



## COSTA RICA – 2023

### Key findings

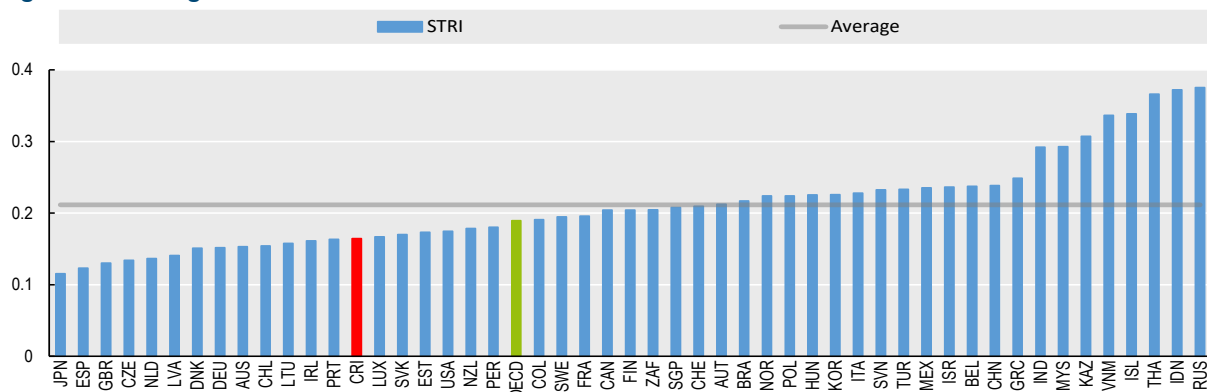
- The 2023 STRI of Costa Rica is below the OECD average and relatively low compared to all countries in the STRI sample. The index has decreased slightly compared to 2022.
- Relevant policy changes in 2023 include the suppression of the mandatory minimum fee for auditing services, as well as the suppression of the fixed retail price for books.
- Costa Rica's regulatory environment for services has been relatively stable over the past years.
- Legal services is the most open sector in Costa Rica while road freight transport services is the most restricted, relative to the sectoral average.

### Recommendation

- Trade in services strengthens resilience across supply chains, facilitating environmental sustainability and promoting greater inclusiveness. To ensure the benefits of open markets and a rules-based international trading system, national and multilateral action is needed to lower barriers and reduce trade costs, promote greater regulatory interoperability, and facilitate the digital transformation of economies.

The 2023 STRI of Costa Rica is below the OECD average, and relatively low compared to other countries in the STRI sample (Figure 1).

**Figure 1. Average STRI across countries, 2023<sup>i</sup>**



OECD (2023). STRI and TiVA databases.

The 2023 index is partly explained by stringent economy-wide regulations, including limitations to the temporary movement of people. Labour market tests apply for independent service suppliers, and the duration of stay of all services providers (intra-corporate transferees, contractual and independent services suppliers) is limited to 12 months on their first entry permit. Other restrictions include limitations on foreign acquisition and use of land or real estate in the coastal and frontier areas and an explicit preference for local suppliers, particularly local small and medium-sized enterprises (SMEs), in public procurement. Moreover, foreign suppliers can only participate in international tenders based on reciprocity.

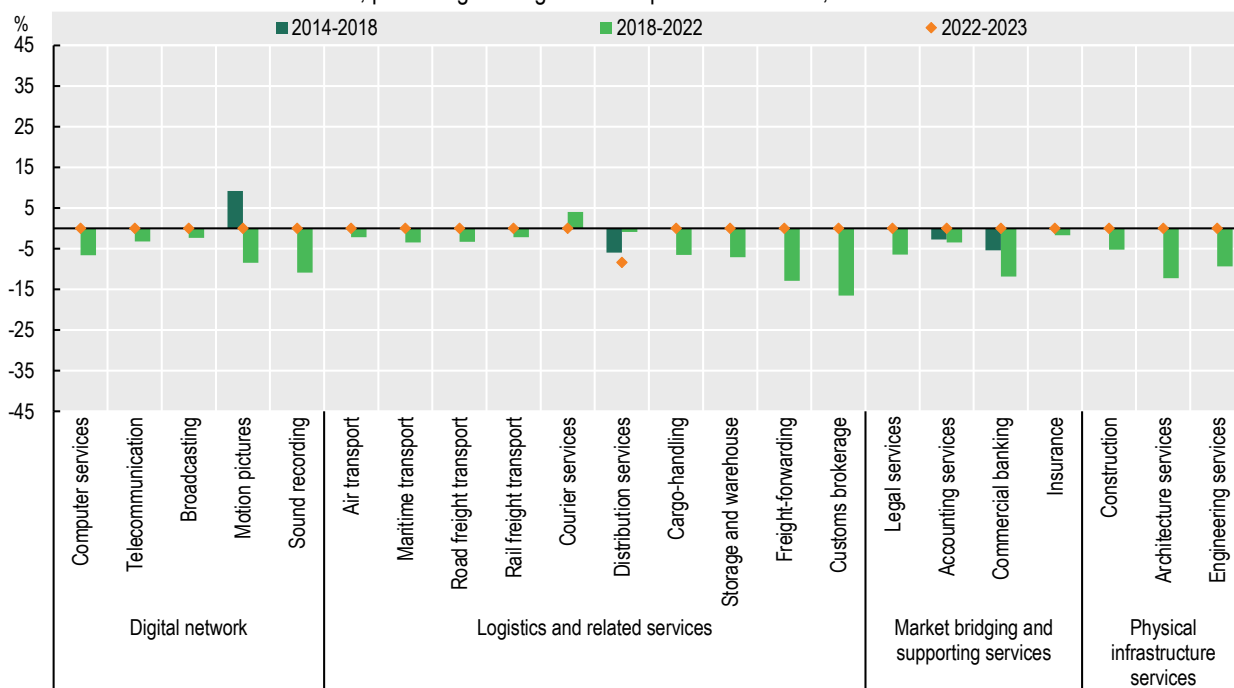
In 2023, Costa Rica slightly eased the conditions for competition in several sectors (Figure 2). In particular, Costa Rica suppressed the mandatory minimum fee for auditing services and the fixed retail price for books. The first of these changes does not, however, have an impact on the index, as a recommended minimum fee for auditing services still exists.

