



## COSTA RICA – 2022

### Key findings

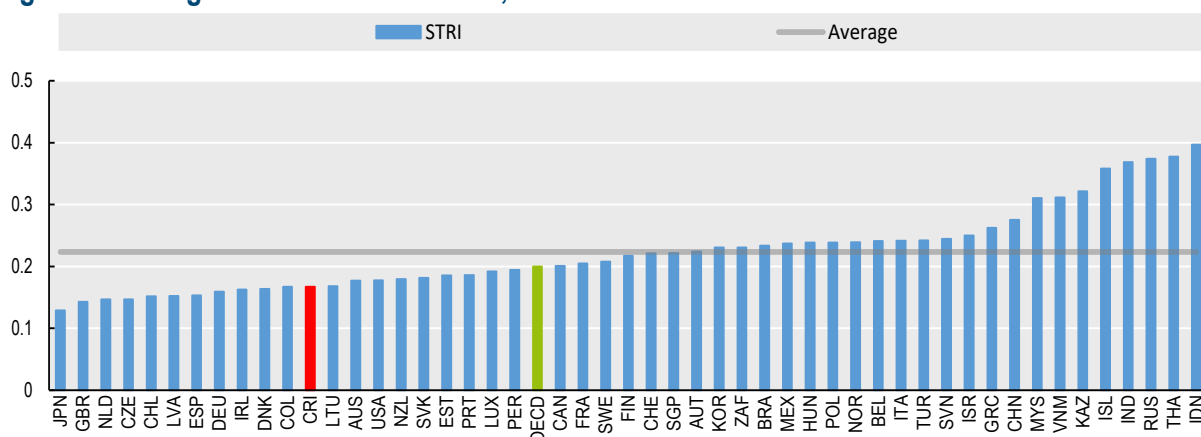
- The 2022 STRI of Costa Rica is below the OECD average and low compared to all countries in the STRI sample. The indices have decreased compared to 2021.
- Key reforms in 2022 include removing the local presence requirement for cross-border supply for logistics customs brokerage and freight forwarding services.
- Legal services are the least trade restrictive in Costa Rica while road freight transport services are the most restrictive compared to the sectoral sample averages. Overall, Costa Rica's regulatory environment for services trade was relatively stable over the past years.
- Despite the overall favourable environment for services trade, restrictions remain in road freight transport and accounting services.

### Recommendation

- Open and well-regulated services markets are essential to facilitate economic recovery, strengthen resilience to future shocks, and promote a more sustainable trading system. To ensure that the benefits of open markets and a rules-based international trading system are preserved, policy makers should focus on minimising barriers that increase trade costs for services providers, weaken the gains from digital transformation and undermine competitiveness.

The 2022 STRI of Costa Rica is relatively low compared to the average of the STRI sample (Figure 1).

**Figure 1. Average STRI across countries, 2022**



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 2022. 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. OECD (2022). STRI and TiVA databases.

