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## Costa Rica: An Overview

Costa Rica historically has been a bastion of stability in Central America and at times has been a key U.S. partner for advancing policy goals in the region. The 118<sup>th</sup> Congress enacted appropriations and other legislation (P.L. 118-159, §1209) intended to reinforce U.S.-Costa Rican security cooperation. The 119<sup>th</sup> Congress may monitor and shape bilateral collaboration on issues such as transnational crime, migration, and semiconductor supply chains.

### 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 dominated postwar politics. In the early 2000s, however, corruption scandals and public dissatisfaction contributed to the collapse of the two-party system. Various political parties have emerged since then, contributing to a more fragmented multiparty system.

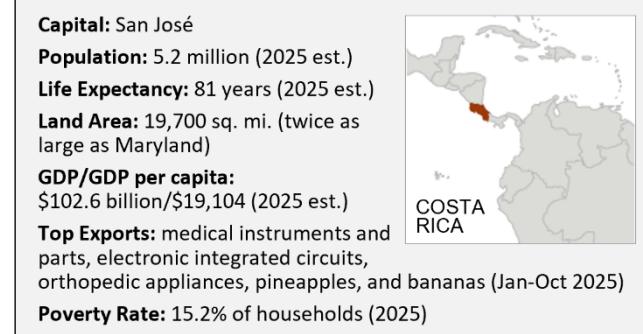
President Rodrigo Chaves, a former Costa Rican finance minister and World Bank official, began a four-year presidential term in May 2022. Nominated by the center-right Social Democratic Progress Party (PPSD), Chaves defeated former President José María Figueres (1994-1998) of the PLN 53%-47% in a runoff election. Among other actions in office, Chaves has implemented fiscal reforms, enacted legislation focused on combatting organized crime, and declared national emergencies in response to cyberattacks and migration flows, enabling the government to draw on additional funding and authorities.

Chaves has struggled to advance other proposals through Costa Rica's unicameral Legislative Assembly, in which the PPSD won 10 of 57 seats in 2022. He has occasionally attempted to go around the legislature and govern through public referendums, but Costa Rica's courts have blocked those efforts. Chaves has criticized these checks on his authority, leading some analysts to express concerns about his respect for the separation of powers. In late 2025, the Legislative Assembly considered—but fell short of the two-thirds majorities needed to adopt—two motions to strip President Chaves of his immunity from prosecution for alleged corruption and abuses of power, respectively.

Costa Rica's next presidential and legislative elections are scheduled for February 1, 2026; Chaves is ineligible to seek reelection due to Costa Rica's constitutional ban on consecutive presidential terms. He is supporting his former planning and interior minister, Laura Fernández, who is backed by a new Chaves-aligned Sovereign People's Party. Two polls conducted in January 2026 suggest Fernández is leading 19 other candidates by more than 30 percentage points with some 30% of Costa Ricans undecided. If no

candidate obtains at least 40% of the vote, a runoff between the top two candidates is to be held on April 5, 2026.

### Figure 1. Costa Rica at a Glance



**Sources:** CRS Visualization; 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.

The Chaves administration's economic policy has focused primarily on strengthening the government's finances. It concluded two agreements with the International Monetary Fund (IMF), 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 gross domestic product (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%.

Costa Rica's Central Bank estimates that GDP growth slowed to 4.2% in 2025 and projects 3.5% GDP growth for 2026, due in part to U.S. tariffs and slowing global demand. Costa Rica may draw upon a two-year, \$1.5 billion flexible credit line, approved by the IMF in June 2025, to address external shocks.

### 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 counternarcotics, cybersecurity, and migration. The United States has supported such collaboration with foreign assistance, but the status of such funding is unclear in the aftermath of the Trump Administration’s review and termination of thousands of programs.

