Chapter 3. Policy Recommendations and the Way Forward

Introduction

Digital trade in LAC has expanded much faster than "traditional" trade. It offers significant opportunities for LAC firms to participate in international trade and for consumers to access a wide range of goods and services from around the world. This type of trade can also promote job creation and development.

However, as discussed above, several challenges remain if LAC is to fully harness the potential of digital trade. In addition to the clear need to improve digital trade measurement, these challenges include those associated with the trade regime for digital backbone goods and services sectors, the regulations and policies governing digital markets and trade, digital infrastructure and connectivity, cross-border digital payments, logistics and border procedures, the severity of information frictions, firms' capabilities and production factors, and the resources available to them (e.g., innovation, digital skills, and access to finance).

Policy recommendations[66]

This section outlines a set of recommendations and actions to help LAC countries participate more in digital trade.[67] The appropriate combination and sequencing of these actions will depend on each country's current state of digital trade development, the specific challenges they face, and the enabling conditions and constraints they encounter.

Recommendation 1. Foster open, competitive markets for backbone goods and services

Despite some variability, the trade regime for the key goods and services that enable digital trade is relatively liberal across LAC economies. Deepening trade liberalization in these products can further promote LAC's digital trade footprint.

Proposed actions

- Foster competition and investment in digital trade–enabling service sectors, including by leveraging the predictability provided by tools like the GATS and its disciplines on Services Domestic Regulation (see also the proposed actions on telecommunications under recommendation 3, below).

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

67 The lists of proposed actions are nonexhaustive.

- Consider taking on board the disciplines of the plurilateral Investment Facilitation for Development Agreement negotiated at the WTO, as many LAC countries have pledged to do (see "International cooperation at the World Trade Organization," below).

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

Recommendation 2. Strengthen the legal and regulatory foundations for digital trade

LAC economies have implemented laws and regulations that have improved their regulatory readiness for digital trade in such areas as data privacy, consumer protection, and cybersecurity. The region's regulatory landscape is also more flexible and friendly to digital trade than in many other parts of the world. LAC governments can build on this track record by promoting conducive frameworks for digital trade and ensuring strong, transparent enforcement of digital policies.

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 (see "International cooperation at the World Trade Organization," below).

- Adopt clear guidelines for platform liability that follow best practices.

Recommendation 3. 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 in expanding and enhancing internet connectivity in the past two decades.

However, gaps and disparities remain in access, cost, and quality, as well as in the expansion of fiber optics, 4G, and 5G networks, which are key to accessing and offering sophisticated digitally delivered services.

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.

Recommendation 4. Modernize cross-border payment systems

Further efforts are needed to enhance cross-border payments to support digital trade in LAC. Integrating fast payment systems at the regional level—such as through the Sistema de Interconexión de Pagos (SIPA) in Central America and the Dominican Republic (see box 2.3)—can improve the efficiency and uptake of cross-border payments, thereby reducing friction to digital trade.

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.

Recommendation 5. Improve logistics, streamline border processes, and adopt modern technologies to support digital trade in goods

Friction in trade logistics constrains digital goods trade in LAC. Border processes are time-consuming. When poorly designed and paper-based, they lengthen firms' lead times in the fast-moving world of trade in digitally ordered goods, create unpredictability in supply chains, and ultimately increase costs for firms and consumers.

LAC governments are facilitating trade in goods in two main ways. First, they are implementing policies and practices under the multilateral TFA, including advanced rules on streamlined procedures, cooperation between customs and other border agencies, and the adoption of single windows and authorized operator[68] programs. However, important gaps remain, especially in Central America and the Caribbean. Shared progress is essential: when each party to a trade transaction improves its trade facilitation measures, the resulting gains compound.

Second, LAC governments are optimizing processes and procedures by leveraging technologies, such as blockchain, Internet of Things, and AI.[69] Some LAC customs groups have used AI to facilitate border processes, such as to predict customs fraud (Lacerda Coutinho and de Schoucair Jambeiro Filho, 2018). However, there is still much more scope for LAC countries to adopt modern technologies to further facilitate trade at borders.

Proposed actions

- Invest in modern logistics infrastructure and last-mile delivery solutions, promoting competition in the 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.

Recommendation 6. Scale up export promotion to support digital trade

Export promotion plays a key role in helping firms identify and seize opportunities in digital trade. Governments should be ready to expand and tailor these efforts for digital markets and channels.

68 While the term "authorized economic operator" is widely used, the WTO TFA refers to them as "authorized operators" (article 7.7).

69 For example, the customs administrations of Chile, Colombia, Costa Rica, Mexico, and Peru have used the IDB-backed CADENA blockchain platform to share data on their respective AEO certificates securely and in real time. See Corcuera (2018).

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.

Recommendation 7. Support firms as they adopt digital technologies, build relevant skills, and access financing to leverage the opportunities of digital trade

Firm capabilities are critical to the growth of digital trade. Even with adequate connectivity and a conducive business environment, firms need to identify opportunities, adopt technologies, hire workers, and manage their operations to translate these conditions into digital sales and the delivery of goods and services. Fewer businesses in LAC operate digitally than would be expected given the region's current level of economic development. Many LAC firms have digitized their sales and marketing capabilities but are in the early stages of digitalizing their operations. Meanwhile, multiple firm-level surveys indicate that firms that engage in digital trade and diversify their export markets are highly digitalized enterprises that have grown over time to leverage multiple online channels to reach customers and use technologies such as ERP systems and AI to streamline their operations.

