Overview

Digital Trade: Accelerating Transformation in Latin America and the Caribbean

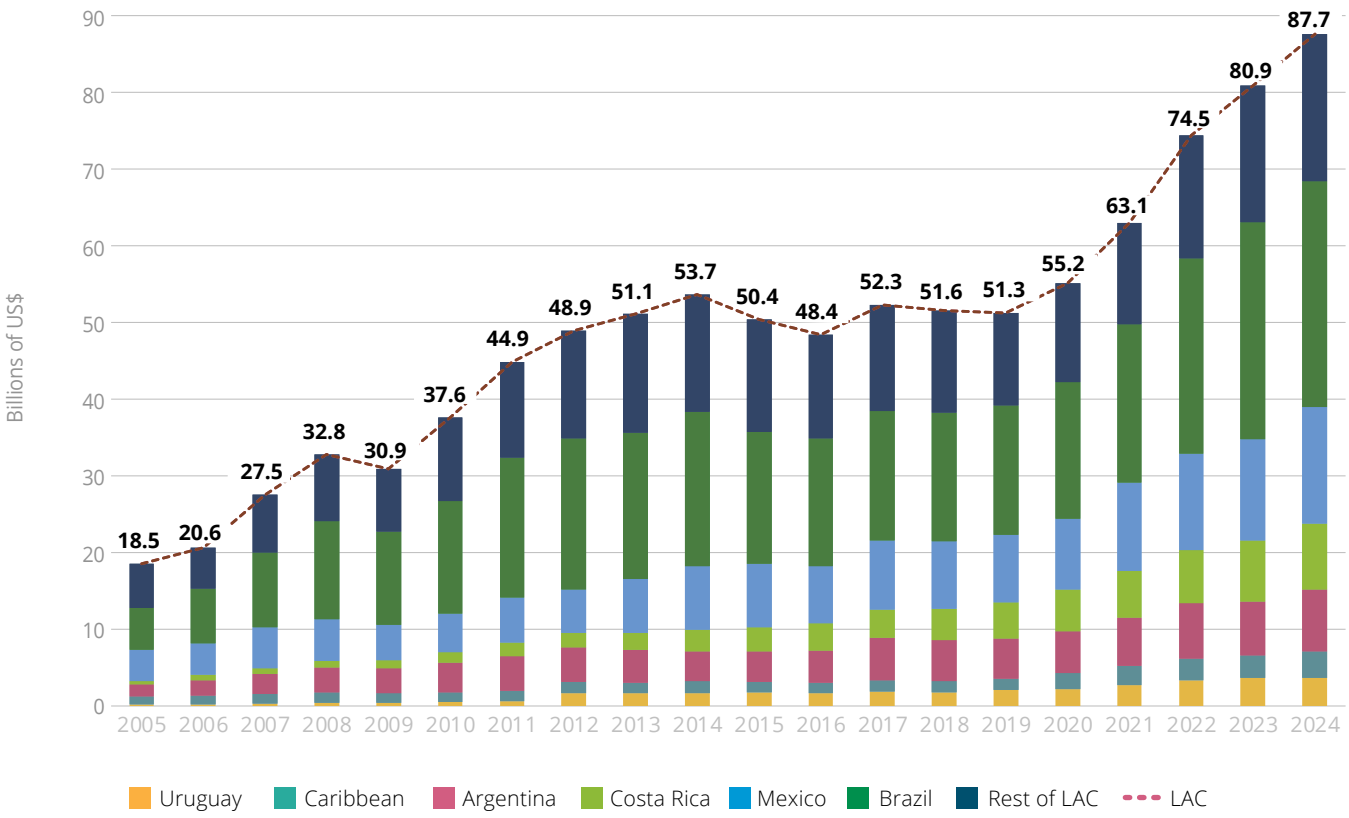
Digitalization is rapidly reshaping which goods and services are exchanged across borders and how this takes place, making digital trade a key driver of international trade. "Digital trade" refers to all international trade transactions that are ordered and/or delivered online.[1] "Digitally ordered trade" specifically refers to cross-border purchases of goods and services made through computer networks designed for placing orders, such as buying a T-shirt from an overseas manufacturer's website or booking a restaurant abroad via a digital platform. By contrast, "digitally delivered trade" refers exclusively to services trade transactions delivered remotely over computer networks, such as IT support, banking, and education.[2]

Any assessment of digital trade patterns must contend with the limited availability of internationally comparable data. Given these constraints, most of the analysis in this report focuses on trade in digitally delivered services, the best-documented segment of digital trade. Since 2005, the global export value of this segment has nearly quadrupled, reaching US$4.78 trillion in 2024 and accounting for 14.8% of global exports, far outpacing the growth of goods (4.5%) and other services (4.9%) exports. This rapid expansion underscores the opportunities digital trade offers for countries seeking new drivers of growth.

1 This statistical definition comes from the *Handbook on Measuring Digital Trade: Second Edition* (IMF, OECD, UNCTAD, and WTO, 2023).

2 WTO Members hold different views about whether all digitally delivered trade is trade in services.

FIGURE O.1. Digitally delivered services exports in LAC countries, 2005–2024 (billions of US$)



Source: WTO (2024a).

Over the past two decades, there has been a remarkable surge in exports of digitally delivered services from Latin America and the Caribbean (LAC). Between 2005 and 2024, the region's exports of these expanded nearly fivefold, rising from US$18.5 billion to US$87.7 billion. This growth has outpaced both other service exports and goods exports growth from the region, demonstrating the dynamism and resilience of digital trade, even in the face of global shocks such as the Covid-19 pandemic. In fact, after some stagnation in the late 2010s, digitally delivered services have experienced particularly strong growth since the Covid-19 pandemic. In 2024, digitally delivered services accounted for around one-third of all commercial services exports from the region, up from one-fifth in 2005. Countries like Brazil, Mexico, Costa Rica, and Argentina have emerged as leaders, with Brazil alone exporting US$29.4 billion in digitally delivered services in 2024 (figure O.1).

