

Ecotourism Development
in Costa Rica

The Search for Oro Verde

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Introduction

What Is Ecotourism?

Costa Ricans have long had a close relationship with the land; whether it is the farmers of Tarrazú tending their coffee bushes or the ecotourism guide taking tourists on a walking tour of Manuel Antonio Park, many Costa Ricans make their livelihood from the natural environment. Costa Rica's relationship with the land has also helped to create a very unique societal mind-set among its population regarding the need for conservation and sustainability. Since the 1980s, Costa Rica has become imbued with an extraordinary society-wide environmental ethic that has helped to inform the decision-making processes of a large segment of the population as well as many politicians. In the same way that the abolition of the military helped to foster a society-wide nonviolent ethic, the preservation of the natural world has helped to place environmentalism at the center of the Costa Rican national consciousness. Despite its status as a developing country, Costa Rica is widely seen as a world leader in ecotourism as well as in environmental policy, which includes its goal to be the first carbon neutral country in the world by 2021. One of the most important figures in this movement has been former Costa Rican president Óscar Arias, who acknowledged a symbiotic relationship between long-term economic growth and environmental protection and cites Costa Rica's ongoing experiences with environmental tourism, eco-agriculture, debt for nature swaps, and national park systems as a way to reduce poverty through environmentally sustainable development.¹

One of the most unique manifestations of Costa Rican environmental consciousness is the focus on ecotourism and its use as a strategy for national development. Endowed with magnificent and diverse natural treasures, Costa Rica was one of the first countries to realize the potential of the notion of "ecotourism," which was first used by a marketing agency attempting to promote Costa Rica as a rain forest destination in the early 1970s.² Since then, ecotourism in Costa Rica has grown rapidly and now represents one of the country's most important sources of foreign exchange. Ecotourism in Costa Rica has also been facilitated by the

effects of globalization including the relative ease of international travel and the rise of modern communication systems. These factors have helped to facilitate travel to what had once been considered “far-flung” parts of the globe. The increased growth in travel to the developing world led the United Nations Environmental Programme (UNEP) to find that “proportionately, tourism will grow faster in less developed countries than in developed economies in the next ten years.”³

The ease of communication and travel as well as the cessation of the region’s civil wars has helped Costa Rica to attract tourists and its attractions are routinely ranked by travel guides as some of the best in the world. Among the most famous places to visit are Arenal Volcano, Manuel Antonio Park and Monteverde Cloud Forest. The single largest factor that attracts tourists to Costa Rica is the country’s exceptional level of biodiversity, all of which is packed into a very small country. While Costa Rica accounts for only 19,600 square miles of territory, it contains more species of plants and animals than the United States and Canada combined. In total, Costa Rica offers 850 species of birds, 220 species of reptiles, 160 species of amphibians, 280 species of mammals, and 130 species of freshwater fish, and 9000 species of plants.⁴ These factors prompted *The Daily Mail* (UK) to declare Costa Rica the “perfect destination for adventure seekers, wildlife fans, and lovers of rolling green hills.”⁵

Due to its biodiversity and varied ecosystems, most ecotourists engage in activities that are in some way connected to the environment. According to exit polling data from the Instituto Costarricense de Turismo (ICT), Table 1.1 shows the top ten activities of tourists on their trip.

Table 1.1: Top Ten Activities of Tourists

Activity	Percent of Visitors Who Did the Activity, 2010
Go to the beach	68.8%
Observe plants and animals	53.5%
Walk on nature trails	53.1%
Visit a volcano	49.4%
Shopping	41.5%
Bird watching	41.2%
Zip lining	41.0%
Visit hot springs	29.6%
Bungee jumping	17.8%
Surfing	17.3%

Source: ICT, via www.visitcostarica.com, poll given to outgoing tourists from Juan Santamaria Airport, San José

The desire to take an ecologically based vacation also coincides with what Frank, Hironaka, and Schofer⁶ refer to as the global institutionalization of environmentalism, which has led to an increase in activities to protect the natural

environment in response to a global redefinition of environmental stewardship for the nation-state as well as a burgeoning awareness among regular citizens of the ecological impact of their personal choices. Frank argues that the rise of environmental awareness in world society is due in part to a reconstitution of “nature” away from a realm of chaos and a cornucopia of “resources” toward conceptions of nature as a universal, life-sustaining “environment” or ecosystem.⁷ The combination of interest in and reorientation toward the environment coupled with the ease of global travel all make ecotourism an appealing possibility for long-term economic development.

What Is Ecotourism?

People have engaged in tourism activities for millennia. The ancient Romans, for instance, would document all of the places they had visited by carving the locations onto their tombstones. In the nineteenth century, the advent of railroads facilitated tourism by making longer trips feasible, thus enabling the newly formed middle-class to spend a portion of their income on leisure activities. In the last two decades, advances in modern air travel have made much of the world accessible to a large portion of the developed world and have made many tropical destinations such as Jamaica, Bermuda, or Cancún common destinations for a large number of tourists. The tourism activities at these destinations are typically centered on large resorts disconnected from the local population and culture and serve largely as enclaves of North American culture. As larger and larger numbers of tourists began to travel, it became clear that large-scale mass tourism played a role in a host of problems related to the overuse of resources and damage to the environment while providing very limited economic benefit to the local population. Cancún, known among locals as *Gringolandia* due to the large number of Americans who visit, has become so disconnected from local people and culture that:

Cancún has become a simulacrum—an artificial reproduction and representation of the Yucatan physical environment and Maya heritage manifest in a constructed physical and cultural landscape—and the result is *Gringolandia*, a dynamic ‘hybrid-space’ in which elements of Mexican, American, and artificial Maya culture have been reconstituted for tourist consumption.⁸

Bhatt and Liyakhat⁹ argue that the concept of ecotourism came into being due to the recognition of the ill effects of mass tourism and the need to develop a form of tourism that was sensitive to the environment and could provide economic benefit to the local population. As the negative aspects of mass tourism became clear, many people began to look for an alternative, and the idea of ecotourism was born. When ecotourism emerged on the world tourism market, it did so under a series of more or less accurate names such as adventure tourism, pro-poor tourism, or geotourism, with the frequent use of the terms “responsible,” “sustainable,” “green,” or “low impact.”¹⁰ Due to the myriad buzzwords used to describe eco-

tourism and the broad spectrum of possible activities it encompasses, its exact definition as well as exactly what it entails have long been in dispute. Problems of definition are also due to the travel industry's desire to tap into environmentalism as a money-making device, thus deeming nearly any activity done outdoors as ecotourism, even going so far as to include Sunday afternoon drives.¹¹ In the last decade or so, scholars and ecotourism organizations have begun to arrive at definitions of ecotourism that include most of these characteristics; travel to natural destinations, the need for conservation and sustainability with local control and significant portions of the revenue kept within the local community that the tourists have visited.

