

COSTA RICA

The world's progressive, green economy

Famous for its beaches, biodiversity, and environmentally friendly outlook, Costa Rica is a great deal more than just a paradisiacal vacation destination. Besides being home to Central America's most literate and longevous population, Costa Rica also boasts the region's largest middle class, oldest democracy, and most stable economy. And it's one of the world's foremost renewable energy leaders, to boot.

Costa Rica is a country that has always dreamed big. History has proven that despite our small size, and although we are located in a region characterized by conflict, we have surprised the world in various moments of our historyé says Laura Chinchilla, President of Costa Rica.

Sworn in on May 8, 2010, Mrs. Chinchilla served as one of two vice-presidents under Oscar Arias (winner of the 1987 Nobel Peace Prize) second administration. Her policies continue in line with his, and she has set definite goals to reach by 2021, the year Costa Rica celebrates its 200th anniversary of independence. These include reaching electricity production from 100% renewable sources and becoming one of the most developed countries in Latin America.

Having officially disbanded the army in 1949, the Costa Rican education and healthcare systems have enjoyed a larger share of the budget, leading to the development of a well-educated and healthy nation. According to the Happy Planet Index 2.0, Costa Rica is also the happiest and greenest country, with the highest life satisfaction, in the world.

The nation's well-educated workforce coupled with a long history of political stability have contributed greatly to attracting foreign investment, which in turn has triggered steady economic growth. GDP growth averaged 6% in the several years running up to 2009, when it shrank 2% as a result of the global recession. The economy has also undergone a transformation over the past few decades, with the rise of high-tech industries outpacing agriculture – though coffee, pineapples, and bananas still remain powerful contributors to the country's economic stability.

Another factor of Costa Rica's business magnetism is its environmental policy, considered by many a definite competitive advantage. The extractive industries are allowed to play only a tiny role in the economy, and

Costa Rica's first woman president, Laura Chinchilla won by a landslide victory in February 2010. Her vision is to transform the country into the most productive and developed one in the whole of Latin America



the government has been playing this card to attract FDI in more non-polluting and high-earning sectors, such as the production of high-tech equipment and medical components. These are then exported to over 100 countries, thanks in large part to a growing number of free trade agreements.

“We are one of the biggest exporters per capita in Latin America,” says Melvin Saenz Biolley, the Costa Rican ambassador to Nicaragua, “and we have developed a network of commercial treaties that is affording us access to our fundamental partners, as well as to the areas of greatest growth and importance in the international economy.”

Costa Rica's relations with the United States have long been healthy. Luis Liberman, Second Vice President, states: “This relationship is the most important one we have politically, financially, and commercially... Our relations are friendly and strong.”

Back in the 1980s, when much of Latin America was in political turmoil and the global commodities crisis paralyzed many economies, the U.S. stepped in with the Caribbean Basin Initiative (CBI) – a unilateral trade program that facilitated exports from the region's countries – and virtually rescued the Costa Rican economy, which at the time was heavily reliant on commodities

such as coffee, bananas, and meat. The CBI was a tool that allowed Costa Rica to transform its economy from an import substitution economy into an export one... helping these countries in general, and Costa Rica in particular, to develop the economy, resolve social problems, and grow and integrate into the world market,” explains Luis Gamboa, president of AmCham in Costa Rica.

The only Latin American country included in the World's Oldest Democracies list, Costa Rica is grabbing global bullish problems such as climate change by the horns, and facing its own faults head on. The state is promoting more technology-oriented education, stricter policies concerning drug trafficking, and more investment in transportation infrastructure.

All in all, this green oasis of unspoiled beauty, safety, and high productivity awaits investors and tourists alike.

Living and breathing sustainability

Costa Rica is the poster child for sustainable development and environmental conservation, having pioneered the concept decades ago and made phenomenal progress in the area

Many countries claim to be friends of the environment, setting aside land for natural parks, passing legislation to cut back on CO₂ emissions, and dropping the term ‘sustainable development’ right and left until it practically loses its meaning.

Costa Rica, however, had been practicing what it preaches since long before politicians in most countries had even penciled the environment into their agenda.

Twenty years ago, for example, Costa Rica proposed to set aside 25% of the land for the conservation of biodiversity. Alfio Piva, First Vice President of Costa Rica, reminisces, “People thought we were crazy; they didn't see the use of saving the birds, for example. But do you

know how many people come to see our birds? A quarter of all tourists. Studies have shown that Costa Rica has greater avian diversity than Mexico, the U.S., and Canada combined, and more than all of Africa! Imagine that, in a country as small as ours.”

The idea of sustainable development also emerged in Costa Rica 20 years ago, an end to which the government has been making tremendous gains.

The country intends to be carbon neutral by 2021, the year it celebrates its bicentennial of independence. Already producing over 90% of its electricity from renewable sources, the peaceful Central American nation is well on its way to

achieving this goal, one that most developing countries would take several decades to reach.

Going to the green extreme can also bring in investment, according to Anne Andrew, U.S. ambassador to Costa Rica and environmental lawyer. “I have long worked in the area of conservation and clean energy, and there is no country on the globe that is as committed to conservation and clean energy as Costa Rica is,” she says. “Costa Rica has made a commitment to being carbon neutral by 2021, and I think that commitment certainly opens up business opportunities in the area of clean energy here.”

Furthermore, First Vice President Piva says that Costa Rica

is the only country in the world that complies with the Kyoto Protocol. “The signatories of Kyoto guarantee that we'll maintain our emissions at the level they were in 1990, and Costa Rica is well below that. This is something the Costa Ricans have self-imposed, as we believe it is a challenge that is both possible and interesting; we've done economic calculations and we've seen that it's not an expense but rather a benefit for the country. It's possible to maintain CO₂ neutral development at 5%,” he comments.

Costa Rican ambassador to Nicaragua, Melvin Saenz Biolley agrees. “We have an ethical commitment to protecting the environment. It also happens to be good business.”

Costa Rica's forests certainly play a part in keeping carbon dioxide in check, and rather than losing ground to industrialization and urbanization, forests now cover more than half the territory, in contrast to just one-fifth in the 1980s.

Although this is a direct consequence of many years' worth of reforestation efforts, Costa Rica's forests can also sing victory thanks, interestingly, to the millions of dollars of debt the country has accrued with the U.S.

This debt-for-nature swap is a program made possible by the Tropical Forest Conservation Act of 1998 and forgives the debts of foreign countries. In exchange, the debtor must spend an agreed amount to re-

store and preserve tropical rainforests. With two debt-for-nature swaps under way, Costa Rica and the U.S. will invest more than US\$50 million in conservation over the next 15 years, making Costa Rica the single largest beneficiary of this program.

“Costa Rica is a model for the world when it comes to investing in conservation and reducing greenhouse gas emissions, which are key to addressing climate change,” says Mrs. Andrew. “I would encourage people to come and visit and observe the wondrous beauty of Costa Rica first hand. Hopefully they will leave with a much greater commitment to what we can all do toward sustainable development.”

A well-rounded economy open to the world

Whereas 50 years ago Costa Rica’s economy was based on fruit for local consumption and coffee for export, today it boasts global players in sectors as varied as the country’s biodiversity

Costa Rica’s social and political stability has much to do with its economy, which has changed with the times, moving from a primarily agricultural base to a diversified economy with increasingly important knowledge-based sectors.

Today, the government is discussing taking this one step further, pushing for a transition from ‘made in Costa Rica’ towards ‘created in Costa Rica’.

While coffee, bananas, and pineapples are still huge commodity exports, financial and tourism-related services, along with light manufacturing of electronics, software, medical equipment and pharmaceuticals, are gaining momentum, thanks in large part to the country’s free trade zones and trade agreements that have lured in and satisfied global giants such as Intel and Acer.

It has only been in the past 25 years, however, that Costa Rica has opened up and experienced noticeably strong economic development and growing integration with the global economy. And although it didn’t make it through the world economic downturn unscathed, Costa Rica is making a steady recovery, with GDP growth at over 3.5% for 2010. Forecasts for 2011 place growth

closer to 4%. Worthy of note is Costa Rica’s high level of foreign investment, which has not fallen in spite of the recession.

Accounting for more than two-thirds of FDI, as well as nearly half of Costa Rica’s imports, exports, and tourism arrivals, the U.S. is by far the Central American country’s most important trading partner.

Below, Minister of Economy Mayi Antillon discusses Costa Rica’s economic goals and the role that small and medium enterprises (SMEs) and the country’s foreign trade agreements (FTAs) play in the economy.

What are Costa Rica’s economic goals for the medium term, and what is the government doing to boost the growth of SMEs, a segment that comprises 95% of the country’s companies?

It’s important to highlight that Costa Rica has been investing heavily in education for many years now. And this investment has afforded us excellent human capital and thereby greater visibility in the business world.