Reforms adopted in previous years have also aimed at easing the conditions for trade and investment. The requirement of local presence for cross-border supply was eliminated in 2022 from the General Customs Law (*Ley General de Aduanas*, Law n. 7557 of 20 October 1995), with a liberalising impact on logistics customs brokerage and freight forwarding services. Another trade-enhancing measure was the introduction of a *de minimis* regime for import duties with a value equal or inferior to USD 100, reducing Costa Rica's STRI for courier services, logistics, and distribution services sectors.

The 2021 General Law on Public Procurement (*Ley General de Contratación Pública*, Law n. 9986/2021) abolished previous exceptions that allowed the Costa Rican Institute of Electricity (ICE) – major telecommunications services provider – to exclude certain agreements with foreign companies from ordinary procurement processes. This new law keeps preferences for local SMEs and now includes under its scope the courier services sector.

**Figure 2. Evolution of STRI indices by sector in Costa Rica**

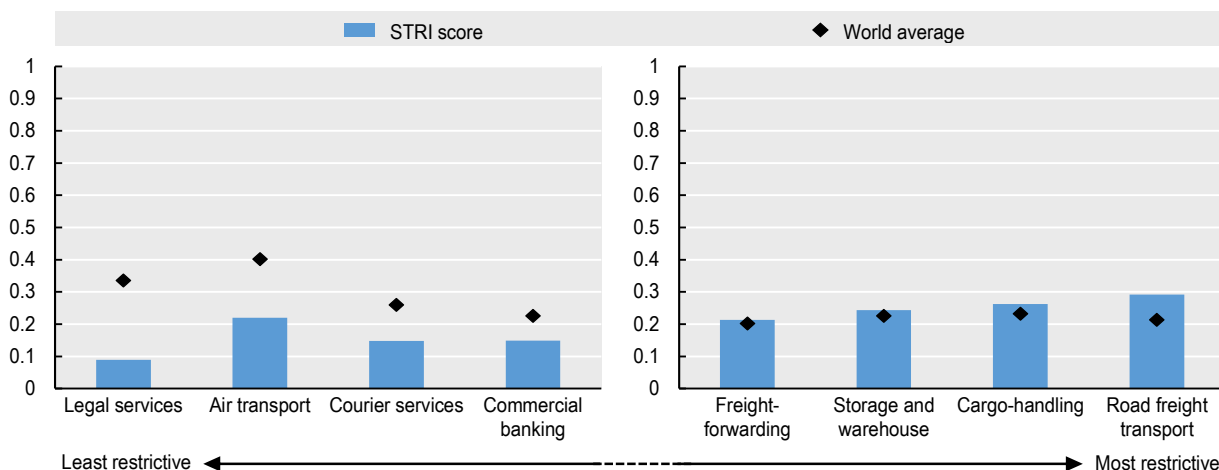
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). STRI database.

Figure 3 ranks Costa Rica's sectors relative to the respective sector's world average. Legal services, air transport, courier services and commercial banking are the sectors with the relatively lowest scores. Conversely, logistics freight-forwarding, logistics storage, logistics cargo-handling and road freight transport are the sectors with the relatively highest scores.

