Chapter 1.
The Current State of Digital Trade in Latin America and the Caribbean

Introduction

Digitalization has fundamentally reshaped trade, making transactions easier and less costly, increasing the tradability of goods and services, and expanding opportunities for more firms and individuals to engage in global commerce. Worldwide, the rapid growth of digitally delivered services—such as call center activities, computer services, and online education—has been striking. Since 2005, the global export value of these services has nearly quadrupled, reaching US$4.78 trillion in 2024 and accounting for 14.8% of global exports of goods and services. This expansion has outpaced the growth of goods trade (4.5%) and of other services exports (4.9%), underscoring the rising importance of digital trade in the global economy.

Latin America and the Caribbean (LAC) has kept pace with these global trends. The accelerating shift toward digitalization has enabled consumers and firms in the region to participate more in digital trade. Digitally delivered services have become the fastest-growing segment of LAC trade, offering new avenues for productivity growth and development in LAC economies. This chapter focuses on the growth and relevance of digital trade in LAC economies, particularly trade in digitally delivered services and digitally ordered goods. It starts by defining digital trade, discusses its contribution to growth and development, analyzes trends over the past two decades, and highlights the importance of intraregional trade for small and emerging exporters.

Defining digital trade

This report adopts the definition of digital trade from the *Handbook on Measuring Digital Trade* (IMF, OECD, UNCTAD, and WTO, 2023), which encompasses all international trade that is digitally ordered and/or delivered.

According to the publication:

- *Digitally ordered trade* covers international transactions for goods and services performed using computer networks in ways that are "specifically designed for the purpose of receiving or placing orders." Examples include ordering a T-shirt from abroad on a manufacturer's website or booking a restaurant in another country on a digital platform.

- *Digitally delivered trade* is "all international trade transactions that are delivered remotely over computer networks" and covers only services trade.[1] These transactions may be performed using email,

1 WTO Members hold different views as to whether all digitally delivered trade constitutes trade in services.

voice and video calls, apps, and intermediation platforms. Examples range from computer services to banking services to remote learning courses.

The World Trade Organization (WTO) uses the term "electronic commerce," which it defines as "the production, distribution, marketing, sale, or purchase of goods and services by electronic means." As this definition aligns with that of digital trade in the *Handbook on Measuring Digital Trade* (IMF, OECD, UNCTAD, and WTO, 2023), this report uses the two terms interchangeably.

The measurement of digital trade has improved in recent years (see box 1.1). However, statistics on digitally ordered trade remain sparse, tend not to distinguish between domestic and international trade, and are not comparable across economies.

BOX 1.1. Data sources for digital trade

Digitally delivered trade

Information about trade that is or may be delivered digitally can be found in the following sources:

- **The WTO Digitally Delivered Services Trade Dataset**,[2] which is used in this report, covers more than 200 economies and regions. The dataset contains WTO estimates of services traded through computer networks—such as the internet, apps, email, voice and video calls, and digital intermediation platforms—across eight subsectors between 2005 and 2024. The coverage of digitally delivered services aligns with the definition in the *Handbook on Measuring Digital Trade* (IMF, OECD, UNCTAD, and WTO, 2023).

- **The WTO–OECD Balanced Trade in Services (BaTiS) database** (WTO and OECD, 2024), which estimates the destination of digitally deliverable services trade. It contains a balanced matrix of international trade in services for over 200 reporting economies and their partners by sector for 2005–2023.[3]

2 See WTO (2024).

3 See WTO and OECD (2024). BaTiS reconciles exports and imports "by calculating a symmetry-index weighted average between the two, following a similar approach to that developed for international merchandise trade statistics." This approach resolves asymmetries between reported and mirror flows. See OECD Data Explorer (https://data-explorer.oecd.org/vis?df[ds]=DisseminateFinalDMZ&df[id]=DSD_BATIS%40DF_BATIS&df[ag]=OECD.SDD.TPS&dq=.....A.USD_EXC.&pd=%2C&to[TIME_PERIOD]=false&vw=ov).

It should be noted that 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. The total value of digitally deliverable services will be greater than (or equal to) the total value of services that are digitally delivered.

Digitally ordered trade

- **Digitally ordered trade is harder to capture**, and no internationally comparable information is currently available.

Proxies for LAC include:

- **Transactional data**, which allow patterns in the total and average value of purchases, number of transactions, and number of buyers to be measured, both in general and by country of origin and product (Carballo et al., 2020a, 2021b; Volpe Martincus et al., 2024).[4]
- **Data on postal shipments** from the Universal Postal Union and national postal services.[5]
- **The Marketplace Explorer**, which quantifies traffic (visits) to hundreds of LAC marketplaces and platforms by country of origin, as well as from LAC to foreign platforms in 2019–2023.[6]
- **Numerous consumer and business surveys**, including several mentioned in boxes in this report, that also identify the types of firms that engage in digital trade.

4 One example is Uruguay's franchise regime, which offers data on all credit card and debit card purchases that Uruguayans make abroad. The regime allows all adult Uruguayans to buy noncommercial merchandise abroad up to three times a year for up to US$200 (and 20 kg) each without paying customs duties or taxes. See Carballo et al. (2016).

5 See Universal Postal Union (2024). A recent IDB study covering the universe of Peru's export transactions from 1999 to 2014, including regular and postal shipments, shows that the postal shipments mode has been associated with increased and more diversified regional exports, higher entry and exit rates, greater export experimentation, and learning within and across firms. See also Carballo et al. (2016).

6 This database developed by the International Trade Centre, the United Nations Economic Commission for Latin America and the Caribbean, and the Centre for Market Insights of the Amsterdam University of Applied Sciences—enables an LAC-wide analysis of B2C goods-oriented marketplaces. The dashboard explores trends in marketplace usage from 2019 to 2022, relative adoption across 33 countries, and country-by-country benchmarking. The tool covers visitor traffic and characteristics of almost 900 marketplaces and 2,900 marketplace websites targeting the 33 markets with country-specific URLs, webpages, or subdomains. See Lottito and Astarloa (2023).

How digital trade benefits economies

The expansion of digital trade can translate into economic growth and inclusion through various channels:

1. **Digital trade expands firms' available markets and helps match demand to supply**. Multiple firm-level surveys, including in LAC, show that online sellers, especially those using digital platforms and marketplaces, are much more likely to export than offline sellers (Suominen 2019 and 2023). Specifically, online presence increases the visibility of companies, reduces search costs, and facilitates communication between buyers and sellers, thus reducing the role of physical distance as a deterrent to trade in online markets as compared to traditional "offline" markets (Hortaçsu et al., 2009; Lendle et al., 2016; Alaveras and Martens, 2015; Fernandes et al., 2019; Carballo et al., 2022).

   Online selling, both domestically and abroad, can also help businesses increase their productivity and export competitiveness. For example, retailers with an online presence can offer a broader range of products by avoiding physical limitations and infrastructure investments, thereby reaching more consumers at a lower cost. Online sellers grow faster and are more productive than firms that do not sell online.

2. **Digital trade can enhance consumer welfare through various channels**. Trade increases consumer welfare by expanding access to a wider variety of goods and services. Digital trade arguably amplifies these gains, further widening consumer choice. For instance, online shopping has been found to enable rural households to access goods similar to those available to their urban peers, boosting their welfare (Couture et al., 2021). The Japanese platform Rakuten has promoted price convergence across cities and increased the availability of varieties. As a result, consumers benefit from lower, less varied prices for goods that are sold more intensively online (Jo, Matsumura, and Weinstein, 2022).[7]

3. **There is emerging evidence that digitally delivered services trade promotes income growth**. A 1% increase in digital services exports has been found to increase per capita GDP by 0.78% in emerging countries and 0.34% in developing countries (Mulenga and Mayondi, 2022). This suggests that digital trade may yield growth dividends and serve as a "growth escalator," much as manufacturing did in past decades.

7 See also Goldmanis et al. (2010); Lieber and Syverson (2012); and Goldfarb and Tucker (2019). Brynjolfsson, Hu, and Smith (2003) and Quan and Williams (2018) find significant consumer welfare gains from online access to a greater variety of books and footwear, respectively. More broadly, considering aggregate benefits, Dolfen et al. (2023) estimate that welfare gains from digitally ordered trade for consumers in the United States amounted to approximately 1% of annual consumption in 2017.

4. **Digitally traded goods and services can create jobs.** In services, jobs can be created both in small businesses that leverage digital trade to grow sales and hire employees, and in established tech multinationals that serve customers around the world (Zhao et al., 2025; US Chamber of Commerce, 2024). For example, Mexico's Softtek, which offers cloud, application, and data solutions for leading global firms and local governments, employs 15,000 people in LAC, while the Buenos Aires–based Globant, a software development company, has 23,000 employees, mostly in LAC. Additionally, online distribution platforms can promote backward linkages with domestic producers, while export-driven e-commerce sellers and small creators and influencers can, upon exporting, contract more vendors in their local economies.

5. **Digital trade can promote inclusive development.** Online channels such as social media platforms, video sharing services, and e-commerce marketplaces have given firms that have traditionally struggled to export, such as microenterprises, opportunities to increase visibility among foreign customers and receive international orders online (Carballo et al., 2022; UNCTAD, 2015; World Bank, 2016; OECD, 2019). Digitalization is also helping women-led firms connect with local and global customers with greater ease than they might offline (IFC, 2021; Nextrade Group, 2022). By allowing people to access markets beyond traditional office settings and hours, digital platforms can expand trade participation and income opportunities, helping reduce gender gaps, especially for women with caregiving responsibilities (Barafani and Barral Verna, 2020).

6. **Imports of digitally delivered services, such as business, telecommunications, or financial services, can increase the competitiveness of firms across sectors in international markets**. Several studies demonstrate how services imports can boost countries' goods exports.[8] At the firm level, recent studies show that digital imports of services also increase export volumes and improve export quality, including in manufacturing (Zhang et al., 2023).

Despite its benefits and potential opportunities, digital trade also poses challenges. Sellers anywhere in the world can set up online stores and gain visibility among global buyers, or deliver services digitally across borders, creating new competitive pressures for domestic sellers. For example, e-commerce can reduce the market share of smaller, less productive retailers (Goldmanis et al., 2010). Likewise, a major e-commerce company setting up fulfillment centers has been shown to lower the income of traditional retail workers in nearby counties and reduce sales and employment levels of nearby stores (Chava et al., 2022).

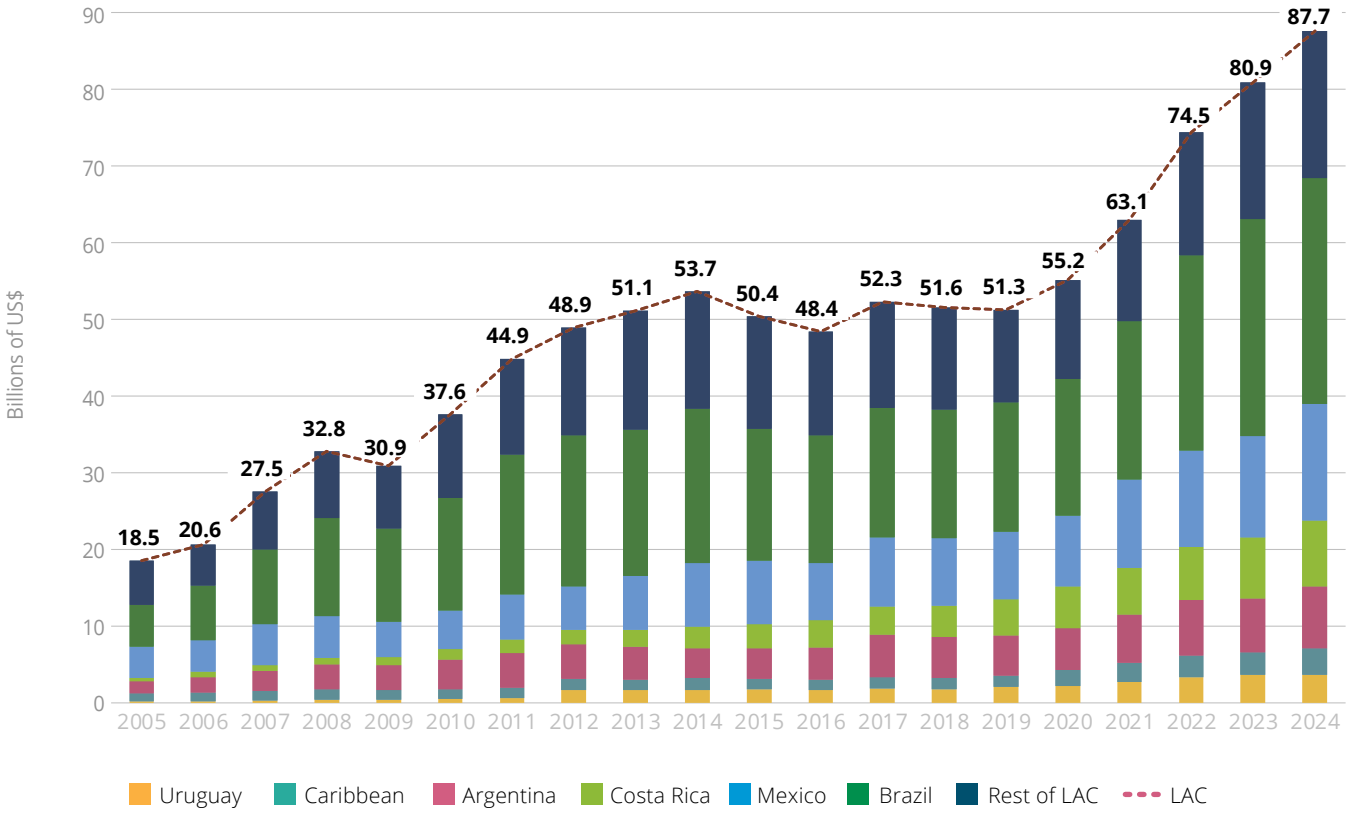
8 For example, recent data on Belgian exporters that sell both goods and services show that the provision of services is associated with higher goods sales (Ariu et al., 2020).