Among our most recent efforts from recent years you’ll find we’ve signed several FTAs with important markets. Although we’ve focused mainly on the United States, we haven’t



‘WE ARE AN EXPORTING COUNTRY... THAT HAS MOVED ON FROM EXPORTING COMMODITIES TO HIGH ADDED VALUE PRODUCTS, SUCH AS OUR INTEL CHIPS’

MAYI ANTILLON,
Minister of Economy

ignored countries like Panama, who despite being our next door neighbor, historically hasn’t been as close to us economically as we would have liked. Our next steps led us to the European Union and China, where we’ve presented a solid image of Costa Rica as a country where democracy reigns and where each and every day we work towards the preservation of the environment.

President Chinchilla is pushing an ambitious policy to attempt to convert Costa Rica into one of the region’s most developed countries by the time we reach our 200th anniversary, in 2021, and she’s starting by encouraging and helping SMEs to take their place in the global market. We are an exporting country with an impressive diversity of products; a country that has moved on from exporting commodities to high added value products, such as our Intel chips.

How has the FTA with the U.S. helped Costa Rica’s economy?

Having an FTA with the United States has served as a valuable cover letter for us in our dealings with other countries. The fact that a country as small as ours is able to negotiate with the superpowers has opened the way for agreements with the EU, China, and Singapore.

Foreign investment in Costa Rica has helped supply the products, goods, and services that we required, and Costa Rican companies – more often than not SMEs – then began supplying these foreign companies. This further proved that all businesses, no matter their size, are capable of exporting directly or indirectly, and

through these efforts, we’re making possible a social policy that generates jobs of the highest quality.

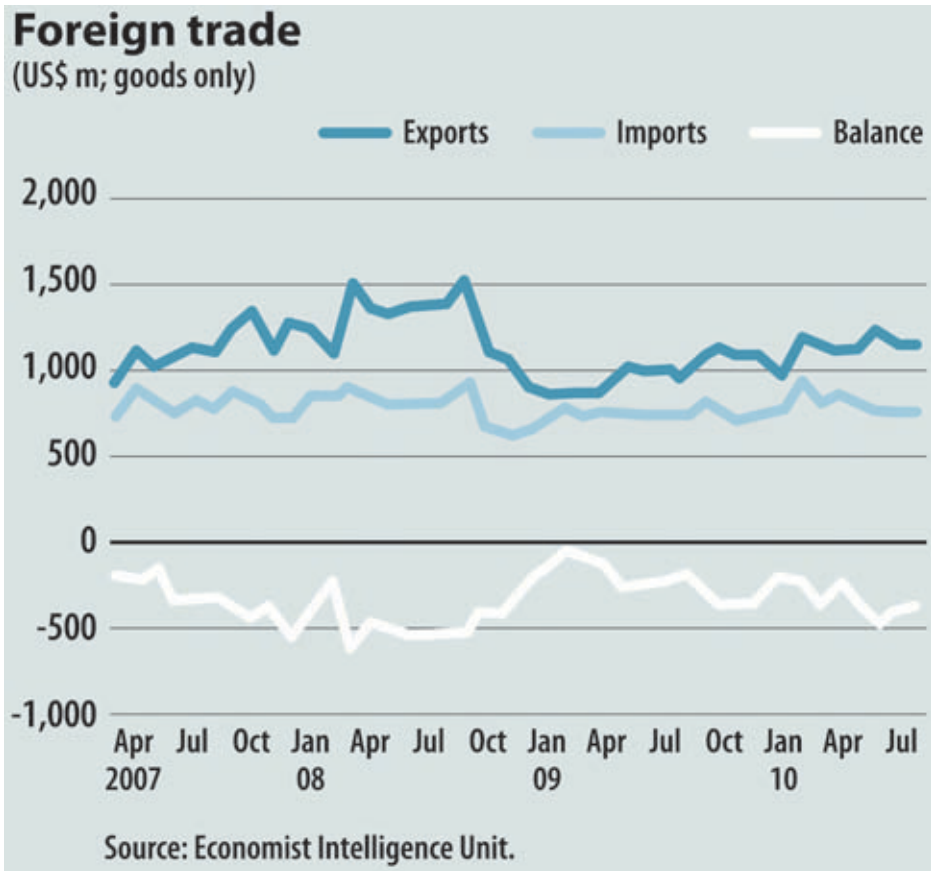
What is your final message to our readers?

We’ve opened up sectors, such as telecommunications and energy, both key to our country’s development, to private investment. And the most important thing here is that we’ve done it well, following a model that demands transparency and allows new competitors to enter on a level playing field. The government has also proven that our public and regulatory institutional framework offers guarantees and the right climate so that participation is possible in all markets and sectors throughout the country.

We’d like to show Costa Ricans and the entire world that a country with just 4 million inhabitants is capable of reaching sustainable economic and social growth, in line with our objectives of remaining neutral and that can offer potential investors parameters in every single area – labor, social, environmental, economic, and political stability – that guarantee good business.

Central America’s best-seller

Costa Rica boasts a tremendously diversified portfolio of exports and markets, thanks to numerous FTAs, incentivizing policies, and overall competitiveness



Costa Rica is renowned for its beautiful beaches, aromatic coffee, and its biodiversity, yet perhaps surprisingly it is also a dynamic export and progressively value-added manufacturing and service-based economy.

The paradisiacal country has diversified both its exports and its markets to the extent that today it exports more than 4,000 products to 140 countries, thanks to numerous FTAs. Over the past 25 years, Costa Rica has signed FTAs with major markets, including the U.S., Mexico, Chile, the Caribbean, and Canada. Recently, it signed an FTA with China, making it the third Latin American country after Peru and Chile to have this kind of arrangement with the Asian giant.

In per capita terms, according to Monica Araya of Cadexco (the Chamber of Exporters), Costa Rica is Latin America’s second largest exporter after Chile. Remove Chile’s copper from the equation, and Costa Rica shoots to the top of the list.

Exports of goods and services totaled over 43% of GDP in 2009, and it was the United States that was on the receiving end of nearly 24% of these exports, making it by far Costa Rica’s most important trad-

ing partner. While two-way trade between the two countries exceeded US\$9.6 billion in 2009, Costa Rica’s total exports brought in US\$8.8 billion. President Laura Chinchilla has set the country the task to reach the target of US\$17 billion by 2014, an ambitious goal yet not overly so given the growing list of free trade agreements (FTAs), the rising number of companies who are establishing operations here, and the investment mechanisms in place, such as the free trade zones. Moreover, the government, especially through entities like Cadexco, is working to raise competitiveness through training.

çIn order to link FDI with national investment, it’s vital to have in place an attractive foreign investment policy, besides having legal mechanisms. I believe we’ve done an excellent job at, especially regarding our free zone lawsé comments Monica Araya, president of Cadexco.

A large chunk of recent foreign investment has flowed into the free trade zones. Intel set up a microprocessor facility, which alone was responsible for one-fifth of Costa Rica’s exports and nearly 5% of GDP in 2006. Intel’s US\$2 billion Costa Rican complex is the company’s third largest, after two

other installations in Asia. Intel, along with the many other foreign companies – mostly from the U.S. – who call these free zones home, have turned high-tech manufacturing, especially in electronics and medical equipment, into Costa Rica’s biggest export industry. According to the World Bank, the tiny Central American country is impressively the fourth biggest high-tech exporter in the world.

In line with this trend of knowledge-based industries, Costa Rica’s wealth of biodiversity is an area where Mrs. Araya sees great potential for future investment.

çWe’ve got a biodiversity that could contribute value addition, not just to sustainable tourism, but also to research and developmenté she says. çWe could create products based on this biodiversity in the realm of bio-commerce and nanotechnology, for exampleé Araya.

Of course, Costa Rica’s nature and beauty also help to inadvertently attract investors, especially from the U.S.

çThe tropical heat, the warm welcome, and the people are some of the main reasons why North Americans visit. Some of them come for the tourism, and end up doing businessé says Mrs. Araya.

Satisfied investors in a green economy

Recipient of US\$1.3 billion in FDI annually, Costa Rica outpaces China, Brazil, and Mexico in FDI per capita. Free trade zones, stability, and quality human capital are major factors

Small yet prodigious, humble yet outstanding, and ambitious yet ethical, Costa Rica is home to such talent and stability that it’s become a sort of Central American Mecca for foreign investment. And it is this investment that has helped the country’s economy grow consistently stronger over the past few decades.

Once the world – and especially the United States – took notice of this little slice of land between the Pacific and the Caribbean that renounced a standing army, fully espoused the tenets of democracy, and took up the banner of environmental conservation, the economy underwent a transformation from a commodities market to an export-driven one with increasingly higher value added products and services.