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.

Recommendation 8. 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 to remove obstacles and foster its development. There is still no consistent and comparable data on digitally ordered trade across countries, so a full picture of digital trade is not available. Without reliable data, it is difficult for policymakers to assess the impact of existing policies and pinpoint where additional interventions are most needed.

In principle, as the *Handbook on Measuring Digital Trade* (IMF, OECD, UNCTAD, and WTO, 2023) stresses, international trade statistics should capture all digital trade, which is a subset of total trade in goods and services. However, the unique characteristics of digital transactions exacerbate some of the long-standing challenges in trade measurement. These include the increased participation of small firms and households, which are often underrepresented in traditional data sources; the rise in low-value shipments driven by digital ordering; and the expanding role of digital intermediation platforms, which adds layers of complexity to tracking and recording trade transactions.

Proposed actions

- Adopt the international standards for digital trade measurement in the *Handbook on Measuring Digital Trade* (IMF, OECD, UNCTAD, and WTO, 2023).

- 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.[70]

70 The Americas Business Dialogue (ABD) is a platform of more than 400 multinational companies and business associations that contributes to the design and implementation of public policies. ABD has several working groups, including those focused on digital trade and economy, trade facilitation, and AI.

The way forward: Harnessing international cooperation to fuel LAC's digital trade

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 in the region benefit. Greater cooperation, coordination, and knowledge sharing within LAC and with global partners are essential to addressing cross-border challenges and leveraging collective strengths.

This report offers a set of actions that could help LAC countries expand their participation in digital trade. The recommendations provide a common foundation for governments to build 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. International organizations such as the IDB Group and the World Bank can continue to play an important role in supporting these efforts by assisting countries in designing and implementing roadmaps and providing policy advice, technical cooperation, and concessional and nonconcessional financing. The WTO's rules-based framework, in turn, can promote trade openness, transparency, and predictability, and support digital trade. The WTO Secretariat also offers technical assistance to help its Members implement and benefit from these rules.

Support from the IDB Group and the World Bank

The IDB and World Bank support LAC countries in strengthening the key determinants of digital trade through technical assistance, analytical work, and financing. These efforts span trade regime and regulatory reforms, infrastructure investment, trade facilitation, export promotion, firm-level support, skills development, and more. While much has already been done and several promising initiatives are underway, significant gaps remain.[71] To fully harness the potential of digital trade, LAC countries need to scale up successful experiences, adapt them to national contexts, and address persistent constraints. The examples provided in the following sections illustrate both the breadth of support and opportunities for replication or expansion across the region.

71 See appendix table A.1 for a summary of IDB and WB-supported interventions relevant to determinants of digital trade.

Policies and regulations

The World Bank Group (WBG) and the IDB play a key role in supporting LAC governments in strengthening the regulatory foundations for digital trade. The IDB has worked closely with countries to improve legal and institutional frameworks that enable firms, particularly small and medium-sized enterprises (SMEs), to participate in digital value chains. In Argentina, support has focused on enhancing competition in the ICT sector, advancing e-government services, and establishing the Digital Agenda as a coordination tool. In the Caribbean, activities have centered on enabling cross-border data flows, improving consumer protection, and building trust in digital transactions as part of the One Caribbean program.

The WBG is helping countries assess and reform their regulatory environments through tools such as the STRI (developed jointly with the WTO) and the DTRR assessment, which can help identify barriers to digital trade. Broader diagnostics, such as digital economy assessments and the World Bank's Global Regulations, Institutional Development, and Market Authorities Perspective (GRIDMAP), offer a more comprehensive view of countries' digital readiness. These tools are informing reforms in several Caribbean and Central American countries, including through the World Bank's Regional Regulatory/Digital Support for Trade Facilitation, which helps gather data and inform dialogue on digital services trade. In El Salvador, the IFC's Digital Economy Assessment supported the approval of modern data privacy and cybersecurity laws. In Central America, through the Regional Regulatory/Digital Support for Trade Facilitation, the World Bank is helping to harmonize regulations on data protection, electronic signatures, and consumer protection while supporting MSMEs in overcoming e-commerce-related barriers.

Many enablers of digital trade are transnational, such as cross-border data flows, recognition of electronic signatures, and cybersecurity. As a result, regional cooperation has become increasingly important. It promotes regulatory interoperability, legal certainty, and trust while enabling coordinated investments in critical infrastructure like broadband corridors and submarine cables. The IDB's South Connection Program reflects this approach by fostering convergence across key regulatory areas and supporting the rollout of regional fiber-optic networks that reduce costs and expand access across South America.

Digital infrastructure and connectivity

International cooperation is key to supporting investments in digital infrastructure across LAC that enable digital trade and expand firms' participation in the digital economy. The IDB is working with governments to expand broadband access and modernize core digital infrastructure. In El Salvador, for instance, efforts include developing a state-run data center and cloud infrastructure to provide the digital backbone firms need to compete in online markets. In Colombia, fiber-optic networks are being extended to underserved urban areas, helping firms overcome barriers to digital participation, especially micro and

small enterprises. These infrastructure investments are accompanied by reforms in digital governance, data management, and digital skills to ensure lasting impact.[72]

The World Bank contributes to these efforts in countries such as Argentina, Brazil, and across the Caribbean. A notable example is the Caribbean Digital Transformation Project and its predecessor, which mobilized a regional public–private partnership to deploy high-speed fiber-optic cables across nine islands. The initiative helped raise household broadband coverage from 30% to 75%, connected over 70,000 people, and reduced mobile data prices by up to 36% in some countries. These initiatives support a more inclusive and competitive regional digital economy.