As digital trade continues to gain prominence, policymakers will need to design complementary, well-targeted interventions that not only support its development but also mitigate adjustment costs, create inclusive opportunities, and ensure its benefits are widely distributed.

Digital trade in LAC: Trends over the past 20 years

Digitally delivered services exports from LAC grew nearly fivefold between 2005 and 2024, rising from US$18.5 billion to US$87.7 billion (figure 1.1). In 2024, the leading exporters were Brazil (US$29.4 billion), Mexico (US$15.2 billion), Costa Rica (US$8.6 billion), and Argentina (US$8 billion). Other smaller LAC economies have also seen rapid growth in digitally delivered services exports since 2005, such as the Dominican Republic (US$2 billion), Nicaragua (US$316 million), and Belize (US$227 million).

FIGURE 1.1. Digitally delivered services exports in LAC countries, 2005–2024 (billions of US$)

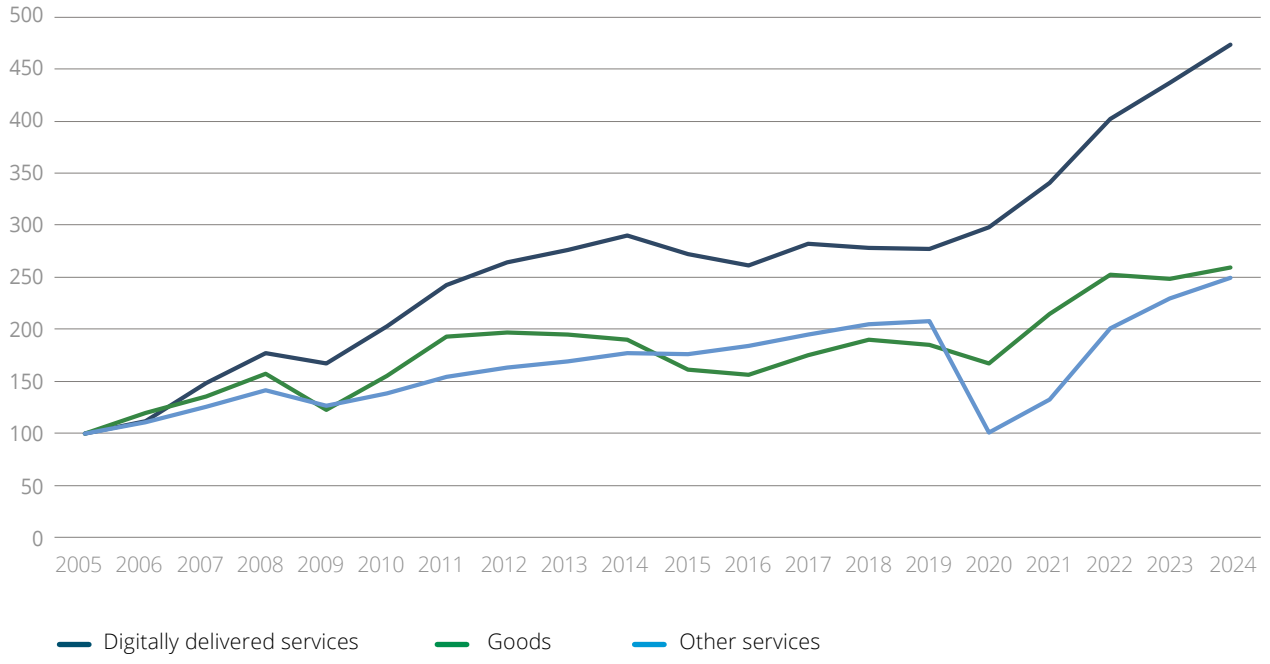


Source: WTO (2024a).

Digitally delivered services are the fastest-growing area in LAC trade

Trade in digitally delivered services has been growing faster than trade in goods and other services. In LAC, exports of digitally delivered services have grown at an average annual rate of 9% since 2005 (slightly higher than the global average of 8.4%), compared with 5% for the region's goods exports over the same period. A notable slowdown occurred between 2014 and 2019, largely driven by Brazil's sharp decline in exports. During this period, Brazil's digitally delivered services exports contracted by an average of 3% per year, reflecting the impact of an economic crisis and currency depreciation against the US dollar, with a sluggish recovery in the years that followed. Unlike other services or goods trades, digitally delivered services trade not only withstood the Covid-19 shock but its growth accelerated further postpandemic (figure 1.2)

FIGURE 1.2. Growth of LAC's digitally delivered services, other services, and goods exports, 2005–2024 (%, index 2005 = 100)



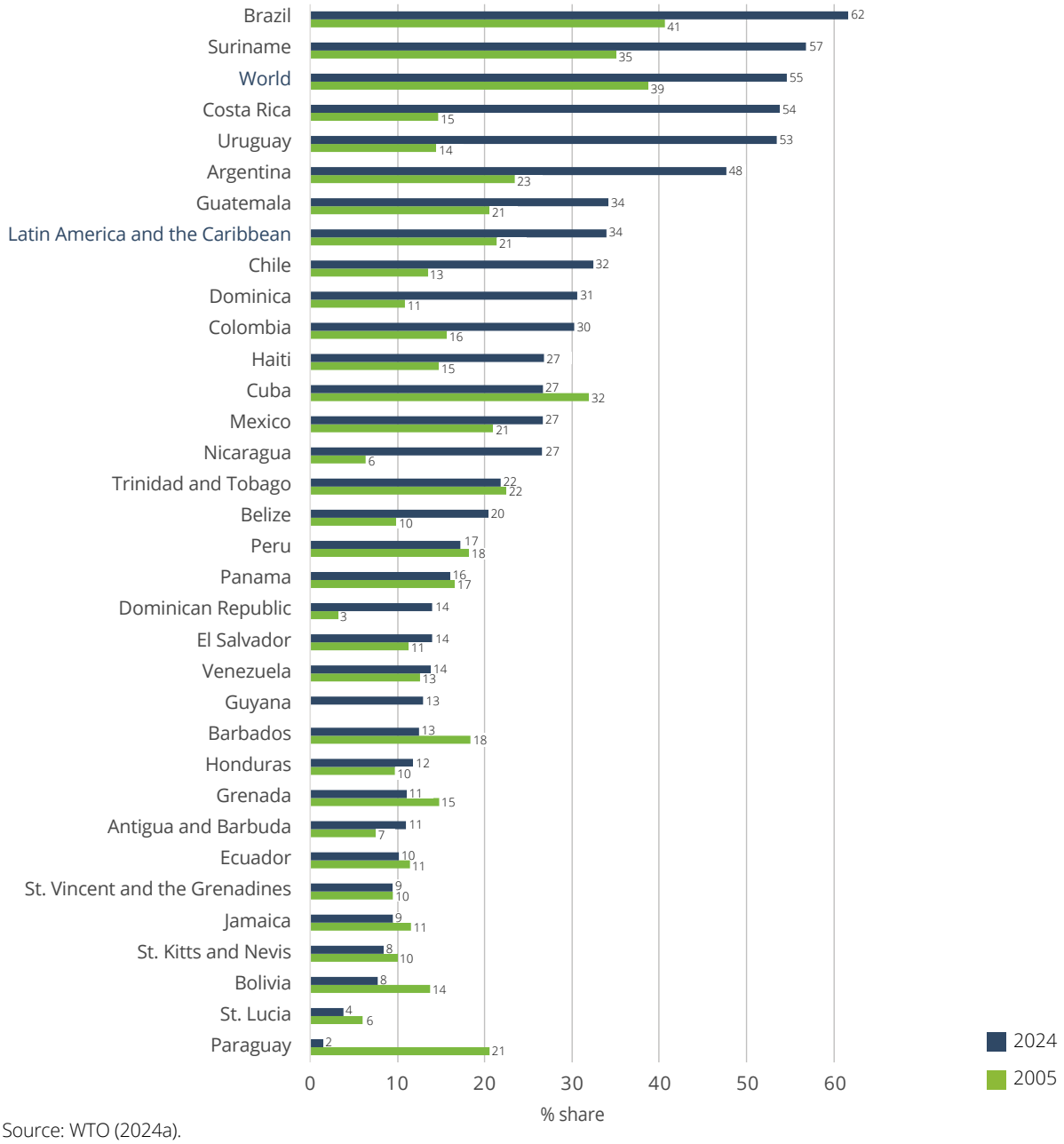
Source: WTO (2024a).
Note: The category of other services refers to services that are not delivered digitally.

Over the past two decades, digitally delivered services exports have grown to represent a much larger share of total services exports[9] across almost all economies in LAC. Their share of the region's total services

9 Digitally delivered services exports are a subset of commercial services exports (here referred to as "services exports"). They are all services supplied to nonresidents of the producing economy except government goods and services n.i.e., as defined under EBOPS 2010.

exports rose from 21.3% in 2005 to 34.0% in 2024, peaking at 44.4% in 2020, during the Covid-19 pandemic. In leading exporters such as Brazil, Costa Rica and Mexico, they accounted for 62%, 54%, and 27% of total services exports in 2024, respectively, driven largely by business services. Most notably, exporters such as Uruguay, Argentina, and Suriname recorded significantly higher shares of these services than in 2005 (53%, 48%, and 57%, respectively), reflecting a rise in exports of computer and business services (figure 1.3).

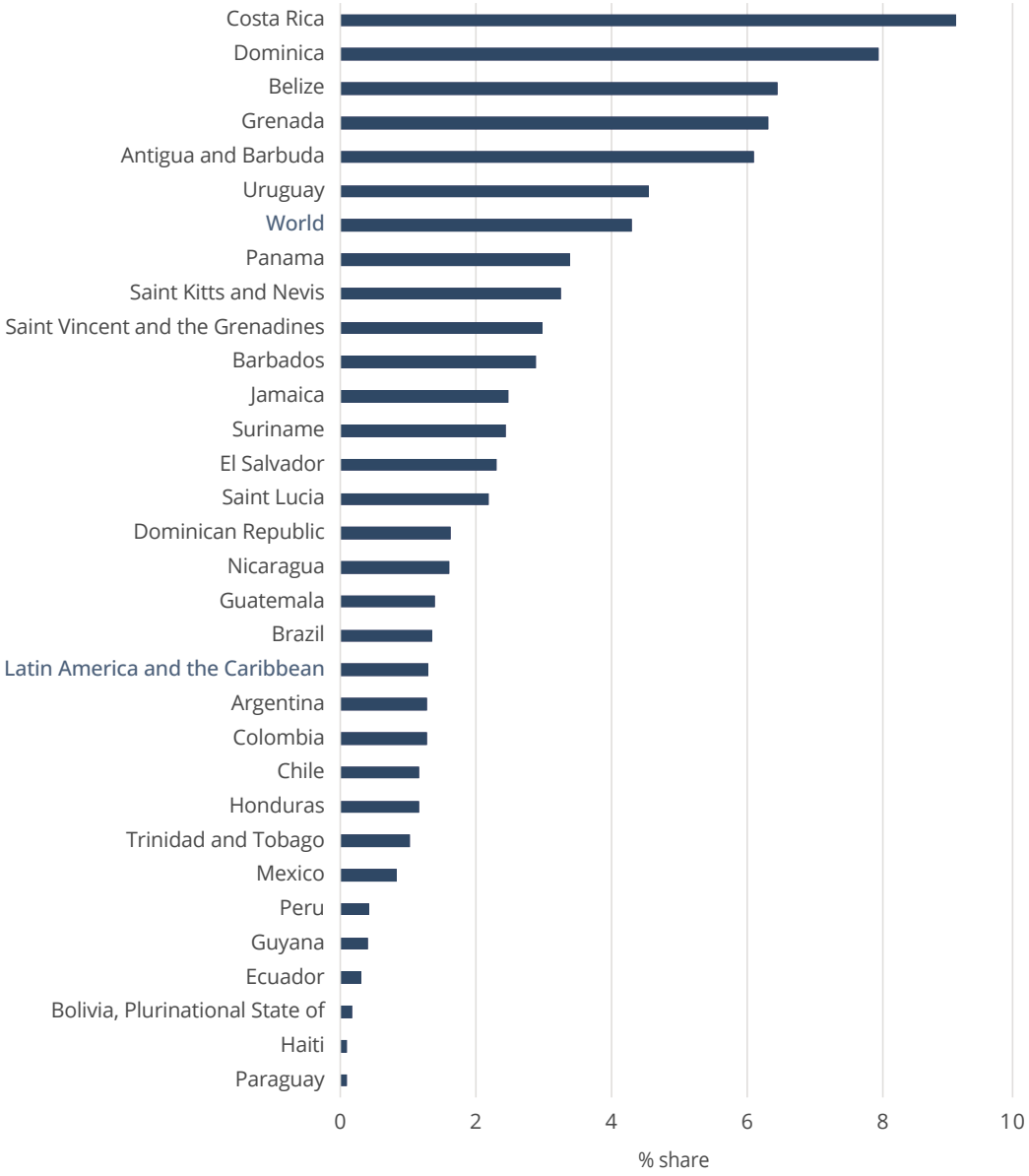
FIGURE 1.3. Share of digitally delivered services in services exports by country, 2005 vs. 2024 (% share)