Leading global players in the high-tech industry have found a safe, and not to mention extremely lovely, home in Costa Rica, where the work force is flexible, eager to learn, highly educated, and less expensive compared to the U.S. and Europe.

çThe superior quality of life, highly prepared professionals, and very advanced business intelligence here marked Costa Rica as the ideal place to base our operationsé comments Esteban Echavarria Cano, country manager of Kimberly-Clark.

Arturo Velasco, country manager at Hewlett-Packard is of similar mind: çThanks to the competitive advantages we found in Costa Rica, we went from just 120 employees to over 6,500 in about seven yearsé

Those investors who seek the most convenient and effective path into Costa Rica go through CINDE, the Costa Rica Investment Promotion Agency, a non-governmental and non-profit institution that is considered among the best 10 investment promotion agencies worldwide.

According to Jose Rossi, president of CINDE, the agency constantly seeks out investment opportunities. Once a potential investor makes contact, CINDE prepares their work agenda, sets up appointments with relevant government entities and organizations, as well as with already established companies so that the interested party can

and initiate programs to seek out investment in the fields of clean energy technologies, biotech, and roboticsé

Though a far cry from the coffee and banana-based economy from just a few decades ago, Costa Rica’s innovation and high-tech industry is gaining momentum thanks to foreign investment. çI see Costa Rica as the future Silicon Valley of Central Americaé claims HP’s Arturo Velasco. Or as Juan Pablo Consuegra, general manager of Microsoft in Costa Rica, says, çCosta Rica is open to the world, investing in innovation, using science and technology to propel its economyé

Today, there are 55 companies employing more than 13,000 people in advanced manufacturing, and over 9,000 employees working in 31 companies that produce medical equipment.

Of the sectors that Costa Rica has targeted for greater development, energy, telecoms, and infrastructure are the ones that require the greatest investment. Luis Gamboa of the American Chamber of Commerce (AmCham) in Costa Rica explains, çEnergy because Costa Rica needs to double its electricity generation in the next 10 years and that requires US\$10 billion in investment. Telecoms, which was recently opened to private investment, will need a similar amount in the next decade. Over the next five years, about US\$5 billion will be needed in infrastructure developmenté he says. çHowever, Costa Rica is also an excellent place to establish manufacturing, high-tech, service centers, and software, film, and video production, among other thingsé

Costa Rica knows that in order to enjoy continued economic growth, foreign investment will become increasingly important. Nevertheless, it remains unwavering in its commitment to sustainable development, according to Luis Liberman, Second Vice President of Costa Rica. çCosta Rica is open for business to companies and investors who are interested in sharing in our dream of developing and growing in harmony with nature. We are only interested in sustainable growth and we want to take advantage of our greatest resource: our peopleé he says.



‘COSTA RICA IS SELECTIVE WHEN IT COMES TO THE KIND OF TOURISM AND INDUSTRIES IT WELCOMES...THE COUNTRY IS QUITE OPEN TO THOSE COMPANIES WHO’VE ADOPTED GOOD CSR PRACTICES’

RENE CASTRO,
Minister of Foreign Affairs

see and hear first hand of their experiences and results. CINDE then organizes the necessary authorizations, applications, and other paperwork a new business requires to get started. In the third stage, which Mr. Rossi calls ‘after care,’ CINDE is available if the investor should need any further help, whether it be with important issues or simply day-to-day operations.

The kind of investment CINDE strives to attract is in the knowledge-based sectors. çCINDE has worked proactively in the sector of medical equipment, advanced manufacturing of high-tech, and in servicesé says Mr. Rossi. çOur goal is to maintain this focus

Public-private partnerships, the way ahead for infrastructure

Multi-million dollar upgrades are already under way but large-scale investment and joint ventures are needed to boost the nation’s transport infrastructure and raise its competitiveness

Greater public and private investment in transportation infrastructure is high on the government’s agenda as it seeks to bring much needed improvements to Costa Rica’s neglected road network. Years of poor maintenance and lack of funding, as well as heavy rain-falls and landslides, have taken their toll on the state of the country’s transport arteries.

Costa Rica contains more than 21,000 miles of highways, of which only 12% are paved. Furthermore, travel on the majority of the unpaid roads is nearly impossible during the wet months of the year. Therefore the country requires investment in its transport infrastructure if it is to maintain high economic growth. In recent years, only a small proportion of government budget – reportedly just 0.63% of GDP in 2007 – has been allocated to infrastructure, most of which going on the country’s roads.

President Chinchilla sees infrastructure as one of the key areas that will boost the social and economic development of Costa Rica, and an ideal sector for increased public-private partnerships (PPPs) for both financial and knowledge-transfer reasons.

ç PPPs could be the way ahead



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FRANCISCO JOSE JIMENEZ CAMPOS, Minister of Public Works & Transport

for large-scale projectsé says Minister of Public Works and Transport Francisco Jose Jimenez Campos, who would like to see development across the board. ç We gain nothing if we have a good airport and a bad road; it all fits together. So the development of the ports has to be accompanied by im-



The San Jose-Caldera toll road, built and operated by Autopistas del Sol, is a prime example of how PPPs can work

proved road and rail passenger transport. The government’s program put forward by President Chinchilla speaks of how to improve roads, ports and airports together. They are not to be seen as separate projectsé

Costa Rica has international airports at Limon, Liberia and San Jose. The Minister says, ç We

have 22 local airports renovated with several million dollars of investment. The construction of an international airport in the south would be very beneficialé

Last April the new government gave the green light for a US\$300 million Inter-American Development Bank (IDB) loan

to help finance highway projects throughout the country. The funds will be used to finance work on the Interamericana Norte highway and to widen 10 bridges to four lanes on the road between the cities of Barranca and Arizona. The government affirmed that the loan would also be used to complete various

stretches of the San Carlos highway. The financing is the initial portion of an US\$850 million loan approved by the IDB in September 2009.

ç We have a major infrastructure deficit. We are going for the system of concessions to private entrepreneurs and companies, where there are major Spanish investorsé says Melvin Saenz Billoley, Costa Rica’s ambassador to Nicaragua. ç Another key issue is ports. Upgrading port infrastructure by concessions to private operators is a move that is already attracting attention from companies in the U.S., Europe and Latin Americaé The major ports of Caldera on the Pacific coast and Limon on the Caribbean coast are both undergoing redevelopment.

ç One of the main challenges that Costa Rica faces is that 80% of international trade enters and leaves through the port of Limoné says Monica Araya, president of the Chamber of Exporters of Costa Rica (Cadexco.) ç The other is to build a coast-to-coast railroad. This is important, not only for reducing logistics costs – 60% of total fuel imports is for the transportation of cargo. Establishing a cross-country railway would even reduce inflation and make Costa Rica more competitiveé

Upgrades on track for dense road network

Conavi is the government’s agency responsible for overseeing the maintenance, repair and upgrading of the country’s road network, which is carried out by third parties

As part of the national drive to dramatically improve the quality of transportation links across the country, last year the highways council, the Consejo Nacional de Vialidad (Conavi), awarded 22 road maintenance and paving contracts, representing a total investment of 8 billion colones (US\$16 million). Of the 22 contracts, the developer Hernán Solís was awarded 17, with three going to Meco, one to Quebradores del Sur and another to the consortium Orosi–Siglo XXI.

ç We must improve competitiveness, it is definitely what affects us mosté says Carlos Acosta Monge, executive director of Conavi. ç Today the port and road infrastructure is what puts us at a disadvantage in terms of competitiveness with other countries in the area, and clearly we have to substantially improve this situation. We also need to give a little more support to the tourism sector and provide the necessary elements to attract touristsé

Conavi is in the process of recruiting domestic and foreign companies from all over the world, including China, Brazil, Mexico, Germany, Spain, Portugal and the U.S., to create strategic corridors. Mr. Monge



CARLOS ACOSTA MONGE, Executive Director of Conavi

says, ç We already have the funding to start on some of them. Our medium-term goal is to have a strategic network that is highly competitive and efficient to enable fast access to all parts of the country for visitors and investors. In a small country like ours it should not be so hard to have 10 good roads to link all the different regionsé

For many years, Costa Rica lagged in the development of its infrastructure, with the government more focused on other sectors such as education and health.

ç According to our latest study, we currently have a backlog of US\$15 billion of investment in

road infrastructure. We need investment of US\$20 billion dollars over the next 15 years to get to where we would like to be. These figures are extremely high for a country like oursé says Mr. Monge.

The executive director believes, however, that the nation’s infrastructure should be improved without affecting Costa Rica’s focus on environmental protection. ç As a country, we have succeeded in creating an ecological culture at a nationwide level, in which more than 25% of our territory is protected and dedicated to the preservation of natural life, which makes us an attractive destination for the world. We hope to be a role model in this areaé he says.