Digital payments, including cross-border payments

The WBG supports the development and implementation of regulations and payment systems to facilitate digital payments, including cross-border payments. It also provides technical assistance to foster digital payment ecosystems in many LAC countries, including Barbados, Belize, Colombia, the Dominican Republic, Guatemala, Haiti, Jamaica, Mexico, countries in the Organization of Eastern Caribbean States (OECS), Paraguay, Peru, and Suriname. These initiatives encompass infrastructure design and implementation (e.g., for fast payment systems) as well as strategy development, legal and regulatory reforms, and capacity building for risk-based supervision.

Through the Caribbean Digital Transformation Project, the World Bank is supporting the development of a harmonized payment systems legal framework and technical specifications for a fast payments platform for the Eastern Caribbean Currency Union. It is also carrying out a study to identify opportunities to leverage SIPA, a Central American subregional payment infrastructure, to support regional economic integration and digital trade. The World Bank has developed technical notes on digital payments and/or digital financial inclusion as part of recent Financial Sector Assessment Programs in several countries, including Bolivia, Colombia, Ecuador, and Mexico. Legal, regulatory, and policy reforms to enhance digital payment ecosystems have been recognized in recent World Bank Development Policy Financing operations across several countries, including Peru.[73]

Improved logistics and trade facilitation for trade in digitally ordered goods

Both the IDB Group and the WBG have long supported LAC countries in improving trade facilitation and logistics, key enablers for both traditional and digitally ordered goods. These efforts focus on enhancing

72 In El Salvador, programs include the Social Digital Connectivity Program (ES-G1010) and the Digital Infrastructure Technical Cooperation (ES-T1386). In Colombia, the program is the Fibrazo Loan (CO-L1296).

73 The World Bank is to publish a regional study on the transformative evolution of fast payments in LAC in late 2025.

logistics infrastructure and governance, modernizing customs and other border agencies' procedures, and promoting regulatory and digital harmonization. Programs such as these contribute to lower transaction costs, faster delivery times, and improved trade competitiveness across the region.

The IDB Group has supported long-term logistics reform agendas across several countries. In Panama, this involved shaping a National Logistics Plan, identifying key bottlenecks, and aligning public and private investments, including co-financing for the expansion of the Panama Canal. For example, in Honduras, a mix of regulatory, institutional, and infrastructure reforms helped dramatically reduce border crossing times from over 74 hours to just over 2 hours at El Amatillo, while improving the country's Logistics Performance Index (LPI) ranking from 93rd to 66th between 2018 and 2022. In Colombia, the IDB supported the National Logistics Policy and investments in transportation corridors and port infrastructure. These efforts, combined with reforms in customs and intermodal connectivity, helped lift Colombia's LPI score from 2.7 to 2.9 between 2018 and 2023.

At the national level, the IDB Group has helped countries strengthen institutional and regulatory frameworks and modernize border infrastructure. For instance, in Costa Rica, IDB Group financing supported the upgrading of physical infrastructure, control systems, and interagency coordination at borders, contributing to both national efficiency and regional integration goals. In Peru, a digital single window platform was developed to streamline trade procedures, reduce processing times and costs, and support international interoperability.

Beyond national borders, the IDB Group plays a central role in advancing regional cooperation. A key initiative is the Central American Digital Trade Platform (PDCC), implemented by the Secretariat for Central American Economic Integration (SIECA) with IDB technical assistance and European Union funding. This digital node connects national systems across Central America to facilitate trade and border processes, including customs, migration, and sanitary controls. Among its achievements is the integration of the Central American Single Declaration (DUCA), which standardizes trade data and supports cross-border interoperability. Between 2021 and 2023, regional trade through the platform averaged US$7.89 billion and involved over 450,000 kg of goods.

The World Bank complements these efforts with national and regional support, especially in customs modernization and regulatory harmonization. In Central America, the WBG works with governments and SIECA to align procedures with the WTO TFA and streamline the movement of digitally ordered goods. The World Bank has also supported impactful customs integration reforms through its assistance to Guatemala, Honduras, and SIECA under the Customs Union Deep Integration initiative. This included the development of FYDUCA, a Central American online customs instrument that eliminated border processing for 80% of goods and cut average crossing times from 11 hours to 6 minutes.

In the Caribbean, the WBG is advancing reforms to streamline border agency coordination and align countries with international trade practices. It supported the launch of the Jamaica Trade Information Portal and improvements to risk management and classification procedures. Similar efforts are underway in Grenada, Dominica, and St. Lucia, with reforms focusing on digitalization and reducing clearance times through integrated systems such as ASYCUDA. The WBG is also helping OECS countries further implement the WTO TFA and modernize customs processes.

At the regional level, the World Bank works with CARICOM and the OECS to promote trade facilitation strategies, improve port efficiency, and scale successful practices across countries. These efforts aim to create a more integrated and competitive digital trade environment.

