OECD Services Trade Restrictiveness Index (STRI): Costa Rica 2019

Costa Rica exported services worth USD 9 billion (0.2% of world services exports) and its services import value was USD 4 billion (0.1% of world services imports) in 2018. The largest services exporting and importing sector is other business services. Costa Rica’s score on the STRI in the 22 sectors is shown below, along with the average and the lowest score among the 46 countries included in the STRI database for each sector. Costa Rica has a lower score on the STRI than the average in 13 out of 22 sectors.

STRI by sector and policy area (2019)

Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which contains information on regulation for the 36 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Malaysia, Russia, South Africa and Thailand. The STRI database records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. 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 2019.

Horizontal policy measures

The results reflect in large part cross-cutting regulation applying to all sectors and sector-specific rules. Costa Rica maintains some limitations to movement of people, through labour market tests for independent suppliers seeking to provide services on a temporary basis to the country, and by limiting the duration of stay of all services providers (intra-corporate transferees, contractual and independent services suppliers) to 12 months on their first entry permit. Foreign acquisition and use of land or real estate in the coastal and frontier areas are limited and there is an explicit preference for local suppliers, particularly local SMEs, in public procurement. Moreover, foreign suppliers can only participate in international tenders based on reciprocity.

The sectors with the relatively lowest STRI scores

Legal services, air transport, and courier and postal services are the three sectors with the lowest STRI score relative to the average STRI across all countries. The provision of legal services for international law is not
regulated, but foreign lawyers are subject to residency requirements and have to undertake a local examination to obtain a licence to practice domestic law. There are also limitations to fees setting and comparative advertisement by lawyers and/or law firms is not permitted. In air transport services, unlike other countries, Costa Rica does not impose foreign equity restrictions on airline companies offering services to, from and within the country. However, licenses are subject to quotas and economic needs tests, and the allocation of landing and take-off slots does not follow competitive best practices. Multiple entry visas for air crew are not available and a prior authorisation is required to lease foreign aircrafts (wet and dry lease). In courier and postal services, the absence of an independent regulator for postal services and lack of legal separation between the regulator and the state-owned designated postal operator, Correos de Costa Rica S.A., contribute to the score in this sector.

The sectors with the relatively highest STRI scores

Road freight transport, logistics freight-forwarding and cargo-handling services are the three sectors with the highest STRI score relative to the average STRI across all countries. Foreign investment in road freight transport companies is limited to 49% of equity shares, and permits to provide domestic road freight transport are only granted to nationals or enterprises established locally, majority-owned and managed by Costa Ricans. Freight tariffs also need to be registered with transport authorities. In logistic services, new authorisations for cargo-handling services are granted conditional on economic needs and while separation of accounts is required, no regulation is in place to avoid cross-subsidisation of competitive activities. Freight forwarding by land is limited by nationality requirements on the provision of freight transport services within the country and by the lack of adoption of international standards on transport of packages.

Recent policy changes

In September 2019, Law No. 9724 entered into force authorising branches of foreign banks to operate in the country.

Efficient services sectors matter

Services account for around 70% of GDP in Costa Rica and employ the same share of the country’s workforce. Services account for 50% of gross exports, and more than 64% in value added terms, highlighting how Costa Rica’s exports of goods also rely intensively on services inputs. The information and communication technology revolution opens new opportunities for inclusive growth in a services economy like Costa Rica. Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Costa Rica could benefit from more open markets for services trade.

More information

» Access all of the country notes, sector notes and interactive STRI tools on the OECD website at http://oe.cd/stri
» Read more about services trade policies and their impacts in this publication: Services Trade Policies and the Global Economy
» Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org