

# Digital Trade Integration in Central America

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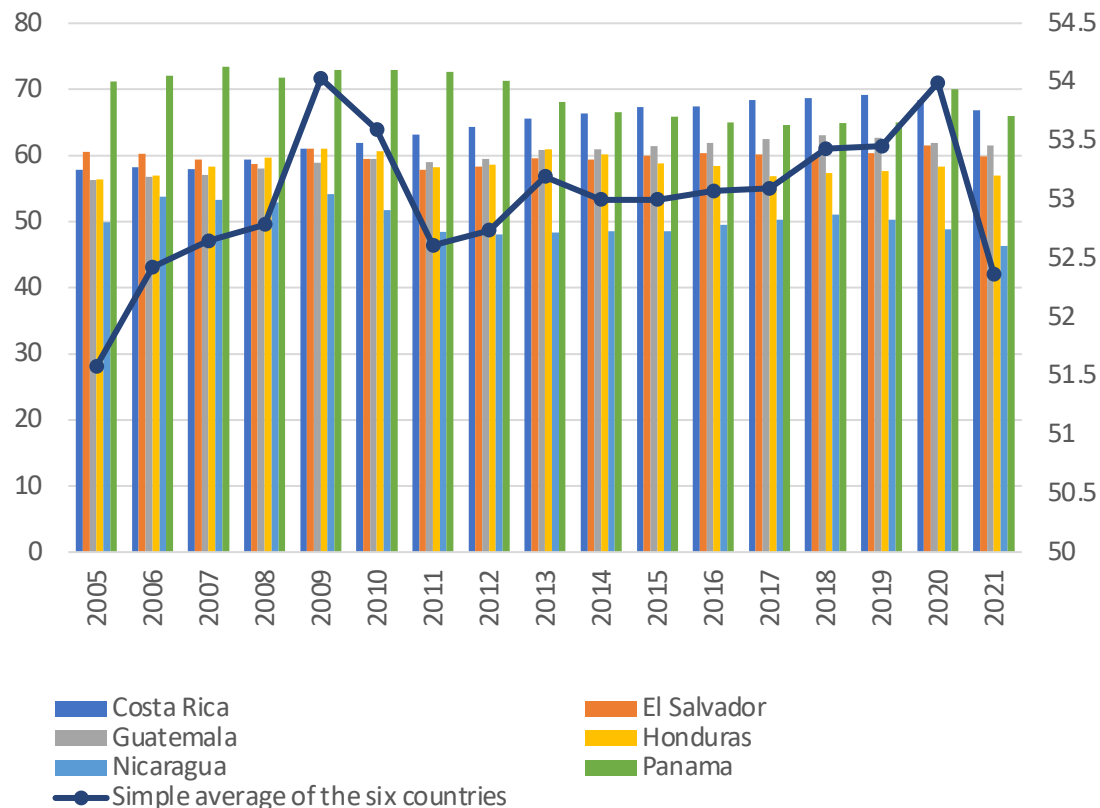


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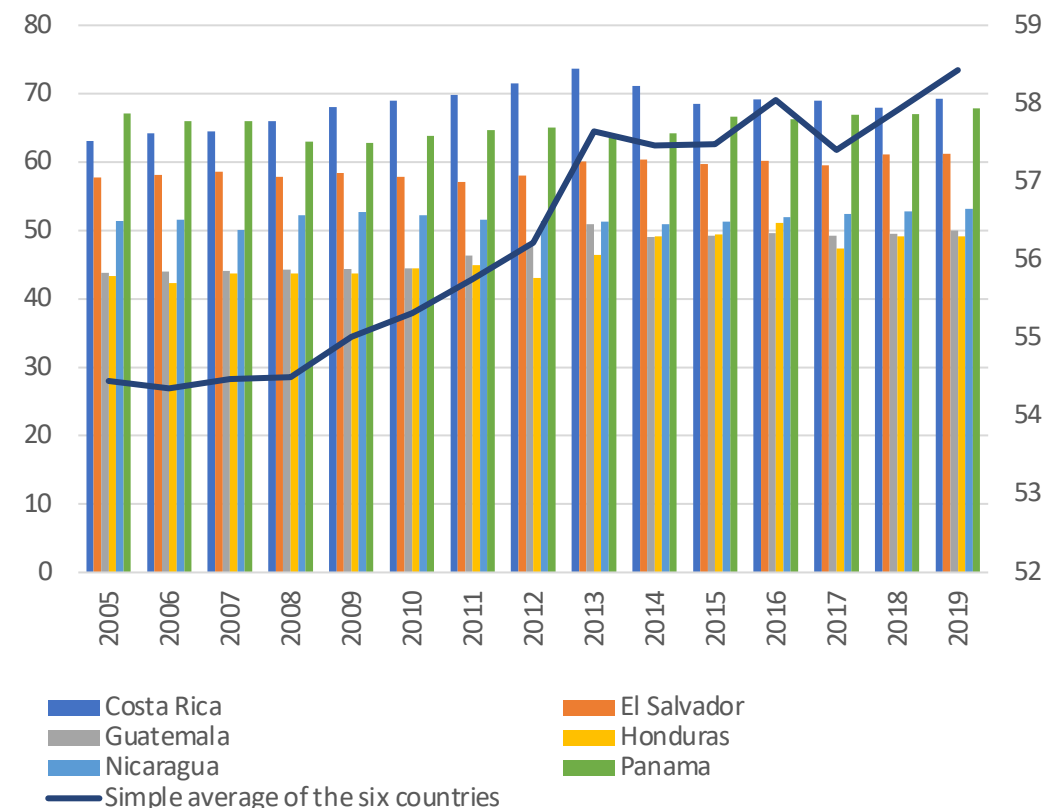
- I. Trends in digitally enabled services trade**
- II. Restictions on digital trade integration**
- III. Recommendations**

