



The impacts of U.S. Foreign Policy towards Costa Rica

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Outline

- What are the primary features of US Foreign Policies in Central America?
- Their impact in Costa Rica's development
- Their evolution specially in the 21st century
- How they will evolve under Biden's administration?

US Foreign Policies in CA/CR

- The Monroe Doctrine established a strategic priority of regional dominance.
- During the Cold War and because of Cuba's experience US sponsored support for dictators in the region. Democratic CR was the exception.
- Civil wars in CA (79-90) provoked, starting with Reagan, a policy of economic development based on commercial possibilities. CBI (83) was the USFP's most effective tool in the region. Bush expanded it in the 1990s. CR took full advantage of these policies.
- Later (2003) CA as a region negotiated CAFTA.

CR Paradigm Shift & US FTP

The combination of an internal crisis with US FTP:

- With the external debt crisis of the 80s, the model based on Import Substitution came to an end and CR opened to trade because it needed foreign currency to balance its national accounts.
- CR turned around thanks to internal FDI attraction policies with the use of preferential regimes first and later FTA platforms to increase its exports.
- For CR, the CBI (USA) was decisive in increasing exports and overcoming its financial crisis (80s-90s) and in XXI century, it was exchanged for CAFTA (2003/2009). CR was the main beneficiary.

Successful results due to CR qualities

- 200 years of peaceful republican life, 72 years without an army and strong tradition of rule of law are CR 's intangibles that make us very attractive to FDI.
- The time zone and proximity to the US make the country even very attractive to American FDI and facilitate its exports to US.
- Investment in education: 7.2% of GDP is rewarded by FDI in services (specially US FDI).
- 6% of the world's biodiversity and 3 000 km of coastline is appreciated by American visitors.
- From the poorest colony in CA in the 80s, it became the region's most advanced country. The FP Trade policies of US were an essential tool to this development.

Between Trump and Biden Administrations

Trump's term brought uncertainty:

- ✓ Anxiety about renegotiating the CAFTA agreement,
- ✓ Weakening of multilateral organizations as WTO,
- ✓ Uncertainty over trade wars,
- ✓ Pressure on MNCs to stay on US soil.

Biden's brings a return to normalcy & new uncertainties:

- Biden-Harris plan for CA means economic cooperation,
- Return to confidence in multilateral trading system/regionalism,
- New areas of uncertainty: global minimum tax,
- Executive agreements that promote sectoral industrial policy and may lead to relocation to the United States.



Questions?