An effective and efficient road system, connecting all parts of the country, is vital for the nation’s development, not only economically, but also socially. ç Every inhabited part of our country has road access – there is not a single village without it – and that is definitely, from a social development point of view, a very important facté says Mr. Monge. ç As John F. Kennedy said many years ago: ‘It is not our wealth that built our roads, but it is our roads that built our wealth.’é

Award-winning toll road is a national first

The most highly anticipated road for years opened last January and connects the nation’s capital with the Pacific coast in less than half the previous journey time

The 48-mile San Jose-Caldera highway is expected to be a huge boon for the economy, spawning major opportunities for tourism and commerce, as residents, day-trippers and businessmen alike take full advantage of faster, safer travel. Sections of the new transportation artery rapidly registered peaks of 90,000 vehicles making use of the route daily.

The project was built at an estimated cost of US\$238 million and its main strategy was to connect the country’s primary industrial and business area to one of its main ports. Autopistas del Sol, a Spain-based consortium, won the 25-year concession to

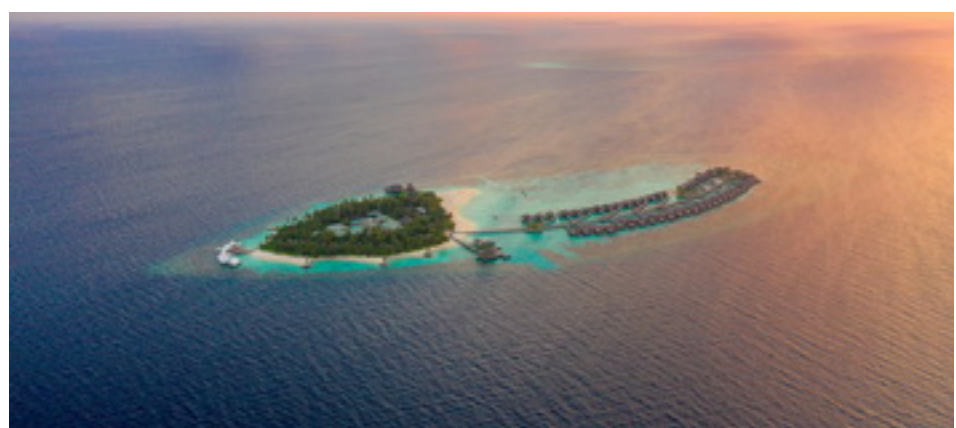


CRISTIAN SANDOVAL, General Manager of Autopistas del Sol

fund, build and operate the toll-based highway. It is the first company to ever build

public infrastructure in Costa Rica under a public-private partnership (PPP). In 2007, *Euromoney* magazine bestowed its Latin American PPP Deal of the Year on the project and its success is set to provide a model for further agreements in the future. In 2008, it was named the Finance Project of the Year at the 2nd Global Infrastructure Leadership Forum in Washington D.C.

ç It was a very complex projecté says Cristian Sandoval, general manager of Autopistas del Sol. ç Furthermore, we get behind the country, not just the project, contributing to its development and becoming a strategic partner of the stateé



Where energy production and environment exist in harmony

As the government of Costa Rica has put environmental conservation first and foremost in its agenda, electricity production has successfully become more than 90% ‘green’

All too often, the greatest victim of economic development is the environment. Costa Rica, however, has found a way to strike a balance between environmental conservation and GDP growth through government legislation and popular support.

“Production, economic and social development, and care for the environment go hand in hand; for us they are inseparable,” claims Minister of Environment and Energy Teófilo de la Torre Argüello.

Sometimes even erring in favor of environment over economy, Costa Rica’s laws over the past 20 years have become gradually more protective of both society and nature, and all economic activities must fall in line if they are to move forward.

“Also important is not just conservation but also production in harmony with the environment,” says Mr. de la Torre, “and in this sense what the legislation does is establish rules so that any type of industrial, commercial or business development complies with a minimum set of requirements in order to integrally protect the environment. One of the duties of this Ministry is to ensure that mankind’s actions are congruent with the environment.”

All construction permits and new projects, for example, go through a Ministry of Environment and Energy office, where a thorough environmental impact study is conducted if deemed necessary. The Ministry also runs a special administrative environmental court to directly handle such matters, thereby reducing bureaucratic hold-ups and freeing up space in the regular courts.

The energy sector is notoriously one of the most damaging activities in any given country. Costa Rica is exceptional in this respect, and the mere fact that one ministry oversees both energy and environment reflects the government’s insistence that they remain harmonious.

Already producing upwards of 90% of its electricity from re-



About one-quarter of Costa Rica’s territories are protected by law. Popular support for the environment has barred extractive industries from causing any future damage

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‘WE’RE ENCOURAGING THE DEVELOPMENT OF METHANE-BASED ENERGY PLANTS IN EACH MUNICIPALITY, WHICH WOULD THEN STREAM THAT ELECTRICITY INTO THE PUBLIC ELECTRICITY NETWORKS’

newable sources, Costa Rica aims to go 100% CO₂ neutral in a decade’s time. According to Alfio Piva Mesen, First Vice President of Costa Rica, hydroelectric dams produce the majority, with geothermal energy coming in second, at 14%, and eolic third, at 8%. Raising geothermal contribution to 24% and increasing wind power slightly would allow the country to be among the world’s first to rely wholly on renewables. The task would remain, however, to clean up Costa Rica’s vehicle emissions.

“If electricity is generated by renewable resources, then electricity won’t be causing global warming; it’ll be the petroleum,” comments Mr. de la Torre. “We imported US\$2 billion of oil [in

2009] of which US\$1.6 billion was used for fueling vehicles. We must find the way to reduce this consumption.”

The Ministry has begun researching alternatives to petroleum, such as biofuels, alcohol, and biodiesel, and welcomes private sector investment in this arena. In identifying the country’s existing environmental faults (for example, river contamination and solid waste disposal), the government is also unearthing new solutions.

Mr. de la Torre would like to see the gases produced naturally in landfills put to good use. “An electric energy producer could make the most out of this methane gas. We’re encouraging the development of

methane-based energy plants in each municipality, which would then stream that electricity into the public electricity networks. This would not only clean up the environment, it would also create wealth as a commercial activity.”

Looking further into the future, when the world’s oil resources are depleted and gasoline-powered vehicles are a thing of the past, the Minister foresees that cars will run on electricity, and eventually on hydrogen. This, he says, is one of the main reasons why it is more important than ever that electricity proceed from renewable sources and that there is enough to cover both vehicle needs and industry.

For now, Costa Rica’s electricity demand is rising nearly 6% annually, signaling a need for greater private sector participation. Currently, experts claim that the national electric company (ICE) lacks the agility to undertake more projects simultaneously and private investors would be welcome to collaborate much more in energy growth. Furthermore, the new investment law maintains that ICE will continue acting as the national entity that unites the energy-electricity sector, while allowing new participants to enter – new private generators that are not hindered by the limitations ICE has now.

Mr. de la Torre highlights that US\$9 billion are needed over the next 10 years to double electricity capacity, and the private sector is invited to explore Costa Rica’s wind, geothermic, biomass, and solar potential – and in the future, the possibility of hydrogen and other technologies that will surely be discovered. “Technologies become obsolete very quickly,” he adds. “This is one of the reasons why the state decided to involve higher private participation in the sector; because one of the state’s defects is its slowness in acquiring technologies, goods, or services as it must go through public tenders.”

The government’s environmental policies enjoy popular support to the extent that some economic activities have actually been curtailed in favor of protecting nature reserves. An excellent example is the case of a world-class gold mine, which has remained untouched due to the fact that 85% of Costa Ricans are against the extractive industries.

“We believe there are more sophisticated ways of producing greater wealth that don’t require extracting and damaging the environment,” says the Minister. “From here on out, we wish our wealth to come from elsewhere, and this is something the Costa Rican society is demanding.”

Costa Rica’s gradual transition towards an environmental haven

Teófilo de la Torre Argüello, Costa Rica’s Minister of Environment and Energy, tells of the government’s pro-environment policies

How has Costa Rica managed to balance socioeconomic development with environmental conservation?

In the last 20 years there have been a dozen laws to protect the environment from several points of views. One of these assigns complete territories for conservation.

These are our natural parks, the forest reserves, biological shelters, which all represent our biodiversity. This ties up one-quarter of Costa Rica’s territory, putting these areas under the state’s protection. Therefore, the government is the largest landowner in the country.

We’ve cared for the environment rather well, and it’s one of the main reasons why tourists come here. They want to see our parks, our fauna, and



Teófilo de la Torre Argüello, Minister of Environment and Energy

our flora. There is a wide variety of places to visit in this country, despite its small size.

How much opposition is there within the government to such pro-environmental policies, especially given that the easy route would bring wealth more quickly?