Source: WTO (2024a).

Digitally delivered services exports still account for a small share of GDP in most LAC countries—1% or less in many cases, although there are some notable exceptions. In 2024, these exports accounted for around 9% of GDP in Costa Rica, 8% in Dominica, and 6% in Belize, Grenada, and Antigua and Barbuda (figure 1.4).

FIGURE 1.4. Digitally delivered services exports by country, 2024 (% of GDP)



Source: WTO (2024a). For GDPs, see World Bank World Development Indicators (https://databank.worldbank.org/source/world-development-indicators).

New technologies and infrastructure investments present a significant opportunity to expand trade in digitally deliverable services[10] in LAC. Digitalization enhances productivity and reduces trade costs, particularly by minimizing the need for physical interaction. Simulations through 2040 suggest that LAC's digitally deliverable services exports could grow by up to 7.9% annually, with digitalization alone contributing 4.5%. By then, they could account for up to 8% of the region's total trade in goods and services. While the results vary across countries, some—such as Costa Rica, Uruguay, and the Caribbean countries—could see digitally deliverable services exports accounting for more than 17% of total exports. Box 1.2 explores this potential in greater depth, presenting scenarios for how digitally deliverable services trade in LAC could evolve by 2040.

BOX 1.2. Simulations of new technologies and digitalization in LAC

New technologies and infrastructure investments may help countries in LAC strengthen their participation in digitally deliverable services trade. Digitalization helps raise productivity and lower trade costs, for example by reducing the need for face-to-face interaction. To assess the potential impact of these trends, this report explores three simulations that introduce (i) additional productivity growth from artificial intelligence (AI), (ii) reductions in trade costs due to increased use of digital technologies or improvements in these, and (iii) less need for face-to-face interaction. The analysis is conducted using two modelling paths—a core path and a convergence path—both of which capture digitalization trends relative to a business-as-usual baseline.[11] The core path assumes that all countries experience the same impact from digitalization, while the convergence path incorporates an improved policy environment in catch-up countries, leading to larger projected productivity gains and greater reductions in trade costs.

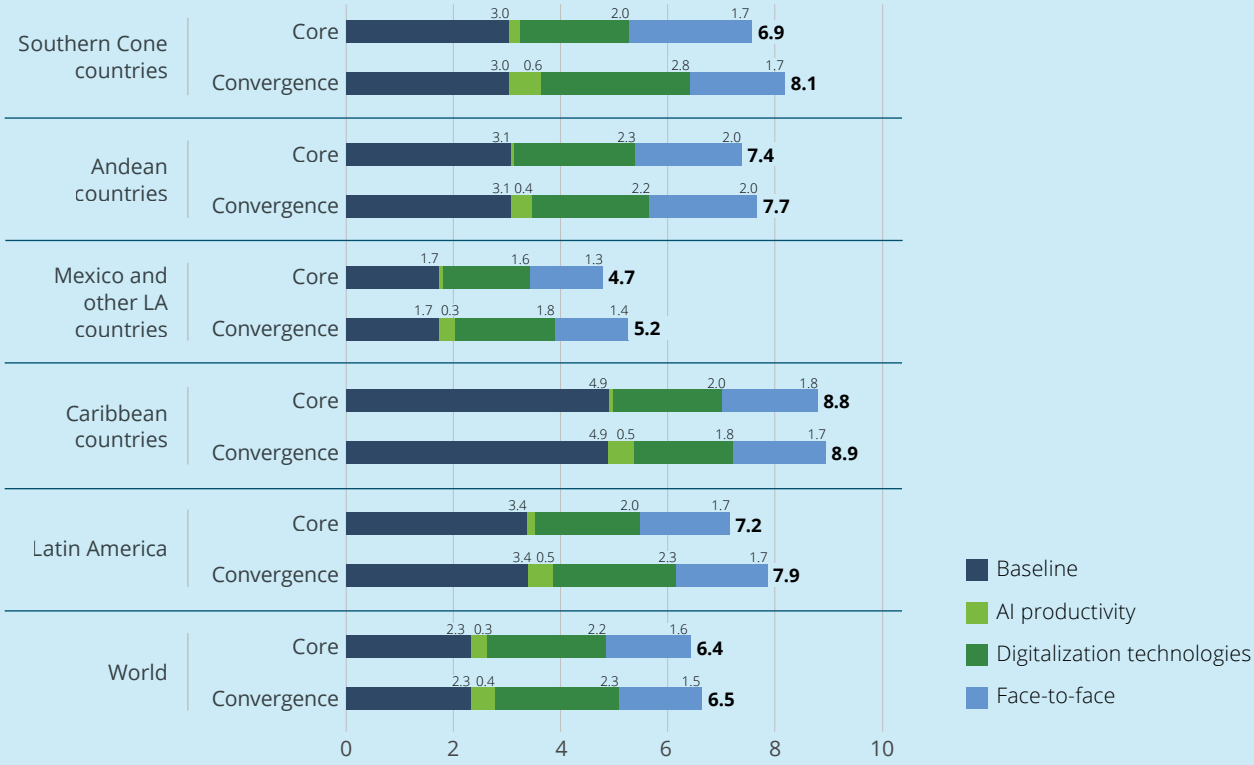
Overall, our projections indicate that LAC's digitally deliverable services exports could grow up to 7.9% on average per year (figure A), with digitalization contributing 4.5% (1.7% face-to-face; 2.3% digitalization technologies; and 0.5% AI productivity). The growth of digitally deliverable services exports in the baseline is largest in the Caribbean countries (4.9% per year). LAC benefits more from digitalization under the convergence path than the core path, with the most significant additional gains emerging in the Southern Cone countries (+8.1% per year instead of +6.9%) and Mexico and other LA (+5.2% per year instead of +4.7%). Furthermore, figure A shows that the largest projected increase in both the core and convergence paths comes from improvements in

10 As opposed to trade in digitally delivered services (see box 1.1).

11 The baseline describes the trajectory of the world economy to 2040 in the absence of digitalization trends and new technologies. For more details, see Bekkers et al. (2025) and WTO (2024).

digitalization technologies. On average, LAC is projected to experience higher growth in digitally deliverable services than the global average: under the convergence path, the region's projected growth rate is 7.9%, compared to a global average of 6.5%.

FIGURE A. Projected annual growth rate in digitally deliverable services exports, 2023–2040 (%)



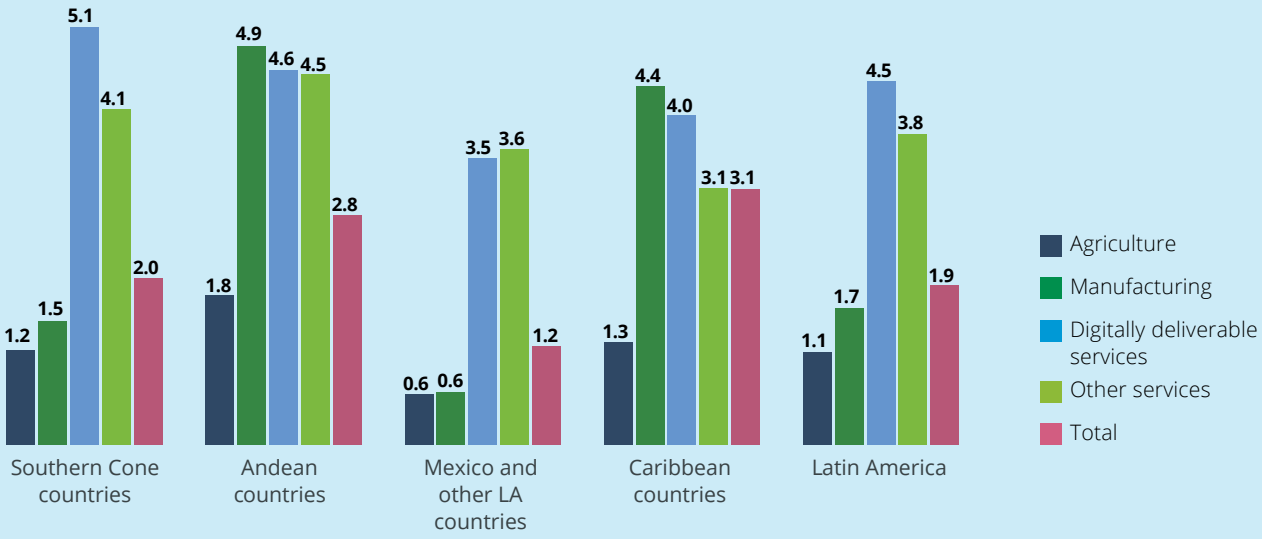
Notes: The figure displays the projected annual growth of real exports of digitally deliverable services (insurance, finance, communication, other business services, and education and health services) from LAC regions between 2023 and 2040, differentiated by the impact of technological trends used.

Source: Simulations using the WTO Global Trade Model.

Figure B shows projected additional annual growth (deviation from the baseline) across the different LAC regions for all aggregate sectors. The figure makes clear that for some regions, such as the Southern Cone countries, digitally deliverable services are projected to benefit most from digitalization in terms of additional export growth. In other regions, such as the Andean countries, the

greatest additional growth is expected to occur in manufacturing, due to its small initial share of exports, implying scope for expansion. However, for the whole of LAC, digitally deliverable services are projected to grow the most, followed by other services.

FIGURE B. Projected annual growth rate of exports from Latin American regions between 2023 and 2040 (%)



Notes: The figure displays the projected annual growth in real exports for LAC regions (deviation from the baseline) for the convergence scenario in various sectors from 2023 to 2040.

Source: Simulations using the WTO Global Trade Model.

Given the rapid expansion of digitally deliverable services exports, our projections indicate that these could account for up to 8% of the total goods and services trade in LAC. In particular, the share of digitally deliverable services exports among the Andean countries in 2040 is projected to be more than twice as large under the convergence path compared to the baseline (5.1% and 2.5%, respectively). The individual countries projected to have the largest share of digitally deliverable services in total exports in 2040 under the convergence path are Costa Rica (21.8%), Uruguay (17.6%), and the Caribbean countries (17.8%). These results show that technological development reverses the negative baseline trend of a declining share of digitally deliverable services in exports for most LAC countries. This again shows the importance of policy reforms and investment in digital infrastructure.

Source: Bekkers et al. (2025).

Technological advances, particularly AI, can also play a key role in expanding digital trade in LAC. AI can optimize logistics, improve inventory management, and streamline customs processes, thereby reducing trade costs for digitally ordered goods. It can also drive growth in digitally delivered services trade, including by increasing demand for supporting services such as cloud computing and data processing, which are often delivered cross-border, and by making information-intensive services more tradable across borders. Nonetheless, realizing the full benefits of AI depends on countries' capacity to process data and develop technical skills (see box 1.3).