**Figure 3. Sectoral breakdown - The least and most restricted sectors in Costa Rica compared to world average**



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

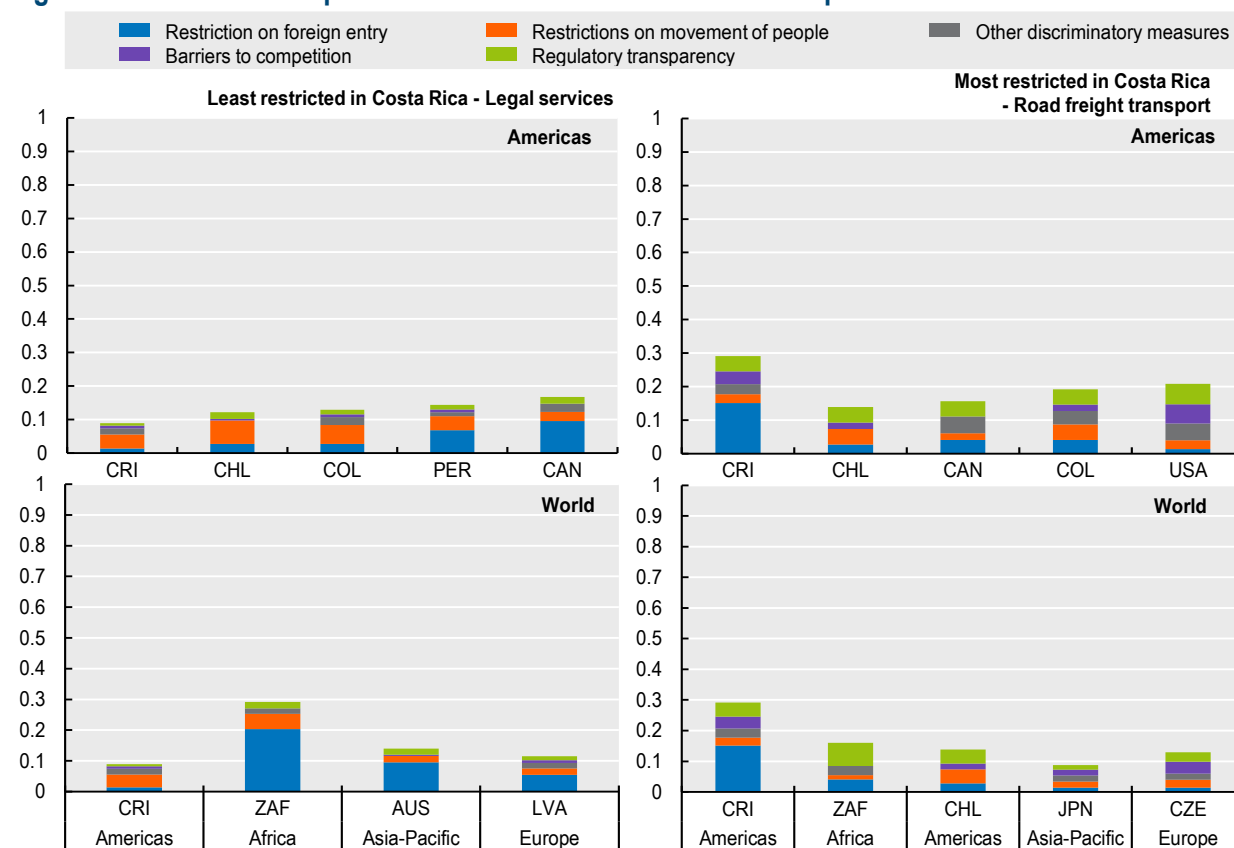
i.e.  $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$

Source: OECD (2023). STRI database.

Legal services are the least restricted in Costa Rica compared to the Americas and across all countries in the sample. The provision of legal services for international law is not regulated, but foreign lawyers are subject to residency requirements and must undertake a local examination to obtain a licence to practice domestic law. The composition of the index suggests that restrictions on foreign entry are smaller compared to other countries.

On the other hand, road freight transport is the most restricted services sector in Costa Rica compared to the average sectoral STRI. Restrictions on foreign entry are significantly higher compared to best performers. Some of the measures that contribute the most to the index include limits to foreign equity shares and the obligation for freight carriers to file tariffs with the regulator (Figure 4).

**Figure 4. Costa Rica compared to the Americas and World's best performers**



Source: OECD (2023). STRI database.

## Recent policy changes

In 2023, Costa Rica introduced several reforms suppressing maximum fees for certain professional services, including auditing, legal and engineering services. Some of these reforms have, however, been contested at court and their application is currently suspended, except for auditing services. Costa Rica also suppressed the fixed retail price for books.

In 2022, Costa Rica introduced liberalising reforms for trade and investment in several sectors, in particular for the logistics and telecommunications services sectors. Regarding logistics services, customs brokers and freight forwarding providers are no longer required to have a local office or designate a local representative to provide services in the country and a *de minimis* regime for import duties with value equal or inferior to USD 100 has been established. In telecommunications services, the new public procurement law abolished previous exceptions that allowed the Costa Rican Institute of Electricity (ICE) – major telecommunications services provider – to exclude certain agreements with foreign companies from ordinary procurement processes.

The 2021 public procurement law still contains preferences for local SMEs. This law now also applies to courier services that were excluded from the previous general public procurement law.

## More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Read more about [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at [stri.contact@oecd.org](mailto:stri.contact@oecd.org)

<sup>i</sup>Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2023. The STRI regulatory database covers the 38 OECD Members, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Viet Nam. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.