This is a decision that we’ve been making slowly, over the

past two decades. Costa Rica has gone from being a country that intensively uses its natural resources – both renewable and non-renewable – to one that is turning gradually greener. This doesn’t happen overnight just because a government says, “We decree that tomorrow this will be a green country.” On the contrary, this is a progressive cultural change

that Costa Rica has been driving since the 1980s, and this change means that bit by bit we’re abandoning the practice of non-renewable natural resources extraction.

The Obama administration is emphasizing renewable energies. Do you think that Costa Rica and the U.S. could collaborate to export your country’s energy model?

We’re trying to convince people that it’s worth exporting these ideas to other countries. In fact, we’re working with the [U.S.] State Department and Department of Energy to try and install an efficient energy center here in Costa Rica.

President Obama requested that here in Latin America there be a series of points of contact for renewable energy, and his administration has chosen Costa Rica as one of these. We want to treat this privilege with great esteem because we’ve been making a huge effort in the country’s energy efficiency.

Power to Central America

EPR’s SIEPAC project is uniting six nations with a reliable and ample energy supply

Costa Rica has joined forces with its Central American neighbors Guatemala, Panama, El Salvador, Honduras, and Nicaragua to build an energy network that will run the length of the isthmus and provide the entire region with a more reliable and cost-effective supply of energy.

Dubbed SIEPAC and overseen by EPR, the project will represent the first regional electric transmission system and will span over 1,100 miles, with the support of 4,600 high-tension transmission towers and nearly 40,400 miles of fiber optic cable. Once finished (towards the end of 2011), the line will have a capacity to more than cover the current needs of the populations, and will have enough reserves to continue growing, thus guaranteeing energy for years to come.

A project of this magnitude and scope paints a positive picture for the future of affordable electricity access for the

region’s inhabitants, as well as for investors, since the combined markets of the six countries totals over 40 million.

EPR’s shares are divided equally among each participant. In Costa Rica’s case, the 12.5% share is divided between ICE (Costa Rican Electricity Institute) and CNFL (National Company for Power and Light). The new investment law, which has widened the level of participation of the private sector from 19% to 30%, will allow for a greater number of private electricity projects to link up to the SIEPAC network.

With headquarters in Costa Rica, the region’s most eco-conscious country, EPR is adhering to this country’s strict environmental standards for the entire project, regardless of where the generators and pylons may stand. For example, for every tree that is cut to make way for construction, EPR plants at least five more.



Costa Rica, a pioneer of public education

The Central American state was one of the first in the world to make schooling compulsory and free

Nothing is more important to a person's economic well-being than his or her education. Few countries in the world take this fundamental truth as seriously as Costa Rica. In 1949 the army was disbanded, and much of the money and other resources saved by this unusual measure has been spent instead on education.

That investment hasn't just gone towards teaching the three 'R's, either. Over the years, government after government has made sure that arts and other cultural programs are also amply funded, in keeping with the philosophy that people need a well rounded education to be happy, creative, and productive.

çWhat we are trying to do in Costa Rica is to reach a balance between what you would call economic dynamism, an economy that grows sufficiently, having good human development and having social cohesion, says Leonardo Garnier Rimolo, Costa Rica's Minister of Public Education.

In 1869 Costa Rica became one of the first countries in the world to make education compulsory and free, and the focus on education has produced the most literate population in Central America, with 96% of the adult population able to read.

The public school system was originally funded from the state's share of the country's earnings from the sale of coffee. When compulsory education was first introduced, only about one-tenth of Costa Rica's population could read. Forty years later that figure had reached one-half and by the 1970's almost 90% of the population was literate.

Now, the entire population has access to the primary school system. Access to secondary education still hasn't reached the entire country, but that is one of the ministry's most important objectives, according to the Minister.

çWhen you look at statistics, the kind of income a young person gets once he or she goes to

the labor market is directly related to their education, he explains. çOnly those who have at least a high school education get knowledge-based jobs, which are better paid. One of our biggest goals is for every student to complete high school, says Mr. Garnier.

A program called Avance-mos, which means 'We move forward' in Spanish, has been started to help keep kids from poorer families in school. Some families need the extra money that a working teenager can bring in, so Avance-mos pays a subsidy to those families to let their children keep studying.

çIf the kid is working and getting some money for the family then that makes a difference, Mr. Garnier says. çSome families have traditionally opted for their kids to leave school and work to earn money. The idea of Avance-mos was to compensate for that problem. About 40% of the students get that subsidy so they won't have to work and the condition is they remain in high school.

Students receive a subsidy based on a calculation of what



'CIVIC EDUCATION AND HOW TO LIVE TOGETHER IN A COMPLEX WORLD TEACHES STUDENTS NOT JUST TO TOLERATE DIFFERENCES BUT TO ENJOY DIFFERENCES'

LEONARDO GARNIER RIMOLO, Minister of Public Education



With a literacy rate of 96%, Costa Rica is the most literate country in Central America. The country's highly educated population makes it attractive to investors

a student might make if they were employed, and statistics show that the number of students working and not studying has declined, and the number studying and not working has risen, a strong sign that the program is helping keep kids in school.

Providing knowledge and skills that will make them more valuable to employers is of course one of the most important missions for the country's schools, but the educational system in Costa Rica is intended to impart other valuable lessons to its students as well.

çCivic education and how to live together in a complex world teaches students not just to tolerate differences but to enjoy differences, says Mr. Garnier. çSince I arrived, we have been changing the concept of the word tolerance. We should not try to tolerate differences but rather to enjoy them, to enjoy each other.

Children are also learning to appreciate their country's rich environmental diversity, in a way that helps promote responsible tourism that will preserve the eco-system for the benefit of future generations.

The country's commitment to education is strong and plans to increase that commitment are currently under way. Costa Rica's constitution requires that spending on education be at least 6% of gross domestic product every year.

In 2010 the budget for education spending reached 7.2% of GDP, and an amendment to the constitution is under consideration that would raise the minimum requirement to 8%.

Ultimately, the government's goal is to promote economic growth and new job creation to make sure that all Costa Ricans can grow up and improve their lives through a better education.

çYou have to work hard to put an emphasis on reducing inequalities, the Minister says. çHaving a good relationship with nature is also important. If you can have economic dynamism, social cohesion and environmental sustainability then you become a nice place to live. What we would like to tell the world is that it is possible to have all three here in Costa Rica. It is not easy but it is possible.

A high-tech economy begins in pre-school

Costa Rican Minister of Science and Technology, Clotilde Fonseca, discusses her nation's transition towards a more information-based economy

How much of Costa Rica's official policy is geared towards converting the country into an information-based society, and how has the country gained to date?

One of the most important things that Costa Rica has as a country is that it has had the fortune to have visionary leaders, political leaders that have a vision and contact with the outside world and that understand the fundamental phenomena of the country.

In 1988, during the first administration of President Arias, we made a very strong effort to bring digital technology to large groups of the young population. That was an investment with a very clear vision that we were facing a technological revolution and that the country had to prepare its youth to be able to take advantage of this great opportunity.

At first people thought we had gone crazy, to make such a large investment and concentrating on children from pre-school age through sixth grade, with the goal of educating them from an early age to know how to make good use of technology in an active way. This was an enormous investment that completely changed the panorama in this country. Our goal was to move from being a completely agricultural country to one based on technology, and I'm convinced that we're doing it.

through training focused on companies.

During our first month in office we worked intensely on setting up national priorities. We did it with the support of numerous influential people and organizations in the areas of science and technology, because in this government we believe that no political decisions should be made in an isolated way.

Do you think the United States and Costa Rica can



'OUR GOAL WAS TO MOVE FROM BEING A COMPLETELY AGRICULTURAL COUNTRY TO ONE BASED ON TECHNOLOGY, AND I'M CONVINCED THAT WE'RE DOING IT'

CLOTILDE FONSECA, Minister of Science and Technology

President Chinchilla has said she wants to improve productivity and competitiveness in the use of technology. What areas will receive the most attention from your ministry to improve the competitiveness and the skills of Costa Ricans in the use of digital technology?

Productive capacity depends directly on people, and that's why Mrs. Chinchilla is committed to a strong emphasis on different areas of innovation. We're working on that in the areas of education, in the form of computer classes, and also

benefit from its bilateral relations in areas such as aerospace?

Of course, bilaterally and multilaterally. Right now at the ministry we're in contact with NASA groups in Washington that are working on a cooperative project for the peaceful uses of space science.

We know we're a small country, but one whose citizens have great potential, and we're working to strengthen teaching in math and science to build up a critical mass that can work in those industries.

INCAE is shaping the business leaders of tomorrow

Costa Rica is a regional leader in many areas, with education being among of the most important

One of the jewels in the crown of the country's education system is the INCAE Business School.