The International Ecotourism Society (IES) defines ecotourism as "responsible travel to natural areas that conserves the environment and improves the well-being of local people by creating an international network of individuals, institutions and the tourism industry and by educating tourists and tourism professionals, influencing the tourism industry, public institutions and donors to integrate the principles of ecotourism into their operations and policies."¹² The most widely accepted and comprehensive definition of ecotourism is provided by Martha Honey and joins together economic, political and social characteristics with environmental concerns. For Honey, ecotourism has the following characteristics:

1. Involves travel to natural destinations.
2. Minimizes impact.
3. Builds environmental awareness.
4. Provides direct financial benefits for conservation.
5. Provides financial benefits and empowerment for local people.
6. Respects local culture.
7. Supports human rights and democratic movements.¹³

Honey further condenses these characteristics into a holistic definition of ecotourism. "Ecotourism is travel to fragile, pristine, and usually protected areas that strives to be low impact and (often) small scale. It helps educate the traveler, provides funds for conservation, directly benefits the economic development and political empowerment of local communities and fosters respect for different cultures and for human rights."¹⁴ Since ecotourism was created in part as an alternative to mass tourism, many ecotourism advocates contrast ecotourism with mass tourism, which is "typified by the package tour in which itineraries are fixed, stops are planned and guided, and all major decisions are left to the organizer. Familiarity is at a maximum and novelty at a minimum and the safety and companionship gained from traveling with others is paramount."¹⁵ Traditional mass tourism has also served as a motivation for more socially aware ecotourists particularly those who feel "alienated by the increasingly commercialized resort which loses its exotic, idiosyncratic charm for them."¹⁶

Ecotourism, on the other hand, tends to be much more experientially diffuse, closer to nature and more concerned with simple and sustainable practices and

accommodations. Ecotourism also tends to lead travelers to places that are not often considered to be part of the typical tourist trail, a key aspect for those tired of the usual big resort tourism. As a result, ecotourists tend to be more concerned with forming a connection with the local culture, simplicity, and opportunities for learning rather than the pursuit of luxurious accommodations and pampering. Chan and Baum found that "ecotourists interpret ecotourism experiences in association with nature and the environment, simple accommodation and facilities, and a learning experience."¹⁷

Due to the differences between ecotourism and traditional mass tourism, ecotourism tends to attract older, more educated tourists who are willing to spend more money in order to have a unique and educational experience. Zografos and Allcroft found the profile of an ecotourist to be a person who is typically between thirty-five and fifty-four years of age, willing to spend more money on an ecotourism trip than a standard vacation, wants to spend between one and two weeks away and states his/her motivations for the trip as a desire to enjoy scenery and nature and to experience new places, with a large proportion who are members of an environmental charity or organization.¹⁸ In addition, Epler Wood found that a large majority of ecotourists are college graduates.¹⁹ The combination of exotic locales and the ecotourist's desire to travel outside "the bubble" of mass tourism, coupled with the inherent social dimensions of ecotourism, means that they place "value on the distinct perspectives of the local inhabitants and an educational process that is multidirectional, experiential, and applied."²⁰

The high percentage of college-educated ecotourists who select a destination based on their interest in conservation is not only emblematic of the reorientation toward environmental awareness over the last few decades, but also creates a unique opportunity to further educate people on ecologically sustainable practices beyond basic ideas like recycling and to help them understand the full breadth of environmental issues inherent in the footprint of many tourism businesses:

If you were to randomly select a skier from an Aspen slope and ask him or her what ski resorts and skiers should be doing to protect the environment, the answer would be "recycle." In ASC's experience, the absence of recycling containers in any area guarantees guest and employee complaints. Many ski-area managers have the same perspective: "environmentalism = recycling." Taken a step further, conventional environmental thinking in the guest-service industry leads to "don't wash my towels" signs and unsophisticated environmental education efforts. Although these measures are important, they miss the bulk of the industry's ecological footprint. And they are, often intentionally, a denial of the real issues.²¹

For scholars such as Ceballos-Lascurain²² and Stem et al.,²³ the key attribute of ecotourism is the education of ecotourists. Ecotourism has the unique ability to educate because ecotourists are a captive audience who have opted into their excursion presumably based on a shared interest in experiencing the flora and fauna of their destination. As Giannecchini points out "tourists and parks hold the potential to form a perfect partnership to nurture ecological literacy: a captive, self-

declared audience in an outdoor, natural setting.²⁴ As a result of an ecotourist's interest in being educated, Orams found that the more explicit the educational component, the more likely it was to actually change behavior since "tourists who were given the education program became significantly more 'green' in their behavior."²⁵ The learning inherent in ecotourism also means that people will seek out ecotourism vacations due to their own interest in the environment and will return home with a better grasp of ecological issues and potentially different perspectives concerning changed behaviors toward the environment.

One of the key components for ecotourism to successfully educate its customers is a talented and knowledgeable guide. Not only is an excellent guide good business, but it also serves to enhance the experience of ecotourists and can even imbue them with a better environmental ethic. Peake, Innes, and Dyer found that an effective ecotourism guide can play a role in conservation that is important both to business and natural resource sustainability.²⁶ As people have become more interested in ecotourism and environmental issues, ecotourism's focus on education has even begun to spawn a subset of activities known as "research ecotourism" for those whose ecotourism trip is planned within a research-oriented framework with activities directed toward conservation, monitoring of the natural environment, and sustainable community development.²⁷

If ecotourism is to provide a sustainable source of continuing income for the developing world it is important for ecotourism businesses to embrace the burgeoning environmental ethic, but to do so in an authentic way. There is building evidence that ecotourists desire authentic environmental standards, not just lip service to environmentalism. For instance, Andereck found that not only is nature a motivator for tourism, but tourists place fairly high levels of importance and value on environmentally friendly practices and tourism and recreation sites and businesses.²⁸ In a study of Manuel Antonio Park in Costa Rica, Cotrell et al. found that "tourists are sensitive towards sustainability issues and judge the ecological dimensions of sustainability related to tourism as the most important."²⁹ The extent to which socially aware ecotourists can have their desire for sustainability met by ecotourism businesses is the key to future sustainability and maintenance of ecotourism. While tapping into something that looks like ecotourism is most likely quite simple, doing so in an authentic and sustainable manner proves to be more difficult.

While acknowledging the importance of each aspect of ecotourism, this book will focus on issues of local empowerment leading to economic development and measures to increase sustainability. These components of ecotourism are the most important initial steps in improving the lives of people throughout the developing world. Sustainability is a necessary first step to any kind of long-range development plan and will help to increase environmental awareness while economic development will help to bring about changes that will lead to the other goals of ecotourism such as financial benefits for conservation and a democratic movement that will support the promotion of human rights. Finally, the educational aspects of

ecotourism and the sort of people who choose ecotourism will inevitably lead to respect for local culture.