Export promotion

Export promotion is a key pillar of the IDB Group's support to help firms across LAC access and expand into global markets. Through a combination of financing, institutional strengthening, technical assistance, and digital tools, the IDB Group helps countries and firms, especially SMEs, to build the capabilities needed for export diversification and internationalization.

In countries like Colombia and Uruguay, national programs supported by the IDB have promoted digital exports of services and high-value-added goods. These efforts combine investment and export promotion strategies with regulatory improvements and institutional capacity-building.[74]

At the firm level, the IDB Group supports internationalization through targeted initiatives such as the Matriarca project in Argentina. By using digital technologies—including online platforms, artificial intelligence, and online sales tools—this initiative connects Indigenous women artisans with new markets, improving quality and traceability while strengthening participation in national and global value chains.[75]

Notably, the IDB Group's regional online business platform ConnectAmericas complements these efforts by digitally enabling export promotion. The platform provides firms with training resources, business intelligence, access to international buyers, and virtual matchmaking.[76] Its user-friendly model helps reduce information-related trade costs and has proven especially effective in boosting firms' exports, especially

74 In Colombia, the IDB financed a program to promote exports of knowledge-based services. In Uruguay, support focused on the global services sector, combining FDI promotion, export capacity-building, and employment generation.

75 The IDB Lab-backed Matriarca project uses digital tools to modernize the production and commercialization of artisan goods, empowering Indigenous women and enhancing competitiveness.

76 ConnectAmericas, developed by the IDB with partners like Google and DHL, connects over 260,000 businesses with tools for networking, market access, and training.

those of women-led businesses. A white-label version of the platform enables governments and their export promotion agencies to customize it for national use while leveraging its global reach.

Through export promotion instruments ranging from national strategies to firm-level innovation and regional digital platforms, the IDB Group is helping unlock the international potential of LAC firms and broaden their participation in global trade, including digital trade.

Innovation, entrepreneurship and enterprise growth

The IDB Group and WBG are also supporting innovation and entrepreneurship conducive to digital trade. The IDB Group provides a useful digital checkup tool that enables firms to assess their current digital capabilities, identify strengths and weaknesses, and define ways to improve. Importantly, the IDB Group is assisting several countries in the region through specific interventions. These include the Digital Innovation to Boost Economic Development Program, which assists firms in Belize at different stages of digital maturity. Similarly, the Program to Accelerate the Digital Transformation Agenda aims to strengthen Trinidad and Tobago's digital innovation ecosystem by addressing low digital capabilities in the private sector. Key activities include:

- strengthening the capacities of fabrication labs, incubators, and accelerators,
- establishing a Center of Excellence to support cutting-edge digital knowledge diffusion to entrepreneurs, startups, and established firms, and
- providing grant funding to support digital transformation and digital innovation initiatives among competitively selected firms, with at least 30% of beneficiaries of Digital Transformation Plan design and implementation being women-led firms.

In Chile and, more recently, in Colombia, a technical cooperation initiative called GerencIA enabled a pilot training program on AI skills for business managers. The goal was to incorporate emerging technologies into business management. Preliminary results have shown greater technology adoption and a trend toward improved integration of AI within companies.

A new digital maturity assessment methodology was successfully implemented in the Dominican Republic. This model enabled diagnostics, improvement planning, and the identification of technical assistance pathways for a group of manufacturing firms. In Ecuador, through an extension model designed to provide technical assistance for digitalization processes, a training program for extension agents was implemented, and the service portfolio of the Escuela Superior Politécnica del Litoral was expanded. This institutional strengthening enabled IDB to launch a loan operation aimed at enhancing business development through digitalization and digital transformation.

In Argentina, Peru, Grenada, St. Lucia, Sint Maarten, and Suriname, the World Bank is supporting the design and implementation of programs that strengthen firms' capabilities, including technology adoption; improving managerial capabilities (e.g., through incubation, acceleration, mentoring, and training); and the acquisition of computers and other equipment to support digital operations. Some of these programs also aim to improve firms' market intelligence and market linkages. These programs work through national government institutions and provide technical assistance and matching grants structured in various ways.

In El Salvador, the IDB Lab has partnered with Scotiabank to help SMEs adopt digital tools for operations, payments, and financial management. Similarly, in Argentina, Peru, Grenada, St. Lucia, Sint Maarten,[77] and Suriname, the World Bank is providing matching grants and technical assistance to support firms in adopting new technologies, improving managerial skills, and connecting better with markets.

These efforts are complemented by diagnostic tools like the World Bank's digital economy assessments, which provide a holistic view of countries' digital readiness, including skills, business capabilities, and trust frameworks. This helps guide targeted support for digital transformation.

Digital skills development

Closing the digital skills gap is essential for enabling firms and workers in LAC to participate in the digital economy. Both the IDB Group and the World Bank play a critical role by supporting policies and programs that align education and training systems with evolving labor market needs. By collaborating with private-sector actors, universities, and education specialists, these institutions help governments tailor training programs for the digital economy, from basic digital literacy to advanced skills for high-value services.

