

COSTA RICA'S GREEN ECONOMY - BLP ABOGADOS

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No Artificial Ingredients, the slogan behind Costa Rica's eco-tourism campaign, sets the tone for what is driving the economy of this small Central American country, says Mauricio Salas, partner at BLP Abogados. With four million citizens and half a million species of animal - 4% of the world's total – it has become a magnet for property and tourism entrepreneurs.

"Central America and Costa Rica particularly have enjoyed several years of high activity in real estate and eco-tourism, which continue to show considerably high levels of activity despite the credit problems faced by the US – which still accounts for a large number of visitor and investors," he says.



Although Costa Rica has not proved immune to the downturn in the US economy foreign direct investment nonetheless represents 7% of total GDP, having doubled during the 2005-2007 period – the average for 1980-2007 was 2.8%.

Among foreign investors, the Iberian companies are indeed the most visible, notes Salas. "The language factor gives them an obvious advantage, especially in government bidding and contract work. Spanish and Portuguese companies have already taken opportunities in the energy and infrastructure sectors across Central America and in the near future, they are also poised to play a leading role in the telecom, insurance and banking sectors."

Though international investors come mostly from America and Europe, last October's ratification of CAFTA (Central American Free Trade Agreement) has however prompted capital from elsewhere in the region. "In terms of inbound investment, Colombian capital is now visible in the agroindustry, clothing, food and beverage sectors. Panamanian investors are active in the banking sector and El Salvadorians are evident in construction and real estate" comments Salas.

But Costa Rica is benefiting from CAFTA too. "We now have a niche in processing ethanol exports from Central America, and are also seeing increased interest in renewable opportunities, in biodiesel, wind and small hydro projects," he says.

Significantly, the country continues to place its economic emphasis towards the same shared environmental goals.