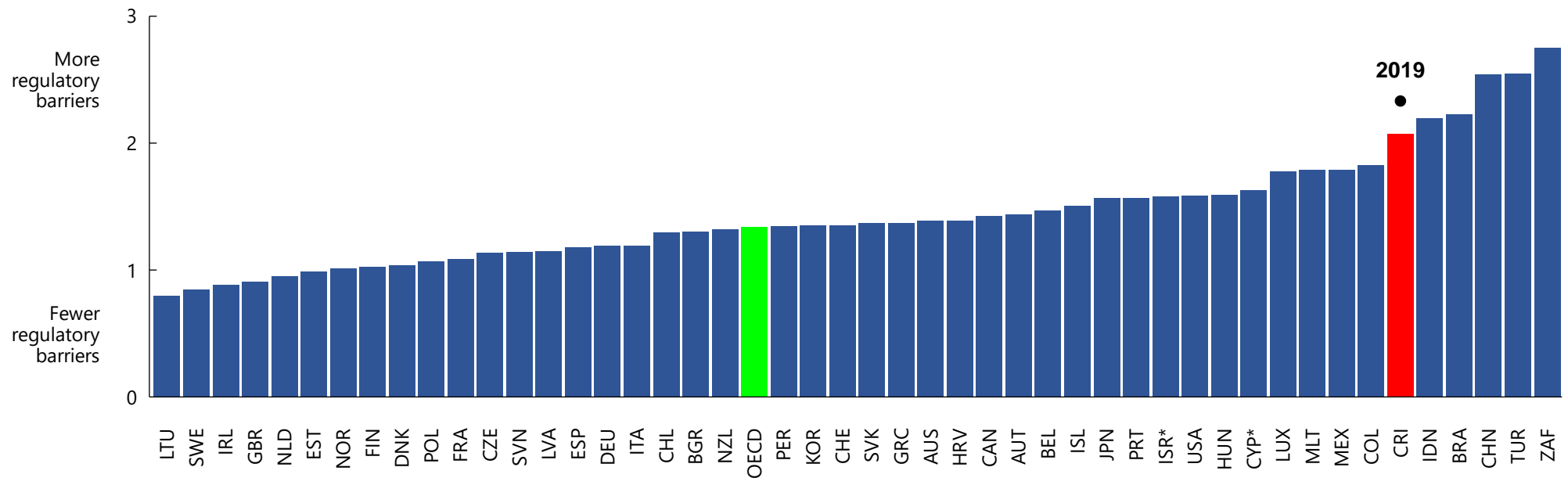


OECD Product Market Regulation (PMR) indicators: How does Costa Rica compare?

Competitive product markets can boost productivity, employment, and living standards. The OECD Product Market Regulation (PMR) indicators assess the alignment of a country's regulatory framework with internationally accepted best practices. The economy-wide indicator measures the distortions to competition that can be induced by the barriers to entry and expansion faced by firms across the economy, as well as by the involvement of the state in the economy. In this indicator, Costa Rica performs rather worse than the average OECD economy, but a few improvements have occurred since 2019.

Figure 1: Overall economy-wide Product Market Regulation indicator[#]