BOX 1.3. Artificial intelligence and digital trade

Artificial intelligence (AI) is a general-purpose technology defined by the OECD as a "machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments" (OECD, 2024). AI is having far-reaching economic and societal effects, and its all-pervasive nature is also impacting digitally ordered and digitally delivered trade (see the definition of digital trade in box 1.1) and is expected to be especially significant for the latter.

With regard to digitally ordered goods trade, AI can be leveraged to reduce costs associated with transport and logistics, supply chain management, and regulatory compliance (WTO, 2024a). For instance, it can help optimize transport routes and warehouse utilization, enhance inventory management and demand forecasting, facilitate the automation of customs processes, and increase the ease and speed of border formalities. AI technologies can also improve the accuracy and efficiency of product classification, a critical function for effective trade policy and duty collection. Large language models (LLMs) can automate product categorization using text descriptions. Compared with traditional machine-learning approaches, LLMs maintain strong performance across datasets, with reported accuracies of 60%–90% depending on the level of aggregation. This capability can streamline customs processes, reduce misclassification costs, and speed up tariff-line attribution for cross-border e-commerce (Marra de Artiñano et al., 2023). AI adoption also helps lower the language barriers and search-and-match costs that international traders must handle, to the specific benefit of digitally ordered services trade.

AI's implications for trade in digitally delivered services are likely to be even more widespread. First, AI models are essentially software, albeit specialized software. If software is considered a service (WTO Members hold diverging views as to whether software is a service or a good when it is not traded via a physical carrier medium), the cross-border provision of an LLM or an AI chatbot built on top of an LLM boosts trade in digitally delivered services in and of itself. This kind of trade in AI

services is also expected to intensify: as a general-purpose technology, AI will be embedded in an increasing number of products, ranging from autonomous vehicles to healthcare and crop management, further enhancing demand for it and trade in it.

Second, AI deployment is likely to increase digitally delivered trade in a range of "AI-enabling" services. The enormous amounts of data and data handling required to run AI models are already driving demand for telecommunications and computer services, including cloud computing, data storage, and data processing, many of which are traded cross-border and delivered digitally. Another growth area is services that support the deployment, scaling, and optimization of AI itself, such as data entry, labeling and annotation services, or AI detection services, which are also often delivered remotely via electronic means (WTO, 2024b). Access to such services will be a key determinant of productivity and competitiveness, and most countries will require substantial imports of digitally delivered services.

Finally, AI is an input in the production of a growing range of services, spanning sectors as diverse as translation, legal services, and credit rating. Sectors characterized by cognitive, information-intensive, and routine tasks seem especially suited for AI automation. As these services may be supplied as digitized information flows, AI can be expected to further enhance their remote tradability, thereby boosting digital trade. It is also possible, however, that the supply of certain AI-enabled services will increasingly take place domestically. Some AI models may be more effective when trained on local proprietary data that better reflects specific, home-grown characteristics. As a result, AI deployment may incentivize the domestic production of context-specific, customized AI-enabled services. However, bringing this to fruition requires absorptive capacity in data processing capabilities and technical skills, which are not currently widely available, especially in developing countries (WTO, 2025).

LAC economies have promoted digital trade by cultivating local providers and promoting their exports. For example, El Salvador has focused on promoting local export-driven software companies through infrastructure and talent development and a network of incubators, accelerators, and international events. Argentina's Córdoba Cluster started out providing digital solutions to manufacturing industries but has matured into an export-driven software development hub with over 1,100 firms and 29,000 workers.[12] Many Caribbean economies have developed notable export-driven clusters of creative industries such as music, video, animation, and design (box 1.4).

12 See: https://cordobacluster.com/en/que-es-el-cluster.

BOX 1.4. The rise of creative industries in LAC

Creative industries have expanded in LAC on the back of digitalization. These include music, movies, images and paintings, video games, animation, design, graphic design services, and more. The creative industry makes up over 2% of LAC's GDP and employs around 1.9 million people (Luzardo et al., 2023). Creative industries are a particular driver of many Caribbean economies, making up 6% of Jamaica's GDP, for example (Watson et al., 2021).

LAC's creative industry is export-driven. For example, Argentina, Brazil, Colombia, and Costa Rica have become important developers for the global gaming industry and companies such as Nintendo, Sony, Microsoft, and Apple. Firms in these four countries provide character and environment design, modeling, programming, special effects, sound design, language quality control, augmented and virtual reality, and content customization for Spanish- and Portuguese-speaking audiences (Chulis, 2012).

Most LAC creative industry firms are very small. A 2020 survey of 450 Chilean creative firms indicates that 50% have earnings of fewer than 10 million pesos (about US$9,940); another 20% earn between 11 and 30 million pesos per year (ProChile, 2022). Though survey results need to be interpreted with caution, as samples may be subject to selection bias, the data indicate that as many as 66% of the surveyed firms exported. For half of these exporters, exports represented more than 10% of their revenue (ProChile, 2022). The main export markets were the United States (32% of total exports), Mexico (14%), Spain (10%), Germany (6%), and Argentina (6%). Asian markets, such as China, were reportedly important future targets.

Among the challenges faced by Chilean creative industry firms in exporting, about half of those surveyed saw access to financing for the international promotion of their products as the greatest obstacle, followed by financing for product development and production, and access to international partners. Firms particularly need financing and support, market intelligence, and promotion. Some 41% of the surveyed firms reported receiving such support from ProChile to participate in international fairs and trade missions and assess export potential, while 35% used ProChile's competitive funds program, which has a dedicated line for cultural and creative industries.

Similarly, in a 2022 study in Jamaica, 81% of the film, animation, and music industries reported exporting, with most earning up to 30% of their revenue from exports (Watson et al., 2021). The most common method of exporting is online, as highlighted by 78% of animation respondents,

53% of film respondents, and 27% of music industry respondents. The second most common mode across these firms is delivery to tourists or visitors, used by 47% of filmmakers, 10% of animators, and 32% of musicians.

As in Chile, the survey in Jamaica noted the importance of the North American market, which was an export target for 69% of respondents. Meanwhile, 48% said they exported their services to the UK and Europe, and 18% reported exporting to the Caribbean. Unlike their Chilean counterparts, however, Jamaican respondents were less aware of government support for creative industry exporters: 68% said they do not access the incentives or initiatives in place. However, 14% had accessed customs duty exemptions, 3% accessed income tax relief, and 2% accessed the productive tax credit.

LAC economies have also promoted digital trade by attracting foreign direct investment (FDI) in sectors well suited to digital trade. Through FDI, firms with digital delivery models—for example, service centers that provide call-center support, back-office functions, and data analytics to firms and customers abroad––establish a commercial presence in the host country,[13] bringing with them business practices, technology, and knowledge from abroad. In LAC, FDI has been more prominent in digitally delivered services sectors, although there is also scope to attract FDI related to digitally ordered trade.

Inflows of FDI in service subsectors with strong digital delivery models have grown substantially in LAC since the Covid-19 pandemic, increasing from an average of US$3,408 million in 2010–2014 to US$3,787 million in 2015–2020 and US$10,853 million in 2021–2024.[14] Likewise, the share of FDI in these same service subsectors in total FDI grew from 3.5% in 2010–2014 to 9.0% in 2021–2024. Data processing, hosting, and related services are among the main drivers of this FDI, representing 67.2% of inflows in 2010–2024.[15] This type of FDI is particularly relevant for the Caribbean and smaller countries: it represented 13.2% of FDI inflows in Jamaica and between 9% and 12% in Barbados, Paraguay, Colombia, Costa Rica, and Belize over this period.

13 When FDI occurs in services sectors, it constitutes trade in services via Mode 3 of the General Agreement on Trade in Services (GATS), establishment of a commercial presence.

14 Subsectors 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.

15 World Bank staff calculation based on the fDi Markets dataset. Calculations are based on the number (or capital expenditure) of greenfield project announcements. The data do not constitute official FDI and are not comprehensive.

Costa Rica's 20-fold growth in exports of digitally delivered services over the past 20 years has been especially noteworthy, fueled by its success in attracting sophisticated international tech firms to operate in the country (box 1.5) (Alvarado, 2019). Similarly, Jamaica has established itself as a major hub for business process outsourcing (BPO) in the Caribbean. Proximity to North American markets, a scalable English-speaking workforce, and cost competitiveness have favored this development, driven mainly by FDI.[16]

BOX 1.5. Costa Rica's digitally delivered services export boom

Costa Rica has been remarkably successful in growing its digitally delivered services exports. These increased almost 20-fold between 2005 and 2024, from US$464 million to over US$8.6 billion. They have become central to Costa Rica's trade profile, growing from 15% to 54% of total services exports during this period and expanding from just 2% to 9% of GDP, the highest share in LAC. As a result of this growth, Costa Rica ranked 10th on the 2024 Global Innovation Index on ICT Services Exports (Marcasur, 2024).

The boom is in part due to Costa Rica's success at attracting sophisticated services providers to operate in the country (Carballo et al., 2021). Amazon opened its first customer service center in Costa Rica in October 2008. Amazon Web Services has since invested several times in Costa Rica; as of 2021, it employed more than 15,000 workers who provided human resources support for Amazon's operations in the US, Europe, and Latin America; customer experience operations in Mexico and Brazil; and cloud computing operations globally (Cantu, 2023). Subsequent digital-related investments were made by Sykes (a US-based BPO), IBM, and Citibank (Alvarado, 2019). In 2022, Microsoft began moving its operations to a technology hub in San José, its largest and most modern headquarters in Latin America, unifying its sales, customer service, and operations functions (CINDE, 2022).

Costa Rica has a vibrant ecosystem of local technology startups and businesses that export services digitally around the world. For instance, it already hosts 90 MedTech multinationals and is well placed to benefit from the potential rise of nearshoring as a hub for m edical technology and pharmaceutical innovation (Colantuoni, 2023; Central Law, 2024). It is also home to Fair Play Labs, a prominent game development studio that specializes in creating engaging and innovative gaming experiences. Founded in 2004, the company has collaborated with industry giants, contributing to

16 Early investors included Xerox, Teleperformance, Hinduja Global Solutions, Alorica, and Sutherland Global Services. The sector is particularly important for women's employment: according to the Global Services Association of Jamaica, women account for about 60% of outsourcing employees (IFC and World Bank Group, 2022).

projects for platforms like Nintendo and PlayStation.[17] Another company, DNAMIC, provides digital transformation services, specializing in software development, quality assurance, software testing, and digital production for large enterprises such as Warner Music Group, the Discovery Channel, and Droga5.[18]

LAC still accounts for only a fraction of global digitally delivered services exports, with room to grow

Despite robust growth in recent decades, LAC's digitally delivered services exports still accounted for only 2% of global trade in 2024. This is well below LAC's share of world goods exports (more than 6.4%) and world services exports (2.9%).

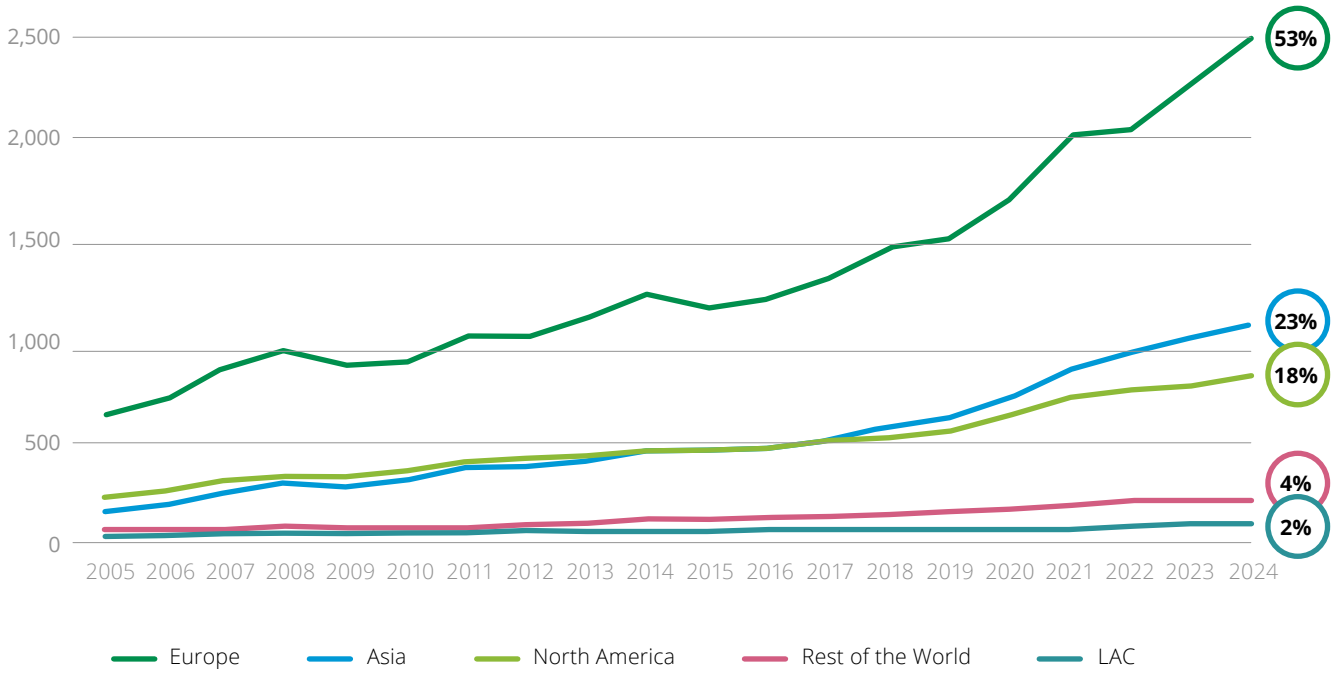
LAC's share of global trade in digitally delivered services trails those of other regions such as Europe, Asia, and North America (see figure 1.5), which had shares of 53%, 23%, and 18% in 2024, respectively. These trends and patterns suggest considerable room for improvement and further expansion of this dynamic trade modality in the region.