The school's prominence in the region has led its leaders to give themselves an ambitious goal. They want to do more than just provide an excellent education to the students who come from many parts of the world; they want to play a role in improving the lives of all Central Americans.

çThe mission of INCAE goes beyond the training of leaders, we want to change the region, says Arturo Condo, INCAE's rector. çIt's a different concept because that way education becomes a means and not an end in itself. We don't worry about how many students are graduating, but rather how many of them will have an impact.

The school, which also has a campus in Nicaragua, offers several programs that are important to the region, including an MBA in Spanish and English and a Global Executive MBA. Other degrees students can earn at the school are Global Real Estate Management and a Master in Agribusiness Management.

INCAE boasts the highest ratio of doctoral-level, full-time

professors of any business school in Latin America. Of the more than 40 faculty members, 92% hold degrees from Harvard, the University of Pennsylvania, and other top business schools.

çThe people who work here are dedicated exclusively to our mission and to our commitment to excellence, says Mr. Condo. çWe make sure to find professionals that can meet the expectations and demands of this business school.

The professors use modern teaching methods, and rely on the proven case-method approach that was developed at

Harvard Business School. The multinational faculty, which has relevant experience in business and consultancy, teaches only at INCAE, ensuring students have their teachers' undivided dedication.

The high level of the school's professors, teaching methodology, and students has placed INCAE at or near the top of regional business school rankings for years, generating a virtuous circle that helps the school recruit more top-notch students and teachers from all around the world.

INCAE has students from

all around the region, including Costa Rica, Nicaragua, El Salvador, Peru, Mexico, and Colombia, and also from countries in other parts of the world, such as France, Spain, and the U.S.

Once they finish the course, the alumni benefit from that diverse background of the student body, which provides an international network of contacts that can help them progress in their professional lives. The school makes a strong effort to recruit students from the U.S. who have a special interest in Latin America.



INCAE Business School opened its campus 22 miles west of San Jose in 1985

Agriculture: diverse and export driven

Rising global demand for fruit and gourmet coffee means that commodities such as coffee beans, bananas and pineapples remain the backbone of Costa Rica's economy

Historically, Costa Rica has long been an agro economy, growing produce to feed its population and exporting just a relatively small amount. However, over the past 25 years, Costa Rica first expanded its exports and then developed its manufacturing and service sectors. It has signed a series of trade agreements and has turned into one of the biggest exporters per capita in Latin America.

“Exports have always been a key activity in the Costa Rican economy, but it was not until the mid-80s when we finally made it onto the world stage and diversified our exports and markets,” says Gloria Abraham, Minister of Agriculture and Livestock. “After having established ourselves in international markets, a large number of sectors started coming to Costa Rica to take advantage of the security, peace and democracy that prevails here today, in addition to the progress made in terms of human capital here, which comes from investing over of the past 100 years in the training of adaptable employees for sophisticated companies.”

Boosted by foreign investment in Costa Rica's free trade zone, manufacturing and industry's contribution to GDP overtook that of agriculture in the 1990s. Nevertheless, the agriculture, livestock and fishery sector still remains important for the country, contributing around 6.4% of GDP and em-



Organic Costa Rican coffee reaches premium prices on global markets because of its high quality and consumers appreciating its traditional, carbon-neutral production

ploying 14% of the workforce.

“One element that stands out is that Costa Rica is not a country of large estate owners as there are no huge plantations,” says Ms. Abraham. “In fact we have a huge focus on small and medium landowners. In the case of coffee, 92% of production is in the hands of producers who have less than two hectares.”

Coffee is grown primarily in the central valley, from San Ramón to Turrialba, which is a large

valley divided into small farms, and farmers organize themselves into cooperatives to enable them to make purchases and sales at the collective level.

“Costa Rica's coffee has reached prices of US\$1200 for a quintal of 46 kilos, against an average of US\$300 last year,” says Alfio Piva Mesen, First Vice President of Costa Rica. “So how does Costa Rica manage to reach US\$1200? With quality coffee, selling to gourmet buyers, and

organizing fairs where it is produced, showing how and where organic coffee is made with traditional manufacturing methods, and with CO₂ neutral emissions.”

Ms. Abraham says, “What many people do not realize is that in Costa Rica, unlike in many countries, to live or work in the countryside is not synonymous with poverty. Generally in Latin America, when you leave a town and travel to an-

other, along the route you can find long stretches of poverty. We are proud that in our case this is not true.”

Exports of fresh fruit are also very important to the country's agriculture sector. Leading U.S.-based companies such as Del Monte, Dole and Chiquita are all heavily involved in Costa Rica.

Bananas are the country's top agricultural export. Costa Rican bananas are now to be labeled

with a seal denoting their origin by the National Banana Corporation, which hopes the seal will promote the idea that the bananas are cultivated in a socially responsible and ethical manner.

Costa Rica is the first export country in Central America and the second in Latin America to have this country-of-origin marking.

According to the Ministry of Foreign Trade, the designation should help market Costa Rican bananas in the EU, where research suggests that up to 40% of consumers are willing to pay up to 10% more for products with their origins identified.

Pineapple production started in Costa Rica in the 1980s and the fruit surpassed coffee as the number two agricultural export. Demand in the U.S. and Europe has grown rapidly and so Costa Rica is using more and more land each year for its cultivation.

The nation's other agricultural products include melons, ornamental plants, sugar, corn, rice, beans, potatoes, beef, poultry, dairy and timber.

The Ministry of Agriculture and Livestock has launched the National Agricultural Plan 2010-2021, which is based on three basic areas: competitiveness, management of rural areas, and innovation and development. It also believes that government and industry must work together to improve efficiency and raise competitiveness in the sector.

The bean that helped shape a peaceful democracy

Specialty Costa Rican coffee, in high demand in the U.S., is an anchor of the economy

In 2008, Costa Rica celebrated the 200th anniversary of the planting of the first coffee plant. Few seeds have had such a long-lasting, positive impact on a society as the Arabica seeds that made their way from eastern Africa to Central America in the early 18th century.

It may seem unimaginable that the coffee bean has been the engine of Costa Rica's economic, social, and cultural development for two centuries, yet evidence proves it to be just that.

Costa Rica is renowned for its peaceful and democratic society, and coffee has had much to do with this. There are more than 50,000 producers, of which 92% are small growers – a tradition that has helped build a stable middle class. Additionally, coffee growing generated nearly 194,000 additional temporary direct and indirect jobs during the 2009-2010 harvest. In a small country such as this, that's no small feat. Moreover, thanks to the efforts of the Costa Rican Coffee Institute (ICAPE), coffee producers in Costa Rica receive the highest proportion of the final price compared to any other country in the world.

ICAPE was founded in 1933 by the government to establish and maintain an equitable relationship among all growers,



‘WE CONCENTRATE ON GENERATING THE BEST PRODUCT, IMPLICATING THOUSANDS OF WORKERS IN THE PROCESS’

RONALD PETERS,
Executive Director of ICAPE

processors, roasters, and exporters operating in the country. The institute also promotes Costa Rican coffee locally and abroad, marketing what is considered some of the world's best coffee to markets that appreciate, and are willing to pay for, high-quality coffee.

The high price is due on one hand to the need for manual harvesting and on the other, to

low levels of production. Despite a production that is about one-sixth of that of Colombia and just one-twentieth of Brazil's, Costa Rica's coffee ranks third in the ‘Top of Mind’ list among U.S. consumers.

“We may be small compared to other coffee suppliers, but we concentrate on generating the best product, implicating thousands of workers in the process,” explains Ronald Peters, executive director of ICAPE.

After a decade or so of reduced production (a result of increased urbanism, seven years of reduced coffee prices, and greater agricultural diversification), ICAPE is stepping up efforts to reverse this trend. In collaboration with the Ministry of Agriculture and Livestock and the National Bank, ICAPE has launched the National Plan to Renovate Coffee Plantations, or PNRC, to renovate the soil and lands that have passed their lifespan (estimated at 30% of the area currently under plantation), provide long-term financing to farmers, and ultimately increase production. The PNRC's goals for the coffee industry are to raise employment from 194,000 this year to nearly 240,000 within 10 years, and to generate US\$326.3 million in 2021, up from US\$264.6 million in 2010.

A delight for coffee lovers

Behind the Café Britt brand lies quality and commitment to growers, the environment, and of course the consumers

Allow Café Britt to take you on a tour through an organic coffee growing plantation, where you will see how ‘red cherry’ beans are lovingly toasted and transformed into the aromatic and irresistible brew you sip each morning. Travel through the last 200 years and see how coffee created an equitable society that cherishes democracy, peace, biodiversity, and fair trade. See for yourself why Café Britt coffee is a premium coffee brand sought out by coffee lovers

for its taste, quality, aroma, and environmental and social sustainability.