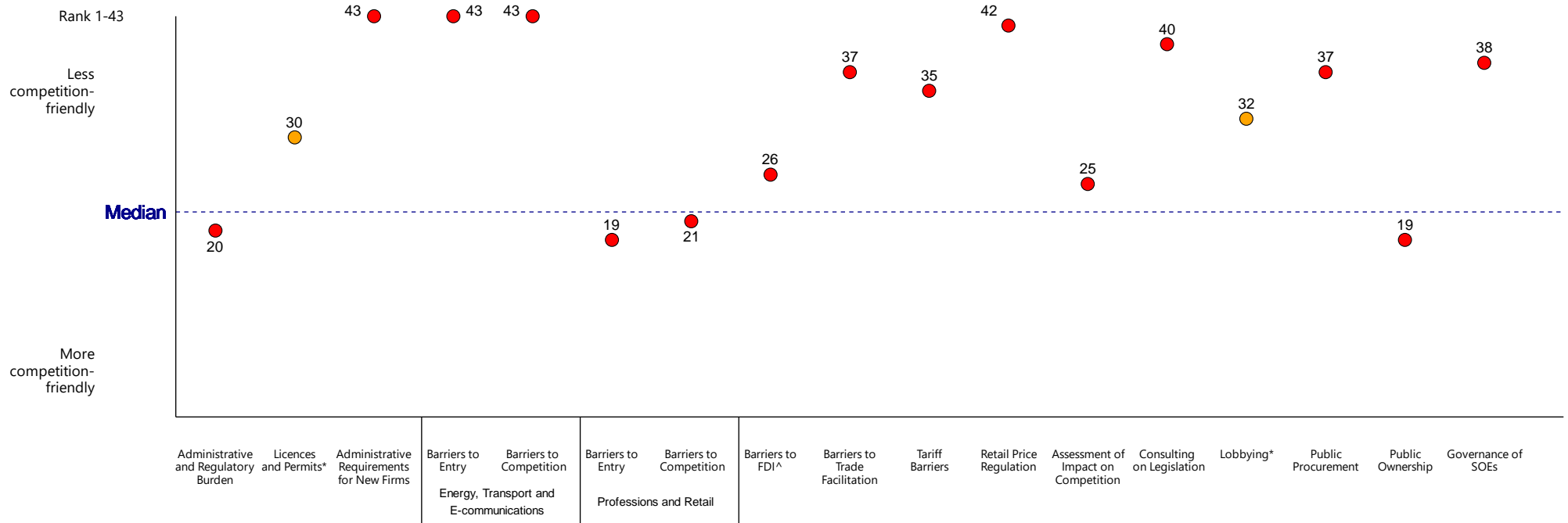
[#]The information used to build all the PMR indicators for this country refers to the laws and regulations into force on 1 January 2023. The data for some of the other countries refers to 1 January 2024.

*Please see notes on Israel and Cyprus on page 7.

ECONOMY-WIDE HIGHLIGHTS

There is still significant potential to make Costa Rica's regulatory framework more conducive to competition. Key areas for improvement include simplifying the administrative requirements to set up new firms, easing retail price controls, and reducing barriers to entry and competition in the energy, transport, and e-communications sectors. Additionally, the country should align state-owned enterprise governance with OECD best practices, and enhance stakeholder consultation requirements.

Figure 2: Economy-wide Product Market Regulation indicators: Costa Rica's ranking⁺



⁺The ranking is across all OECD members and Brazil, Croatia, Bulgaria, Indonesia, and Peru.

* Licences and Permits, Lobbying, and Public Ownership are not indicators, but components of other indicators. Please refer to the table of correspondence on page 7.

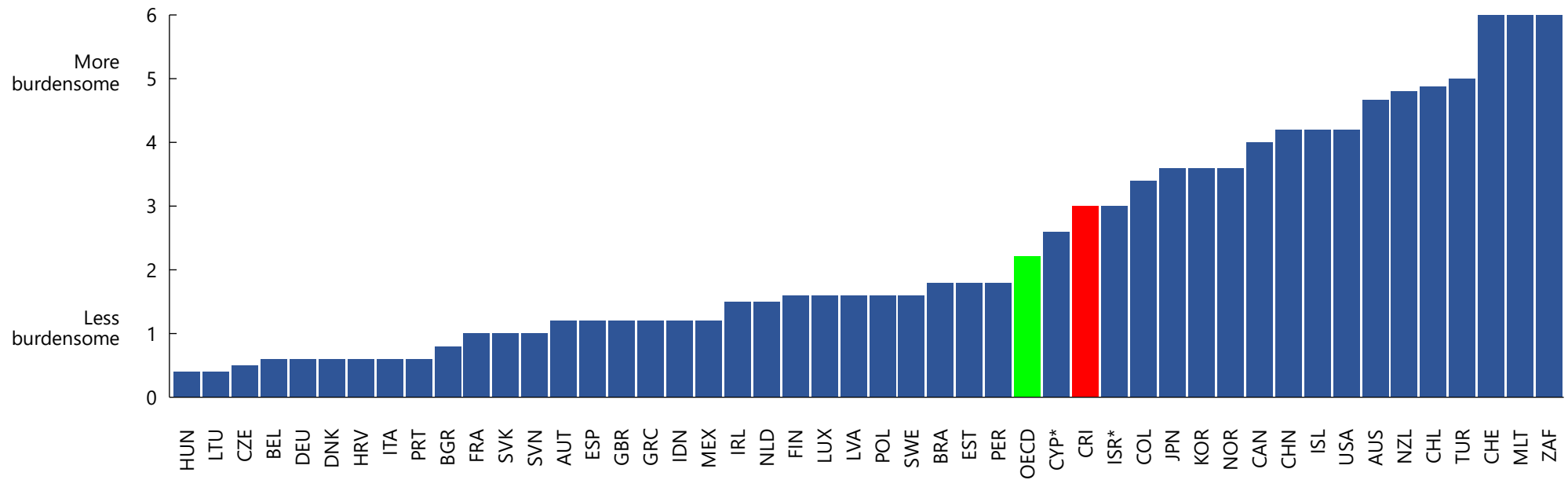
[^]The values for the low-level indicator on Barriers to FDI are derived from the OECD FDI Restrictiveness indexes, whose values are still preliminary and may be subject to small changes.