The drivers of LAC's digitally delivered services export growth include business services (R&D, professional and management consulting, and technical, trade-related, and audiovisual services) and computer services (including computer hardware installation consulting, software implementation, data processing, and database services). The share of business services in LAC's total digital services exports grew from 47% in 2005 to 55% in 2024, while the share of computer services rose from 4% in 2005 to 18% in 2024 (figure 1.6). This increase reflects both supply and demand: the region's growing capabilities in knowledge-intensive services and the "servicification" of manufacturing, agriculture, and mining in export markets. Meanwhile, the share of telecommunication services and personal cultural and recreational services in the region's digitally delivered services export basket has significantly decreased.

17 See: https://fairplaylabs.com/about-us.

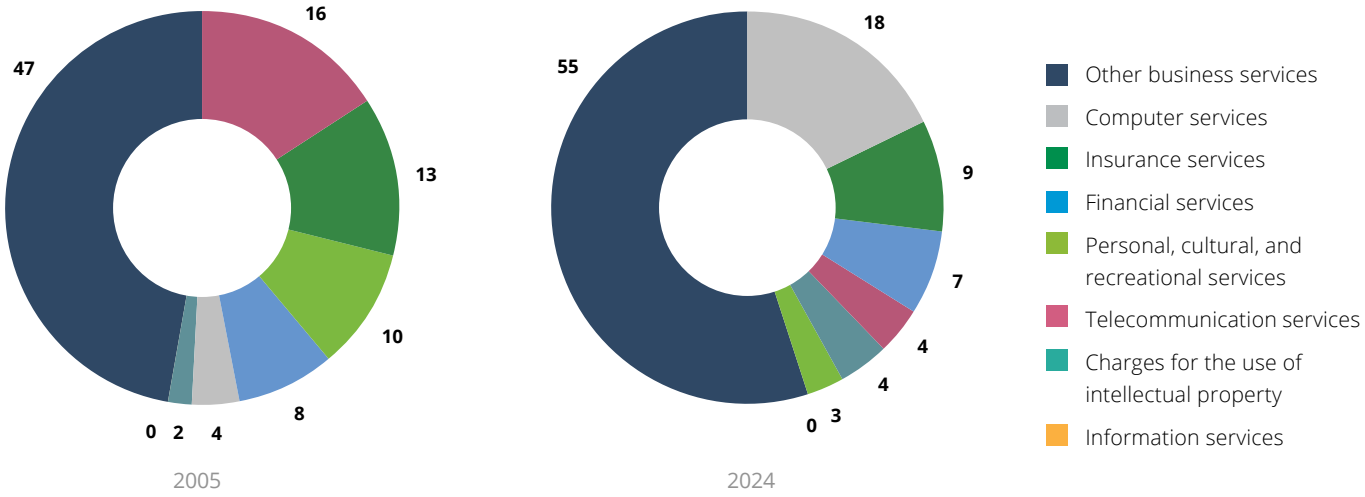
18 See: https://www.goodfirms.co/company/dnamic.

FIGURE 1.5. **Digitally delivered services exports by region, 2005–2024 (billions of US$ and % shares)**



Source: WTO (2024a).

FIGURE 1.6. **Structure of LAC's exports of digitally delivered services, 2005 and 2024 (% shares)**



Source: WTO (2024a).

However, there is considerable variation in the composition of digitally delivered services export baskets across individual LAC economies. For example, exports of digitally delivered services from Brazil, Chile, Colombia, El Salvador, Guatemala, and Uruguay are diversified, while The Bahamas' and Suriname's exports are heavily concentrated in other business services, and Nicaragua's in telecommunications services.

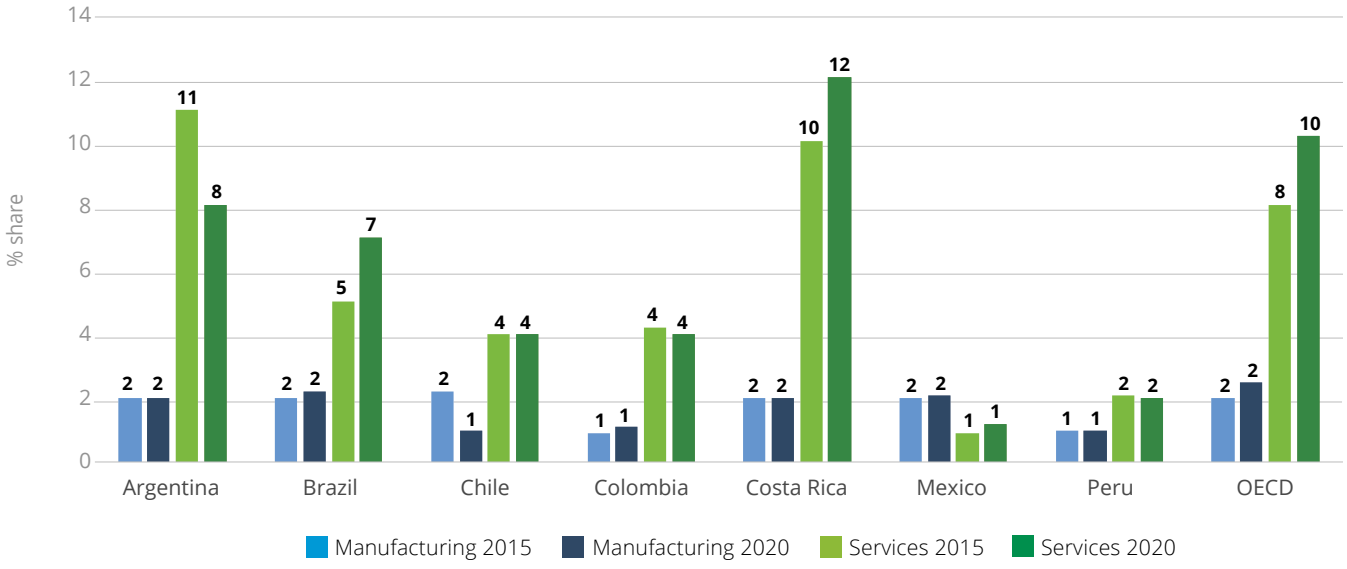
Digital exports of services often start with indirect exports

LAC economies not only export services digitally directly; they also use these services as inputs in the export of goods and other services, thereby exporting them indirectly. The share of information and communication industry value-added (the closest proxy for digitally delivered services in the OECD Trade in Value-Added database) in total gross exports of LAC manufacturing is only 2%, but is as high as 12% in Costa Rica's exports and 8% in Argentina's. These levels are comparable to those of OECD nations (figure 1.7). One example of the growing use of information and communication technologies (ICT) services in production is the Mexican vehicle industry, where services such as virtual reality for training, digital twins for new designs and processes, and AI for preventive maintenance have improved production quality, reduced defects, and generated significant cost savings. In Argentina, Brazil, and Chile, services supplied by innovative agricultural technology companies ("agtechs") have promoted farm productivity and logistics supply chains (Puntel et al., 2022; Vitón et al., 2019; Achard, 2024; Seraphim, 2024).

In most LAC countries, the value added by ICT services is largely domestic. LAC ICT service providers can thus be indirect exporters that, by entering into LAC exporters' value chains, can share in the gains from trade. By meeting exacting exporters' requirements and scaling up, indirect exporters can position themselves to become direct exporters.[19] As figure 1.7 shows, ICT services' share of value-added in LAC's gross manufacturing exports is still low, although in Argentina and Costa Rica, they account for about one-tenth of the value-added in gross services exports.

19 For evidence on Japan, see Saito and Ito (2019).

FIGURE 1.7. Share of information and communication industry value-added in LAC manufacturing and services gross exports (%)

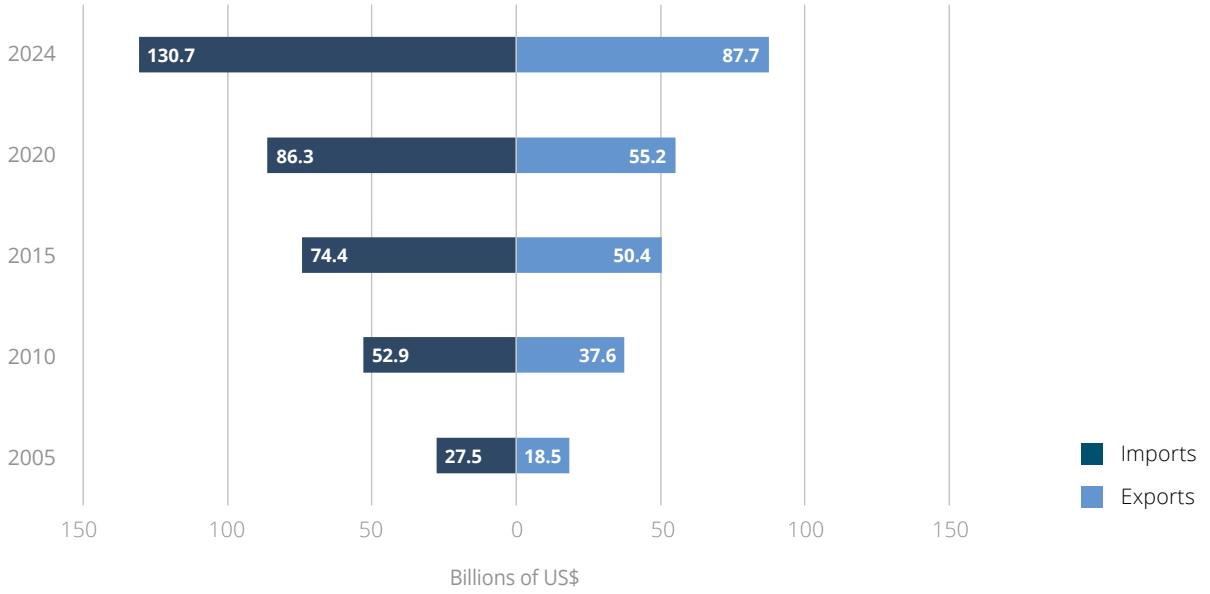


Source: OECD Trade in Value-Added (TiVA) database.

LAC digitally delivered services imports are growing

Imports of digitally delivered services in LAC economies have also grown more than fourfold, rising from US$27.5 billion in 2005 to US$130.7 billion in 2024 (figure 1.8). Leading importers include Brazil (US$44.8 billion in digital services imports in 2024), Mexico (US$29.2 billion), Argentina (US$8.9 billion), and Chile (US$8.9 billion). These four countries are net importers of digitally delivered services and run the highest trade deficits in the region. Brazil's imports exceed exports by US$15.3 billion, while Mexico recorded a trade deficit of US$14 billion in 2024. Costa Rica and Panama are two of only six LAC economies to have recorded surpluses in digitally delivered services trade in 2024, equivalent to US$5.1 billion and US$1.2 billion, respectively.

FIGURE 1.8. LAC trade balance in digitally delivered services, 2005–2024 (billions of US$)



Source: WTO (2024a).

Digitally delivered services imports have diversified over the years, although there is again considerable variation across countries. Many Caribbean economies—such as The Bahamas, Haiti, Suriname, and Trinidad and Tobago—import mainly technical and trade-related services, while Central American economies and Paraguay tend to import insurance, pension, and financial services.