# I. Trends in digitally enabled services

Value added in services as percentage of the GDP has increased (Unit: %)



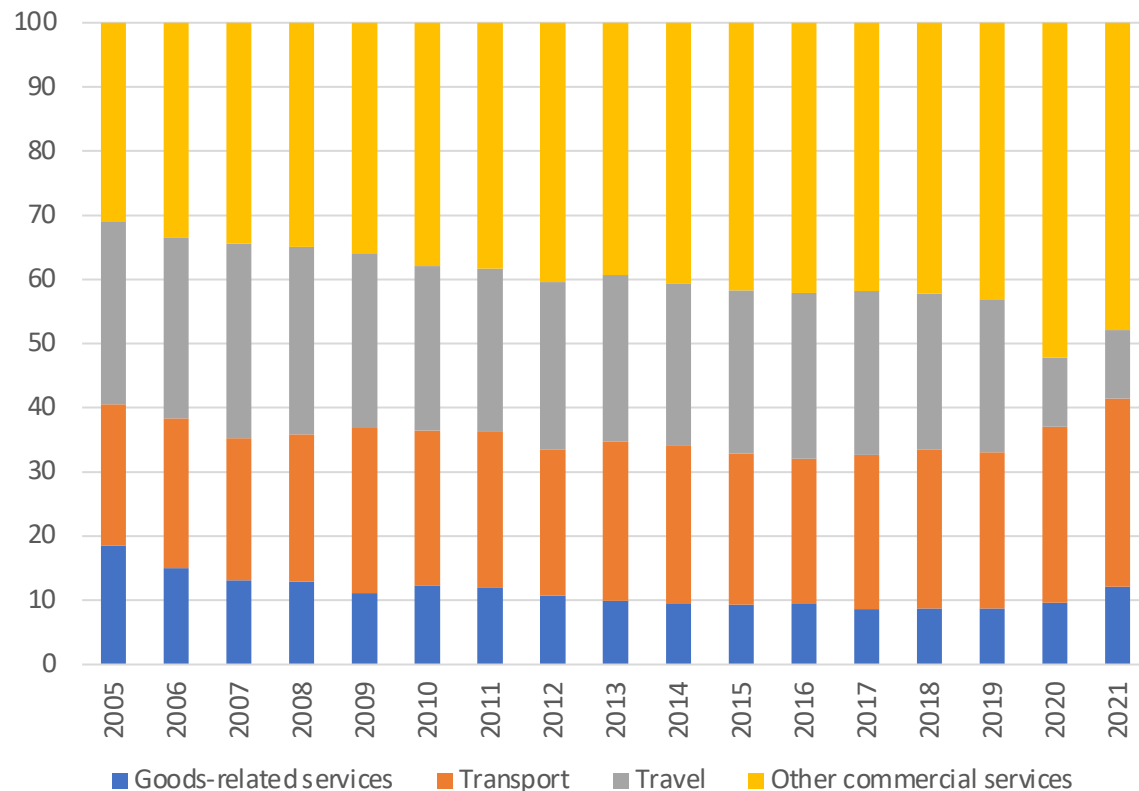
Employment in services is on the rise (Unit: %)