Note: The names of the low-level indicators have been simplified for presentational purposes. Please refer to the table of correspondence on page 7.

ECONOMY-WIDE HIGHLIGHTS: OBTAINING LICENCES AND PERMITS

Obtaining licences and permits can be cumbersome for businesses. This burden can be reduced when countries keep an inventory of all licences and regularly review it to remove licences that are no longer necessary, adopt the 'silence is consent' principle, and tailor the length and complexity of the licensing process to the risks inherent in the licensed activities. Costa Rica's licensing system is more burdensome than in the average OECD economy and could be further aligned with these best practices.

Figure 3: Licences and Permits⁺

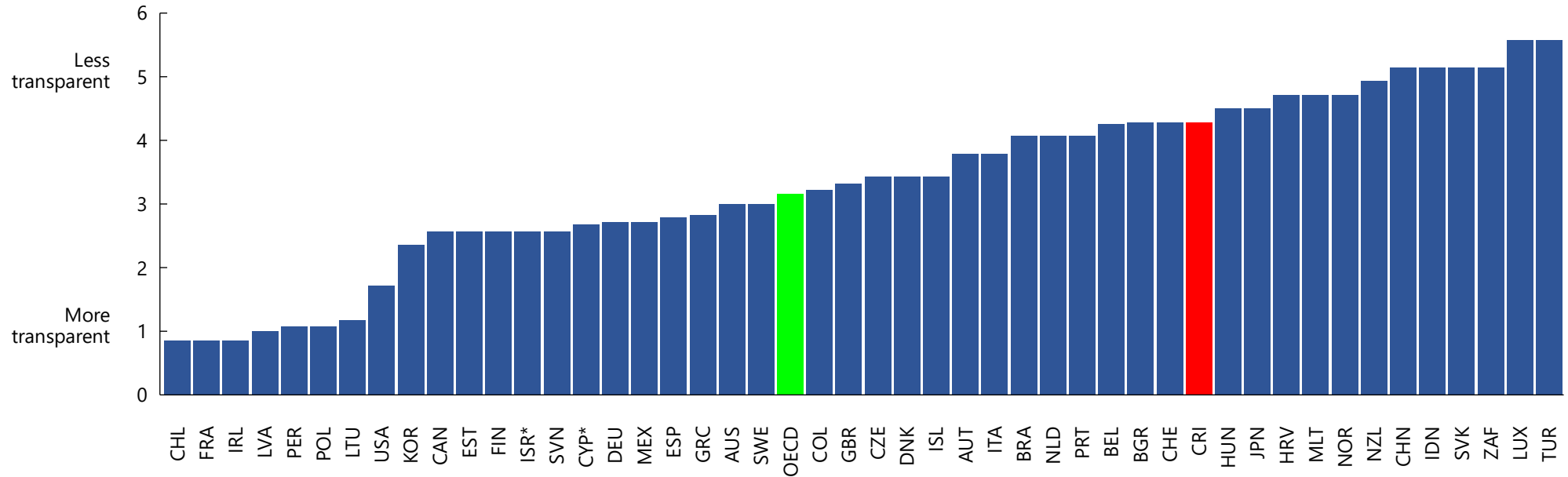


⁺ The information scored here is included in the PMR low-level indicator Administrative and Regulatory Burden.

ECONOMY-WIDE HIGHLIGHTS: REGULATION OF LOBBYING ACTIVITIES

Many countries still do not have adequate rules that ensure transparency and accountability in the interactions between public officials and interest groups. In Costa Rica, while there is a law addressing conflicts of interest, policymakers are not required to observe a cooling-off period when leaving office, or to disclose their agendas and the identity of the interest groups they may have consulted in the regulatory process. This lack of regulation may favour the lobbying endeavours of larger incumbent firms, disadvantaging younger and smaller firms.