Foreign direct investment (FDI) has played an important role in expanding digital services trade in LAC, enabling access to new technologies and expertise. FDI inflows to sectors with strong digital delivery

models[3] have grown sharply, averaging US$3.41 billion in 2010–2014, rising to US$3.79 billion in 2015–2020, and reaching US$10.853 billion in 2021–24. Data processing and related services accounted for 67.2% of these inflows, with countries such as Jamaica, Costa Rica, and Barbados benefiting significantly. This investment has helped LAC countries expand their participation in digitally delivered services trade.

Despite this impressive progress, the region's share of global digital trade remains modest and below its share in other trade modalities. In 2024, LAC's digitally delivered services exports represented just 2% of the world total, lagging behind its 2.9% share of global trade in services and its 6.4% share of total trade in goods. LAC's share of global trade in digitally delivered services also trails that of other regions, with Europe, Asia, and North America accounting for 53%, 23%, and 18%, respectively, in 2024.

Moreover, while digitally delivered services exports represent a significant share of gross domestic product (GDP) in some LAC countries—such as Costa Rica (9%), Dominica (8%), Belize (6%), Grenada (6%), and Antigua and Barbuda (6%)—they still account for 1% or less of GDP in most LAC economies.

These trends and patterns point to considerable room for improvement and further expansion of this dynamic trade modality in the region.

Digital trade: Harnessing opportunities for all

The expansion of digital trade has brought tangible benefits to the region. By enabling businesses to reach customers beyond their borders, digital tools have opened up new markets and increased trade in both goods and services. Consumers now enjoy access to a broader array of goods and services, often at more competitive prices. For many firms—especially micro-enterprises and those led by women (IFC, 2021; Nextrade Group, 2022)—digital trade has provided a pathway to international markets that was previously out of reach (Lendle et al., 2015; Alaveras and Martens, 2016; Fernandes et al., 2019; Carballo et al., 2022).

The economic impact of this transformation is significant. Like traditional forms of trade, digital trade fosters growth by improving resource allocation, enabling economies of scale, and promoting innovation

3 These sectors were selected by a group of World Bank experts and include, from highest to lowest in the region: data processing, hosting, and related services; custom computer programming services; software publishers (except video games); business support services; professional, scientific, and technical services; motion picture and sound recording industries; other telecommunications; other (software and IT services); Internet publishing, broadcasting, and web search; video games, applications, and digital content; computer system design services; other support services; architectural, engineering, and related services; accounting, tax preparation, bookkeeping, and payroll services; all other information services; other computer-related services; and specialized design services.

and the diffusion of technology (IMF, OECD, UNCTAD, World Bank, and WTO, 2023; Zhao et al., 2025). It creates new patterns of comparative advantage, diminishing the importance of transport infrastructure for trade in digitally delivered services and raising the significance of digital infrastructure, and promotes diversification, thereby building resilience to economic shocks (World Bank and WTO, 2023). Furthermore, importing many digitally delivered services—such as business, telecommunications, and financial services—has helped local firms enhance their competitiveness and improve the quality of their own exports.

New advances, such as artificial intelligence (AI), can play a key role in further expanding digital trade and its benefits in LAC. AI can reduce trade costs in general, particularly those associated with transport and logistics, administrative border processing, and information frictions, thereby favoring an increase in digitally ordered goods trade. Thus, for instance, large language models (LLMs) and machine learning can help optimize processes within customs and other border agencies by enabling accurate automated product classification for small shipments and more effective risk management systems (Marra de Artiñano et al., 2025). AI can drive growth in digitally delivered services trade by making information-intensive services more tradable across borders. It can also increase demand for supporting services, such as cloud computing and data processing, which are often delivered remotely (WTO, 2024c). Taking full advantage of the benefits of these technologies depends on countries' capacity to process data and develop technical skills (OECD, 2024; WTO, 2025).

As digital trade continues to expand, policymakers will need to implement targeted, complementary interventions that not only enable their economies to seize the opportunities of digital trade but also address any adjustment costs, promote inclusive outcomes, and ensure that the benefits of digital trade are maximized and widely shared.

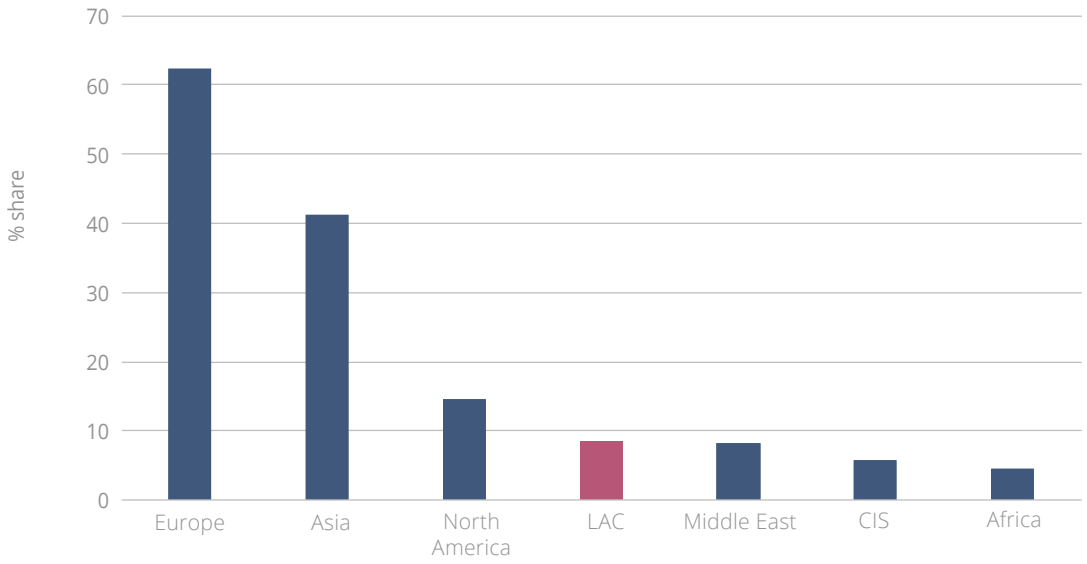
Extra- vs. intraregional digital trade: Untapped opportunities for regional integration

The United States is LAC's primary trading partner in digitally deliverable services:[4] it is both the top destination for exports, accounting for 34.4% of the region's total, and the main origin of imports, representing 42.2%.

