



COSTA RICA – 2021

Key findings

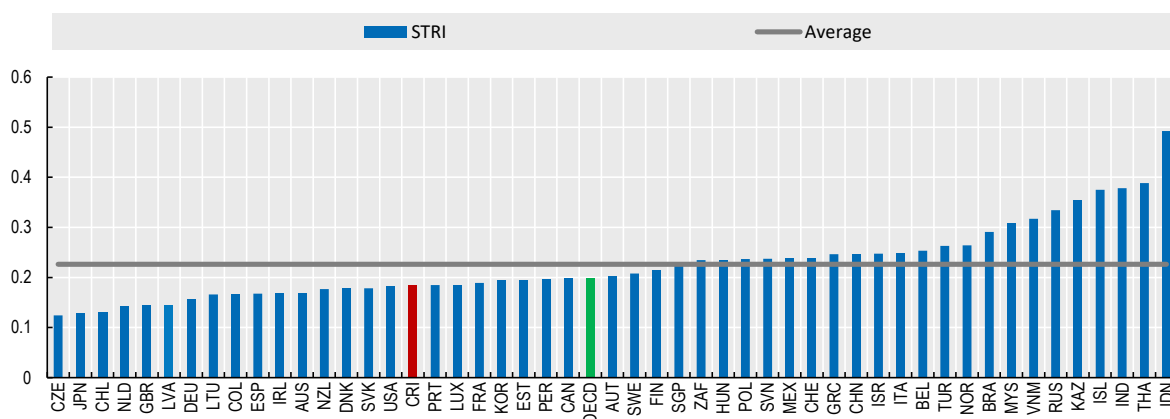
- The 2021 STRI of Costa Rica is below the OECD average and low compared to all countries in the STRI sample. The indices have decreased slightly compared to 2020.
- Key reforms in 2021 include lifting the prohibition for foreign banks to establish branches in Costa Rica.
- Costa Rica’s regulatory environment for services was relatively stable over the past years.
- Despite the overall favourable environment for services trade, restrictions remain in road freight transport and logistics services.

Recommendation

- 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.

The 2021 STRI of Costa Rica is relatively low compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2021



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 2021. The STRI regulatory database covers the 38 OECD countries, 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.

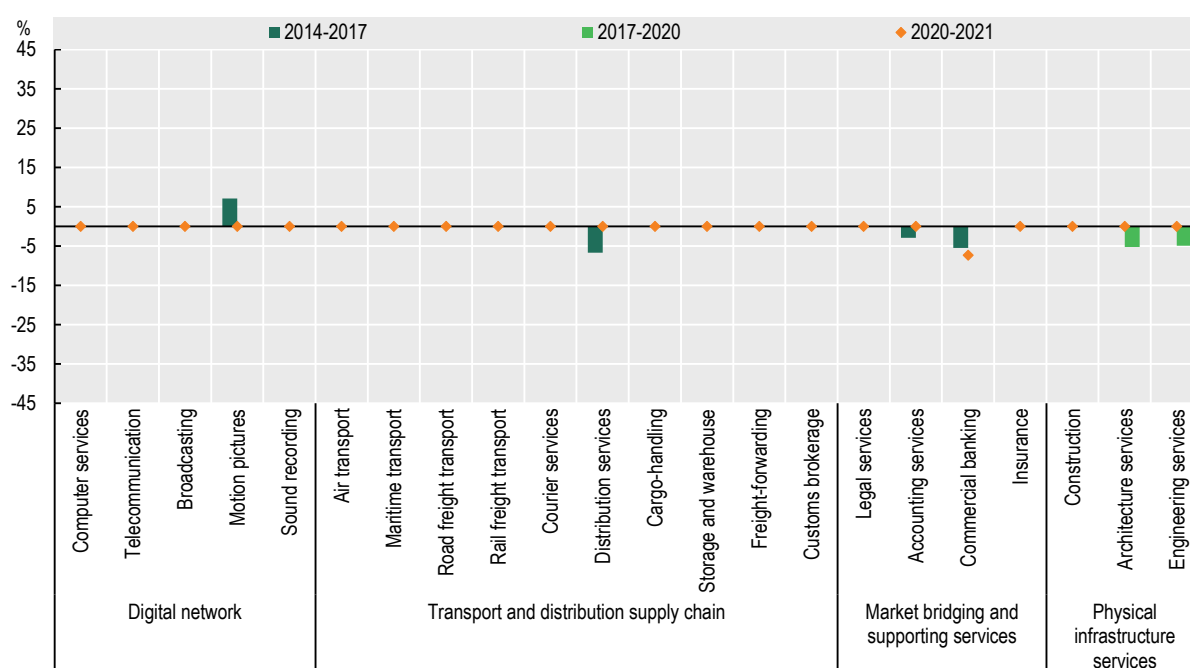
Source: OECD STRI and TiVA databases (2021).

The 2021 index is partly due to stringent economy-wide regulations, including limitations to 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.

Costa Rica has slightly eased the conditions for trade and investment in several sectors (Figure 2). In particular, important liberalising reforms concerning commercial banking sector have been implemented in 2021. Another reform in 2020 included lifting restrictions on advertising for architecture and engineering services.