Figure 4: Lobbying[#]

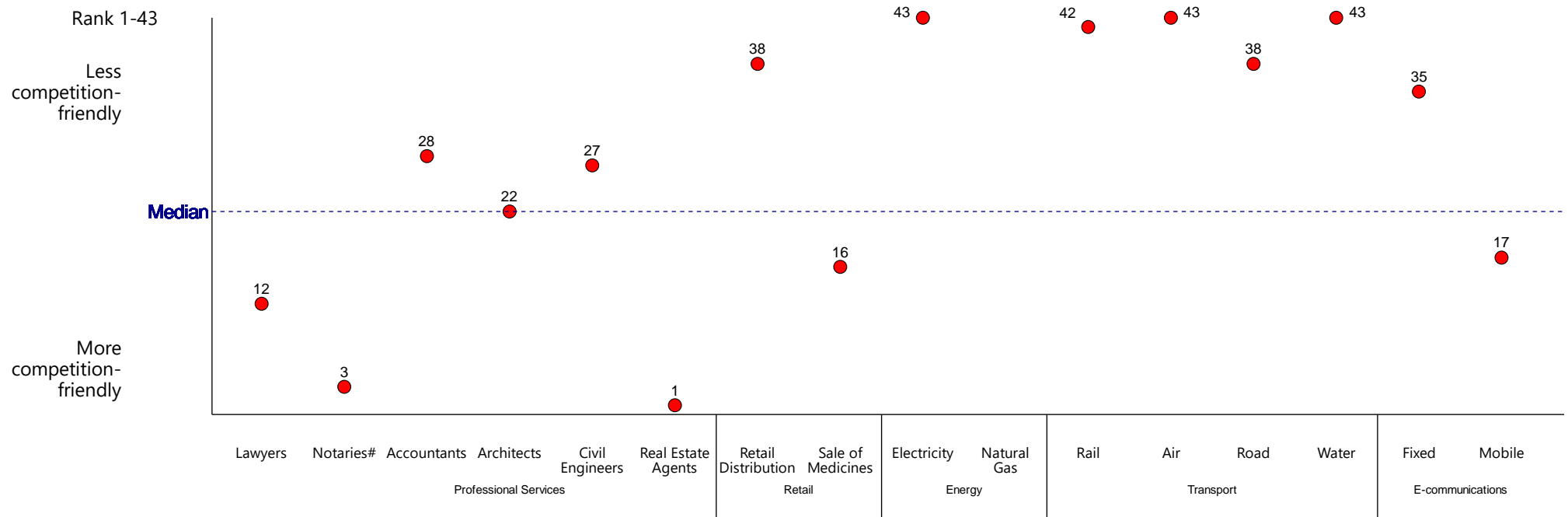


[#] The information scored here is included in the PMR low-level indicator Consulting on Legislation.

SECTOR-SPECIFIC HIGHLIGHTS: SERVICE SECTORS

In Costa Rica further steps could be taken to reduce regulatory barriers to competition in the retail distribution, electricity, transport, and fixed e-communications sectors. Professional services are generally less strictly regulated than in the average OECD economy, except for civil engineers and accountants. This result is partly due to the latter profession being also responsible for auditing activities.

Figure 5: Product Market Regulation indicators for service sectors: Costa Rica's ranking⁺



⁺The ranking is across all OECD members and Brazil, Croatia, Bulgaria, Indonesia, and Peru.