In several countries, efforts go beyond classroom training to promote practical, market-relevant learning. In Uruguay, IDB Group-supported advanced training programs have helped more than 600 students develop digital and entrepreneurial skills, with a significant share now working in knowledge-intensive sectors or launching their own ventures. In Mexico, cloud computing training offered through a partnership between the IDB Group and Google reached over 16,000 students across 32 states, paving the way for the integration of digital skills into formal vocational education. In Trinidad and Tobago, and through programs in the Southern Cone, the IDB Group helps MSMEs and public institutions strengthen their digital capabilities both through workforce training and by fostering digital business transformation. The

77 Sint Maarten is not a member of the WBG. The WBG manages the Sint Maarten Recovery, Reconstruction and Resilience Trust Fund (SXM TF), which was set up to respond to the devastation caused by Hurricane Irma in Sint Maarten in 2017. The projects the SXM TF finances are implemented by the Sint Maarten government in accordance with the World Bank's Policies and Procedures.

World Bank has supported digital skills as integral components of its digital projects in the Caribbean and the Southern Cone.

Access to finance

Expanding access to financing is essential for enabling digital entrepreneurs and innovative firms in LAC to grow and compete in digital markets. The IDB Group and the WBG are working with governments and financial institutions to close financing gaps for firms in general and SMEs and startups with digital business models in particular.

In Honduras, the IDB Group's INNOVA-T project supports young entrepreneurs by combining digital skills training with access to finance. The initiative partners with universities and Banco Atlántida to promote spin-off ventures and expand access to risk-tolerant credit for early-stage firms. Similarly, in Ecuador, the World Bank provided a $500 million credit line to SMEs through Corporación Financiera Nacional. This increased financing, employment, and investment, including among firms in digitally deliverable sectors such as information and communications technology (ICT), professional services, and manufacturing (Bruhm et al., 2025). In Brazil, the IFC has supported access to finance for creative industries and innovative SMEs.

The World Bank has also supported the creation of equity instruments and risk-sharing mechanisms to expand access to finance for innovative firms in Jamaica and across the OECS. These efforts help address lenders' risk perceptions and foster more inclusive financial ecosystems that support firms engaging in digital trade.

International cooperation at the World Trade Organization

At the multilateral level, the WTO plays a key role in promoting digital trade through its rules-based framework, which is important for LAC countries seeking to expand their role in the global digital economy.

As outlined in chapter 2, existing WTO rules and commitments apply to digital trade, as WTO agreements do not differentiate between the technological means by which goods and services are traded. Many LAC countries' commitments at the WTO, as well as their engagement in relevant discussions, are therefore relevant factors in shaping their digital trade ecosystem.

WTO agreements may be leveraged to anchor domestic efforts to increase LAC participation in digital trade. Undertaking legally binding commitments at the WTO enables governments to guarantee policies that can enhance competition and investment in digital trade infrastructure. Furthermore, in a

trade negotiation, governments can "exchange" greater openness of digital trade–enabling sectors for increased access to other sectors of domestic export interest, which may help to ease any domestic resistance to trade reform.[78]

The WTO also offers the opportunity to enhance regulatory convergence by providing a platform for establishing shared principles and common approaches to the regulation of digital trade. By benchmarking and aligning policy guidelines, governments may be more likely to regulate domestically in ways that support cross-border digital transactions and reduce costs for both traders and consumers.

In fact, work that is expressly focused on digital trade has been picking up pace at the WTO. The WTO multilateral discussions under the Work Programme on Electronic Commerce intensified following the decision adopted at the 13th Ministerial Conference (MC13) in 2024. The Work Programme, which provides a platform for experience-sharing and mutual learning, has addressed issues such as the digital divide, focusing on digital infrastructure, connectivity, internet access, technology transfer, digital industrialization, and legal and regulatory frameworks. The trade-related facets of AI and emerging technologies have also been addressed in relation to trade. In addition, as discussed in chapter 2, in 1998, WTO Members agreed to temporarily continue the practice of not imposing customs duties on electronic transmissions (the so-called Moratorium). This has been repeatedly renewed and was in force until the 14th Ministerial Conference, held in March 2026.[79]

LAC countries have been active in these discussions, highlighting the importance of advancing this work with a strong focus on the development dimension and seeking to identify ways to address the digital divide. In this regard, efforts are being made to facilitate the exchange of information on regulatory practices and initiatives and programs supporting digital trade.

In addition to this multilateral work, a group of WTO Members has negotiated disciplines specifically designed to facilitate digital trade. The e-commerce Joint Statement Initiative (JSI) was launched in 2017 and aimed to develop rules on the trade-related aspects of e-commerce that build on existing WTO provisions. The "stabilized" negotiating text was issued in July 2024 as the Agreement on Electronic Commerce (WTO, 2024). Relevant disciplines fall under issues such as an enabling environment for digital trade (e.g., e-authentication and e-signatures, electronic contracts, electronic invoicing, paperless trading, electronic payments); openness (e.g., prohibition of customs duties on electronic transmissions, open government data); trust (e.g., online consumer protection, personal data protection, cybersecurity); and

78 See also WTO (2019).

79 However, the Moratorium and the Work Programme lapsed at the closure of the 14th Ministerial Conference on 30 March 2026, although WTO Members came close to agreeing to their renewal and efforts continue towards finding a way forward.

telecommunication services (e.g., assignment of frequency bands, telecommunications regulatory authority). There are also disciplines on transparency and cooperation, as well as provisions on development.

Several of these disciplines help address some of the regulatory issues identified in this report. For example, provisions on matters such as e-authentication and e-signatures, electronic contracts, and e-invoicing would support the establishment of a predictable environment for cross-border electronic transactions. Paperless trading provisions would help streamline customs procedures and reduce processing times at the border, to the particular benefit of digitally ordered goods. Regulatory frameworks for online consumer protection and personal data protection would encourage trust in digital trade for both businesses and consumers. Overall, the agreement can help LAC countries strengthen their regulatory frameworks for e-commerce.

