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## Costa Rica: An Overview

Costa Rica historically has been a bastion of stability in Central America and often has served as a key U.S. partner for advancing policy goals in the region. The 118<sup>th</sup> Congress sought to reinforce U.S.-Costa Rican security cooperation by appropriating security assistance for the country and authorizing the U.S. Armed Forces to engage in certain training with Costa Rican security forces. The 119<sup>th</sup> Congress may monitor U.S.-Costa Rican efforts to address shared challenges, such as transnational crime and unauthorized migration, as well as potential opportunities, such as collaboration on supply chains in strategic sectors.

### Political Situation

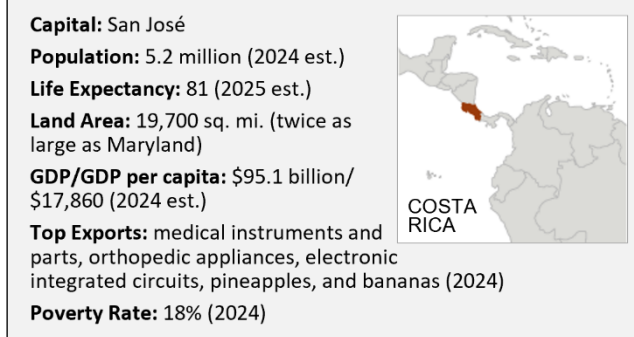
Costa Rica has sustained civilian democratic governance since 1949, when the country adopted a new constitution in the aftermath of a short civil war. The center-left (now centrist) National Liberation Party (PLN) and a center-right opposition that ultimately became the Social Christian Unity Party (PUSC) dominated postwar politics. In the early 2000s, however, corruption scandals and public dissatisfaction contributed to the collapse of the two-party system. Alternative political parties have emerged since then, such as the center-left Citizens' Action Party (PAC), which won the 2014 and 2018 presidential elections, and current President Rodrigo Chaves's center-right Social Democratic Progress Party (PPSD).

Chaves, a former Costa Rican finance minister and World Bank official, began his four-year presidential term in May 2022 after defeating former President José María Figueres (1994-1998) of the PLN 53%-47% in a runoff election. In his inauguration speech, Chaves promised to "rebuild" the country and laid out his top priorities, which included reducing the cost of living, generating increased employment, and combatting corruption and crime. Among other actions in office, Chaves has reduced import tariffs on rice—a staple of the Costa Rican diet—and signed into law legislation intended to enhance the country's ability to combat organized crime. Chaves also has declared national emergencies in response to challenges including cyberattacks and migration flows, enabling his government to draw on additional funding and authorities.

Chaves has struggled to advance other proposals through Costa Rica's fragmented unicameral Legislative Assembly, in which his PPCS holds 10 of 57 seats. He has occasionally attempted to go around the legislature and govern through public referendums, but Costa Rica's courts have blocked those efforts. Although Chaves's clashes with other branches of government have led some analysts to express concerns about his respect for the separation of powers, many Costa Ricans appear to support Chaves's approach to governance. In a November 2024 University of Costa Rica poll, 63% of Costa Ricans rated his performance positively. Costa Rica's constitution prohibits individuals from serving consecutive presidential terms, and it is

unclear who Chaves may support in the next election, scheduled for February 2026.

**Figure 1. Costa Rica at a Glance**



**Sources:** CRS Graphics, Instituto Nacional de Estadística y Censos; International Monetary Fund; Trade Data Monitor.

### Economic and Social Conditions

Costa Rica pursued state-led economic development throughout much of the 20<sup>th</sup> century but began to adopt a more market-oriented economic strategy in the 1980s. Since that time, it has attracted a cluster of high-tech manufacturers, including semiconductor producers and medical device companies, and has developed a dynamic tourism sector, contributing to the diversification of the country's once predominantly agricultural economy. According to the Economist Intelligence Unit, services—including tourism—now comprise about two-thirds of gross domestic product (GDP), while high-tech manufacturing accounts for a plurality of Costa Rican exports and much of the foreign direct investment in Costa Rica.

The Chaves administration's economic policy has focused primarily on strengthening the government's finances. It successfully completed two agreements with the International Monetary Fund, which provided the Costa Rican government with about \$2.3 billion in financing between 2021 and 2024 to implement policies intended to stabilize Costa Rica's debt burden, support economic recovery from the COVID-19 pandemic, and address climate risks. Costa Rica's public debt declined from nearly 68% of GDP in 2021 to below 60% of GDP in 2024 due to a mix of factors, including the Chaves administration's tight fiscal policy, tax and public employment reforms enacted by the previous government, and annual economic growth rates averaging more than 5%.

Strong economic growth also has contributed to reductions in poverty and unemployment. Nevertheless, Costa Rica's level of income inequality remains above the Latin American average, according to the UN Economic Commission for Latin America and the Caribbean.

