

OECD Services Trade Restrictiveness Index (STRI)

COSTA RICA – 2020

Key findings

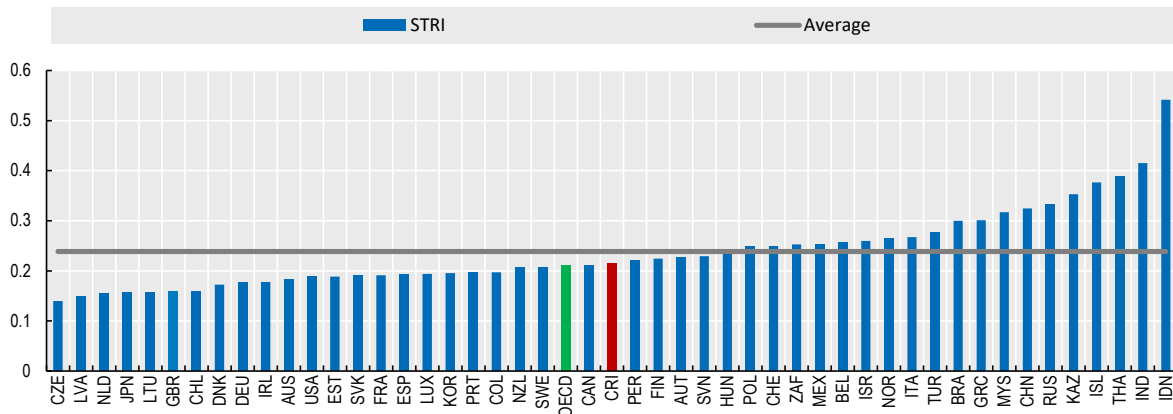
- The 2020 STRI of Costa Rica is relatively low compared to other countries in the STRI sample and has slightly decreased since 2019 due to regulatory reforms across different service sectors. Costa Rica remains however close to the OECD average.
- Key reforms in 2020 include the removal of restrictions on advertising for engineering and architecture 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 2020 STRI of Costa Rica is relatively low compared to other countries in the STRI sample and has slightly decreased since 2019 (Figure 1).

Figure 1. Average STRI across countries, 2020



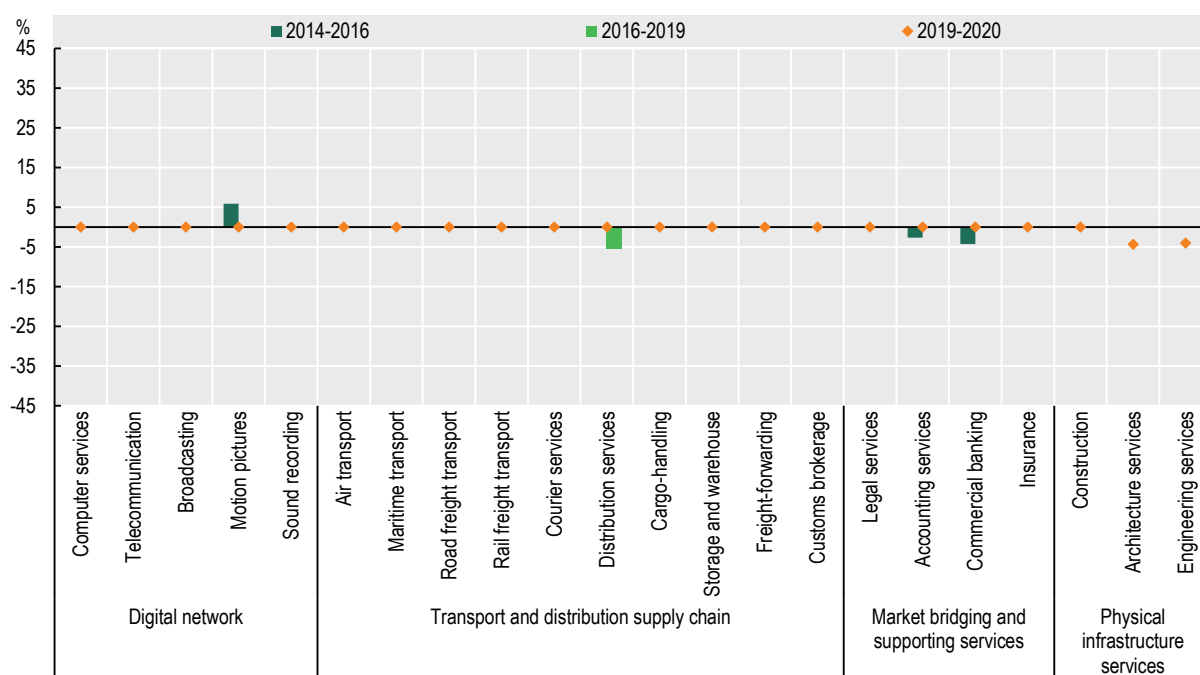
Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nations basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2020. The STRI regulatory database covers the 37 OECD countries, Brazil, China, Costa Rica, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, South Africa, and Thailand.
Source: OECD STRI and TiVA databases (2020).