4 Digitally deliverable services differ from digitally delivered services: the former are services that may be delivered remotely over computer networks, while the latter are actually delivered this way. Estimates of the total value of digitally deliverable services will be greater than (or equal to) the total value of services that are digitally delivered.

Digital trade within LAC itself remains relatively limited. In 2023, the value of intraregional trade in digitally deliverable services amounted to just US$7.8 billion. This represented only 8.4% of the region's total exports of digitally deliverable services and 5% of the respective total imports. Likewise, LAC's share of intraregional exports of digitally deliverable services is notably lower than the corresponding share for goods, which stands at 15%. Relative to other regions, LAC's share of intraregional exports of digitally deliverable services is significantly lower than those of Europe (62.4%), Asia (41.3%), and North America (14.7%); comparable to those of the Middle East (8.2%); and higher only than those of the Commonwealth of Independent States (CIS) (5.7%) and Africa (4.5%) (figure O.2).

FIGURE O.2. Share of intraregional digitally deliverable services exports in total digitally deliverable services exports, 2023

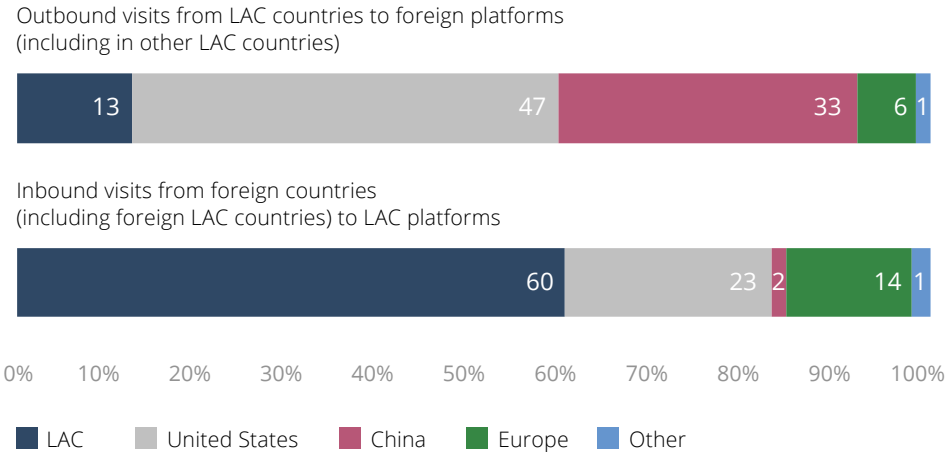


Source: WTO and OECD (2024).

The breakdown of intraregional digital trade varies across LAC's subregional blocs. Mercosur economies, for example, accounted for nearly half of all intra-LAC trade in digitally deliverable services in 2023, with more than half of this occurring within the bloc itself. The Pacific Alliance and the Central American Common Market also play important roles, contributing 21% and 16% of intraregional trade in digitally deliverable services, respectively. Within these blocs, trade among member countries accounted for 31% of intraregional trade in the Pacific Alliance and 24% in the Central American Common Market. This share was even higher in the Caribbean Community, at 38%.

When examining digitally ordered goods, a distinct pattern emerges.[5] In 2023, on average, 60% of inbound web traffic to e-commerce platforms in LAC originated from other countries in the region, underscoring the importance of regional markets for online retailers.[6] The United States was the second-largest source (23% of the total), followed at some distance by Europe (14%) and China (2%). Looking at outbound traffic helps complete the picture from the import side. While intraregional flows exist, visits by LAC consumers to platforms in other LAC countries account for only about 13% of total outbound traffic, a relatively small share when compared to visits to extraregional platforms. The majority of these visits were to the United States (47%) and China (33%), reflecting the importance of these markets and platforms to LAC online shoppers. These results indicate substantial untapped potential for digital trade within the region (figure O.3).

FIGURE O.3. Key sources and destinations of inbound and outbound web traffic to LAC e-commerce platforms, 2023, (%)



Source: ECLAC (2022) and International Trade Centre (https://www.cepal.org/en/notes/latin-america-and-caribbean-marketplace-explorerlacme).

Unlocking the potential of digital trade both within and beyond the region and making it work as an engine for inclusive growth will require supportive trade policies, better and greater alignment of regulations, continued investment in digital infrastructure, as well as targeted support for businesses seeking to expand their digital trade activities to overcome obstacles associated with market failures that limit them.

5 Comprehensive data on trade in digitally ordered goods are limited. A proxy used in this report is international web traffic to e-commerce platform.

6 This average is largely driven by economies outside the Caribbean, where this pattern is less pronounced.

Unlocking the potential of digital trade in LAC

A range of factors play a critical role in shaping countries' ability to participate in digital trade. These include the design and uptake of relevant regulations and trade disciplines, the quality of digital infrastructure and connectivity, and the availability of cross-border digital payments. Other key factors include the effectiveness of trade facilitation policies that streamline and digitalize trade procedures and of export promotion policies that address information frictions. Firms' capabilities, digital skills, and access to finance are also important. Empirical evidence focusing on some selected areas suggests that targeted improvements—such as adopting more open and supportive digital trade regulations, expanding digital infrastructure (for example, data servers and broadband access), and increasing the share of the workforce with postsecondary education—can lead to substantial gains in digitally delivered services exports across key sectors (Rocha et al., forthcoming).

To fully capitalize on the opportunities for inclusive growth in the digital economy, LAC countries must then address persistent gaps in these critical enablers. Doing so requires coordinated efforts both within and across countries.