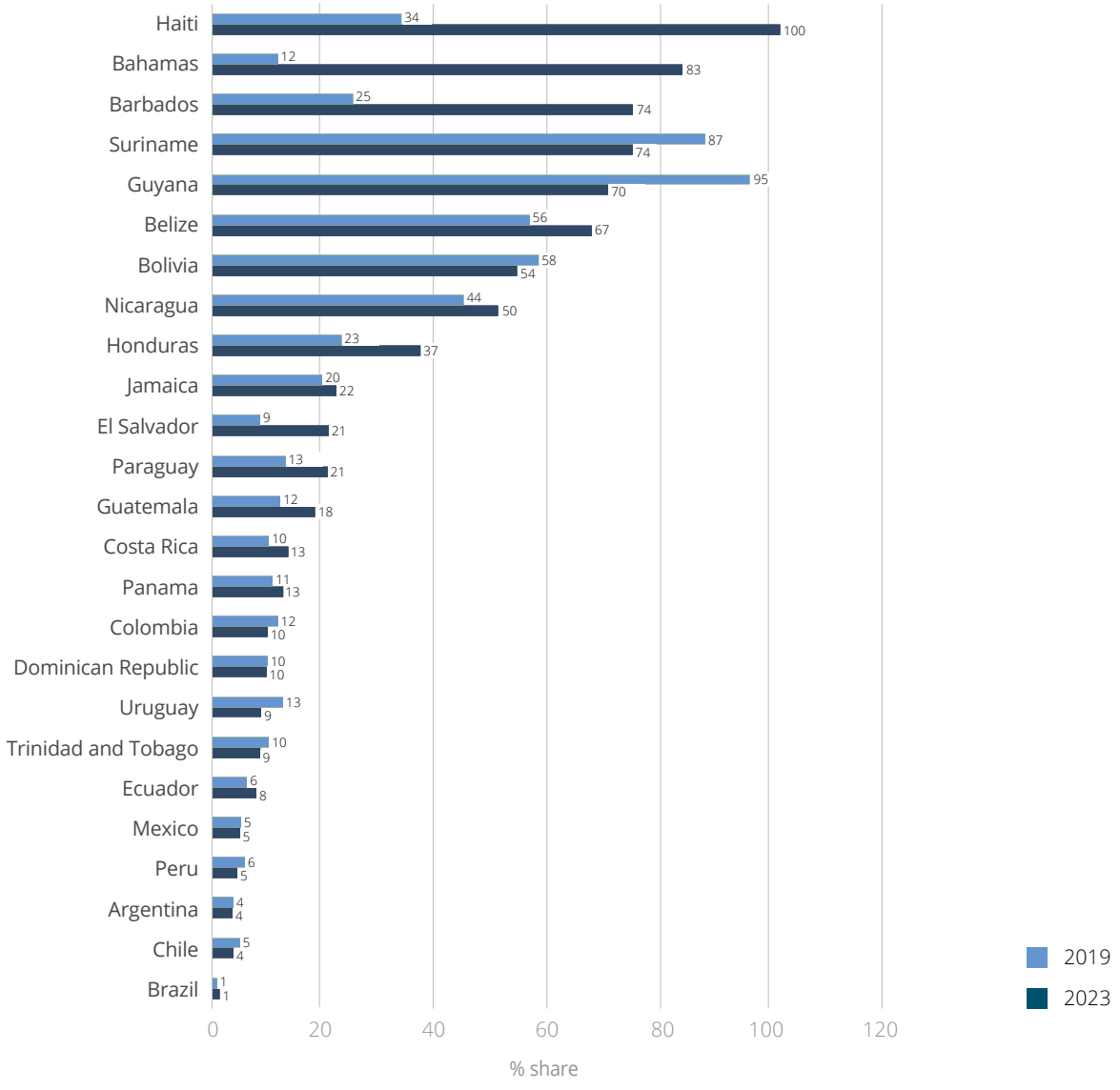
The growth of digitally delivered services imports in LAC reflects, in part, the demand by LAC industries for specialized services that would differentiate them from competitors and boost productivity. Some prominent examples of LAC companies that use digitally imported services include the Brazilian aerospace company Embraer, which uses US cloud computing (Amazon Web Services), AI, and autonomous vehicle technologies, and the Chilean mining company Codelco, which uses advanced process control systems and automation technology services from Switzerland.[20]

20 See Aviator (2019) and ABB (2024).

Digitally ordered goods have strong domestic sales but appear to have limited export volumes

Data on digitally ordered goods trade are limited. One way to gauge cross-border flows is through Marketplace Explorer, developed by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) and the International Trade Centre (ECLAC, 2022). This tool tracks traffic on LAC marketplaces and platforms, as well as traffic from LAC to foreign platforms, most of which sell goods.

FIGURE 1.9. Share of traffic originating abroad on e-commerce platforms in LAC, 2019 and 2023 (% shares)



Source: ECLAC (2022) and International Trade Centre.

These data suggest that traffic to LAC countries' platforms originating from a foreign country still accounts for a relatively small share of the more than 23 billion total visits. Furthermore, with the exception of some Caribbean countries, this traffic did not increase significantly between 2019 and 2023. Foreign traffic is low in larger LAC economies, typically below 15% of the total (figure 1.9), suggesting that LAC firms' online sales are still mostly to local customers. In terms of total inbound foreign traffic, Mexico leads with over 163 million visits in 2023, followed by Brazil with 112 million and Colombia with over 72 million.

At the same time, survey data and, where available, data on actual cross-border transactions show that e-commerce has enabled more LAC firms to participate in trade (box 1.6). For example, in Peru, the Exporta Fácil program, which facilitates postal exports of parcels and thus reduces the fixed cost of exporting, enabling smaller firms to enter foreign markets, has helped catalyze exports at the extensive margin (Carballo et al., 2016). Firms are more likely to use Exporta Fácil when they introduce new products and enter new markets.

More LAC consumers have entered into trade by engaging in cross-border e-commerce. Data from Uruguay show that growth in cross-border online purchases has come from new shoppers, whose ranks swelled by 25% between January 2018 and January 2020 as Uruguayans began making more purchases overseas, especially from the US (Carballo et al., 2020).[21] However, the average transaction value dropped by 7.5%, as newer online shoppers tended to buy smaller-ticket items. Annual import values under the regular import regime fell by 2% between January 2018 and January 2020, while the number of transactions rose by almost 8% (Carballo et al., 2020). The Covid-19 pandemic accelerated this trend: between June 2020 and September 2021, Uruguayans' annual cross-border purchases reached US$82 million, an increase of 42%—and more than 200% since 2014 (Volpe Martincus, 2022). This was driven in part by an increase in buyers (over 370,000 people, or 16% of the adult population) and in transactions (over 640,000). In terms of products purchased, machinery, household appliances, and electrical equipment gained relative importance over clothing. Survey data on Southern Cone firms further show that businesses are using online channels to grow into multimarket exporters and expand their sales.

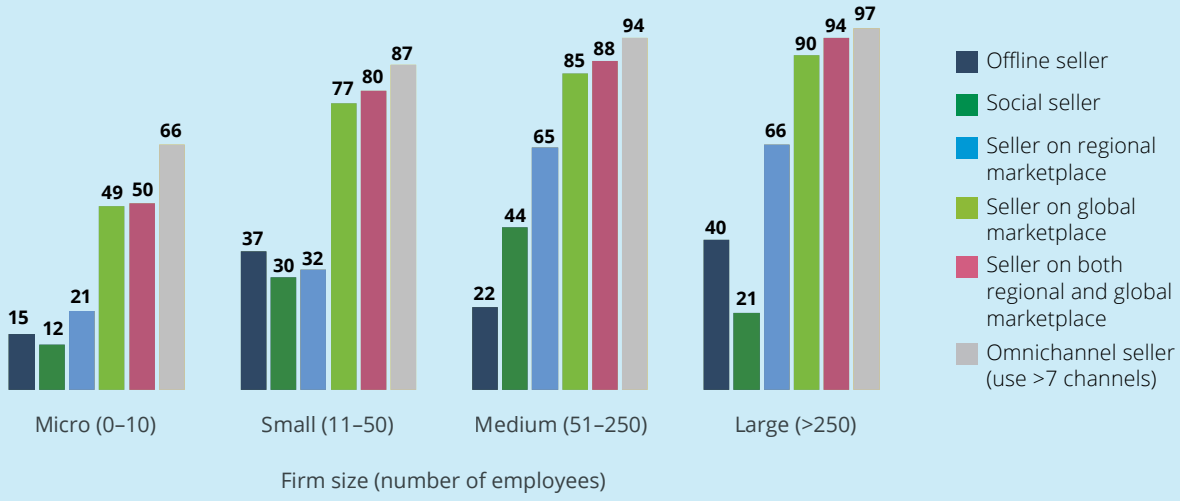
21 These figures were computed using a dataset that consists of all credit and debit cards purchases made abroad by residents of Uruguay between January 2018 and June 2020, under the country's franchise regime. This regime, first established in 2012, allows all adult Uruguayans (aged 18 and over) to buy noncommercial merchandise abroad up to three times per year, for amounts of up to US$ 200 (and 20 kilograms) per purchase, without paying customs duties or taxes.

BOX 1.6. Growth of cross-border digital sales in the Southern Cone

In 2023, the Nextrade Group conducted a random-sample survey of 1,978 goods and services firms across sectors and firm size categories in the Southern Cone via online survey platforms and with support from the IDB. The study revealed a remarkable wave of adoption of digital sales channels among businesses in the subregion (Suominen, 2023). By 2023, almost all firms across size categories used social channels such as Facebook and Instagram, and most businesses had an online store. Most small, medium, and large enterprises also reported selling on one or several regional marketplaces, such as MercadoLibre. Indeed, the use of regional and global marketplaces such as Amazon, Alibaba, Freelancer, and eBay doubled among regional firms between 2020 and 2023.

The survey showed that e-commerce adoption is enabling Southern Cone firms to grow their sales and exports. Marketplace sellers and those with their own online stores reported particularly strong gains from e-commerce, including new clients, revenue, and export opportunities. Online sales and marketplace use, in particular, correlated with export activity across firm size categories. For example, whereas only 15% of microenterprises do not use online export channels, as many as 49% of microenterprises that used regional marketplaces and 50% of microenterprises that used global marketplaces reported exporting (figure C).

FIGURE C. Export activity by online presence and firm size (% of firms that export)



Source: Suominen (2023).

Intensive use of online distribution channels and the use of multiple channels also correlate with export diversification and sales to more distant markets. Some 45% of firms that derived over 10% of their revenue from online channels diversified their exports, as did 53% of firms that earned more than 50% of their revenue online, compared to offline sellers, of which only 26% diversified their exports. Omnichannel and marketplace sellers are more likely to export to Asian and European markets than social sellers, which are more focused on the South American and North American markets. In addition, firms that use e-commerce intensively have been particularly likely to diversify their import sources and vendors, thereby becoming better placed to manage supply chain shocks.

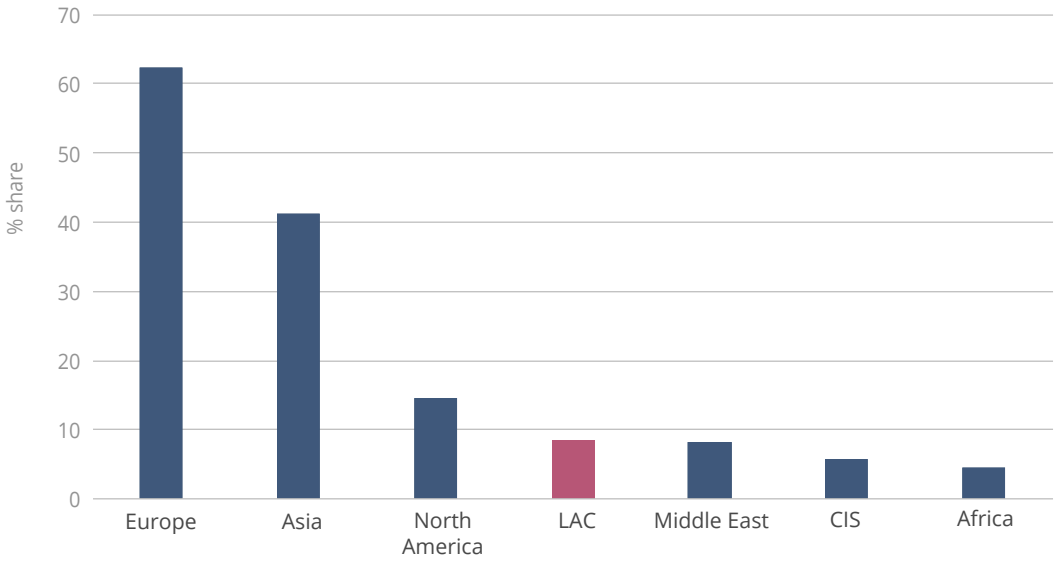
Online sellers that use multiple channels and diversify their exports and key markets are significantly more likely to experience consistent, fast revenue growth than offline sellers, even with only a few online sales channels. To be sure, marketplace use is only one factor underlying online sellers' success. Another important driver is the use of technology bundles and data that enable these sellers to streamline and scale their operations and compete in the global online marketplace.