Willingness to adopt the negotiated e-commerce disciplines is currently limited in LAC, however. Only five countries from the region have co-sponsored the stabilized text (Argentina, Chile, Costa Rica, Paraguay, and Peru). Brazil, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, and Uruguay took part in the negotiations, as illustrated in table 3.1, but are still in the process of domestic consultations and deliberations regarding the text (WTO, 2025).

Another WTO JSI has concluded negotiations on disciplines that could help LAC countries enhance their participation in digital trade. The plurilateral Investment Facilitation for Development Agreement, endorsed by around two-thirds of WTO Members, aims to improve the transparency and efficiency of investment procedures and facilitate the operations of investors across all economic sectors, including those key to digital trade. As such, it would help attract more and higher-quality investment in digital connectivity infrastructure.[80] Most LAC countries will accept these disciplines, as illustrated in table 3.1.

80 WTO, "Investment Facilitation for Development," https://www.wto.org/english/tratop_e/invfac_public_e/invfac_e.htm.

TABLE 3.1. Participation of LAC WTO Members in the Joint Statement Initiatives on e-commerce and investment facilitation for development

Joint Statement Initiatives	LAC WTO Members
Both e-commerce and Investment Facilitation for Development (IFD)	Argentina, Brazil, Chile, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay
Only e-commerce	Colombia
Only IFD	Antigua and Barbuda, Barbados, Belize, Bolivia, Dominica, Dominican Republic, Grenada, Suriname, Venezuela
Neither	Cuba, Guyana, Haiti, Jamaica, St. Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Trinidad and Tobago

Source: WTO (2024) and WTO, "Investment Facilitation for Development," https://www.wto.org/english/tratop_e/invfac_public_e/invfac_e.htm.

The WTO also offers training and technical assistance that can strengthen policymakers' awareness and understanding of the rules that apply to digital trade. Technical assistance extends beyond trade disciplines and may also cover issues related to measuring digital trade. Furthermore, digital connectivity is an established theme of the WTO-led Aid-for-Trade initiative.

Regional trade agreements and digital economy agreements

LAC countries have also promoted digital trade through RTAs and digital economy agreements (DEAs) concluded with other LAC countries and extraregional partners. All LAC countries are members of an RTA, and over 40% of the RTAs they have concluded include provisions on digital trade. Collectively, countries in the region have concluded 268 RTAs: 86 exclusively cover trade in goods, and 182 cover trade in both goods and services.[81] Of these, 114 agreements contain at least one digital trade provision, of which 102 include separate, dedicated chapters featuring disciplines on digital trade (figure 3.1).

The disciplines LAC countries have undertaken in their RTAs include binding provisions on aspects such as the nonimposition of customs duties on electronic transmissions, the nondiscriminatory treatment of digital products, paperless trading, electronic authentication, electronic signatures, online consumer protection, and personal data protection. Examples of RTAs containing such provisions that LAC economies