The 2020 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). For instance, since 2020, restrictions on advertising no longer apply to architecture and engineering services.

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

Services Trade Restrictiveness Index, percentage change over the period 2014-2016, 2016-2019 and 2019-2020

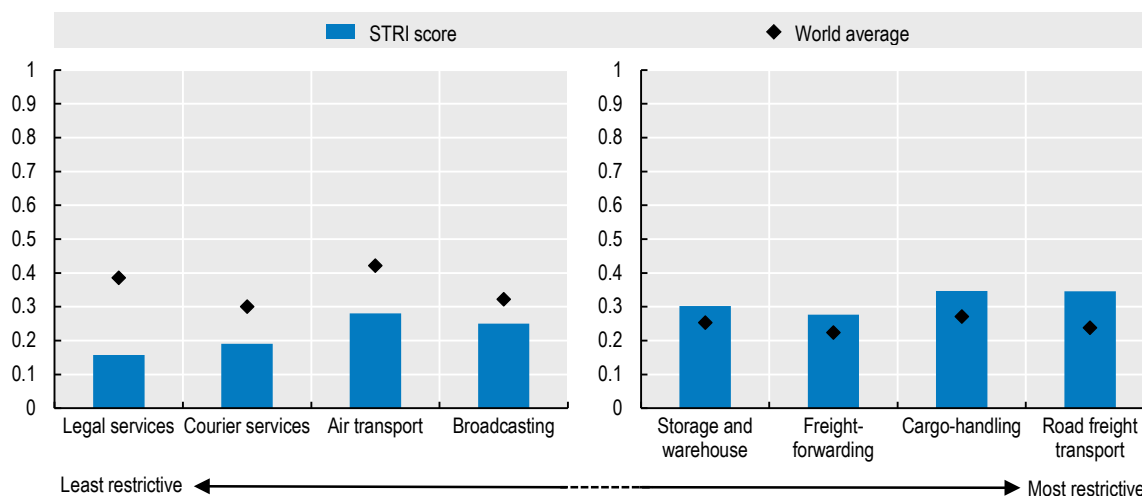


Source: OECD STRI database (2020).

Legal services, courier services, air transport and broadcasting are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Logistics storage and warehouse, 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.

In particular, 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. Lastly, 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.