Café Britt has been one of the key companies in positioning Costa Rican coffee in the U.S. as a world's best gourmet coffee. Today, its products – which also include chocolate, nuts, and sweets – are available for purchase online (www.cafebritt.com) as well as from its signature shops located in San Jose, Curaçao, Peru, Chile and Mexico airports.



PABLO VARGAS,
CEO of Grupo Britt

Fresh fruit for the world

Fruta Internacional turns the exotic into the readily available everywhere it goes

While chayote, yucca, guava, star fruit, and papaya may have sounded as exotic to North Americans as the contents of Carmen Miranda's fruit hat, apples, pears, peaches, and grapes used to have a similar effect on the inhabitants of many tropical nations.

In 1988, Alvaro Figueroa and his wife Cristina Guzman decided to try their hand at growing and marketing one of the temperate world's favorite fruits, the strawberry. Such was their success that their newly established company, Fruta Internacional, in an ironic turning of the trade tide, began exporting strawberries to Europe and North America, thereby lengthening their strawberry season.

“After that,” muses Mr. Figueroa, “we thought that if we could sell strawberries, we could sell just about anything!”

And right he was. Five years later, Fruta Internacional (the company founded to deal with the import/export business) began importing fruit which at

the time was considered exotic, such as apples, grapes, and nectarines, from the United States and then selling it at home in Costa Rica and to other countries in Central America. Today, the company works with a wide variety of perishable fruit and vegetables, not limited to blueberries, cherries, avocados, garlic, and potatoes, proceeding from Chile, China, Mexico, Canada, Spain, Argentina, France, and Peru, among others.

Conversely, Fruta Internacional, through its company Agroindustrial Tres Amigos, grows high quality tropical fruit, namely pineapple, and markets it abroad in the U.S., the U.K., Spain, Italy, and other European countries.

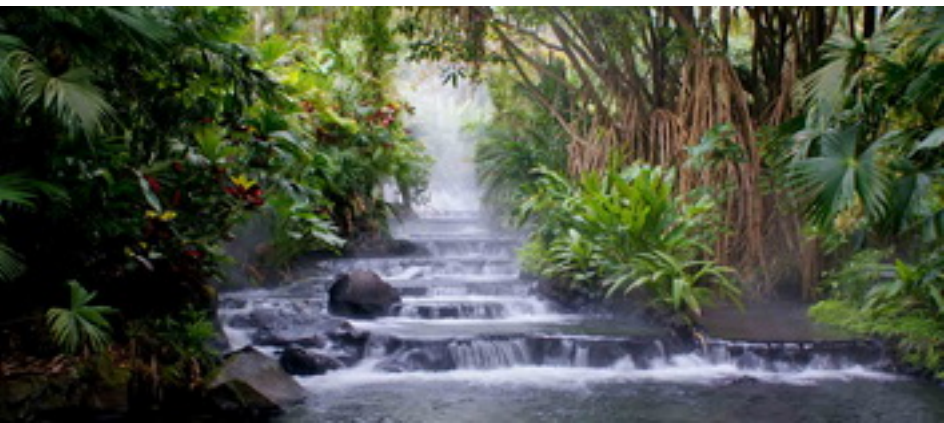
In branching out geographically, Fruta Internacional has created various other companies that operate out of different countries, including Five Diamond Cold Storage in California, Grupo Dispersa in Guatemala, Importfrut in Honduras and El Salvador, and South Fruits in Chile.



ALVARO FIGUEROA,
President of Fruta Internacional

“We've globalized the fruit business with a global operation of some US\$200 million a year,” says Mr. Figueroa.

To find Fruta Internacional's produce in Costa Rica, one need only visit the company's branches in the country's most important markets or browse the aisles of select grocery stores. “As a producer or vendor we know that growth lies in the supermarkets,” comments the company president. “They've become our main customers.”



Adrenalin addicts get a ‘green’ hit at Central America’s adventure capital

Experiencing Costa Rica’s spectacular natural endowments is heightened further by an array of eco-adventure activities

Costa Rica is a little country that packs a large punch when it comes to prime destinations, a fact that the two million visitors it receives each year have copped on to. Much of its success is due to prudent planning decades ago that recognized conservation as the only sustainable route in developing the country’s tourism industry. There was too much natural endowment at stake: more than half a million different species of the planet’s land animals inhabit the country’s 19,700 square miles.

As a result of these policies, today Costa Rica boasts 27 national parks, 58 wildlife refuges, 32 protected zones, 15 wetland areas, 11 forest reserves and eight biological reserves, as well as 12 other conservation regions.

This setting has, of course, neatly lent itself to the development of eco-tourism, and more particularly, eco-adventure. Within the parameters of sustainable tourism and some of the planet’s most majestic natural displays, Costa Rica plays host to the world’s adrenalin junkies, who gain further satisfaction from the unique and quality experience the conservationist country can afford them.

With its thick, verdant jungle, white crusted beaches, volcanic mountains, and hot spring pools, Costa Rica is Central America’s undisputed adventure Mecca. From zip lining above the green canopy of the rainforest to hiking the red-rimmed Arenal Volcano amidst the cries of jungle monkeys and the excellent year-round surfing at hand, there are more than enough options in the country

to satisfy most tastes and to provide a varied, action-packed holiday.

From the capital San Jose, located in the central valley region of the country, the nesting grounds of the green sea turtle in the western Caribbean are just a day’s excursion away. During summer months, thousands of turtles come ashore to lay their eggs, and nearby Tortuguero National Park is often referred to as Costa Rica’s Amazon. Giving way



From scuba diving, surfing and hiking to zip wiring, canopy walks and aerial tours, there are countless ways of absorbing nature and seeing Costa Rica’s kaleidoscope of natural wonders, all without harming its biodiversity

to a navigable network of lakes and channels, Tortuguero can only be explored by water.

The nearby La Selva reserve further reinforces the area’s claim of biodiversity, with more than 2,000 species of plants. Further wildlife viewing opportunities are to be had on the Sarapiquí River, where visitors can descend the rapids by raft or kayak.

Pacific coast excursions from San Jose to the Nicoya Peninsula, a surf haven ringed by beautiful beaches, are also available and include catamaran trips to Tortuga Island, along with guided boat trips along the Tarcoles Riv-



The Tabacon Grand Spa Thermal Resort at the base of Arenal Volcano, generally considered to be one of the best spas in the world, offers access to the region’s renowned hot springs. It is an excellent example of a responsible tourism business, as are the secluded and masterfully designed Hotel Punta Islita, and the Los Sueños Resort and Marina, which caters specially to avid fishermen.

River tubing in the Rincon de la Vieja National Park is another option north of the capital, as well as zip wiring through the rainforest at Monteverde, where 320 types of birds can be seen.

South of San Jose on the central Pacific coast lies Dominical. In addition to exploring the region’s caves by sea kayak and snorkeling and scuba diving

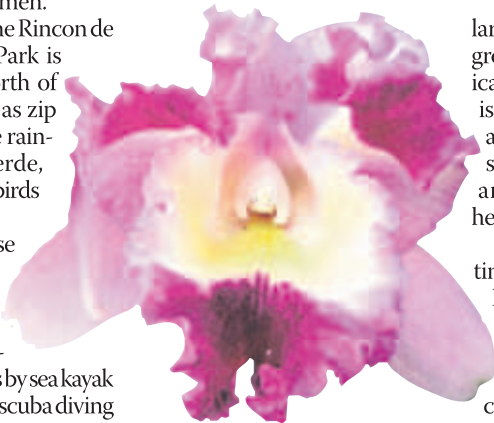
MORE THAN A QUARTER OF COSTA RICA IS PROTECTED LAND AND IT BOASTS 27 NATIONAL PARKS, 58 WILDLIFE REFUGES, 32 PROTECTED ZONES, 15 WETLAND AREAS, 11 FOREST RESERVES, 8 BIOLOGICAL RESERVES AND 12 OTHER SPECIAL ZONES

at the Caño Island Biological Reserve, this area also boasts spectacular marine life, with five species of dolphins and three species of whales living all year round in the waters off its coasts.

In Punta Uvita, near the Balena Marine National Park, enthusiasts can try their hand at flying an ultra-light plane over the parklands and the southern Pacific coastline.

This region also features the largest concentration of mangrove swamps in Central America along the Sierpe River, and is home to Corcovado National Park, where six natural ecosystems have been identified amongst the park’s 54,500 hectares of humid rainforest.

Helping cut down on travel times, Costa Rica’s local airline, Nature Air, is the world’s first carbon neutral airline, flying passengers to the most exciting destinations in the country.



Albee Adventures adds value to vacations

High-end, custom-designed adventure packages and activities are the specialty of Albee Adventures

çFor U.S. tourists, Costa Rica offers proximity. People are tired of the same thing; they are tired of going to the Caribbean and to Mexico, which have been the usual vacation spots. They want more. They want value-added vacationsé explains Alexandra Lacayo, president of Albee Adventures, which has been offering its clients just that since it was established a decade ago.