81 This figure is based on the RTAs in force and those notified to the WTO as at March 2025.

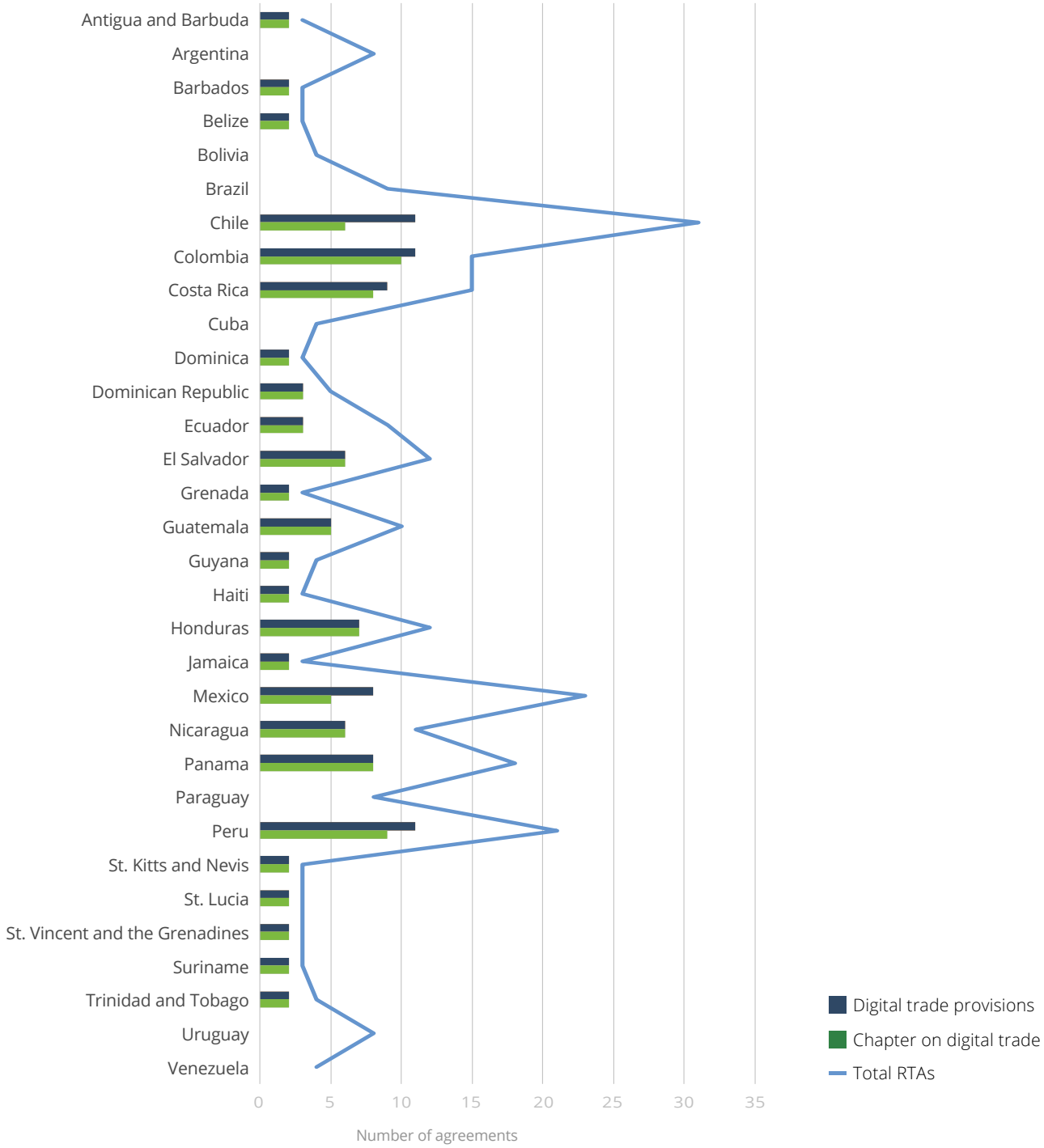
are parties to include the Comprehensive and Progressive Agreement for Trans-Pacific Partnership; the Pacific Alliance; the Free Trade Agreement between the Dominican Republic, Central America, and the United States; the United States–Mexico–Canada Agreement; and the Free Trade Agreement between Central America and the Republic of Korea. LAC's RTAs also contain best-endeavor and aspirational provisions in areas such as interoperable digital payments and the promotion of digital IDs. These can be found in RTAs between Chile and Thailand, Colombia and the European Free Trade Association (EFTA) economies, or Peru and Singapore.

Some regional integration blocs in LAC have also developed roadmaps for digital agendas. Examples include the Pacific Alliance's Digital Regional Market Road Map, and the Andean Community's Andean Digital Agenda.

DEAs have also allowed LAC countries to deepen their digital trade disciplines. These agreements include exclusively digital trade disciplines but, unlike RTAs, do not provide for trade liberalization. The Digital Economy Partnership Agreement (which Chile, New Zealand, the Republic of Korea, and Singapore are currently party to and which Costa Rica is on track to join) is currently the only DEA with LAC members. It promotes alignment on cross-border data flows, paperless trading, e-invoicing, signatures, personal data protection, AI, and online consumer protection, among others.[82]

82 The implementation of e-commerce chapters and digital trade and economy agreements may require continued attention and monitoring. Studies on the implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership e-commerce chapter, for instance, show strong compliance on basic provisions but a lower level of implementation on data transfer rules and on best-endeavor rules on cybersecurity capabilities and collaboration, for example. See Suominen (2022 and 2024).

FIGURE 3.1. Participation of LAC countries in RTAs with provisions on digital trade



Notes: Based on RTAs notified to the WTO. Annexes to RTAs containing operational provisions on e-commerce have been counted as an e-commerce chapter. Those containing only aspirational provisions have not been counted as a chapter. Data as of March 2025.

Source: World Trade Organization Regional Trade Agreements Database.

Conclusion

The efforts showcased in this chapter testify to the progress many LAC countries have made in laying the groundwork for greater participation in digital trade. Advances have been seen in areas such as regulatory frameworks, connectivity, trade facilitation, and firm-level capabilities. At the same time, important challenges remain across the region in these and other areas, and continued efforts are needed to strengthen hard and soft digital infrastructure, close implementation gaps, and ensure that firms, workers, and consumers can fully benefit from digital opportunities.

Tailored to country-specific conditions and appropriately sequenced, the recommendations and actions identified in this chapter can further enhance LAC's participation in digital trade. The IDB Group and the World Bank can support the design and implementation of digital strategies in LAC countries by providing policy advice, technical cooperation, and financing. The WTO contributes by promoting digital trade through its framework of rules, by providing technical assistance to help with the implementation of these, and by serving as a forum for international cooperation. RTAs offer additional, complementary avenues to support these efforts. The IDB Group, the World Bank, and the WTO will continue working together to support countries on this agenda. Deepening this collaboration will be key to helping countries define effective roadmaps to expand digital trade and amplify the impact of reforms across the region.

References

Bruhn, Miriam, Federico Diaz Kalan, Nicolò Fraccaroli, and Claudia Ruiz Ortega. 2025. "Access to Finance for MSMEs in Ecuador: A Firm-Level Impact Evaluation." Policy Research Working Paper 11121. Washington, DC: World Bank. http://hdl.handle.net/10986/43195.