Ecotourism as Development Strategy

Ecotourism is attractive as a development strategy not only because of its focus on a broad range of issues ranging from sustainability to the economic, social, and political empowerment of local people, but also because so many other development strategies have failed. Due to persistent economic crises and the difficulty of development via agricultural export economies, states have increasingly turned to nontraditional development strategies in order to boost foreign exchange earnings and as a means to minimize their exposure to international economic volatility. Due its ability to generate foreign exchange, ecotourism is "appealing to a vast range of interested groups because it simultaneously tries to satisfy and speak to numerous agendas: capitalist development, community development, poverty alleviation, wildlife conservation and environmental protection."³⁰ For instance the United Nations Environmental Programme (UNEP) found that "tourism's potential for creating employment, supporting livelihoods, and enabling sustainable development is huge, given that it is one of the main sources of foreign-exchange income."³¹ Since agricultural export-led development has typically been very unstable, and industrial-led development has been difficult to attain, the range of development strategies for many poor countries have often been very limited. In addition, a strong reliance on agricultural exports has had a number of negative effects on the natural environment, both on the large-scale agro-export level which requires heavier use of chemicals as well as on the subsistence farming level, which often utilizes unsustainable techniques.

The growth of tourism in general and ecotourism in particular has created a unique opportunity for states to embark upon a development plan that employs ecotourism. The main focus of this book is to examine the way in which ecotourism fits in with more traditional development strategies. Ecotourism not only represents a potentially important source of foreign exchange, but can also serve as an intermediate step between an economy based on a small number of traditional agricultural exports and one that is made up of multiple streams of foreign exchange, including manufacturing. Ecotourism represents an intermediate step between agriculture and manufacturing-centered development because it can assist in phasing out agriculture by providing employment for those who previously made a living through farming and by providing a domestic market for food products. It can also assist in industrialization through establishing a number of conditions that help to increase investment in a country. Most importantly, it will do so with very important ecological constraints on incoming businesses. Another primary focus of this book is to examine the compatibility of ecotourism with foreign direct investment and the way in which policies that support ecotourism also support industrialization and foreign direct investment.

Ecotourism Success Story: Costa Rica

Costa Rica provides an excellent case study and model for countries that wish to utilize ecotourism as a development strategy, particularly in concert with attempts at industrialization via foreign direct investment. One of the things confronting a scholar studying Costa Rica is the almost mystical nature of the idea of Costa Rican exceptionalism on the one hand and the natural compulsion to be a skeptic on the other. Traveling in Costa Rica merely serves to further compound these two opposing ideals. Travelers leave Costa Rica thinking there must be *something* different about this place. Costa Rica stands out among the nations of Central America as a paragon of peace and stability and has long been seen as different from its neighbors by scholars as well as average Costa Ricans, many of whom will readily point out, "*Costa Rica es diferente*" and declare the differences they perceive between themselves and the rest of Central America. For decades, Costa Rican exceptionalism has served as the primary form of Costa Rican self-identity, reinforced by socialization. "Schools, the media, and popular tradition still inculcate Costa Ricans with the notion that their country stands apart from the rest of Central America's dictatorships, political violence, and underdevelopment."³² Costa Rican history is replete with examples of similar external pressures acted upon differently in Costa Rica as compared to its neighbors, many of which have helped to create key differences between Costa Rica and the rest of Central America.

While the concept of Costa Rican exceptionalism and its veracity will be examined in detail in Chapter 2, it is important to note that the idea of Costa Rican exceptionalism permeates all corners of Costa Rican society and politics. While the accuracy of the idea of Costa Rican exceptionalism has its adherents as well as its detractors, one thing is certain; since the mid-twentieth century Costa Rica has enjoyed a peace and stability not present anywhere else in Central America and the Costa Rican economy has easily outpaced its neighbors.

Costa Rica has been able to parlay its peace and stability into concrete economic growth that has minimized the overall importance of and dependence on agricultural products as a percentage of economic activity. According to the World Bank, the GDP percentage of agricultural activities has fallen by about two-thirds since the early 1960s from 24.8 percent in the period 1961–1965 to 8.7 percent in the period 2001–2005.³³ Much of Costa Rica's move away from an agricultural-based economy was facilitated by its ability, starting in the 1980s, to harness its immense ecological gifts into a burgeoning ecotourism sector and, by the mid-1990s, had become a prime location for foreign direct investment.

The interplay of ecotourism and foreign direct investment is at the center of understanding how Costa Rica has developed over the past two decades. Due to Costa Rica's history and its unique natural resources, particularly with respect to biodiversity, Costa Rica has positioned itself as a prime destination for ecotourism as well as for foreign direct investment. Costa Rica has also been a world leader in conservation, a distinction that exceeds its geographical magnitude. Even with the differences between Costa Rica and its neighbors, it is possible for Costa Rica to

serve as a model for the region because throughout its history it has had to deal with many of the same forces that have played a large role in determining the historical trajectory of its neighbors, but has dealt with them in a different way.

Organization of the Book

Chapter 1, "Ecotourism as a Development Strategy," examines the literature pertaining to ecotourism and the reasons why it can serve as an engine for development. With the increase in environmental awareness over the last couple decades, agriculture and environmentalism have often been at odds, primarily due to the heavy use of chemicals and other unsustainable methods in agriculture. This chapter also looks at volatility and other problems related to the agricultural-export market before looking at solutions to these problems in a development model that includes ecotourism. Ecotourism's major strengths include its ability to create jobs and entrepreneurship along with its focus on sustainability as well as the policy areas in which it deals with foreign direct investment. Due to the similarities between ecotourism and foreign direct investment, it is argued that they intersect in five important ways: issues of regime type and the rule of law, human capital development, proximity to the U.S. market and infrastructure issues, economic liberalization, and environmental protection.

Chapter 2, "Politics, Economics and Exceptionalism in Costa Rica," discusses the historical development of Costa Rica by focusing on the differences between Costa Rica and its neighbors. Beginning in the colonial period, there are a number of factors that differentiate Costa Rican history from the larger regional context. Scholars have long debated the effect of the colonial period on Costa Rican politics, especially the veracity of the rural democracy thesis. The rural democracy thesis argues that Costa Rican exceptionalism and later adherence to democracy and non-violence is due in large part to a number of factors that have their origins in the colonial period. These factors include a colonial Costa Rica that was heavily rural and agrarian, democratic very early on, racially homogenous due to the lack of a large indigenous population, and poverty stricken. Accordingly, colonial Costa Rica existed in an atmosphere of egalitarianism with little economic differentiation between various segments of society. An examination of the rural democracy thesis is the lens through which the development of later Costa Rican political economy is viewed, including the impact of coffee production on Costa Rican society, the crises of the 1930s and 1980s as well as the growth of neoliberalism in the 1990s and its effect on the development of ecotourism and high-tech manufacturing.

Chapter 3, "Ecotourism in Costa Rica," examines the development of ecotourism in Costa Rican history. The combination of the economic crisis of the 1980s and rapid deforestation are integral to understanding the development of Costa Rican ecotourism because of the need for Costa Rica to diversify its exports. The diversification of exports was accomplished through the encouragement of nontraditional exports, in particular high value-added manufacturing and ecotourism. Ecotourism also helped to reverse the trend of deforestation as land was

set aside to be used for ecotourism. Much of the land that was set aside was incorporated into the Costa Rican national park system, which became the backbone of the ecotourism industry. This chapter also examines the role of the Instituto Costarricense de Turismo, whose job it is to manage ecotourism in Costa Rica.