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

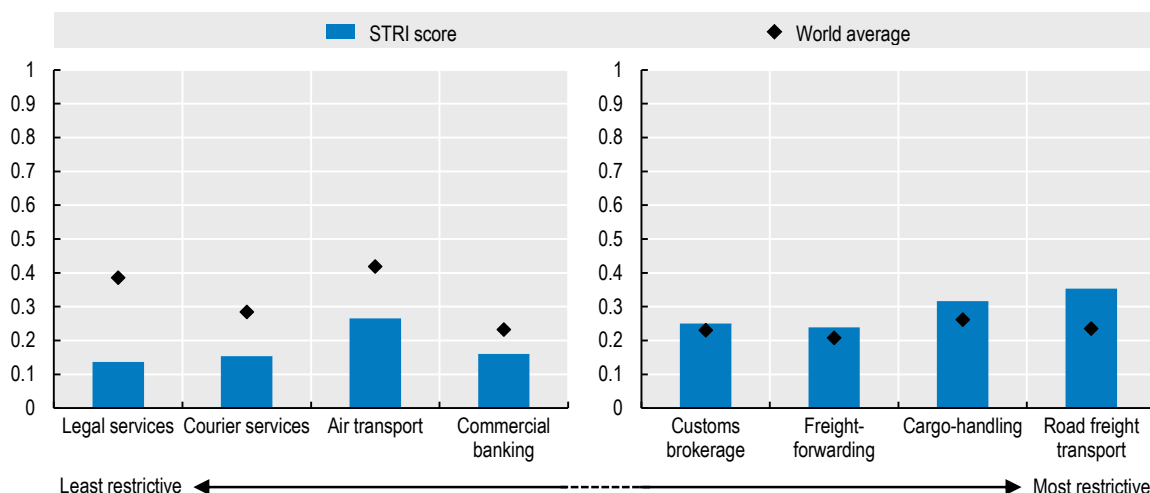
Services Trade Restrictiveness Index, percentage change over the period 2014-2017, 2017-2020 and 2020-2021



Source: OECD STRI database (2021).

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). Logistics customs brokerage, logistics freight-forwarding, logistics cargo-handling and road freight transport are the sectors with the highest score relative to the average STRI across all countries.

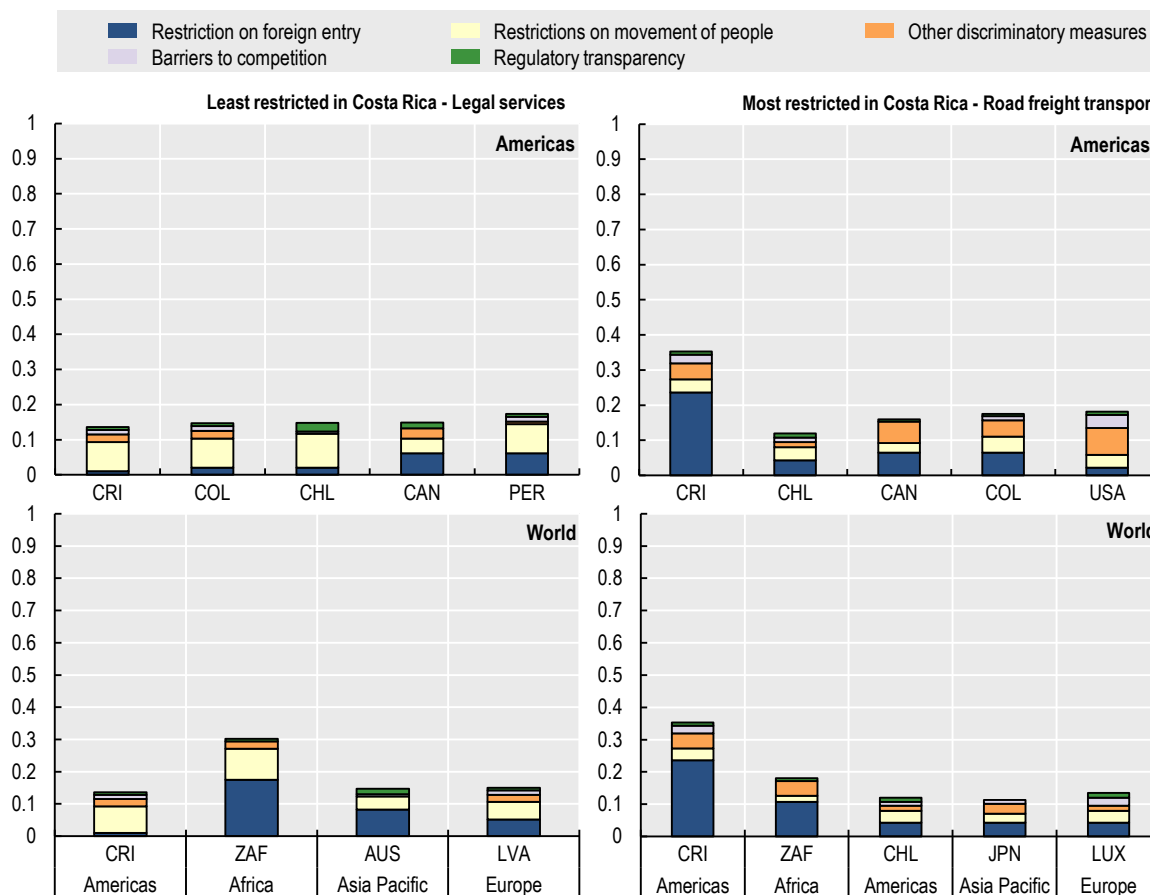
Figure 3. Sectoral breakdown: The least and most restricted sectors in Costa Rica



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference
 i.e. $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$
 Source: OECD STRI database (2021).

Legal services are the least restricted service sectors in Costa Rica compared to the Americas and the other best performers elsewhere while road freight transport are the most restricted (Figure 4).

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



Source: OECD STRI database (2021).

Key reforms

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>