Albee Adventures designs customized adventure packages with activities throughout Central America that include canopy tours, skywalks, rafting, snorkeling, scuba diving, sport fishing, kayaking, hiking and flower and fauna tours, as well as cultural and golf and spa tours. The NY-based company prides itself on the type of clientele it serves – those interested in sustainable tourism and environmental protection.

The majority of Albee’s clients are North American college graduates between the ages of 35 and 50, who earn US\$200,000 plus. çI am involved in the high-end market. I only need a certain number of families who want to come here to educate their children about the environment or nature to pay for my customer serviceé says Ms. Lacayo.

çIt is interesting how many people who used to be typical high-end Four Seasons customers sitting on a beach are now coming to Costa Rica repeatedly. They bring their children so they can keep experiencing the environmental efforts that we are making hereé

Moving to Costa Rica is made easy with ARCR

From the immigration process to setting up home, ARCR give comprehensive support to foreigners relocating to Costa Rica

The flow of retired baby boomers heading south is far from waning. Costa Rica is expecting the arrival of at least a million North American pensioners over the next few years, drawn by the country’s excellent healthcare system, reasonable cost of living, political stability, and high life expectancy, not to mention the fact that Costa Rica ranks at the top of the global happiness index.

Providing services to help newcomers adjust to their new country of residence is the Association of Residents of Costa Rica (ARCR), made for Americans by Americans. For over 25 years it has been assisting foreigners relocating for business or retirement. From the immigration process to selecting the right neighborhood to live in to what to buy and bring from home, ARCR helps clients overcome cultural, legal and linguistic barriers.

General manager Ryan Piercy says that although most of ARCR’s clients are retirees, the company also serves many international investors and businessmen. Over 75% are from the U.S., 8% from Canada, and the remainder from various parts of the world.

çSecurity and stability are two areas where Costa Rica has an advantage over neighboring countriesé says Mr. Piercy. çThe friendliness of people should also be highlighted. In comparison with other countries, Costa Rica really welcomes foreigners, it is more open toward foreign cultures and this helps people to feel at homeé

Eco-comfort in the jungle

Villas Rio Mar combines nature and adventure in lush, green surroundings

One of the most popular excursions for guests of Villas Rio Mar is horseback riding to the top of a nearby waterfall, says general manager Christiaan Vajselaar, followed by a swim in the natural pool there and lunch overlooking the tropical forests.

Indeed, set on the banks of the Baru River, Villas Rio Mar is surrounded by jungle and within easy distance of several large wildlife parks. A three-hour drive from San Jose that winds through incredible landscape and several microclimates even before arriving at Dominical, the nearest village, the resort offers comfort in an eco-friendly environment.

çWe started building the hotel in 1993, and opened our doors the following yearé says Mr. Vajselaar, one of several Dutch investors behind Villas Rio Mar. çWe aimed to combine nature and adventure and a comfortable place to stay. It was



The jungle and beach resort boasts average temperatures of 83°F

difficult initially, but things have really changed over the past decade as eco-tourism has gained in popularity and become better knowné

Villas Rio Mar, which has the Certification of Sustainable Tourism (CST), boasts 52 rooms, each with an individual

terrace overlooking the gardens. It also features a swimming pool with wet bar and jacuzzi, tennis court, restaurant, spa, conference center and in-house activity center for organizing surfing, whale watching, sport fishing, scuba diving and kayaking excursions.



Sustainable, wild, beautiful, and happy

Ranked among the world's happiest nations, Costa Rica is a breeding ground for an incredible wealth of flora and fauna, and is about as close to paradise as it gets

Few countries in the world can boast such a desirable status as a tourist destination as Costa Rica can. Who hasn't heard of the rainforests here or of the awesome surfing beaches? And what about the curious monkeys, lazy iguanas, and brilliant blue butterflies? Even the ubiquitous 'tico' (Costa Rican) expression 'Pura Vida' or the logo of Imperial, the national beer, can be spotted on T-shirts back in the States.

Yet, what is it that has set Costa Rica apart from other tropical countries? Could it be the fact that it's a stable democracy with no standing army? Perhaps it's because of its proximity to the U.S.? Or maybe it has something to do with the combination of successful marketing of a fantastic product and the savvy foresight the government had to promote sustainable tourism before it was all the rage elsewhere in the world.

With unparalleled flora and fauna despite its itty-bitty size (Cos-



Enjoy picture-perfect beaches, active volcanoes, world-class surf, stunning waterfalls, and much, much more

ta Rica, smaller than West Virginia, is home to 5% of all the biodiversity in the world), some of the most spectacular scenery on the planet, and a tourism sector dominated by small and medium businesses, the Central American nation is a dream-come-true for environmentally conscious travelers and lovers of nature. More than a quarter of the national territory belongs to national parks, biologic reserves, and wild life refuges.

The National Parks System was founded 40 years ago and the concept of sustainable tourism was already well-defined and implemented by the Costa Rican Tourism Institute's (ICT) Sustainable Tourism Certification Program (CST) by the turn of the millennium.

According to CST, the development of sustainable tourism must be seen as the balanced interaction between the use of our natural and cultural resources, the improvement of

the quality of life among the local communities, and the economic success of the industry, which also contributes to national development. Sustainable tourism is not only a response to demand, but also an imperative condition to successfully compete now and in the future. Companies that apply for CST certification can use the CST label as a key sales point in their promotions and can participate for free or for reduced rates in international fairs.

Thanks to initiatives such as this, the ICT is not only ensuring a high quality offering, it's also strengthening the tourism sector, the industry that most contributes to the country's social and economic development.

Today, Costa Rica is considered a pioneer in ecotourism – the ICT now works with neighboring nations to help them apply the tried and tested model of sustainability – and over the years has successfully evolved this sector, specializing in and

offering a widespread level of responsible tourism unavailable elsewhere as yet. This translates directly into higher quality of life for residents and a surefire magnet for tourists. Indeed, Costa Rica is ranked first in the UK-based Happy Planet Index 2.0 and its two million annual visitors made it the most visited country in Central America. It also tops the list for tourism competitiveness for Latin America.

As if this weren't enough, the 2010 Environmental Performance Index (EPI) compiled by Yale and Columbia universities ranked Costa Rica first in the Americas with a score of 86.4 and third worldwide, behind Iceland and Switzerland (in contrast, the U.S. received just 63.5, placing it 61st out of a total of 163 countries).

Many countries boast natural beauty and diversity, yet few have managed to pass legislation to protect it and spread the eco-ideology throughout society as well as Costa Rica has.

A sustainable sector

The Minister of Tourism discusses what direction the country's most sustainable sector is taking

What is your vision of the tourism sector in Costa Rica? What is it that makes this destination so special and desirable?

We know that Costa Rica is blessed with exquisite natural beauty and extraordinary biodiversity. Although the country only takes up .001% of the earth's surface, we've got 5% of the world's biodiversity. Businesspeople here know how to protect our wealth and innovate in order to continue down the path of sustainable development. This sustainable tourism model is what tourists admire and continue to consciously choose.

Our most typical expression 'Pura Vida' [pure life] reflects the friendly character of our people and our commitment to preserving the environment.

How has the Costa Rican Tourism Institute (ICT) been successful in driving this model?

Sustainability is the differentiating element in Costa Rica as a tourism destination. This concept goes further than just protecting the environment; it also involves social and economic aspects. From this point of view, we've worked to ensure the national tourism offer is varied and sustainable, that it includes niches such as adventure, weddings, and honeymoons. More recently, we've been building convention centers and targeting medical tourism, taking full advantage of the global prestige our national health system enjoys.

What are the major benefits of sustainable tourism in terms of the country's socioeconomic development?

Sustainable tourism has contributed to the socioeconomic development from several angles; the main one is

that it's generated a new vision among Costa Rican entrepreneurs to make the best use of our natural resources. Parallel to this, it's contributed to improving the relation between the tourism projects and the surrounding communities, from both a social and an economic point of view, as it's helped raise the quality of life of these families. Plus, since private enterprise began believing in sustainability, it firmly opposes all types of social deterioration. All of these efforts in the tourism sector have helped lower the poverty index. This is yet another reason why we bring more sus-



Carlos Ricardo Benavides, Minister of Tourism

tainable tourism projects. Costa Rica and the world would be a better place if all sectors emulated the tourism sector.

What percentage of tourists that visit Costa Rica go for the nature?

Our studies reflect that close to 65% of those who came to Costa Rica by air between 2004 and 2009 came with our natural resources in mind. The main things they take advantage of are the biodiversity, forest hikes, bird watching, flora and fauna, and the volcanoes.