Chapter 4, "Ecotourism, Foreign Direct Investment and the Costa Rican Model," develops the parameters of the Costa Rican model of development and investigates the intersection of ecotourism and foreign direct investment. At the heart of the Costa Rican model is the self-reinforcing nature of the policy concerns of both ecotourism and foreign direct investment due to the number of junctures in which development policy pertaining to ecotourism and foreign direct investment overlap. These five intersecting policy areas are: concerns of regime type and the rule of law, the development of human capital, policies that enhance Costa Rica's proximity to the United States and the country's infrastructure, economic liberalization and how ecotourism can serve as a check on the power of manufacturing due to the income generated by ecotourism, an activity that profits by preserving rather than destroying the natural environment.

Chapter 5, "Conclusion: Lessons from Costa Rica," first discusses the applicability of Costa Rica as a model for Central America and the status of ecotourism as a comparative advantage. From there, the chapter takes the lessons learned from the Costa Rican experience and crafts a set of policy recommendations for states to implement that support the development of ecotourism and foreign direct investment. One of the first steps is to formulate a plan that includes the long-range preservation of the environment upon which an ecotourism trade may be built. The chapter concludes by discussing policies that will support the development of both ecotourism and foreign direct investment.

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Chapter 3

Ecotourism in Costa Rica

Although Costa Rica's post-World War II economic models would ultimately have to be reworked to include the transition to neoliberalism, the post-World War II era contributed a great deal to the growth of Costa Rica and helped to provide the base from which later ecotourism development was possible, in particular the growth of the Costa Rican middle-class. The growth of the middle-class in the 1950s and 1960s was important for the development of ecotourism because Costa Ricans traveling within their own country were the first wave of ecotourists. With the failure of import-substitution industrialization (ISI), the key event in the post-World War II economic development of Costa Rica was the debt crisis of the 1980s, which combined with a burgeoning environmental movement and rapid deforestation, helped to push Costa Rica to preserve its environmental wealth and consequently to utilize ecotourism as a development strategy. This chapter will examine the development of ecotourism in Costa Rica as a reaction to economic and environmental crisis, after which it experienced long-term growth.

Structural Adjustment, Deforestation, and the Rise of Ecotourism

Similarly to other junctures in Costa Rican history, Costa Rican politicians took the path of moderation when confronted with the need for a major change in policy. Seligson and Martinez Franzoni¹ argue that Costa Rica did not use "shock therapy" and, consequently, economic reform was piecemeal, selective, and embedded within a social-democratic ideology. The transition to a new economic model was also softened by massive amounts of U.S. foreign aid, which helped to supplant foreign borrowing in the short term. The coalescence of several factors gave Costa Rica a unique opportunity to embark upon a new economic model, one that would radically change the face of the country and put it on a path to sustainable economic development. These factors were the economic crisis and subsequent structural

adjustment plans, deforestation, the advent of the environmental movement, and the increase in the number of tourists visiting Costa Rica.

Throughout the economic crisis, neoliberalism was implemented through structural adjustment programs spearheaded by the United States Agency for International Development (USAID) aimed at the creation of new sources of export income that would help end Costa Rican reliance on foreign debt, and USAID worked extensively during the crisis with the Costa Rican public and private sectors to create opportunities for foreign investment. At the same time, the Costa Rican government also reached a standby agreement with the IMF in 1982 and World Bank structural adjustment programs in 1985 and 1987.²

The goal of these structural adjustment plans was to diversify the economy through the promotion of nontraditional exports in order to boost Costa Rica's foreign exchange. In order to encourage nontraditional exports, one of the major parts of the structural adjustment plan advocated by USAID was a system of tax incentives to encourage growth in a variety of new exports, including textiles, flowers, ornamental plants and foliage, fish, shrimp, and pineapples.³ Although international lending organizations did not explicitly write a similar plan for the growth of tourism, the Costa Rican government passed the Law of Incentives for Tourism Development in 1985 which provided new incentives to the tourism industry, including "exonerations on import, local, and income taxes to investors in hotels, transportation services (airlines, boats, and rent-a-car services), travel agencies, and restaurant." In addition, the 1985 law set out the following parameters:

Article 1. The Industry of tourism is declared of public usefulness.

Article 2. The present law has the purpose of establishing an accelerated and rational development process of the Costa Rican tourist activity, reason to establish the incentives and benefits to be granted as stimulus for the realization of important programs and projects for such activities.

Article 3. The disposition of the present law will be applied to the following tourist activities:

- a) Hotel Services.
- b) Air transport of tourists, international and national.
- c) Aquatic transport of tourists.
- ch) Receptive tourism of travel agencies exclusively dedicated to this activity.
- d) Vehicle rentals to foreign and national tourists.

Article 4. The incentives included in this law will be granted by the Costa Rican Tourist Board by way of a tourist contract, prior to approval of the tourism regulating commission, to be named by the Presidency of the Republic. (Article goes on to discuss Bureaucratic structure)

Article 5. For the granting of incentives and benefits stipulated by this law, activities mentioned in the third article, that are currently operating, will be considered as well as new projects and those of enlargement or remodeling.

Article 6. For effects of granting the benefits of this law the following aspects will be taken into account, among others:

- a) Contribution on the balance of payments.
- b) Utilization of raw material and national supplies.
- c) Creation of employment direct or indirect.
- ch) Effects on regional development.
- d) Modernization of diversification of the national tourist offer.
- e) Increase of the internal and international tourist demand.
- f) Benefits reflected on other sectors.⁴

The strategy set out in the 1985 law is important because it served as a road map for the future development of ecotourism, and foreign investors quickly began to acknowledge the new reality of the Costa Rican economy. The Organization for Economic Co-Operation and Development (OECD) found that a "significant amount of foreign direct investment flows have been attracted by the tourism industry (while) foreign direct investment inflows into traditional agriculture have tended to diminish."⁵ The focus on nontraditional exports paid off when the recovery of the economy in the early 1990s "was led by nontraditional exports, particularly tourism, which by 1993 replaced coffee and bananas as the country's leading earner of foreign exchange."⁶ Additionally, in order to broaden foreign direct investment into a larger share of the nontraditional export market, Costa Rica established a system of free trade zones to attract investment into nontraditional exports by offering duty-free imports and a variety of tax exemptions.⁷

The crisis of the 1980s and the structural adjustment policy it spawned were also affected by a parallel crisis, the rapid clearing of Costa Rican virgin rain forest which began on a large scale in the 1950s. While agriculture began losing some of its importance relative to other sectors of the economy starting in the 1950s, it still represented an important sector and much of the strong economic growth experienced by Costa Rica from the 1950s through the 1970s was predicated on the expansion of agricultural exports. Even with attempts at industrialization, during this period "the Costa Rican economy remained an agrarian one. Coffee, the main source of foreign exchange and wealth for some seventy years, remained an important export commodity but slowly lost its top position to cattle and bananas."⁸ The increased agricultural production took a very heavy toll on the environment as Costa Rican primary forests were often cleared to make room for the expansion of agriculture and pastureland for cattle and the export of timber. The Costa Rican government also contributed to the problem by encouraging deforestation as a condition of property ownership. Due to this, the Costa Rican economy of the 1950s through 1970s achieved growth while it simultaneously caused very rapid deforestation with the country's percentage of forest cover declining from 90 percent in 1950 to 25 percent in 1990.⁹