## U.S.-Costa Rican Relations

Successive U.S. Administrations have worked with Costa Rica to strengthen economic ties, advance regional foreign policy goals, and address shared security concerns. During a February 2025 visit to Costa Rica, Secretary of State Marco Rubio characterized Costa Rica as a “model” for the region and commended the country’s cooperation on cybersecurity, counternarcotics, and migration. Secretary Rubio stated that he had issued waivers to allow continued U.S. support for some security programs amid the Trump Administration’s 90-day pause on U.S. foreign assistance; it is unclear if or how the subsequent cancellation of thousands of unspecified U.S. assistance awards and contracts may affect programs in Costa Rica. Congress may monitor the Administration’s approach to U.S.-Costa Rican relations and assess whether and how to continue shaping bilateral ties with appropriations and other legislation.

## Trade and Investment Ties

The United States and Costa Rica are parties to the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR; P.L. 109-53), which was signed in 2004 and entered into force for Costa Rica in 2009. U.S.-Costa Rican trade in goods reached a record high of \$21.3 billion in 2024, according to U.S. Census Bureau data. U.S. goods exports to Costa Rica totaled \$9.7 billion, led by mineral fuels, electrical machinery, and medical instruments and parts. U.S. goods imports from Costa Rica totaled \$11.6 billion, led by medical instruments and parts, electrical machinery, and fruit.

U.S. imports of electronic integrated circuits from Costa Rica rose from \$121 million in 2021 to \$1.2 billion in 2024. This increase coincided with U.S. efforts to create stronger, more secure global semiconductor supply chains, drawing on incentives enacted in the CHIPS Act of 2022 (P.L. 117-167, Division A). In 2023, Intel announced plans to invest \$1.2 billion in Costa Rica by 2025. The U.S.-based technology company had previously closed a microchip assembly and testing facility in Costa Rica in 2014, moving those operations to China, Malaysia, and Vietnam. According to the U.S. Bureau of Economic Analysis, the accumulated stock of U.S. foreign direct investment in Costa Rica was \$3.8 billion in 2023, with 53% invested in manufacturing.

## Security Cooperation

Costa Rica’s institutions have proven more resilient than those of its Central American neighbors, but the country has experienced an increase in organized crime and violence over the past decade. Homicides rose from 471 (9.9 per 100,000 residents) in 2014 to 880 (16.6 per 100,000) in 2024. Costa Rican authorities have linked much of the violence to drug trafficking organizations, which use the country as a transit and storage point for South American cocaine destined for the United States and Europe. Domestic drug consumption—including a nascent fentanyl market—also has fueled turf battles among criminal organizations, according to the U.S. State Department.

Congress has appropriated U.S. foreign assistance for Costa Rica to help the country combat transnational crime and other security threats. For example, in the explanatory statement accompanying the Department of State, Foreign

Operations, and Related Programs Appropriations Act, 2024 (P.L. 118-47, Division F), Congress designated at least \$46 million in bilateral and regional security assistance for Costa Rica. Such assistance has included equipment, training for security and justice sector personnel, and support for crime prevention programs.

The U.S. Department of Defense (DOD) has provided additional equipment and capacity-building support to Costa Rica using its security cooperation authorities (e.g., 10 U.S.C. §333). The Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025 (P.L. 118-159, §1209) authorizes the general purpose forces of the U.S. Armed Forces to engage in training with Costa Rican security forces through 2030. Costa Rica abolished its military following the country’s 1948 civil war but has several security forces that perform national security functions, including the public force, air surveillance service, and national coast guard service.

Cybersecurity has emerged as a key area of bilateral cooperation since 2022, when a Russia-based hacker group carried out a series of ransomware attacks against the Costa Rican government. In 2023, the U.S. State Department and DOD announced commitments totaling nearly \$35 million to help Costa Rica strengthen its cyber defenses. The same year, the Chaves administration limited participation in Costa Rica’s fifth-generation (5G) telecommunications network to firms from countries that endorse the Budapest Convention on Cybercrime, effectively excluding companies from China.

## Migration and Refugee Flows

As a comparatively prosperous and stable country, Costa Rica has long served as a destination for migrants and asylum-seekers from other parts of Latin America. The country has experienced a surge in asylum requests over the past decade, primarily due to the ongoing political crisis in neighboring Nicaragua. According to the UN Refugee Agency, nearly 248,000 forcibly displaced people resided in Costa Rica in 2024, including 197,000 Nicaraguans.

Other migrants pass through Costa Rican territory on their way to the United States. According to the International Organization for Migration (IOM), an estimated 325,000 migrants entered Costa Rica in 2024, with Venezuelans appearing to account for the majority. Costa Rica has worked with the U.S. government to screen those transiting the country and address potential security threats.

In February 2025, the United States transferred 200 unauthorized Asian migrants to Costa Rica to await repatriation to their countries of origin. Congress could inquire about the details of this arrangement, which the Costa Rican government asserts is funded by the United States with implementation support from IOM. According to the U.S. State Department, the United States has provided nearly \$90 million to humanitarian organizations since 2018 to support migrants and refugees in Costa Rica.

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