This report explores the opportunities and challenges posed by digital trade, describes the digital trade landscape in LAC, and takes stock of the key drivers and constraints affecting the region's ability to harness the benefits of this trade modality. Drawing on analysis, it then outlines a set of recommendations and actions that could help LAC countries participate more fully in digital trade.[7] How countries combine and sequence these actions will depend on their current state of digital trade development and the specific challenges they face.

Foster open and competitive markets for backbone goods and services

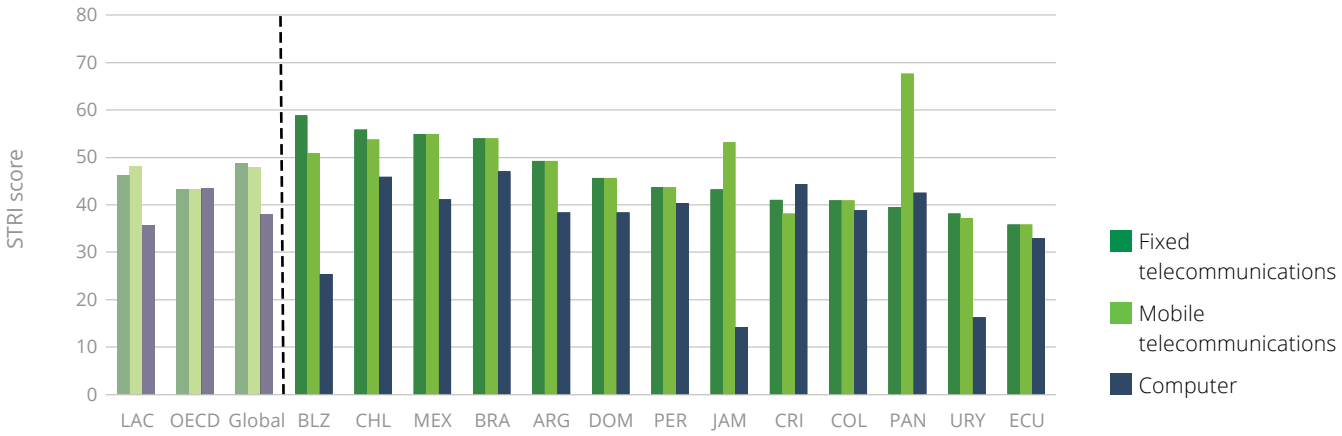
The backbone infrastructure for digital trade comprises a wide range of services, notably telecom and computer services, as well as ICT goods such as computers and mobile phones.

The trade regimes of the 13 LAC countries for which analytical information is available are generally slightly more open than the global average in telecommunications services and, in particular, computer services. In other digital trade-enabling service sectors, their trade regimes are on par with global openness levels, except for distribution services, which are comparatively less open. There is heterogeneity across countries, though. In the ICT service sectors, for instance, Uruguay and Ecuador are among the most open. Others, in contrast, still maintain barriers, such as nationality requirements, or exhibit

7 These are recommendations from the IDB and the World Bank. The WTO Secretariat does not offer trade policy advice or recommendations.

regulatory gaps (including a lack of rules on resale rates, mobile number portability, or competition laws), which hinder effective competition in those sectors (figure O.4).

FIGURE O.4. Fixed-line, mobile, and computer services trade restrictions indexes for LAC countries



Note: The global STRI is the average score across 134 economies in the World Bank–WTO database as of February 2025.

Source: Authors' calculations using the World Bank–WTO Services Trade Restrictions Index. See https://itip-services-worldbank.wto.org/default.aspx.

However, for the most part, trading conditions for the backbone services of digital trade are not guaranteed in LAC. At the WTO, the region has bound its trade regime in relatively few relevant sectors, with the exception of telecommunications services, and has done so at a relatively shallow level of liberalization. Moreover, only about half of LAC countries have subscribed to the procompetitive disciplines in the Basic Telecommunications Reference Paper. Likewise, very few have adhered to the disciplines on Services Domestic Regulation, aimed at improving procedures for authorizing the operations of service suppliers, including those involved in digital trade.

On the other hand, most LAC economies have pledged to take on board the disciplines of the plurilateral Investment Facilitation for Development Agreement negotiated at the WTO, which seek to improve investment procedures and facilitate the operations of investors across all economic sectors, including those that are key to digital trade.

Eliminating tariffs on ICT goods can lower their cost and promote greater accessibility to and adoption of these technologies worldwide. Only nine LAC countries have eliminated tariffs under the WTO's Information Technology Agreement (ITA) and guaranteed them at a rate of 0 (Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Peru). In the rest of

the region, applied tariffs range from 1% in Mexico to more than 10% in countries such as Brazil, with most countries in the range of 4% to 8%. Although most of these countries have bound their duties on ITC goods in the WTO, many have set them at above 30%.

Proposed actions

- Foster competition and investment in digital trade-enabling service sectors, including by leveraging the predictability provided by the General Agreement on Trade in Services (GATS) and its disciplines on Services Domestic Regulation (see also the proposed actions on digital infrastructure and connectivity below).

- Consider adopting the disciplines of the plurilateral Investment Facilitation for Development Agreement negotiated at the WTO, as many LAC countries have already pledged to do.

- Reduce or eliminate tariffs on ICT goods, including by joining the ITA, as some LAC Members have done.

Strengthen the legal and regulatory foundations for digital trade

Digital trade requires modern, balanced regulations aligned with best practices and international standards that are not unduly restrictive, such that they enable cross-border transactions while ensuring security and consumer trust. Effective regulatory frameworks support digital markets and digital trade by facilitating international online sales, providing clear rules for digital operations—such as e-signatures and cross-border data transfers—and protecting data and privacy. In contrast, overly restrictive policies, like unwarranted data localization mandates, can raise costs and hinder competitiveness.

LAC countries are generally on par with high- and upper-middle-income economies in some aspects of digital trade regulatory readiness, in that rules on e-documents, e-signatures, and data protection have been widely adopted. However, only a minority have comprehensive cybersecurity frameworks, and regulations clarifying the legal liability of platforms for content or products offered by their users (intermediary liability) remain scarce in the region. Most LAC countries have adopted adequacy-based frameworks for cross-border data flows, particularly the Andean and Southern Cone countries.[8] Moreover, the entire region appears to embrace openness in digital trade, with only a few limited data localization requirements in place (figure O.5).