This rapid deforestation did not go unnoticed and quickly became a rallying point among environmentalists and was used to focus the efforts of the Costa Rican conservation movement, which pressed the government for solutions:

The voices of many started to become louder for the more rational conservation of natural resources. Lobbying became intensive for the designation of more and

more national parks and protected areas. Part of that solution meant that the government would have to take a more active position in legislating protection and funding enforcement.¹⁰

Due to the role of beef production in deforestation, many environmentalists took specific aim at the cattle industry. Guess argues that the use of a beef quota by the United States, which would provide a steady and reliable income, helped to push much of Costa Rica's agricultural development to cattle farming because bankers were more likely to give credit to safe exports. This resulted in a simultaneous rate of pasture expansion and deforestation during the 1960s.¹¹ Environmentalists tried to slow Costa Rican deforestation by breaking the link between U.S. beef consumption and Costa Rican cattle farming by organizing a boycott of Costa Rican beef. Their biggest victory was convincing Burger King, who bought one-third of all Costa Rican beef, to stop purchasing it.¹²

By spawning development in ecotourism and manufacturing, Costa Rica's structural adjustment plan had the secondary effect of slowing deforestation because the emergence of the environmental movement and the growth in the number of tourists provided Costa Rica with the opportunity to diversify its economy by capitalizing on money newly available for tourism development which could be used to build ecotourism-related businesses throughout the country. Due to the growth in the environmental movement as a reaction to deforestation and the growth of ecotourism and the revenue it could generate, environmentalism in post-structural adjustment Costa Rica took off. Honey suggests that "propelled by ecotourism, environmentalism has taken root in the national consciousness—just as a tradition of non-militarism had done earlier."¹³

The coalescence of environmental problems and economic crisis would also help to spawn one of the more creative attempts at lowering debt and conserving the environment. This included debt-for-nature swaps which set aside environmentally sensitive land in exchange for relief from a portion of a state's international debt. In a debt-for-nature swap, nations agree to preserve a tract of land as a national park in exchange for having a portion of their foreign debt forgiven. The nation must then agree to use an amount equal to the cancelled debt to help conservation efforts in the new national park. The transaction achieves multiple goals: the preservation of the environment, alleviation of a country's debt, and the likelihood that environmental preservation will continue after the transaction because the money saved is used to help preserve the park. In many ways the best outcome of a debt-for-nature swap is the long-term commitment to reinvest forgiven debts into the park. For instance, Reilly found that "in Costa Rica, interest from debt-for-nature swaps is several times that country's national park budget."¹⁴

The largest debt-for-nature swap occurred in October 2007 between the United States, Costa Rica and the Nature Conservancy. Using a combination of private and U.S. Treasury funds, Costa Rica had 26 million dollars in debt forgiven with an agreement for that amount to be used toward conservation over the next sixteen years. The areas targeted for preservation are some of the most popular among

foreign tourists including the Osa Peninsula, Tortuguero, La Amistad, Maquenque, Zona Norte del Rincón de la Vieja, and the Nicoya Peninsula. With the completion of this deal, the Nature Conservancy states that Costa Rica increased its amount of forest cover back to 52 percent of the country.¹⁵

The Development of Ecotourism

Until very recently in Costa Rica's history "forest lands were considered worthless on the frontier, and an individual's reputation for hard work depended on the amount of land one cleared."¹⁶ This mind-set, along with the traditional focus on clearing land for agriculture, meant that Costa Ricans had very little interest in conserving the natural environment. Due to this, for most of Costa Rica's history ecotourism was an inconceivable notion. Moreover, the tourism industry in general arrived late in Costa Rica. For instance, Costa Rica did not have its first hotel until 1930 and much of this early development was targeted at Costa Ricans who wanted to spend weekends and vacations at the beach or rain forest since foreign tourists would not begin arriving in Costa Rica in significant numbers until the 1980s.

The construction of the first hotel in 1930 was quickly followed by the passage of Law 91 in June of 1931 that created the National Tourism Board.¹⁷ The National Tourism Board was replaced in 1955 via Law 1917 by the Instituto Costarricense de Turismo (ICT) which was authorized "to promote tourism in general and granted it the power to create national parks, although it never did. Its functions included protecting and promoting historic sites and scenic areas and making tourists feel welcome."¹⁸ Although the benefits of Law 1917 would take a couple decades to be realized, it represented an important step in the development of ecotourism, in particular the central role of the ICT in promoting ecotourism throughout the country.

In the years following World War II, the number of Costa Ricans traveling within their own country would begin to increase, due to rapid economic growth and greater amounts of leisure time. This early development of domestic ecotourism also helped to encourage entrepreneurship among Costa Ricans who were eager to serve this new market. "In the 1960s and 1970s, many tourist resorts, clubs, and parks were developed by Costa Rican entrepreneurs especially for the country's middle and upper classes."¹⁹ Due to the development of ecotourism targeted at a domestic audience, Place²⁰ found that for much of the 1970s and 1980s the majority of visitors to Costa Rican national parks were Costa Rican citizens. The presence of an early domestic market meant that Costa Rica was able to build up its facilities for ecotourism among its own population before it turned its attention to attracting visitors from abroad. This early growth in a domestic tourism market helped to "prime the pumps" for later development by slowly building the tourism infrastructure.

The majority of foreign travelers to Costa Rica before the 1980s were scientists who were there to study the country's biodiversity. One of the most important was the Organization for Tropical Studies (OTS) which was established in 1963 by six

American universities due to the increased interest in the United States in tropical ecology. In 1968, OTS would greatly expand its presence in Costa Rica by purchasing La Selva biological station in northeastern Costa Rica.²¹ By the late 1970s, the number of foreign visitors began to increase, but was still small compared to domestic Costa Rican tourists. For instance, in 1978, 34,000 foreigners visited the national parks, which was less than 10 percent of the total visitation numbers of 357,000.²²

As ecotourism began to expand, government policy for ecotourism development during the 1970s and 1980s followed two primary tracts: measures to encourage the construction of businesses necessary for ecotourism, such as the Law of Incentives for Tourism Development discussed above, and a range of policies to encourage the formation of a national park system. It is the pursuit of these two areas of development that would assist Costa Rica in becoming one of the prime ecotourism locations in the world.