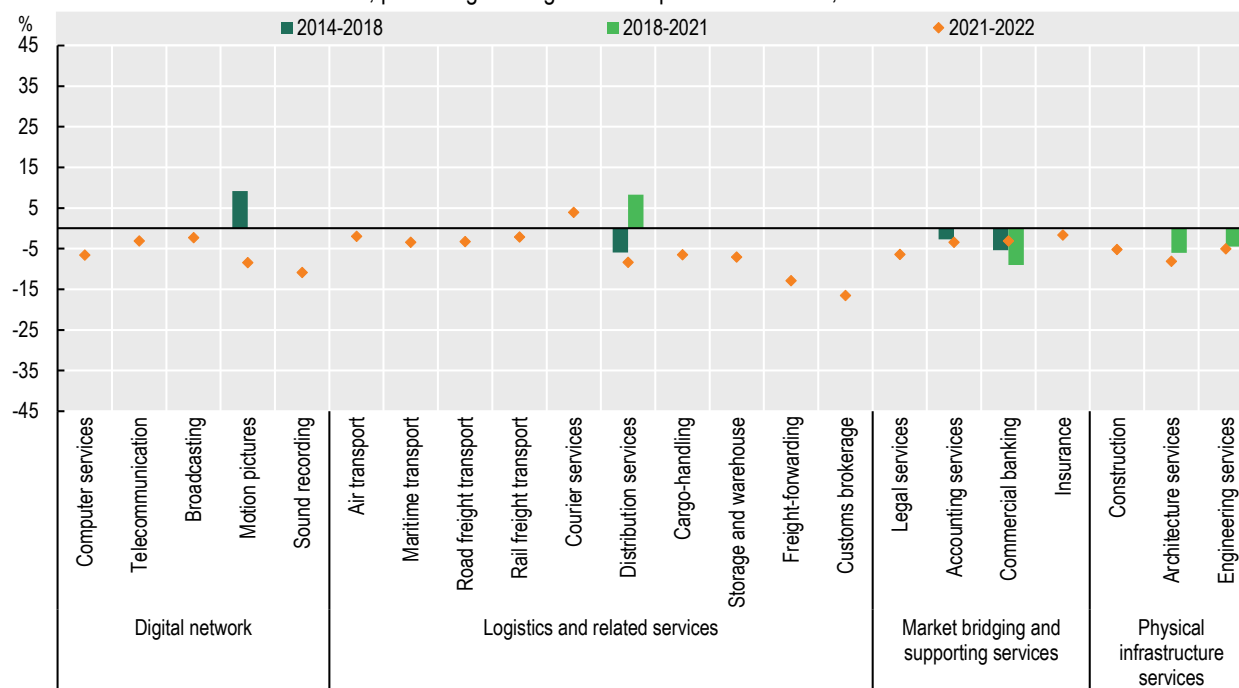
The 2022 index is partly explained by stringent economy-wide regulations, including limitations to the temporary movement of people. Labour market tests apply for independent service suppliers and the duration of stay of all services providers (intra-corporate transferees, contractual and independent 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 explicit preference for local suppliers, particularly local SMEs, in public procurement. Moreover, foreign suppliers can only participate in international tenders based on reciprocity.

In 2022, Costa Rica has slightly eased the conditions for trade and investment in several sectors (Figure 2). The requirement of local presence for cross-border supply has been eliminated 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 value equal or inferior to USD 100, reducing the index value 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 includes now under its scope the courier services sector.

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

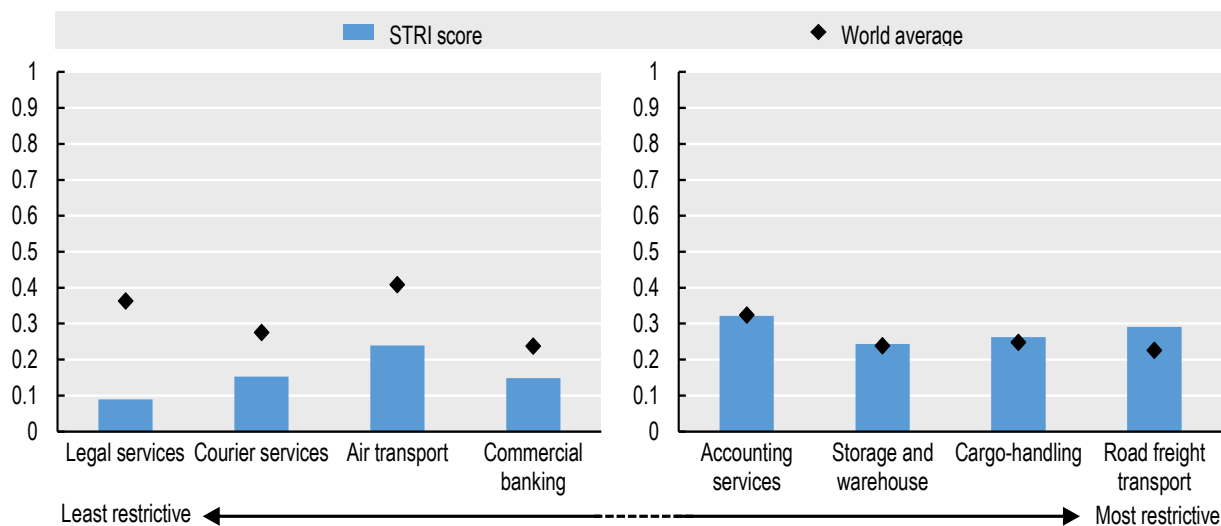
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2021 and 2021-2022



OECD (2022). STRI database.

Legal services, courier services, air transport and commercial banking are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Accounting services, logistics storage and warehousing, logistics cargo-handling and road freight transport are the sectors with the highest score relative to the average STRI across all countries.