8 Adequacy-based frameworks allow data to be transferred to countries that feature protections for personal data that are substantially equivalent to the those of the "home" country.

FIGURE O.5. Regulatory readiness for digital trade in LAC



Source: World Bank (2025a).

Note: The color and size of bubbles represent regulatory readiness in each country or grouping by category, based on the share (in quintiles) of positive answers in that category, ranging from 0 to 100%. Data as of March 2024.

The OECD average includes Australia, Czechia, Estonia, France, Israel, Japan, Korea, Latvia, Lithuania, New Zealand, Norway, Slovenia, Switzerland, Türkiye, the United Kingdom, and the United States.

Paperless trade is covered in the section on trade facilitation.

International cooperation on these issues has intensified. Many have been the focus of WTO Members' deliberations under the Work Programme on Electronic Commerce, and they are also addressed in the Agreement on Electronic Commerce, which a group of WTO Members has negotiated and is seeking to incorporate into the WTO's rulebook. However, the readiness of LAC countries to adopt the disciplines of the Agreement on Electronic Commerce remains limited at present.

Proposed actions

- Adopt a balanced framework for cross-border data transfers that minimizes costs for firms when moving data internationally while ensuring adequate safeguards, such as the protection of personal and other sensitive data.
- Develop and enforce robust cybersecurity and data protection laws that align with international standards.
- Promote the alignment or interoperability of digital regulations, including data privacy and AI governance, through international cooperation and trade agreements.
- Consider adopting the disciplines contained in the stabilized text of the plurilateral Agreement on Electronic Commerce negotiated at the WTO.
- Adopt clear guidelines for platform liability that follow best practices.

Strengthen digital infrastructure and connectivity to improve internet access, affordability, and participation in digital trade

World-class internet and broadband connections are critical enablers of digital trade. LAC economies have made significant progress on adopting and enhancing internet connectivity in the past two decades. However, they continue to face challenges that impact the development and operations of such infrastructure and its ability to support the region's growing digital economy and trade. These include the availability of fiber optic broadband, regulatory complexities, and energy concerns. LAC economies have frequently made statements regarding these factors during deliberations on the WTO's Work Programme on Electronic Commerce.

Internet usage in LAC remains uneven: only in Chile and The Bahamas does the share of the population using the internet exceed 90%, while in most Central American, Andean, and Caribbean countries, usage rates are below 80% (figure O.6). In terms of mobile access, 4G coverage is widespread across

the region. However, 5G remains in its early stages of development: only the Dominican Republic currently exceeds 70% coverage. To keep pace with developments in more digitally advanced economies, the region needs to accelerate the deployment of 5G networks.

Affordability remains another key challenge in some LAC economies. Fixed broadband is extremely expensive in countries like Haiti, costing 38% of gross national income per capita (GNI), and also remains notably high in Argentina (14%) and Honduras (11%). By contrast, it is much more affordable in countries such as Mexico and Guyana (below 2%).

Data centers are the core infrastructure for storing, processing, and transmitting the data generated by digital activities. They house the servers and infrastructure that enable businesses to perform the core functions of digital trade—such as managing inventory, maintaining customer data, and processing payments—in a cloud-based environment rather than on local servers. Data centers have only a limited presence outside Brazil, Mexico, and Chile, which might impact reliable and secure access to data, increase latency, and slow the adoption of cloud- and AI-based tools. At the same time, if the regulatory environment facilitates cross-border data flows, firms can access data storage and computing facilities remotely. Accordingly, whether data centers need to be located locally will depend on each country's specific circumstances.