As Costa Rica attempted to build a profitable ecotourism industry, it increasingly did so through its most attractive ecotourism feature, its renowned national park system. The Costa Rican national park system acts as a showcase for each region's contribution to the country's biodiversity. Costa Rica has been able to take the ruggedness of the land and transform it from an obstacle to be overcome, to a positive developmental attribute. Attempts at conservation in the early days of Costa Rican national park development were necessitated by large-scale deforestation efforts begun in the 1950s.²³

One of the earliest advocates for Costa Rican conservation was Mario Boza, the first director of the National Parks Department.²⁴ Boza's motivation for taking the new position was his observation that:

By the early 1970s, Costa Rica was witnessing intensive deforestation to open new lands for agriculture and cattle raising: chaotic land settlement by campesinos (landless peasants), normally following the course of new highways; active trade in wild animal products; very weak environmental education: total indifference to environmental problems on the part of the general public and decision makers; and lack of protected areas that could provide a model of how to conserve nature.²⁵

The growth of the environmental movement spearheaded by individuals like Boza played an important role in the formation of Costa Rica's national park system. The key moment in the development of the Costa Rican national park system was the Forestry Law of 1969, which put Costa Rica on a path toward preserving its biodiversity and ecological treasures. Boza would play a key role in advocating for the Forestry Law and predicted that "although from a commercial viewpoint parks might seem like an unnecessary investment, they could become one of the major sources of revenue for the nation."²⁶ The process that led to the passage of the Forestry Law was also indicative of the growth in the environmental movement because when the law was under consideration "the legislature received

an unprecedented outpouring of petitions, letters, and telegrams from various sectors of the country in support of a national conservation policy.²⁷ Due to its passage, the Forestry Law represents not only the pivotal moment in the creation of the Costa Rican national park system, but also in the Costa Rican environmental movement because it provided environmental preservation with protection under the law. The first park to be protected under the Forestry Law was Cahuita National Monument in September of 1970.²⁸

While the development of a national park system was due in large part to the work of activists such as Boza, President Daniel Oduber (1974-78) is widely considered to be the presidential father of the Costa Rican national park system, and his administration ushered in the era of government environmentalism.²⁹ Especially important for Oduber was the interplay of conservation and tourism as a source of development income, and his administration quickly took to protecting large swaths of Costa Rica as national parks. In many ways, Oduber's vision of the national park system as the backbone of an ecotourism industry was truly visionary, and his administration formalized many of the initiatives of earlier environmental activists. Oduber's administration was "successful in dramatically increasing the size of the Costa Rica park system which did open the door to thousands of *tico* and foreign tourists."³⁰

Oduber's leadership was instrumental not only in the formation of the national park system, but also in granting the park bureaucracy a number of powers which greatly increased its autonomy. These changes occurred in the 1977 National Parks Act which made the newly created National Parks Service (SPN) autonomous within the Ministry of Agriculture. The National Park act also established the legal framework for the SPN's work and granted it the power to expropriate land for parks and made it illegal to remove land from park status except by legislative decree. The National Park Act also gave the SPN wide powers to set entrance fees and park regulations, recommend land for new parks, and to run the park system with fewer hierarchical hurdles.³¹

In 1994, the SPN was dissolved and reconstituted as the National System of Conservation Areas (SINAC) which manages and administers Costa Rican protected areas divided into six major categories: national parks, biological reserves, protected zones, forest reserves, wildlife refuges, and wetlands/ mangroves.³² The creation of SINAC sought to include a wider swath of the Costa Rican people into conservation planning by delegating authority to the regional level by utilizing "the three D's:" deconcentration, decentralization, and democratization.³³ The creation of SINAC was also cognizant of the efforts and desire of Costa Ricans to play a part in the long-term conservation of the land. In 1996, a revision to the Forestry Law would better outline SINAC's responsibilities, which include "conserving forest resources, approving management plans, establishing guidelines for the prohibited use of endangered tree species, and a variety of other administrative functions."³⁴ SINAC has also been involved in rehabilitating environmentally damaged land. NGOs as well take an active role in protecting

landscapes, as they purchase large amounts of degraded land surrounded by remnant forest and promote protecting activities."³⁵

In addition to the state-run national parks, Costa Rica has a significant network of private wildlife areas open to the public as ecotourism destinations with approximately 4 percent of protected land privately owned.³⁶ Because of a 1992 law providing legal designation for private wildlife refuges, owners must develop and adhere to a government approved management plan specifying restrictions on use in order to receive a variety of tax incentives, technical assistance and protection from squatters.³⁷ The stipulations placed on these private reserves help to provide some protection for areas that could be endangered due to lack of funds and help alleviate some of the pressure on the Costa Rican government to manage every ecologically sensitive area.

These private reserves tend to take one of two approaches to park management. The first approach is to exist in a fashion similar to national park management in which a serious effort is made at conservation and sustainability. An excellent example of this approach is the Monteverde Conservation League which was formed in response to deforestation around Monteverde Cloud Forest. The organization raised money to purchase forested land for conservation. The area they purchased would eventually become "The Children's Rainforest" through contributions from 600 schools in 44 countries.³⁸

The second approach to private reserve management is exemplified by another enterprise near Monteverde, called Selvatura Park. The approach here is to provide adventure tourism and to attract as many tourists as possible into the park with little concern about the impact on, and very little dedication to, flora and fauna observation. At Selvatura Park an ecotourist would be hard-pressed to see any animals due to the thousands of people tromping through the area each day while people on zip lines scream above the forest canopy. One can purchase tours of the butterfly gardens, hummingbird garden, and reptile and amphibian exhibition,³⁹ all of which are essentially tiny zoos rather than any sort of authentic experience integrated into the local environment.

Even with the large amount of public and private land used as parks and nature preserves, it is still very difficult for Costa Ricans to manage all of their natural areas. One problem apparent to many visitors of Costa Rica is the juxtaposition of a well-managed and maintained national park on the one hand, and many areas outside the park system suffering from a myriad of environmental problems, in particular garbage, on the other. It is not unusual to travel from one national park to another and see large mounds of garbage on the side of the road and small streams choked with all types of debris. If managed correctly, private reserves can help to incorporate environmentally sensitive areas into the larger ecotourism picture so they are conserved as well as used to produce income. In addition, while the Costa Rican government has policies in place to expropriate land into the park system, this is often costly and requires the government to seize private assets, something which does not work well within an overall plan of liberalization, in particular attempts to garner foreign investment

The Instituto Costarricense de Turismo

Since its creation in 1955, the ICT has worked tirelessly to develop Costa Rican ecotourism with the mission to “promote a wholesome tourism development, with the purpose of improving Costa Ricans' quality of life, by maintaining a balance between the economic and social boundaries, environmental protection, culture, and facilities.”⁴⁰ The ICT's functions have changed over time and currently include “strengthening of the processes of formulation and implementation of planning for tourism development, attraction and assessment of investors, development of quality and competitiveness systems, development of marketing in an integral way, tourist attention, generation of information for decision-making, reinforcement of processes for improving administration (comptrollership services, income, administrative analysis, among others.”⁴¹ The ICT's current tourism development plan is entitled, Plan General de Desarrollo Sostenible 2002-2010. In this plan, the ICT outlines a number of goals for Costa Rican tourism which focus on three major themes: the need for the economic benefit of ecotourism to be broad-based, sustainable, and family-oriented.⁴²

To achieve these goals, the ICT both encourages investment in Costa Rican ecotourism projects and acts as the bureaucratic arm for a number of tourism regulations. One of the ICT's primary regulatory responsibilities is in ecotourism and sustainability certification for the tourist industry, an area in which Costa Rica has established itself as a world leader. One of the oldest and most effective certifications plans is the ICT's *Certificación para la Sostenibilidad Turística (CST)* which certifies the “degree to which (ecotourism companies) comply with a sustainable model of natural, cultural and social resource management” and does so through a comprehensive checklist of items for both ecotourism agencies and hotels, including the assessment of things such as emissions and the protection of flora and fauna. Inclusion in the program is completely voluntary and open to all types of ecotourism ventures.⁴³

