up to 25 kilowatts	US\$ 0.1035
▪ Medium industry	Up to 200 kilowatts	0.0796
▪ Large industry	Over 200 kilowatts	0.0813
▪ Commercial		0.11
▪ Pumping		0.07

**AVERAGE MONTHLY COST**

**(BASIC PHONE SERVICE)\***

<b>Cost per minute</b>	<b>Daytime rates</b>	<b>Reduced rates</b>
▪ Local	\$ 0.022	
▪ Central America	\$ 0.4	\$ 0.35
▪ USA & Canada	\$ 0.9	\$ 0.7
▪ Mexico & Belize	\$ 0.8	\$ 0.56
▪ Asia / Africa	\$ 3.45	\$ 3.10

\* These rates are subject to periodic changes.

**COST OF WATER PER CUBIC METER**

▪ Commercial .....	US\$ 0.96
▪ Industrial .....	US\$ 0.95

**COST OF FUEL AND DIESEL**

	<b>Cost per Liter</b>	<b>Cost per Gallon</b>
▪ Fuel	\$ 0.44	\$ 1.78
▪ Diesel	\$ 0.36	\$ 1.44

**ANNUAL LABOR COST IN NICARAGUA**

▪ Social Security .....	15.0%
▪ INATEC.....	2.0%
▪ Annual vacations (1 month/year).....	8.33%
▪ Xmas bonus .....	8.33%
▪ Paid holidays (approx. 10 days/year).....	2.78%
▪ Severance pay .....	8.33%

**Total Annual Labor Cost .....44.77%**

**ACTUAL LABOR TIME**

▪ Daily shift.....	8 hours
▪ Actual hours worked per week .....	48 hours
▪ Seventh day (rest day) .....	14.29% hour
▪ 1 week .....	56 hours
▪ 1 month.....	4.33 weeks
	240 hours
▪ Actual days worked.....	302 days
▪ Actual hours worked per year.....	2,416 hours

**MONTHLY LABOR COST IN EPZs**

	<b>Minimum Wage</b>	<b>Average Wage</b>
Minimum monthly wage	\$ 65.40	\$ 87.59
Social Security (15%)	9.81	13.14
INATEC (2%)	1.30	1.75
Paid Vacations (8.33%/month)	5.45	7.30
Xmas Bonus (8.33%/month)	5.45	7.30
Paid Holidays (2.78%/month)	1.82	2.43
Severance Pay (8.33%/month)	5.45	7.30
<b>Total</b>	<b>\$ 94.68</b>	<b>\$ 126.81</b>