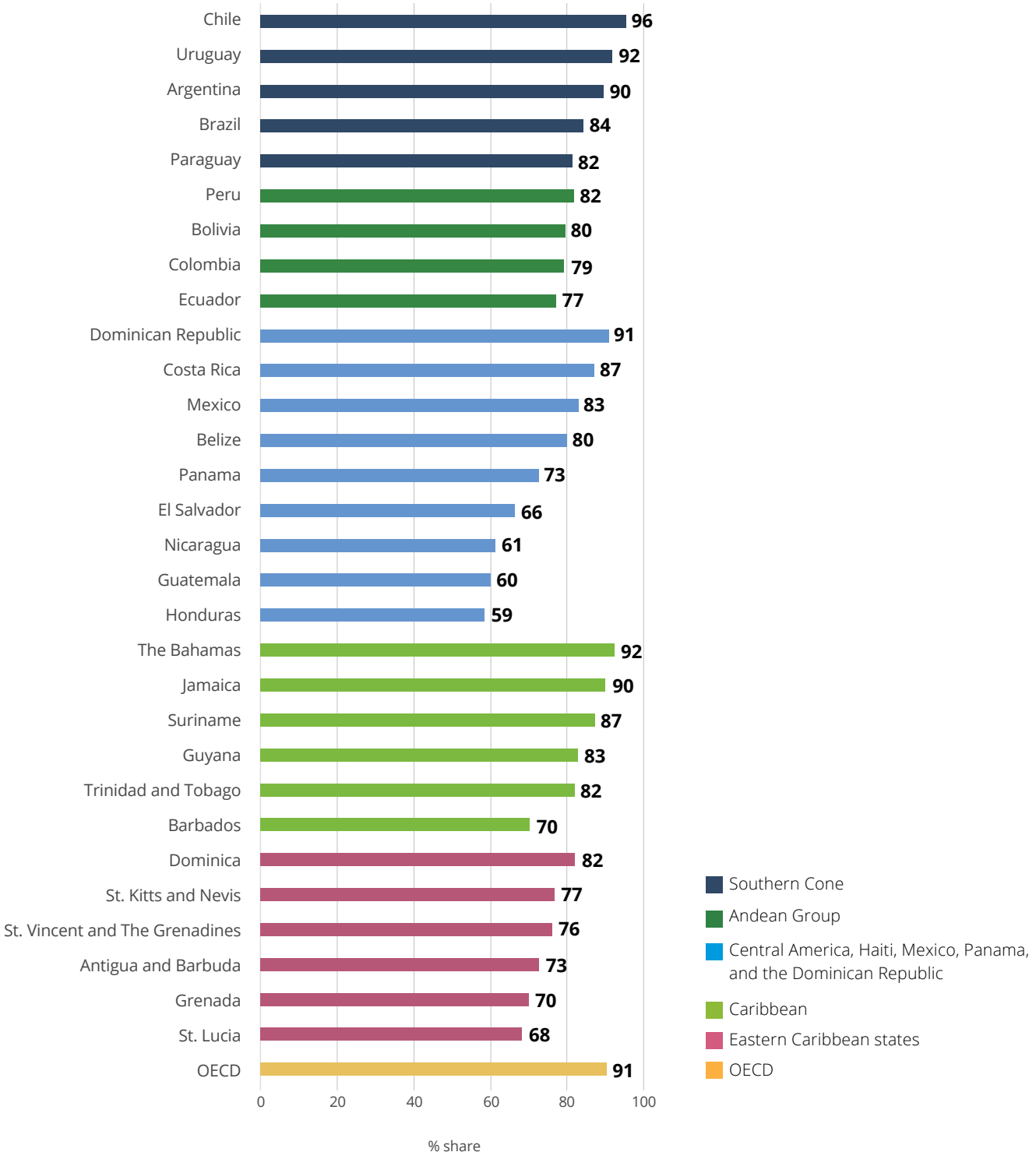
Proposed actions

- Foster competition, investment, and regulatory reforms in telecom markets, including by using tools such as the GATS and its Telecommunications Reference Paper to lock in reforms and guard against costly policy reversals.

- Expand high-speed broadband and mobile networks, prioritizing underserved regions and leveraging public–private partnerships.

- Improve data center infrastructure and power grids to support technologically advanced, digitally delivered services.

FIGURE O.6. Share of population using the internet in LAC, 2024



Source: ITU (2025).

Modernize cross-border payment systems

Digital payments are a key enabler of digital trade, providing the rails for affordable, fast, transparent, and accessible transactions. Widespread access to digital payments is needed to facilitate the remote person-to-business (P2B) and business-to-business (B2B) transactions that support digital trade. Financial inclusion has improved in LAC: 74% of adults have a transaction account. However, only 20% make online P2B payments. Fast payment systems exist in over a dozen countries in the region, but cross-border payments remain slow and costly.

Trade regimes for payment services are generally more open in LAC than the global average. However, only around half of the region's economies have guaranteed them to some extent in the WTO.

Proposed actions

- Foster open, competitive payment markets, including by guaranteeing trade regimes under the GATS.
- Align regulatory requirements for cross-border payments to ensure a level playing field for all providers.
- Accelerate migration to the ISO 20022 standard for payment systems and promote interoperability among payment systems.

Improve logistics, streamline border processes, and adopt modern technologies to support digital trade in goods

Efficient logistics and custom procedures are fundamental to the success of e-commerce because they enable goods to be moved across borders rapidly, reliably, and cost-effectively. This, in turn, is essential for meeting the expectations of both online buyers and sellers. However, the quality of logistics infrastructure and services in LAC still lags behind that of Organisation for Economic and Co-operative Development (OECD) countries in critical areas such as transport infrastructure, shipment arrangements, logistics service competitiveness, and tracking capabilities (World Bank, 2023).

Trading conditions in service sectors that enable digital goods trade, such as transport or postal and courier services, are slightly more open in LAC than the global average, albeit with significant variations at the individual country level. All the same, they are rarely guaranteed at the WTO.

Most LAC governments have worked to facilitate goods trade through the simplification, harmonization, and digitalization of trade procedures and have made commitments under the WTO Trade Facilitation Agreement (TFA). The vast majority have ratified the TFA and are aiming to fully implement it by 2038.[9]

These policies have had significant positive effects on international trade for firms and countries (Volpe Martincus, 2016). However, despite this progress, there are still significant bottlenecks in the administrative processing of trade flows by customs and other border agencies. This results in longer-than-necessary processing times and higher trade costs, leading to difficulties for firms trying to meet demands for speed and reliability in e-commerce. Postal services are vital for business-to-consumer (B2C) e-commerce but also perform unevenly on delivery and traceability, increasing costs for online sellers and customers.

These gaps not only undermine the competitiveness of LAC exporters but also increase unpredictability and complicate returns, making logistics and customs modernization a critical priority for e-commerce growth in the region. This is especially the case because growth in cross-border e-commerce is associated with an exponential increase in the number of low-value international parcels that must clear customs, thereby putting further pressure on customs agencies' limited resources and their ability to appropriately manage risk associated with these flows (Estevadeordal et al., 2020).

Proposed actions

- Invest in modern logistics infrastructure and last-mile delivery solutions to promote competition in service sectors that enable digital goods trade, including by using tools such as the GATS.

- Fully implement the WTO TFA, streamlining customs and border agencies' procedures and implementing single windows.

- Adopt new digital technologies, such as AI, to optimize risk management and administrative processing, thereby reducing unnecessary, delay-generating border controls.

- Advance regional cooperation on trade facilitation, developing shared digital trade platforms and harmonized customs procedures.

9 All LAC WTO Members except Haiti and Suriname have ratified the TFA, but implementation rates vary widely.

Scale up export promotion to support digital trade

Most firms in LAC have yet to start exporting, and those that do have a low rate of participation in international markets. A key barrier is the lack of reliable information on foreign markets, such as demand, applicable regulations, and pricing. These gaps result in underinvestment in exports and missed opportunities in foreign markets.

Export promotion agencies are virtually ubiquitous across LAC and play a vital role in addressing these challenges by reducing information barriers and providing training, matchmaking, and market access support services. Evidence shows that these programs can significantly boost export performance, particularly among new and small firms, helping them expand into new markets and products (Volpe Martincus, 2010).