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



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

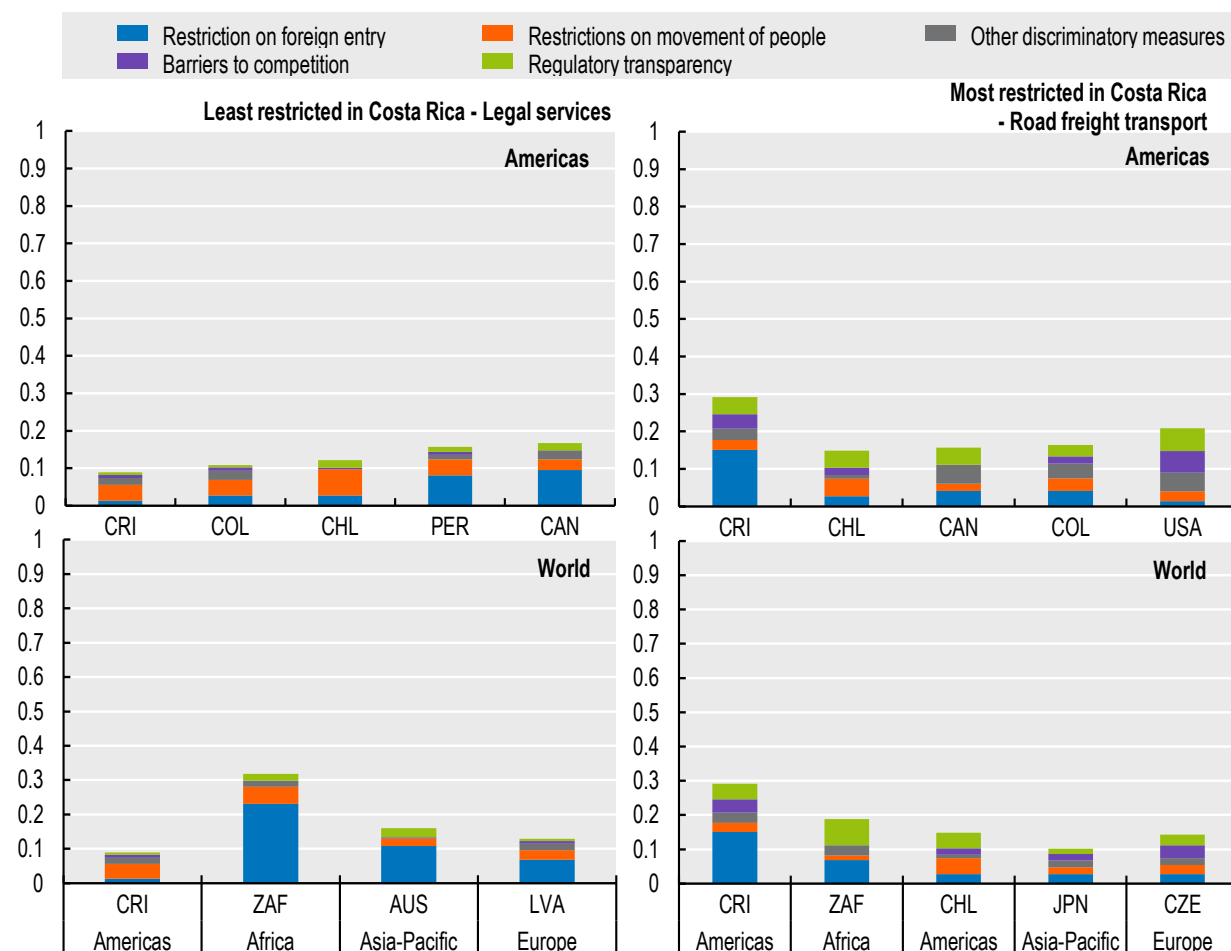
i.e.  $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$

Source: OECD (2022). STRI database.

Legal services are the least restricted in Costa Rica compared to the Americas and across all countries in the sample. The composition of the index suggests that restrictions to the movement of people contribute the largest difference to the index compared to other countries. 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.

Road freight transport is the most restricted services sector in Costa Rica. Restrictions on foreign entry are significantly higher compared to best performers. Some of the measures that contribute the most to the score include the 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 (2022). STRI database.

## Recent policy changes

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.

Between 2019 and 2021, Costa Rica adopted a series of reforms lifting the restriction on foreign branches of commercial banks. Furthermore, in 2020 restrictions on advertising that applied to architecture and engineering services no longer apply.

### More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in [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)