Corcuera, Sandra. 2018. "CADENA, A Blockchain Enabled Solution for the Implementation of Mutual Recognition Arrangements/Agreements." *WCO News* 87. https://mag.wcoomd.org/magazine/wco-news-87/cadena-a-blockchain-enabled-solution-for-the-implementation-of-mutual-recognition-arrangements-agreements.

IMF Notes No. 2023/005. Washington, DC: IMF. https://doi.org/10.5089/9798400253614.068.

IMF, OECD, UNCTAD, and WTO. 2023. *Handbook on Measuring Digital Trade*, 2nd. Edition. Washington, DC: WTO. https://doi.org/10.5089/9789287073600.071.

Lacerda Coutinho, Gustavo, and Jorge Eduardo de Schoucair Jambeiro Filho. 2018. "Brazil's New Integrated Risk Management Solutions." *WCO News* 86. June 20. https://mag.wcoomd.org/magazine/wco-news-86/brazils-new-integrated-risk-management-solutions/.

Suominen, Kati. 2022. "Monitoring the Implementation of the CPTPP's E-commerce Chapter: Proposed Tool Kit and Initial Assessment." Washington, DC: Center for Strategic and International Studies (CSIS). https://www.csis.org/analysis/implementation-cptpps-e-commerce-chapter-2023-and-toward-cptpp-20.

Suominen, Kati. 2024. "The Implementation of the CPTPP's E-Commerce Chapter in 2023 and toward CPTPP 2.0." Washington, DC: Center for Strategic and International Studies (CSIS). https://www.csis.org/analysis/implementation-cptpps-e-commerce-chapter-2023-and-toward-cptpp-20.

WTO. 2019. *World Trade Report 2019. The Future of Services Trade.* Washington, DC: WTO. https://www.wto.org/english/res_e/booksp_e/00_wtr19_e.pdf.

WTO. 2024. "Joint Statement Initiative on Electronic Commerce." INF/ECOM/87. Washington, DC: WTO. https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/INF/ECOM/87.pdf&Open=True.

WTO. 2025. "Incorporation of the Agreement on Electronic Commerce Into Annex 4 of the WTO Agreement Communication from the Members Parties to the Agreement on Electronic Commerce." WT/GC/W/963. Washington, DC: WTO.

Appendix

APPENDIX TABLE A.1. IDB- and World Bank–supported interventions relevant to determinants of digital trade

Country	Policy and regulations	Infrastructure (incl. digital public infrastructure) and digital connectivity	Digital payments	Trade facilitation and logistics	Export promotion	Capabilities for innovations and entrepreneurship	Skills for the digital economy	Access to financing
Antigua and Barbuda			O					O
Argentina	X O	X O		X O	X	X O	X O	X O
The Bahamas	X	X		X		X	X	X
Barbados	X	X	O	X		X	X	X
Belize	X O		O	X	X	X	X	X
Bolivia	X	X						X
Brazil	X	X O	X	X		X O	X O	X O
Chile	X	X			X	X	X	X
Colombia	X	X	O	X	X	X	X	X
Costa Rica	X O	X	X	X O		X	X	X
Dominica	O	O	O			O	O	O
Dominican Republic		X O	O	X		X	X	X
Ecuador				X		X		X O
El Salvador	X O	X		X O		X	X	X O
Grenada	O	O	O	O		O	O	O
Guatemala	O		O	O				X
Guyana				X			X	X
Haiti		X	X O		X	X O		X
Honduras	X O	X	X	X O		X	X	X

Country	Policy and regulations	Infrastructure (incl. digital public infrastructure) and digital connectivity	Digital payments	Trade facilitation and logistics	Export promotion	Capabilities for innovations and entrepreneurship	Skills for the digital economy	Access to financing
Jamaica	X O		O	X O		X O	X	X O
Mexico		X	O			X		X
Nicaragua	X O	X		X O				X
Panama	X O	X		X O		X	X	X
Paraguay	X	X	O	X	X	X O	X	X
Peru	X	X O	X O	X		X O	X O	X
St. Kitts and Nevis			O	O				O
St. Lucia	O	O	O	O		O	O	O
St. Vincent and the Grenadines	O	O	O	O		O	O	O
Suriname		X	O		X		X	X
Trinidad and Tobago	X			X		X	X	X
Uruguay	X	X		X	X	X	X	X
Venezuela								X

Note: "X" and "O" identify IDB Group and World Bank Group activities. Data primarily corresponds to investment loans and technical operations/technical assistance that are either ongoing or have been completed within the last five years. This data was provided by the windows and specific departments responsible for operations in the areas in question.

Digital trade is reshaping how Latin America and the Caribbean connects to the global economy, creating new opportunities for growth, innovation, and inclusion. This report explores the rapid expansion of digital trade across the region, highlighting both the progress achieved and the substantial potential that remains untapped.

Drawing on new evidence and comprehensive analysis, it examines the factors that enable, or constrain, countries' participation in international digital markets, including market openness, digital regulation, infrastructure and connectivity, cross-border payments, logistics and trade facilitation, export promotion, firm capabilities, skills and access to finance. The report identifies practical policy priorities and outlines a forward-looking agenda to strengthen regional integration and international cooperation.

By helping translate digital trade opportunities into tangible economic gains, this report offers a roadmap for policymakers, businesses, and development practitioners seeking to harness digital trade as a driver of productivity, competitiveness, and inclusive development.

9 789287 084064

WORLD TRADE ORGANIZATION
WORLD BANK GROUP
IDB