However, several challenges remain. According to online seller-exporters, the top impediments to e-commerce growth include gaps in high-quality internet connectivity, challenges with digital marketing and maintaining online stores, and high trade costs. When asked why they might have lost an export sale, more than 40% of firms that sell products point to high logistics costs. Online sellers, in particular, highlight challenges in complying with domestic and foreign digital policies, such as data privacy and transfer rules and consumer protection rules.

LAC's intraregional digital trade is small but remains an important springboard for small and medium-sized services enterprises

The share of intraregional trade in digitally deliverable services within LAC has grown more than fourfold since 2005 but remains small. Intraregional exports totaled US$7.8 billion in 2023, the latest year for which data are available, accounting for 8.4% of the region's exports, according to the WTO–OECD Balanced Trade in Services dataset (BaTiS) (WTO and OECD, 2024). This is lower than intraregional exports of goods, which made up 15% of all LAC trade in 2023 (Giordano and Michalczewsky, 2025). Relative to other regions, LAC's intraregional exports of digitally deliverable services are 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 1.10).

FIGURE 1.10. Share of intraregional digitally deliverable services exports in total digitally deliverable services exports, 2023

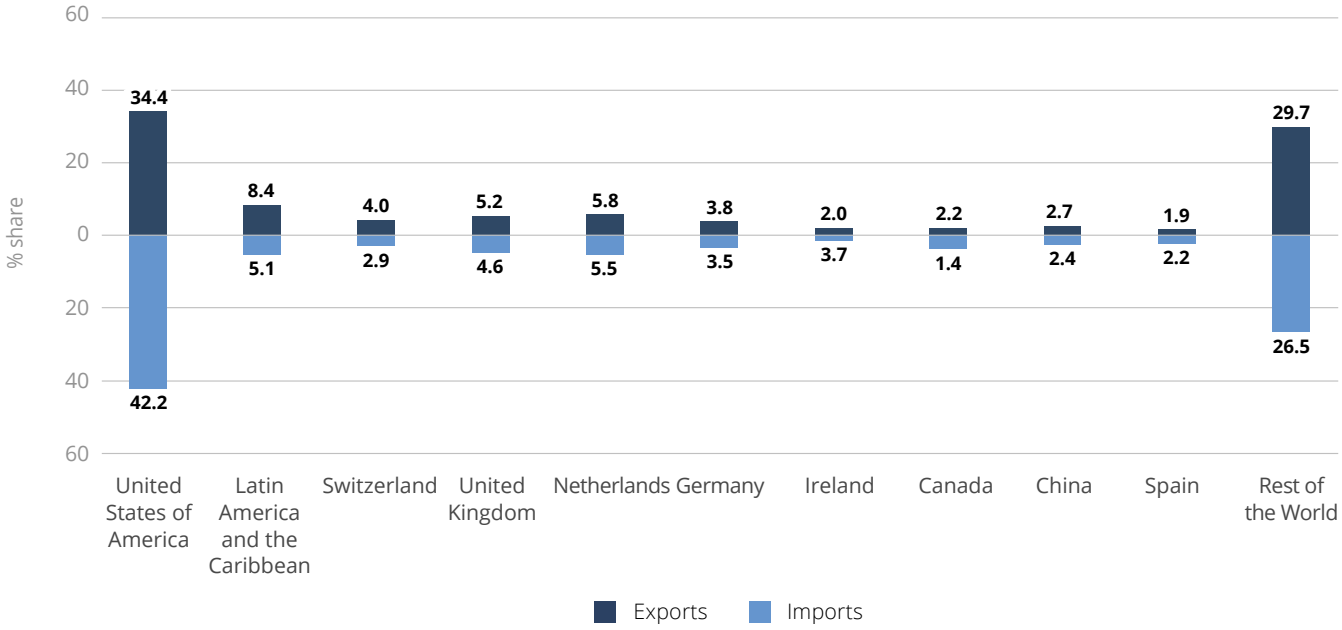


SOURCE: WTO AND OECD (2024).

In 2023, intra-LAC imports of digitally deliverable services accounted for 5.1% of the region's total. This share trails those of Europe (61.5%), Asia (39.3%), and North America (20.6%); is comparable to that of the Middle East (5.6%); and exceeds those of the CIS (3%) and Africa (2.9%).

The United States was LAC's largest export destination, accounting for 34.4% of total exports, followed at a considerable margin by the Netherlands, the United Kingdom, and Switzerland. Export growth to the United States was especially strong in professional and management consulting services and computer services, with average annual growth rates of 12% and 10%, respectively, between 2005 and 2023. Similarly, LAC economies primarily imported digitally deliverable services from the United States (42.2%), followed at some distance by the Netherlands and the United Kingdom (figure 1.11).

FIGURE 1.11. Share of digitally deliverable services trade across LAC's top 10 trade partners, 2023 (% shares)



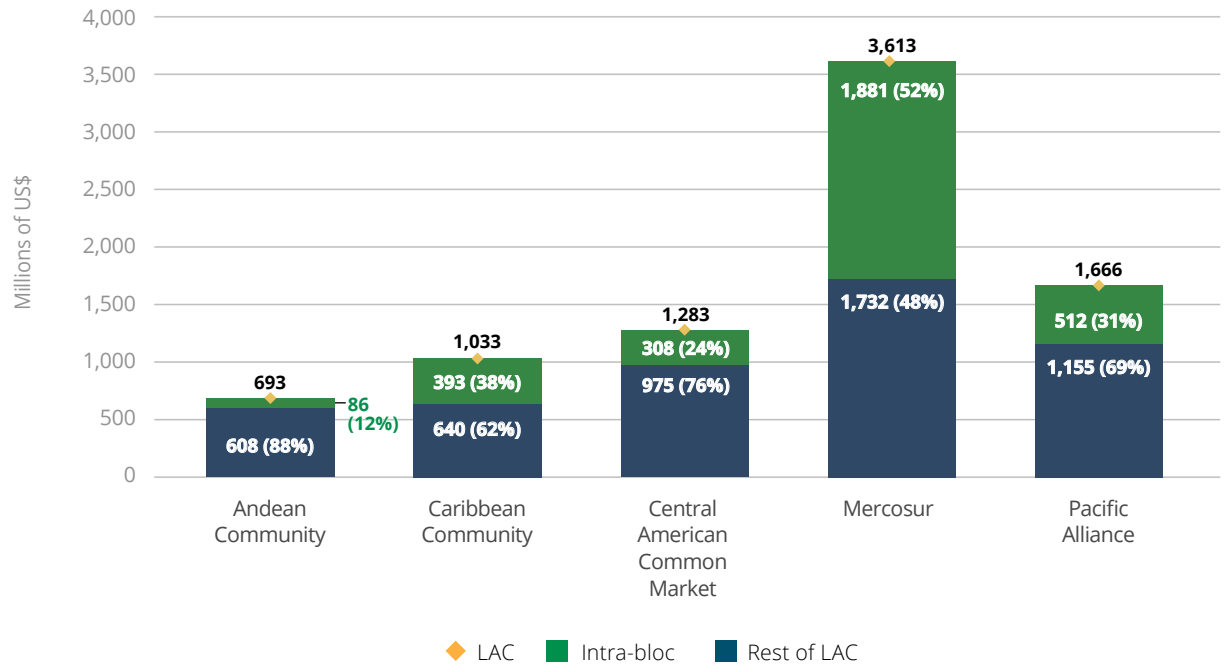
Source: WTO and OECD (2025).

Although intraregional exports of digitally deliverable services account for only a small share of the region's total, a substantial portion of these exports occurred within specific subregional blocs. In 2023, exports from Mercosur economies (Argentina, Bolivia, Brazil, Paraguay, Uruguay, and Venezuela)[22] to LAC amounted to US$3.6 billion (11% of total exports), the majority of which (52%) were to other Mercosur member countries. Similarly, although digitally deliverable services exports to LAC accounted for only 6% of exports from the Pacific Alliance (Chile, Colombia, Mexico, and Peru), or US$1.7 billion, 31% of these went to other members of the bloc (figure 1.12).

Despite this strong intrabloc digital trade, overall regional integration in LAC remains low, highlighting significant potential for expanding digital trade between subregions, strengthening cross-bloc connectivity, and enhancing regional economic resilience.

22 Mercosur membership is defined according to the classification provided on Mercosur's official website (https://www.mercosur.int/en/about-mercosur/mercosur-countries).

FIGURE 1.12. Exports of digitally deliverable services of subregional blocs to LAC, 2023 (millions of US$, % share in LAC total)

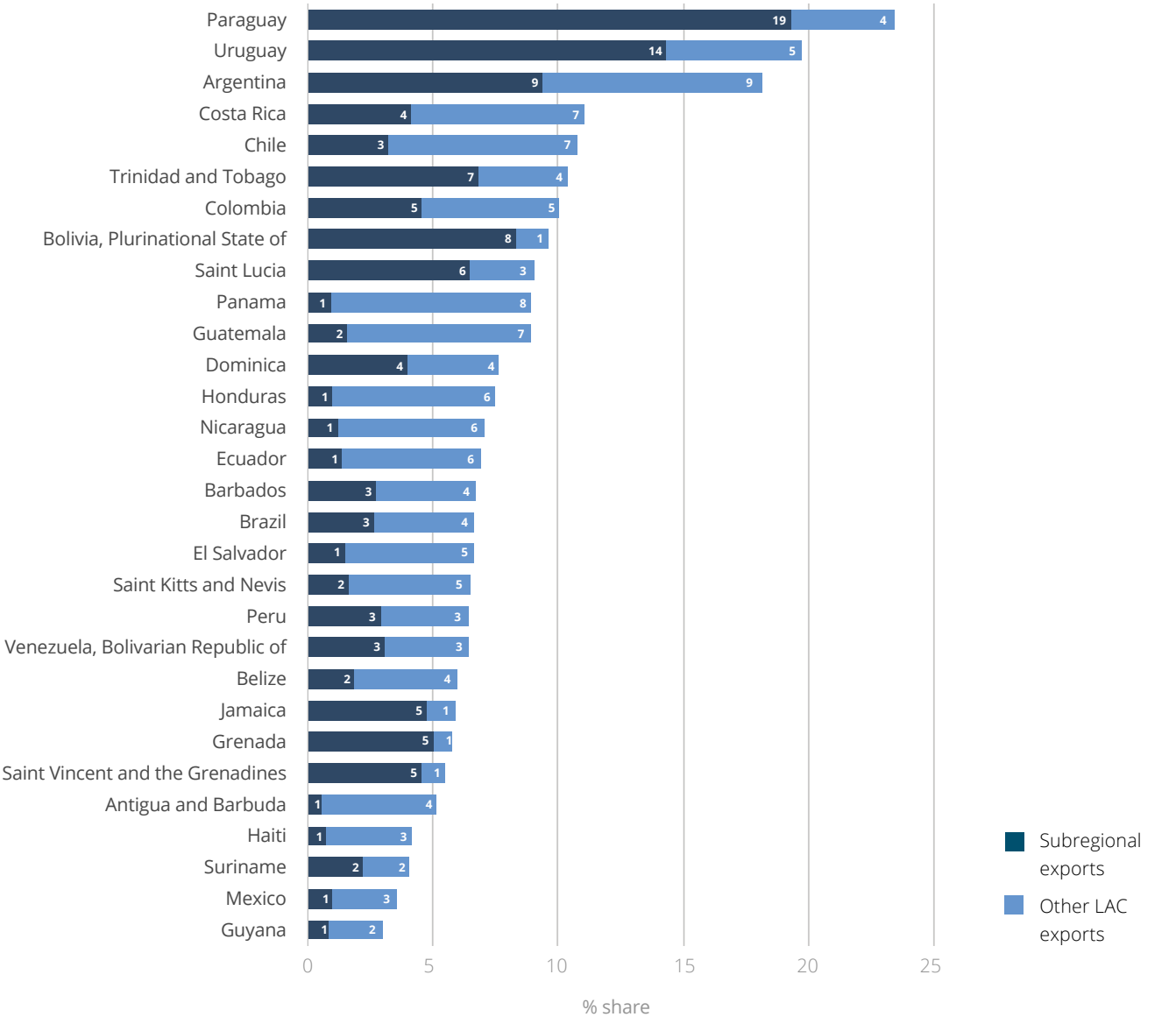


Source: WTO and OECD (2024).