### 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. Under the agreement, all U.S. nonagricultural goods and nearly all U.S. agricultural goods are eligible to enter Costa Rica duty free. In April 2025, President Trump invoked the International Emergency Economic Powers Act of 1977 (50 U.S.C. §§1701 et seq.) to impose a 10% tariff on U.S. imports from Costa Rica (with some exceptions) due to a purported lack of reciprocity in trade relations. The tariff rate increased to 15% in August 2025. The Costa Rican government has sought to negotiate a lower rate and has urged the Trump Administration not to impose additional tariffs on medical devices, pursuant to Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862).

U.S.-Costa Rican goods trade reached a record high of \$21.3 billion in 2024, according to the U.S. Census Bureau. U.S. goods exports to Costa Rica totaled \$9.6 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.

According to the U.S. Bureau of Economic Analysis, U.S. foreign direct investment in Costa Rica totaled \$7.1 billion in 2024, with 74% invested in manufacturing. In 2023, Intel, a U.S.-based technology company, announced plans to invest \$1.2 billion in Costa Rica by 2025. This investment coincided with a U.S.-Costa Rican partnership aimed at strengthening global semiconductor supply chains. In FY2024, the State Department obligated \$13.8 million for related workforce development programs in Costa Rica, funded by the CHIPS Act of 2022 (P.L. 117-167, Div. A).

### Transnational Crime

Costa Rica has experienced an increase in violence over the past decade, which Costa Rican authorities have linked to drug trafficking organizations that 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. In August 2025, the U.S. Treasury Department imposed asset-blocking sanctions on four Costa Rican nationals—including a former public security minister—for their involvement in drug trafficking and money laundering.

Congress has appropriated U.S. foreign assistance for Costa Rica to help the country combat transnational crime. The explanatory statement accompanying the Further Consolidated Appropriations Act, 2024 (P.L. 118-47), carried through FY2025 by the Full-Year Continuing

Appropriations and Extensions Act, 2025 (P.L. 119-4), designated at least \$46 million in security assistance for Costa Rica. The joint explanatory statement accompanying the conference version of the National Security, Department of State, and Related Programs Appropriations Act, 2026 (H.R. 7006, Div. B) would designate \$50 million in bilateral and regional security assistance for Costa Rica.

### Cybersecurity and Visa Revocations

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 Department of Defense 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 the People’s Republic of China (PRC, or China).

During Secretary Rubio’s February 2025 visit to Costa Rica, he stated that the United States would help Costa Rica secure its telecommunication systems against cyberattacks and “impose costs on those within the country who use their positions of authority to undermine the interests of the people of Costa Rica and in favor of a malign foreign actor.” Since then, the State Department reportedly has revoked the visas of the president of the Legislative Assembly, a supreme court justice, and a former president, among other officials, denying them entry into the United States, reportedly due to unspecified ties to China. Some of these officials have argued that the visa revocations violate Costa Rica’s sovereignty and infringe on their freedom of expression and their abilities to perform their public duties.

### Migration and Refugee Flows

As a comparatively prosperous and stable country, Costa Rica has been 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 political repression in neighboring Nicaragua. According to the UN Refugee Agency, nearly 251,000 forcibly displaced people resided in Costa Rica in 2025, including 193,000 Nicaraguans. The U.S. government provided nearly \$90 million to humanitarian organizations between 2018 and 2024 to support migrants and refugees in Costa Rica.

In February 2025, the United States transferred 200 unauthorized migrants to Costa Rica to await repatriation. According to the Costa Rican government, the arrangement was funded by the United States with implementation support from the International Organization for Migration. In June 2025, Costa Rica’s supreme court ruled that the migrants’ rights had been violated and ordered the release of some 28 migrants who remained in Costa Rica. S.Res. 353 would direct the State Department to provide Congress with information on Costa Rica’s human rights practices, including the treatment of the transferred migrants and related U.S. engagement, pursuant to Section 502B(c) of the Foreign Assistance Act of 1961 (22 U.S.C. §2304(c)).

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