The ICT evaluates ecotourism operations in four areas, with each earning a score between one and five leaves:

1. **Physical-biological interactions**
Evaluates the interaction between the company and its surrounding natural habitat.
2. **Infrastructure and services**
Evaluates the management policies and operational systems within the company and its infrastructure.
3. **External clients**
Evaluates management actions taken in its invitation to clients to participate in the company's sustainability policy implementation.
4. **Socio-economic environment**
Evaluates the company's interaction with local communities and population in general.⁴⁴

The Costa Rican ecotourism industry takes certification by the ICT very seriously and a high rating is very much sought after. Once an ecotourism business is rated, the CST logo is proudly displayed on its front door. "The CST is widely acknowledged as one of the more convincing attempts to establish visible sustainability credentials within the tourism industry through a system of certification."⁴⁵ Costa Rican leadership on ecotourism certification programs is important to the global development of the ability to measure the standards of ecotourism against a defined set of principles. Another important development for the CST came in 2005 when "the International Organization for Standardization established a committee on tourism standardization (and) Costa Rica set up a mirror committee representing all sectors of the tourism industry, as well as government and academia."⁴⁶ The result of this was an increase in the number of certified hotels and tour operators as the Costa Rican committee began to pressure the government for more resources to certify ecotourism ventures. This also helped to build a relationship between certified tour operators and certified hotels because the tour operators "announced they would gradually begin to only use certified hotels. Hotels once again began clamoring for certification and recertification."⁴⁷

The linkage between certified tour operators and certified hotels showcases the positive impact that a certification program can have on encouraging the ecotourism industry to adopt environmentally sustainable business practices that are certified by a government agency. The ICT's funding for certification measures has waxed and waned over the years, although recently government commitment to the CST has been on an upswing. The CST is also important because it showcases the commitment to environmental standards across Costa Rica, not just within the national park system.

Another important responsibility of the ICT is to promote Costa Rican ecotourism abroad. One of the most successful ICT initiatives is its "No Artificial Ingredients" marketing campaign. The ICT has done extensive advertising in an attempt to market "No Artificial Ingredients" as the official ecotourism brand of Costa Rica. This brand is successful in part because of the "associated values like democracy, peace, friendliness towards foreigners and conservation as generally accepted norms of society, which together support the sustainable use of its natural resources."⁴⁸ The ICT also spends a portion of their budget placing billboards in the airports in San José and Liberia as well as in the United States and Canada including major campaigns in New York and San Francisco featuring "No Artificial Ingredients." The most prominent of these advertisements appeared on a giant screen in New York City's Times Square in December of 2010 where "every two hours for 32 days, a short 15-second promotional video of Costa Rica appeared on the mammoth screen. The ICT estimates that 1.5 million people saw the video, which was projected 1,152 times."⁴⁹

Foreign Direct Investment in Ecotourism

The ICT also manages investment in the ecotourism sector including some projects that are funded through their budget and in cooperation with other parts of the public or private sector. For instance, in 2012 construction will begin on a large convention center, the first to be built in Costa Rica. It is funded through a 20 million dollar investment from the National Bank of Costa Rica (BNCR) and the Bank of Costa Rica (BCR) as well as a 10 million dollar allocation from the ICT's budget. In addition, the Comprehensive Agricultural Marketing Program (PIMA) granted the ICT possession of twenty-five acres of land for the center's construction.⁵⁰ Projects such as this are somewhat unusual, given the ICT's main job of coordinating foreign direct investment and promotional activities for Costa Rican ecotourism.

Over the last two decades, Costa Rica has been extremely successful in attracting large amounts of foreign investment in tourism. As the chart below indicates, FDI into tourism from 2006-2010 was quite significant for an economy the size of Costa Rica:

Table 3.1: Foreign Investment in Costa Rican Tourism

Foreign Investment in Costa Rican Tourism	Amount in US Dollars
2006	136, 053, 618
2007	321, 286, 390
2008	291, 519, 976
2009	253, 546, 936
2010 (Q1)	81, 023, 162

Source: ICT, CINDE, Costa Rican Central Bank.⁵¹

One of the problems inherent in increased FDI into tourism is that much of it tends to be big, foreign-run projects, constructed along the coast, that have more in common with mass tourism in places like Cancún or Jamaica than with traditional Costa Rican ecotourism. Some of these projects also have a questionable commitment to sustainability and the environment. One such investment is the Papagayo project in Guanacaste which, upon completion, was planned to include the construction of 1,144 homes, 6,270 condo-hotel rooms, and 6,584 hotel rooms, a shopping center, and a golf course. Although construction on this project has stalled, it suggests the possibility that the Costa Rican government will begin to move toward grandiose schemes that the local environment will not be able to support.⁵²

In many ways FDI in large foreign-owned hotels along the coastline is one of the most problematic aspects of Coast Rican ecotourism. Due to the large amount of investment, pockets of large foreign-owned resorts, many of which "make little

claim of being involved in ecotourism”⁵³ are popping up around Costa Rica, particularly in Guanacaste. The biggest problem with this type of development is that it moves Costa Rican ecotourism away from its core tenets and in all likelihood decreases the amount of money that will be kept in the local economy. As Morales and Pratt point out, there are a number of negative factors associated with the presence of large resorts within ecotourism. With regard to ecotourism development, these new large resorts are:

associated with greater leakage of tourist spending (smaller contribution per tourist to the local economy), need for greater taxpayer investment in infrastructure (airports, ports, roads, sewer, electricity) and greater expenditures for supporting services (police, fire, medical, etc.). Mass tourism can also potentially lead to congestion and the deterioration of the sites that attracted high value ecotourists in the first place. Similar concerns have evolved from the rise in real estate development in the same coastal areas (referred to by some in the industry as ‘residential tourism’).⁵⁴

The dominance of foreign interests over Costa Rica’s coastline also has a psychological effect on Costa Ricans who see the best parts of their country being sold off to foreigners. By law, all beaches in Costa Rica are publicly accessible; however, this would often require Costa Ricans to brazenly navigate massive resorts past hotel employees who will no doubt try to stop them, thus making this law largely one that is “on paper.” Despite myriad laws governing the use and development of its land, particularly in coastal areas, many of these large foreign-owned hotels are in violation of Costa Rican law regarding the environment. For instance, the 1977 Maritime Zone law (Law 6043) dictates that no land within 200 meters of the shoreline may be privately held and nobody can build at all within fifty meters. In order to build outside the fifty-meter barrier, it is necessary to receive a government concession which are typically held for twenty years and overseen by the ICT and the affected local municipality. Foreigners are ineligible for a concession unless they have lived in Costa Rica for at least five years and corporations are ineligible unless half the shares of stock are held by Costa Ricans.⁵⁵ Although the Maritime Law sets out to protect the interests of Costa Rican citizens, a large loophole exists in which foreign interests may join in a partnership with Costa Ricans in order to circumvent the law. The combination of large amounts of foreign investment and the need to bypass the law, has led to chaotic and haphazard development. Part of the problem with the development of large coastal resorts is that Costa Rica has become a victim of its own success and has not done a very good job of managing its popularity. This is because, in reality, Costa Rica is no longer seen as an exotic locale that is “off the beaten path,” but instead is becoming a common destination for tourists who desire a big resort on the coast.