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



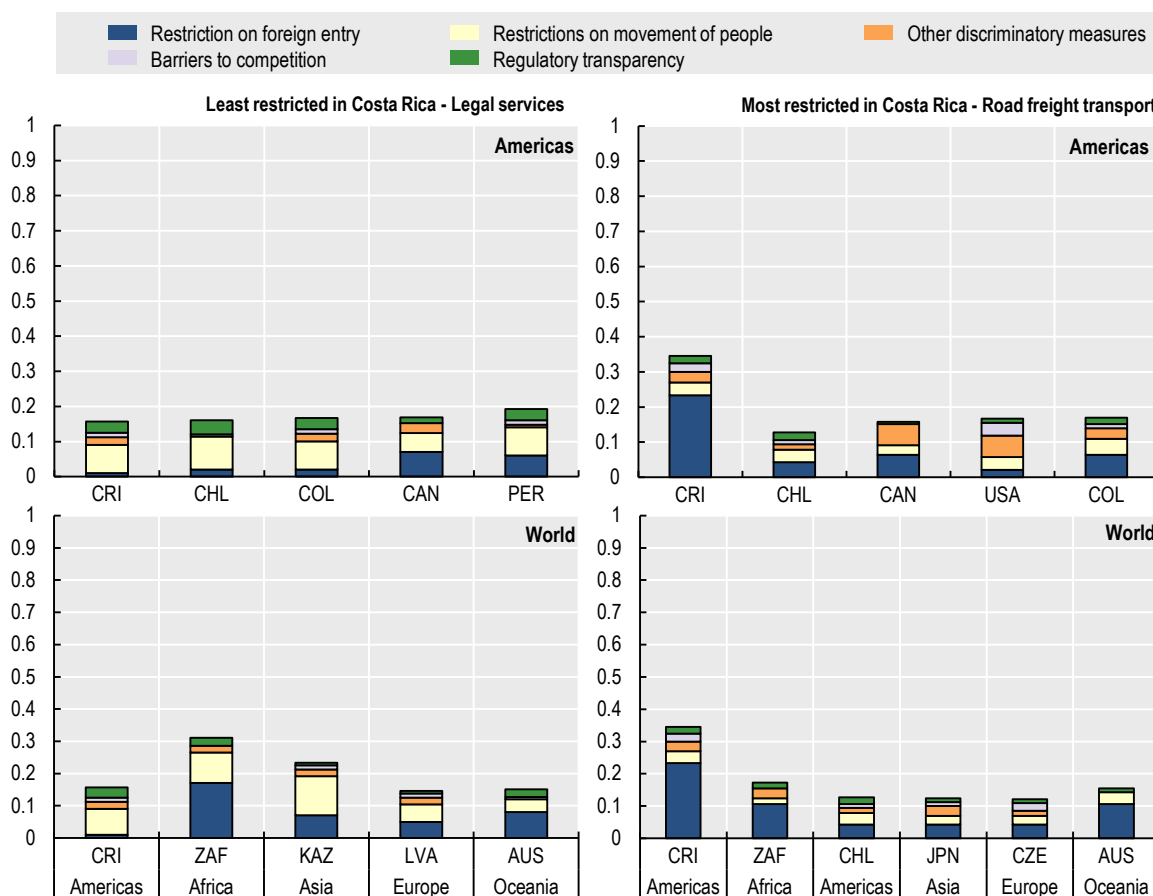
Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

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

Source: STRI database (2020).

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

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

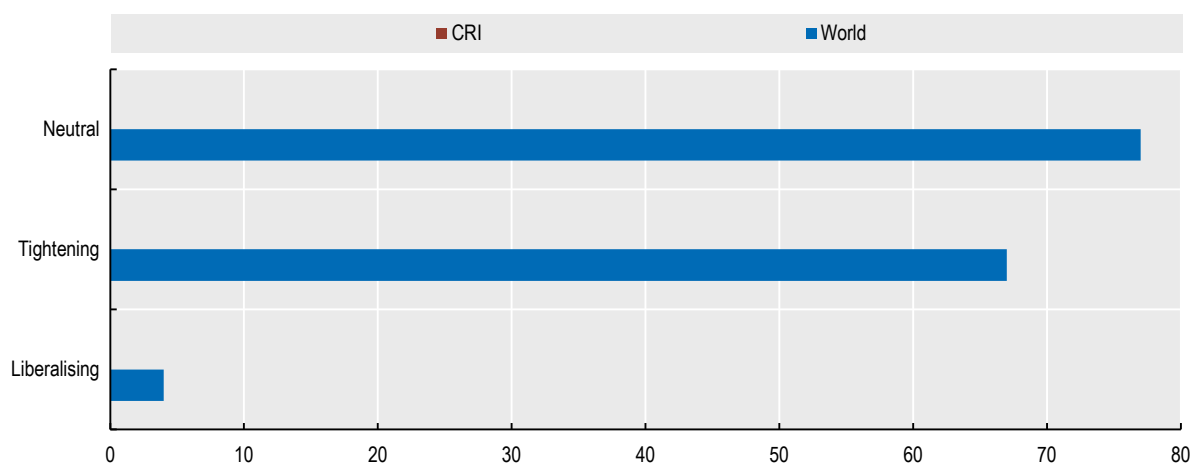


Source: OECD STRI database (2020).

Special focus: Impact of COVID-19-related measures on the stringency of services regulations

While Costa Rica has adopted several measures in response to the COVID-19 crisis, these were either temporary in nature or not directly relevant for the measures considered in the STRI database. Many countries have tightened their regulatory framework following the COVID-19 shock, by tightening their investment screening process or their visas requirements (Figure 5).

Figure 5. COVID-19 related measures in Costa Rica and in the world



Source: OECD STRI database (2020).

Key reforms

Since 2020, restrictions on advertising no longer apply to architecture and engineering services. Since 2016, foreign accounting professionals that have a local or recognized degree are no longer required to take a local examination.

More information

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