

# Leading the innovation revolution in Central America

*Computer giants are among the foreign firms taking advantage of the country's pro-business climate and investing billions of dollars in areas like technology and renewable energy.*

A tropical paradise blessed with large and successful agricultural and tourism industries, Costa Rica is increasingly focused on innovation and sustainability through an ambitious technology-based strategy that is attracting substantial foreign direct investment (FDI).

With robust economic growth, good infrastructure, high living standards, good welfare system and long life expectancy, Costa Rica is a regional pioneer that frequently sets the standards for others to follow.

Rich in human and natural resources — its 51,000 sq. km is home to 5 percent of the world's insects and an abundance of flora and fauna — the country of 4.7 million people offers investors a wealth of investment opportunities in a broad range of sectors and industries. A core pillar of Costa Rica's successful economic development has been the adoption of trade liberalization policies that have boosted productivity, promoted economic diversification, attracted significant FDI and created employment.

Since the mid-1990s, the republic has focused on microchips instead of banana chips, a bold strategy that has paid off and enticed global technology giants like IBM, Intel and Hewlett-Packard to its sun-soaked shores.

The trio are among more than 200 multinational firms to have allocated billions of dollars of FDI to high-tech plants. Such has been the success of the tech sector that Intel is now the leading exporter in Costa Rica



Javier Quirós  
President, Grupo Purdy Motor

and its activities and operations generate more than 5 percent of gross domestic product (GDP).

## Fighting climate change

Given its precious biodiversity and sensitivity to climate change, Costa Rica is driving innovation and exploration in the renewable energies sector and related areas such as the automotive industry.

Through a series of strategies and measures, Costa Rica aims to achieve zero carbon emissions by 2021 with this environmentally-friendly approach, winning plaudits from governments and climate change campaigners around the world.

"Costa Rica is a small nation that has always had big dreams; and that, time and time again, has made its dreams come true," says Costa Rican President Laura Chinchilla. "We need FDI to be a motor that will ensure economic growth and we are working hard to continue positioning Costa Rica as the best place to invest and make sure Costa Rica contin-

ues to be a competitive location."

The vast majority of foreign enterprises operating in Costa Rica are based in modern free trade zones that boast strategic locations, quality infrastructure and provide a range of fiscal incentives.

According to the Costa Rica Investment Promotion Agency (CINDE), more than \$470 million of FDI arrived in 2011, the majority of which was in advanced technology sectors such as advanced manufacturing, life sciences and clean technologies. The impressive sum created nearly 8,000 jobs, similar to the 7,500 positions generated by \$345 million of FDI in the previous year.

"High technology foreign companies that invest in Costa Rica represent a very important job creation source," explains CINDE Director General Gabriela Llobet. "The thousands of jobs multinational companies produced in 2011 represented 30 percent of the total jobs in the private sector, and 13 percent of the total jobs at a national level. These are high-quality and well-paid jobs that generate 14,000 indirect jobs."

## Bonds beyond borders

Japan and Costa Rica established diplomatic relations more than 75 years ago and political, cultural, commercial and trade ties continue to strengthen through the exchange of goods, services, knowledge and investment.

During a high-level visit to Tokyo in late 2011, President Chinchilla spoke of her respect

for Japan and her commitment to bilateral relations in economic and cultural fields. Meanwhile, Japanese technologies are utilized in Costa Rica's fast, modern and efficient information and communications technologies (ICT) networks that allow private operators to provide access to fixed, mobile and broadband services.

Costa Rica's National Strategy for Climate Change seeks to reduce the social, environmental and economic impact of climate change and take advantage of opportunities, promoting sustainable development through economic growth, social progress and environmental initiatives through mitigation and adaptation actions, for Costa Rica to improve the quality of life for its inhabitants and ecosystems, in moving to a carbon neutral competitive economy by 2021.

Like many other Latin American countries, the import and sale of new cars has traditionally been dwarfed by the sale and use of used, older cars that are heavy polluters due to their age, engine type or general poor quality. However, that trend has begun to reverse with imports of new cars accelerating 50 percent year-on-year to 9,272 vehicles in the first three months of this year, according to statistics from the Ministry of Finance.

Industry bosses cite increased access to credit and rising incomes for the sharp rise in new vehicle imports, as well as the government's decision to attract greater numbers of foreign automotive parts and products manufacturers to Costa Rica.

## Road to success

Founded in 1957, Grupo Purdy Motor is the fourth oldest Toyota

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Grupo Purdy Motor

distributor in the world. Four decades later in 1997, the company professionalized its operations in an ambitious move that brought greater environmental awareness and social responsibility.

In 2004, the firm decided — as a distributor of one of the cleanest car makers in the world — to take strong measures in terms of ecology and corporate social responsibility (CSR). The firm now has 1,000 hectares of reforested forest plantations in the area to neutralize the carbon dioxide emissions by the cars that it sells. In late 2013, Purdy aims to become the first carbon neutral car company. "We also have important internal programs to recycle components and substances used in the manufacture and repair of vehicles," explains

Grupo Purdy Motor President Javier Quirós. "We try to create an influence on the entire population and show it's possible to run a successful business with the environment in mind."

"There are way too many used vehicles that have been imported; the country's streets are flooded with old vehicles. The government has realized the great problem that implies carbon dioxide emissions of such vehicles. Ten years ago the ratio was five used vehicles used to one new car; today it is 0.96 to one."

In 2004, Costa Rica became the first country in Latin America to import the new generation of electric hybrid vehicles created

by Toyota, with the cars sold by Purdy Motor.

"The big challenge now is to get people to understand what this technology is like," continues Quirós. "It's a matter of time and education. It has been difficult to introduce the line but we consider this an investment in the health and sustainability of the country as part of our social responsibility initiatives."

"We are introducing the Prius C, Prius and Camry and are making significant efforts to sell at cost price, or even below cost price. It is through these efforts that we gain a greater acceptance in the country. In this task, Toyota has given us full support."

This report was produced by Global Insight and can also be read online at: [www.japantimes.co.jp/international-reports](http://www.japantimes.co.jp/international-reports)

## A GREEN COUNTRY KNOWS ABOUT GREEN TECHNOLOGIES



At Purdy Motor Costa Rica, we have enjoyed more than 55 years as exclusive partners of Toyota and were the first dealers to introduce hybrid technology in Latin America. We now have more than 8 years' experience in the hybrid vehicle market and remain committed to responsible environmental practices.

For more information about our company, please don't hesitate to contact us.



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