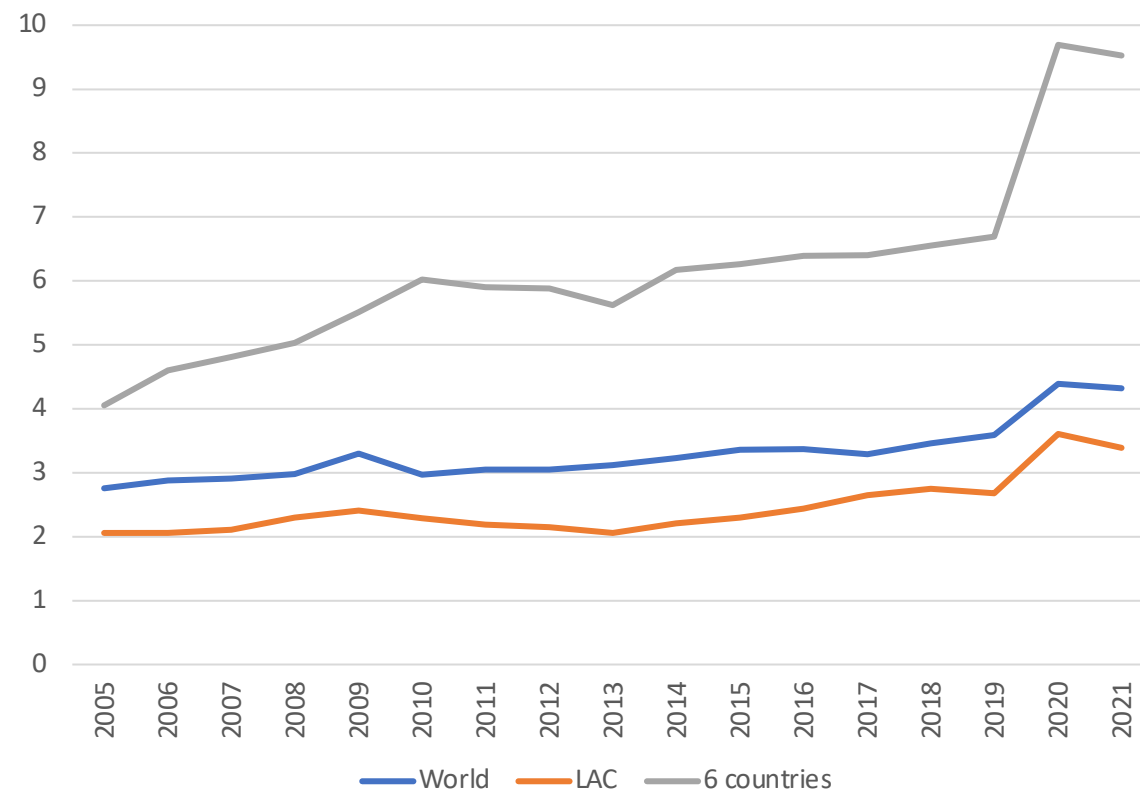
Source: Elaboration by the authors based on World Bank, World Development Indicators  
 Note: Data on the simple average of the selected countries uses the axis on the right.

# I. Trends in digitally enabled services

Transport, travel, and goods-related services make up over half of the total services exports (Unit: %)



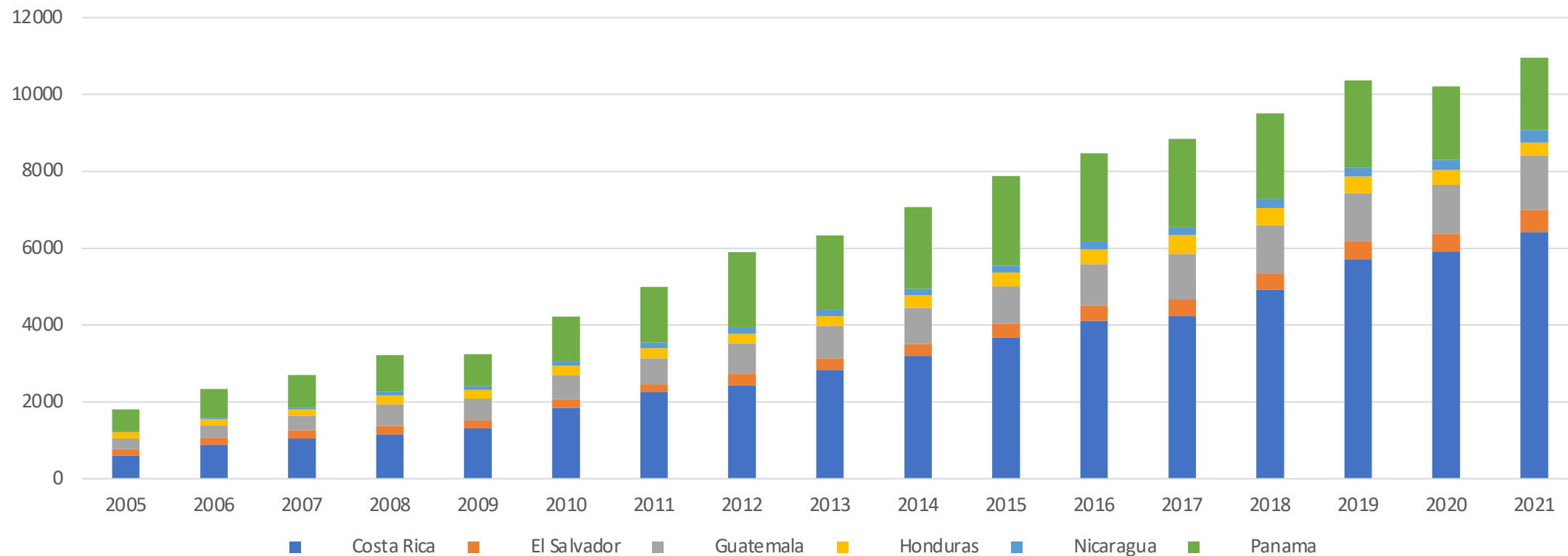
Telecommunication, computer, and information services account for a relatively high share of total services exports (Unit: %)