Part of the problem stems from the reaction to a downturn in tourist arrivals in 2005, which set off a panic in the tourism industry and led to a number of questionable decisions:

Since the Tourism Board (ICT) announced a decrease in tourist arrivals in 2005, a national debate began to identify underlying causes and pay attention to ever-toughening international competition. This has led to a reappraisal of the tourism strategy and increased scrutiny on behalf of NGOs and public institutions. The emerging consensus seems to indicate that an unclear strategy and unmanaged growth could put at risk Costa Rica's niche market for high quality and differentiated tourism services.⁵⁶

The haphazard development of these coastal resorts has not gone unnoticed by Costa Rican conservationists and community groups, many of whom opposed these developments. One of the biggest victories came in 1995 when an Iranian firm sought to build a \$50 million "green luxury" resort near Playa Grande on the Pacific coast. Public outcry over the resort's bogus environmental claims caused the project to be shut down and the Costa Rican government made the area a national park.⁵⁷ There is also growing evidence that the Costa Rican government might assert itself more fully to manage coastal development. Both foreign and domestic businesses have long ignored the Maritime law by building within the protected beach zone. In recent years, the Costa Rican government, particularly in the last years of the Arias administration, has finally started to enforce the fifty-meter no-build zone, even going so far as to demolish hotels that are in violation of the law.⁵⁸

Despite the pockets of large resorts on the Pacific coast, the majority of ecotourism-related businesses are run and staffed by Costa Ricans. "Outside San José, the capital city, (Costa Rica's) tourism industry has been largely based on small-scale locally owned lodges and hotels which form an integral part of both the communities and natural environments in which they are located."⁵⁹ Due to the development of domestic tourism prior to the foreign tourist boom, Costa Rica had a fairly well-developed tourist infrastructure, and many of the small establishments are family-run and operated. In addition, the large resorts are fairly concentrated in a handful of coastal areas, thus leaving the remainder of Costa Rica largely untouched and thus able to remain dedicated to the tenets of ecotourism. The large resorts also tend only to be at the shoreline, with many locally-owned options off the coast. A good example of this is the road leading to Manuel Antonio Park which is dotted with big, foreign-owned hotels with the area directly adjacent to the park made up predominately of locally-owned small hotels and hostels.

The danger to Costa Rican ecotourism is that the country could develop what amounts to a two-track system of tourism composed of big foreign-owned resorts on the coast with questionable environmental records and with very little income remaining in the local community and smaller, locally-owned and authentic ecotourism destinations everywhere else. It is not entirely surprising that some developers opt for projects that increase profits with a comprised set of environmental and sustainability standards. Part of the problem arises from the fact that no matter the plan, there will always be some who do not follow "the vision." For the long-term growth of ecotourism in Costa Rica, it is important that the

government have the capacity to regulate ecotourism so that it adheres to principles of sustainability.

Coffee and Ecotourism

The economic crisis of the 1980s also encouraged the Costa Rican government to begin thinking about ways to change the way the coffee industry operated. The downturn of coffee prices in the 1980s would be even more acute than the normal cyclical nature of coffee because much of the downward momentum in the market was spurred by overproduction. This overproduction facilitated the encouragement of a coffee-growing industry in the structural adjustment plans formulated by international lending institutions as a growth strategy for other countries undergoing economic crisis. Interestingly, structural adjustment plans both inside and outside of Costa Rica have had a negative effect on the coffee industry because as the Costa Rican economy moved away from coffee as the World Bank, IMF and others were encouraging coffee production as a source of export revenue in Vietnam, Uganda, and Ethiopia, among many others.

This increased production greatly lowered the price of coffee on the international market and made it difficult for farmers to make a living growing the crop. The International Coffee Organization found that coffee has become more volatile overall since 1989, peaking in 1997, with slightly less volatility since 2000.⁶⁰ This overproduction, coupled with the movement of labor and resources to tourism and employment within the industrial sector, caused many Costa Ricans to give up coffee farming. "The collapse of the international coffee market in 1989, coupled with increasing population and land scarcity, have made it difficult for many farming families to continue to rely solely on coffee."⁶¹

In the last few years, however, coffee has made somewhat of a comeback due to the role of cheap labor from outside Costa Rica and its effect on profitability. As Costa Rican workers have dropped out of the agricultural labor market, the jobs have been filled by immigrants from Nicaragua and Panama who have helped to somewhat stabilize the agricultural sector through their willingness to work for lower wages. "By providing low-wage labor to agriculture, Nicaraguan immigrants have almost certainly helped competitiveness in Costa Rica's agricultural sector."⁶²

Costa Rican coffee producers have also benefited from a move toward producing high-quality coffee which often sells at a dollar per pound over market price while also eclipsing the Fair Trade premium. Switching to the production of high-quality varieties was necessitated by the problem of overproduction and the effect that the supply glut played in lowering the price of coffee throughout the 1990s. Since Costa Rica knew it could not compete with countries such as Vietnam which were producing massive quantities of low-quality coffee, they committed to the high-end specialty market and outlawed the farming of low-quality Robusta, in favor of high-quality Arabica varieties. Outlawing Robusta not only helped to focus Costa Rican coffee farmers on a higher-grade product, and thus more profitable exports, it also meshed with the burgeoning environmental ethic in the country

since Robusta farming tends to be less environmentally friendly. Danse and Wolters even argue that one of the positive aspects of the coffee crisis for Costa Rican farmers has been “the development of a marketing strategy that is based on economic, ecological and social sustainability and a high end product.”⁶³

Coffee farmers have also tapped into ecotourism by offering tours of their operations. Among the most famous of these is the Café Britt tour which attracts half a million tourists per year.⁶⁴ Not only do the farmers make extra income from the admission price, but approximately 10 percent of those who go on a tour become regular customers of Café Britt’s direct marketed coffee.⁶⁵ Another way that tourism has boosted the coffee industry is through the increased domestic consumption of coffee by tourists as 90 percent of tourists visiting Costa Rica consume an average of two cups a day.⁶⁶

Since the mid-1980s, ecotourism in Costa Rica has grown tremendously and contributed greatly to the growth of the Costa Rican economy. Ever since Costa Rican farmers began growing coffee they have referred to it as *grano de oro* (gold nuggets); with the rise of ecotourism, Costa Ricans now refer to the money made in ecotourism as *oro verde* (green gold). “This kind of capital influx into Costa Rica, called *oro verde*, was the hope of people like Luis Fournier, Mario Boza, presidents Daniel Oduber and Rodrigo Carrazo, and others in the conservationist community who saw the potential to make the parks and preserves become self-supporting and assets to the general economy.”⁶⁷

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