Information frictions are another important obstacle to digital trade. LAC firms typically still have only limited knowledge of digital channels and the conditions and skills needed to market and sell to international customers. Many export promotion agencies now also promote digital exports, helping firms to sell through online platforms and supporting digital service providers in serving global buyers. Initiatives such as the IDB's ConnectAmericas platform and partnerships with online marketplaces offer additional opportunities to scale access to international markets and overcome information asymmetries.

Export promotion therefore remains a key tool to help firms identify and seize opportunities in international trade in the digital era. Governments should be ready to scale up these efforts and adjust them as new markets and digital channels emerge.

Proposed actions

- Use digital tools and data-driven approaches within export promotion agencies to better match firms with international partners.

- Include digital services exports in export promotion programs, offering tailored support such as trade fairs and information on VAT reimbursement and trade finance.

- Design and implement evidence-based programs that specifically target information frictions affecting digital trade.

- Leverage existing online business platforms such as IDB's ConnectAmericas and partner with online platforms, logistics firms, and fintech providers to support firms in digital exporting.

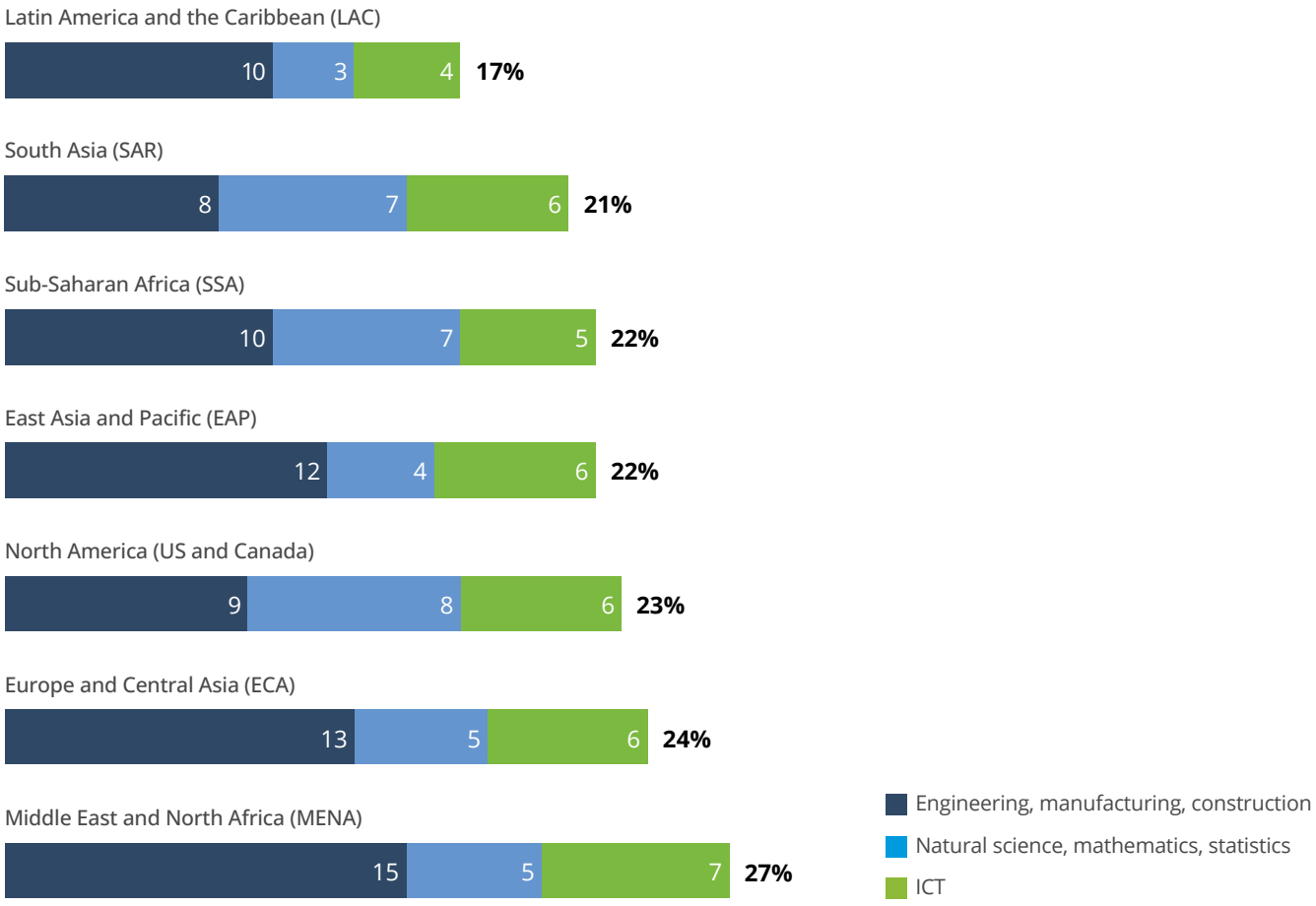
Support firms as they adopt digital technologies, build relevant skills, and access financing to leverage the opportunities of digital trade

Firms' capabilities and skills are central to their participation in digital trade. Although LAC has made some progress in this area, it continues to face notable challenges. In particular, it is lagging in capabilities, particularly basic, technical, managerial, and entrepreneurial human capital. It is also behind on supporting nonmarket, knowledge-related institutions such as universities and public research entities. Together, these determine a country's capacity for technological absorption—that is, understanding new technologies, evaluating their profitability relative to existing alternatives, financing and implementing them over a long gestation period, and managing risk and potential failure. Many LAC countries trail behind global leaders, albeit with significant variation across sectors and firms (Maloney et al., 2025). Within countries, larger and more mature firms tend to have stronger digital capabilities, particularly if foreign-owned or in the service sector. These firms were also more likely to have pivoted to online sales during the Covid-19 pandemic, increasing their resilience to global shocks.[10]

There is also a shortage of technical and digital skills. The supply of science, technology, engineering, and math (STEM) graduates is generally low compared to other regions (figure O.7) (Azuara et al., 2021). Moreover, many households in the region are not connected to the internet due to a lack of digital skills (World Bank and UNDP, 2022), pointing to a need for greater inclusivity.

