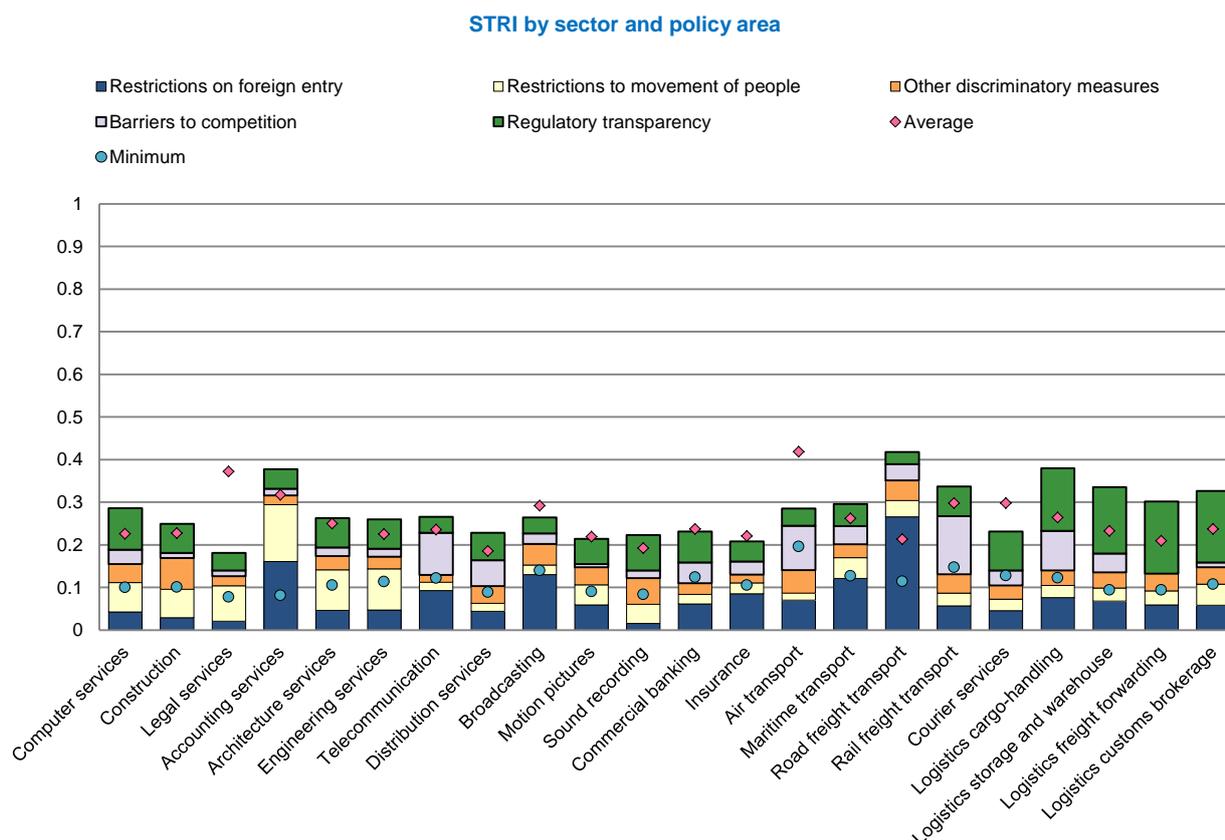


## OECD Services Trade Restrictiveness Index (STRI): Costa Rica

Costa Rica exported services worth USD 7.7 billion and its services import value was USD 2.6 billion in 2015. Travel was the largest exporting sector, while maritime transport was the largest import category. Services account for about 43% of inward foreign direct investment flows in Costa Rica in 2015.

Costa Rica's score on the STRI in the 22 sectors is shown below, along with the average and the lowest score among the 44 countries included in the STRI database for each sector.



*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 35 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Lithuania, Russia and South Africa. 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).

### Horizontal policy measures

Costa Rica has a below the average STRI score in 7 out of 22 sectors. This reflects in large part the general regulations that apply across all sectors of the economy and sector-specific rules. With the exception of road freight transport, there are no foreign ownership restrictions in any of the services sectors covered. However, there are some limitations on the temporary movement of people, whereby natural persons may stay in the country for up to 12 months on their first entry permit and independent service suppliers are subject to labour market tests. 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 processes. Moreover, foreign suppliers can only participate in international tenders on the basis of reciprocity.

### The sectors with the relatively lowest STRI scores

Legal services, air transport and courier and postal services are the three relatively best performing sectors in Costa Rica. Legal services are relatively open in Costa Rica with restrictions limited to domestic law, whereby foreign lawyers are subject to residency requirements and have to undertake a local examination to obtain the licence to practice. There are also some limitations to fees setting and comparative advertisement is not permitted. Conversely, the provision of legal services for international law is not subject to sector-specific regulation.

Costa Rica does not impose foreign equity restrictions on airline companies; 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 crew are not allowed and the lease of foreign aircrafts (wet and dry lease) is only permitted subject to prior authorisation. In courier and postal services, the state-owned designated postal operator, *Correos de Costa Rica*, is currently the only authorised company to deliver correspondence up to 2kgs. Contributing to the score are also the absence of an independent regulator for postal services and the lack of legal separation between the regulator and the designated postal operator.

### The sectors with the relatively highest STRI scores

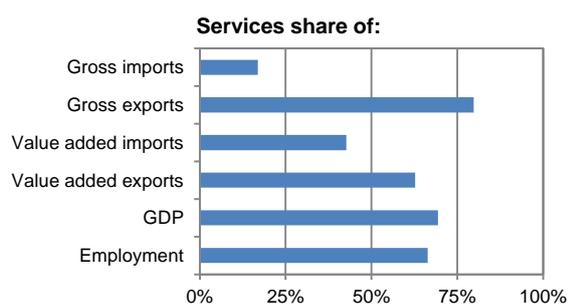
Road freight transport, cargo-handling and storage and warehouse services are the three sectors with the highest score relative to the average in Costa Rica. Foreign investment in road freight transport companies is limited to 49% of equity shares, and permits for domestic road freight traffic are only granted to nationals or enterprises established locally, but majority-owned and managed by Costa Ricans. Lastly, Costa Rica requires the filing of freight tariffs with transport authorities, and does not grant multiple entry visas for truck drivers.

In logistic services, the indices are largely driven by general regulations applying horizontally to all sectors. Specific to these sectors are limitations on working hours for storage and warehousing, and lack of adoption of international standards on transport packages. Furthermore, new authorizations for cargo-handling and storage and warehousing services are subject to screening and granted through concessions if there is economic interest, and cross-subsidisation is not prohibited for cargo-handling activities.

### Recent policy changes

There are no policy changes that affect the score on the STRI during the period 2015-2016.

### Efficient services sectors matter



Services are responsible for nearly 70% of GDP in Costa Rica and employ about two-third of the country's workforce. Services account for 80% of gross exports, and more than 60% in value added terms, highlighting how Costa Rica's exports of goods also rely intensively on services inputs. Hence, cost effective state of the art services are therefore vital for the competitiveness of the Costa Rican industrial sector. Costa Rica could therefore further improve the efficiency of its economy by prioritising reforms that enhance competition in services markets.

### More information

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Contact the OECD Trade and Agriculture Directorate with your questions at [stri.contact@oecd.org](mailto:stri.contact@oecd.org)