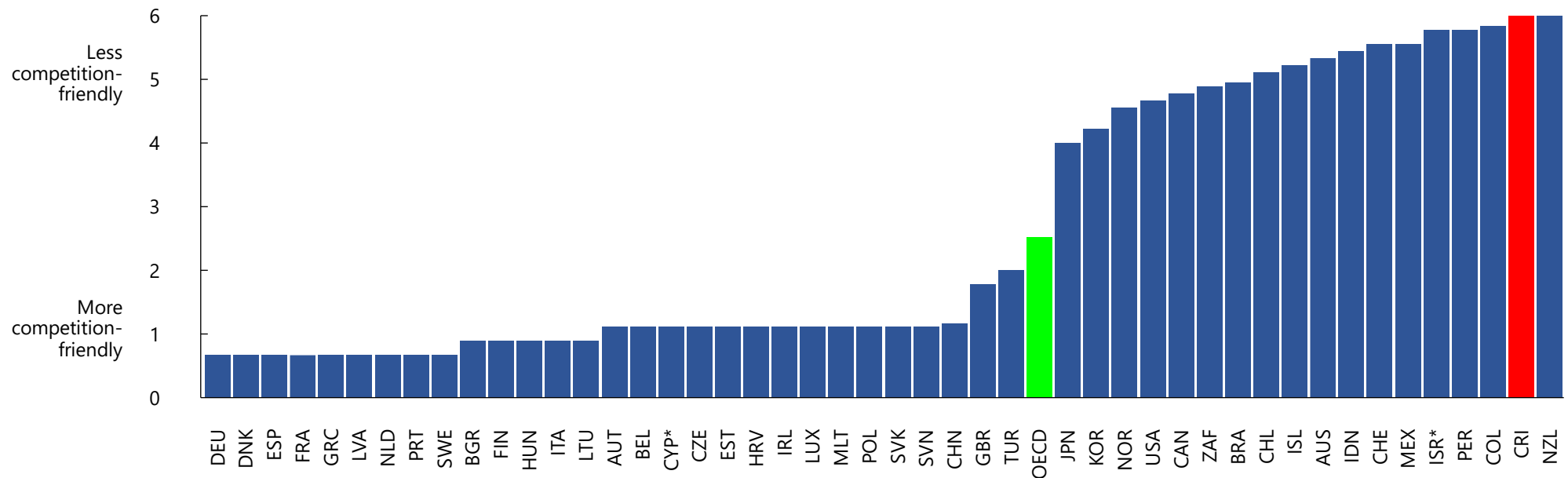
[#] Please see note on page 7.

Note: When the ranking for a specific indicator does not appear on the chart, it means that the relevant profession does not exist, or the sector is too small to be assessed.

SECTOR-SPECIFIC HIGHLIGHTS: DIGITAL MARKETS

New markets that rely on the intensive use of data have emerged, such as online marketplaces, search engines, cloud computing, and social media. So far, Costa Rica has not assessed or addressed the competition challenges linked to the development of these markets.

Figure 6: Product Market Regulation indicator on Digital Markets[#]



[#] Only the information used to build this indicator refers to laws and regulations into force or under discussion in parliament on 1 January 2024.

For further information please contact: PMRindicators@oecd.org

Notes:

Source: OECD PMR database for 2023/2024 and 2018/2019.

1. 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.

2a. Footnote by Türkiye: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

2b. Footnote by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognized by all members of the United Nations with the exception of Türkiye. The information in this database relates to the area under the effective control of the Government of the Republic of Cyprus.

#Note on notaries: In civil law countries, notaries exercise administrative and judicial tasks by virtue of power delegated by the state; hence, they play a special role in the legal services market in the concerned countries and in this aspect they are different from the other professions included in the OECD's PMR indicator.

The names of the low-level indicators in Figure 2 have been simplified for presentational purposes. This table of correspondence shows the name used in the official PMR dataset.

TABLE OF CORRESPONDENCE	
Name of low-level indicators in Figure 2	Name of low-level indicators in the official PMR dataset
Administrative and Regulatory Burden	Communication and Simplification of Administrative and Regulatory Burden
Administrative Requirements for New Firms	Administrative Requirements for Limited Liability Companies and Personally-owned Enterprises
Barriers to Entry in Energy, Transport and E-communications	Barriers to Entry in Network Sectors
Barriers to Competition in Energy, Transport and E-communications	Involvement in Business Operations in Network Sectors
Barriers to Entry in Professions and Retail	Barriers to Entry in Service Sectors
Barriers to Competition in Professions and Retail	Involvement in Business Operations in Service Sectors
Barriers to FDI	Barriers to Foreign Direct Investment
Barriers to Trade Facilitation	Barriers to Trade Facilitation
Tariff Barriers	Tariff Barriers
Retail Price Regulation	Retail Price Controls and Regulation
Assessment of Impact on Competition	Assessment of Impact on Competition
Consulting on Legislation	Interaction with Stakeholders
Public Procurement	Public Procurement
Governance of SOEs	Governance of SOEs
Components of low-level indicators in Figure 2	Low-level indicators from which they are taken
Licences and Permits	Communication and Simplification of Administrative and Regulatory Burden
Lobbying	Interaction with Stakeholders
Public Ownership	Quality and Scope of Public Ownership