Note: Colombia and Peru are members of both the Andean Community and the Pacific Alliance, and Bolivia is a member of both the Andean Community and Mercosur.

The weight of subregional exports in intra-LAC trade varies considerably across countries. In Paraguay, for instance, subregional markets are particularly significant: of the 23% of total exports directed to LAC, Mercosur partners alone accounted for 19%. Similarly, Uruguay exported 14% of its total exports to fellow bloc members and only 5% to other LAC economies, bringing its total exports to the region to 19%. By contrast, Panama sent only 9% of its exports to LAC, with 8% going to nonmembers of its own bloc, the Central American Common Market—highlighting its greater reliance on other LAC economies outside its bloc (figure 1.13).

FIGURE 1.13. Share of subregional and other intra-LAC exports in total digitally deliverable services exports, 2023 (% shares)



Source: WTO-OECD Balanced Trade in Services dataset (BaTIS).

Note: Cuba and the Dominican Republic do not fall in any subregional group and are not included in the figure. In 2023, 7.9% and 6.4% of their exports of digitally deliverable services went to LAC.

Despite their relatively small share in total trade, LAC's intraregional and subregional markets are highly relevant for small and emerging exporters, surveys suggest. For example, in the Pacific Alliance, service providers start their export journeys within the bloc and use the regional market as a springboard to expand into further markets (box 1.7) (Nextrade and KIPU, 2022). Women-led firms in Central America tend to begin selling online and exporting to intraregional markets, expand next to LAC-adjacent markets like the United States, and only later scale to European and Asian markets (Cenpromype, 2024).

BOX 1.7. The importance of intraregional market for Pacific Alliance digital services exporters

A 2022 study by Nextrade Group for the World Bank on digitally delivered services in the Pacific Alliance economies included a survey gauging the direction of 133 Pacific Alliance firms' sales (Nextrade and KIPU, 2022). The respondents were recruited by the various countries' trade and economy ministries. There were six policy-relevant findings:

1. Micro, small, and medium-sized enterprises (MSMEs) in the ICT sector are export-driven. Nearly half of midsized firms and almost one-third of micro and small firms exported in 2021, with 41% and 22%, respectively, exporting to the intraregional market. However, the importance of exports remains limited for these firms, with exports typically accounting for less than a quarter of their sales.

2. The surveyed exporters still typically sell to one or two markets, but they have diversified destinations slightly in recent years, from an average of 2.4 markets in 2019 to 2.7 in 2021. Most export to the Pacific Alliance economies, followed by the United States, the European Union, and Brazil. While the majority of digital services *exports* go to extraregional markets, most digital services *exporters* (that is, small businesses) sell mainly to the intraregional market. Only their collective trade values are still small. This may suggest that smaller providers of digitally delivered services begin their export journeys in the Pacific Alliance region, and that some firms then use the region as a springboard to expand into further markets.

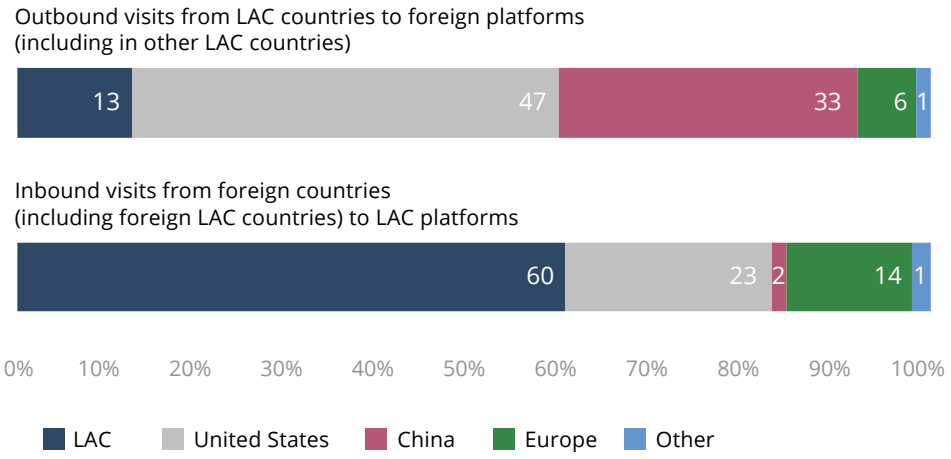
3. Pacific Alliance ICT firms that export are more technology-intensive than their nonexporting peers. For example, over 60% report using cloud computing and customer relationship management (CRM) systems, over 50% use accounting software, over 25% use enterprise resources planning (ERP) systems, and 20% use supplier management systems. The use of ICT services tends to be correlated with competitiveness and export participation. Three-quarters of the most digitized Pacific Alliance ICT services firms export, compared to only one-quarter of firms with low technology adoption rates.

4. Technology use and export participation rates vary. In 2021, 64% of total exports and 57% of exports to the Pacific Alliance involved high use of ICT services and technologies; 29% of total exports and 29% of exports to the Pacific Alliance involved medium use; and 23% of total exports and 14% of exports to the Pacific Alliance in 2021 involved low use.

5. Firms that use multiple online sales channels tend to export. Pacific Alliance ICT services firms also increasingly use omnichannel business models, leveraging several sales and marketing channels (such as social media, their own websites, email, online ads, and face-to-face meetings). Exporters in particular are more likely to use formal online sales channels.

6. Generally speaking, Pacific Alliance firms would benefit from diversifying their sales channels. Firms that use several sales channels are significantly more likely to report gains from online selling, including exporting, than those that rely on only a few channels. This highlights the power of omnichannel models to reach customers and build trust. However, both exporters and nonexporters underutilize content platforms such as YouTube or TikTok and global services marketplaces such as Freelancer.com, Upwork, Workana, and Fiverr, which could help them reach a much larger international customer base.

FIGURE 1.14. Key sources and destinations of inbound and outbound LAC e-commerce traffic, 2023 (% shares)



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

In 2023, proxy measures of flows of digitally ordered goods show that inbound traffic to LAC websites was dominated by three main sources: intraregional markets accounted for 60% of all inbound traffic, followed by the United States with 23% and Europe with 14% (figure 1.14).

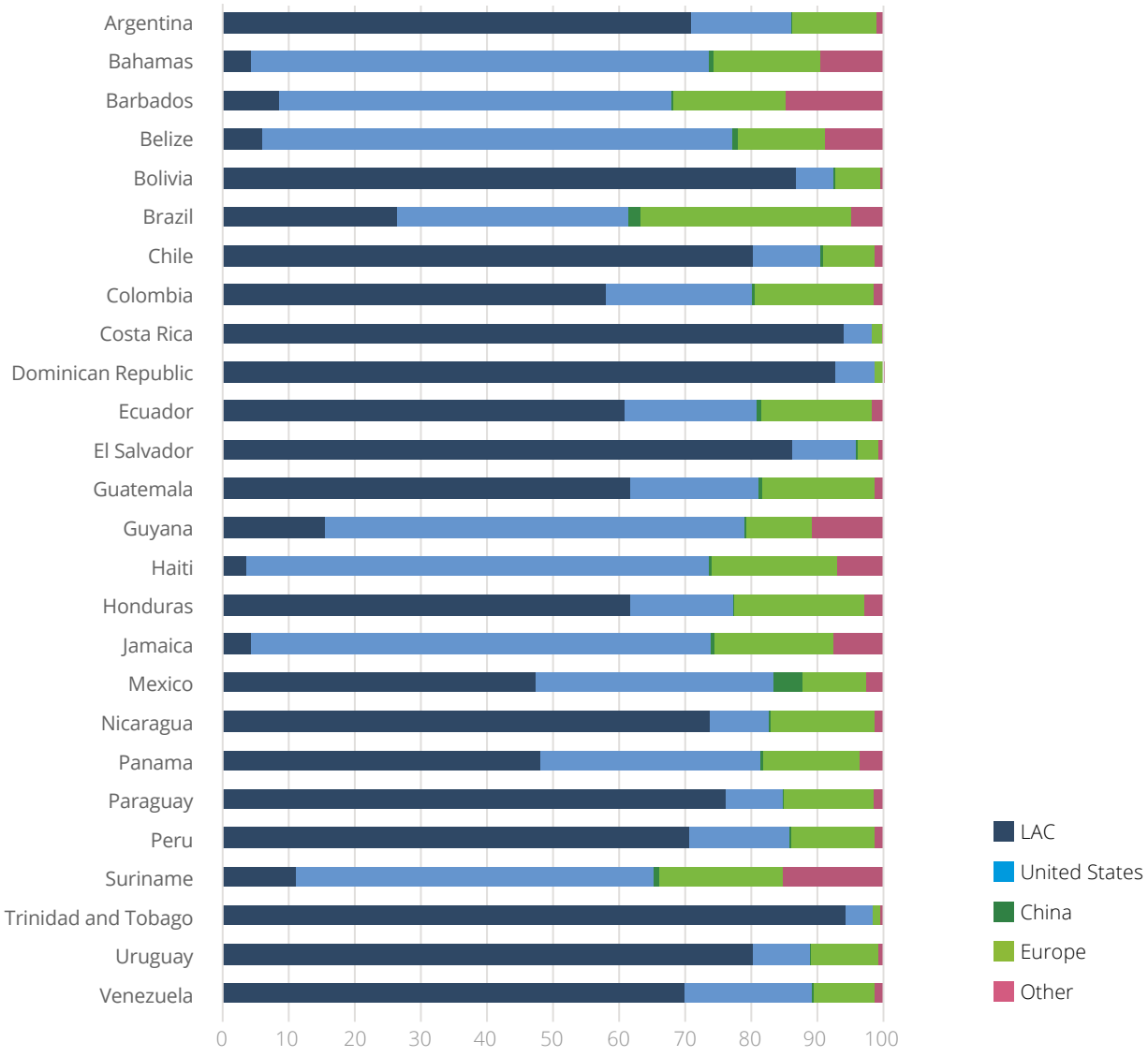
These aggregate results are primarily driven by Latin American economies, where intra-LAC traffic is the primary source for most countries. For example, Argentina, Chile, Costa Rica, the Dominican Republic, and Uruguay each receive 70% or more of their inbound traffic from within the region. Brazil is somewhat more diversified, with LAC and Europe each accounting for about one-third of inbound traffic.

In contrast, Caribbean countries, with the exception of Trinidad and Tobago, whose inbound traffic comes mainly from other LAC countries, generally rely much more heavily on the United States, which accounts for 50% or more of inbound traffic in Barbados, The Bahamas, Haiti, Jamaica and Suriname, while LAC's share is much smaller. Thus, while intraregional flows drive the total for LAC, the US remains the leading partner for most Caribbean countries (figure 1.15).

The majority of outbound traffic from LAC is to the US (1.8 billion visits or 47% of the total) and China (1.2 billion visits or 33%), reflecting the importance of these economies' marketplaces and platforms for online shoppers in LAC (figure 1.14).[23]

23 Similar trends are highlighted in consumer surveys: see, for example Delgado (2023).

FIGURE 1.15. Direction of LAC economies' cross-border website traffic by region, 2023 (% shares)



Source: ECLAC (2022).

Conclusion

Digital trade in LAC is increasingly important. Digitally delivered services are the fastest-growing area of the region's trade, expanding almost fivefold between 2005 and 2024, from US$18.5 billion to US$87.7 billion, and now representing 34% of all services exports.

Despite this notable progress, the region accounts for only a small share of global digital trade. In 2024, LAC's digitally delivered services exports represented just 2% of the global total—below its 2.9% share of global services trade and 6.4% share of total goods trade. Although since 2005 these exports have grown at an average annual rate of 9%, marginally above the global rate of 8.4%, other regions have expanded far more rapidly, with Asia's exports growing at an annual rate of 11%, for instance.

For digitally ordered goods, comprehensive international data is limited. However, inbound website traffic to LAC marketplaces and e-commerce platforms may be used as a proxy for such trade. Although substantial (exceeding 23 billion visits), website traffic is predominantly domestic, with foreign traffic typically accounting for less than 15%. Mexico, Brazil, and Colombia lead on this metric.

While intraregional digital trade is growing, it remains modest, accounting for only 8% of the region's total digitally deliverable services exports—well below the 15% share for intraregional goods exports. For digitally ordered goods, intraregional sources accounted for 60% of all inbound traffic to LAC websites in 2023, making the intraregional market the most significant source of foreign inbound web traffic for most LAC countries. This highlights the importance of regional integration for the growth of digital goods trade in the region.

Together, these trends point to significant untapped potential for digital trade in LAC. Building on this analysis, chapter 2 will explore the underlying determinants and constraints shaping digital trade in the region, providing a deeper understanding of the factors that could unlock further growth and integration.

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