10 Based on Enterprise Survey data.

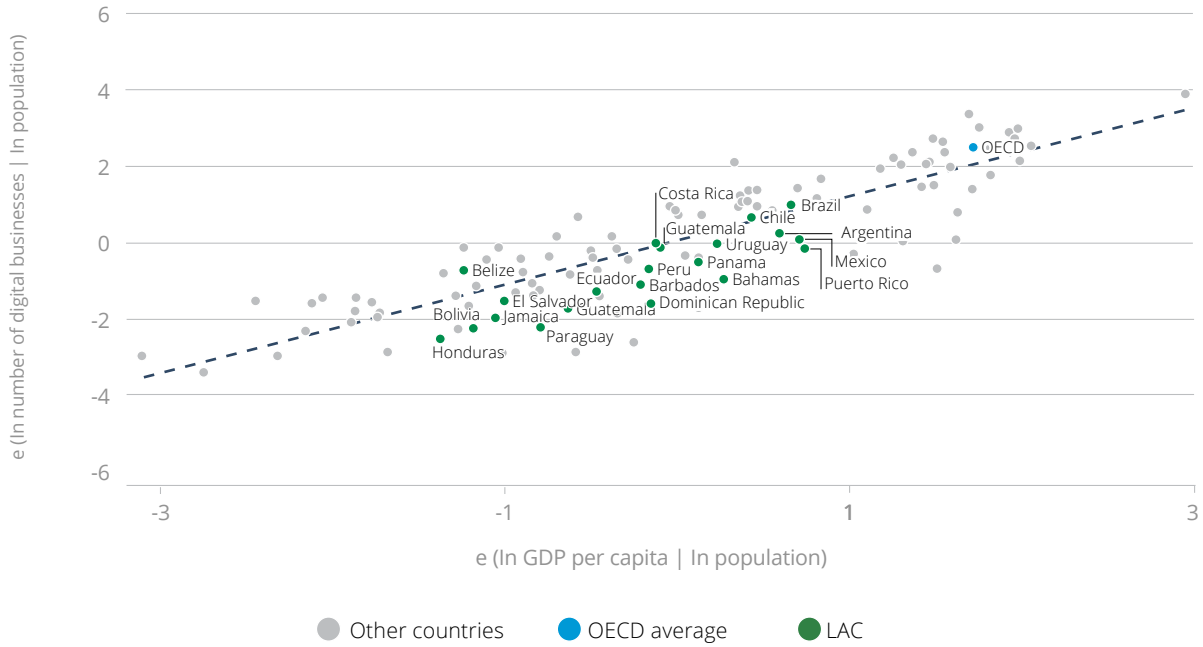
FIGURE O.7. Share of STEM graduates over all tertiary graduates by region and STEM category, 2021



Source: IDB (2021).

As a result of these gaps, the number of digital businesses in LAC countries is lower than would be expected based on GDP (figure O.8). There are also relatively few businesses operating in technologically advanced digital sectors like AI and big data.

FIGURE O.8. Number of digital businesses relative to population and GDP per capita in LAC, 2022–2024



Note: N = 832,433.

Source: World Bank FCI Digital Business Database.

Access to financing is another major barrier, particularly for digital-only firms with innovative business models and intangible assets. Equity investment is particularly uneven across the region, with fintech and online distribution attracting the most funding.

To fully realize the potential of digital trade, LAC countries need to address these capability gaps by investing in digital skills, improving access to information and finance, and fostering an inclusive digital ecosystem that supports both established and emerging firms.

Proposed actions

- Invest in entrepreneurship support and incubator and accelerator programs focusing on digital business models, including through the use of AI-driven tools.

- Develop and scale up digital skills and vocational training, incorporating business management, entrepreneurship, and STEM skills.

- Strengthen the role of publicly supported research institutions and technology transfer organizations as providers of public goods in the identification and dissemination of new technologies;

foster university–industry collaboration; and enhance technology adoption, including by facilitating the use of off-the-shelf or easily licensed technologies and private sector engagement with the global knowledge frontier (such as via linkages with multinational firms and co-invention with international partners).

- Improve access to finance for digital transformation, including credit lines, equity instruments, and risk-sharing mechanisms, and promote seed or risk capital and facilitate innovative financing models for digitally focused firms as well as the use of intangible assets (such as intellectual property rights and contracts) as indicators of innovative firms' value and repayment capacity.

Improve how digital trade is measured

Accurately measuring digital trade is essential for understanding its current state, gauging its full potential, and designing effective policies. However, there is still no consistent and internationally comparable data across countries for digitally ordered trade, making it difficult for policymakers to determine where policy action is needed or to assess its impact.

Proposed actions

- Adopt the international standards for digital trade measurement in the *Handbook on Measuring Digital Trade*.

- Build statistical capacity in national agencies to collect, analyze, and report digital trade data.

- Foster regional and global cooperation on digital trade statistics, including by building partnerships with the private sector (e.g., the IDB-facilitated Americas Business Dialogue) and other relevant actors (e.g., academic establishments and associations), sharing best practices, and developing common reporting frameworks.

The way forward

LAC countries have made significant strides toward greater participation in digital trade, from expanding broadband access to strengthening digital skills and modernizing customs. However, the pace and scale of change must accelerate to keep up with global trends and ensure that all countries and people benefit. Greater cooperation, coordination, and knowledge sharing—both within the region and with global partners—are essential to address cross-border challenges and leverage collective strengths.

International organizations can continue to play an important role in supporting these efforts by providing technical assistance, policy advice, and financing. This report offers a set of possible actions to help LAC countries play a greater role in digital trade. While the recommendations provide a common foundation, governments can use them to develop tailored roadmaps that reflect their specific situations, priorities, and needs. These roadmaps can help prioritize actions, mobilize resources, and engage key stakeholders, turning digital trade into a powerful engine for inclusive and sustainable growth.

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