Source: Elaboration by the authors based on WTO Stats.

# I. Trends in digitally enabled services

Export in digitally-enabled services was largely driven by Costa Rica (Unit: Million USD)



Source: Elaboration by the authors based on UNCTAD Stats.

## II. Restrictions on digital trade integration

- **Services Trade Restrictiveness Index (STRI), OECD**

- Provides insights into the cross-cutting barriers that affect services trade.
- The tool provides information for 22 sectors and covers 50 countries
  - LAC region (6): Brazil, Chile, Colombia, Costa Rica, Mexico and Peru.
- (i) Restrictions on foreign entry; (ii) Restrictions on the movement of people; (iii) Other discriminatory measures; (iv) Barriers to competition; and (v) Regulatory transparency.
- The country and sectoral indices range from 0, representing no restrictions, to 1, corresponding to a market that is completely closed to foreign services providers.

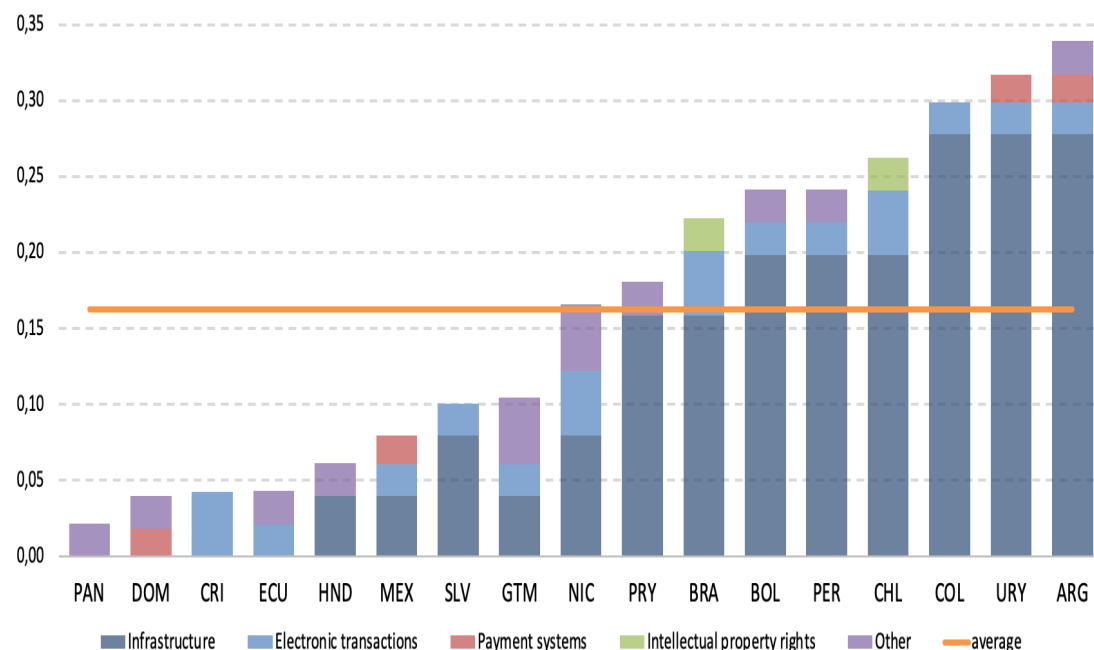
## II. Restrictions on digital trade integration

- **Digital Services Trade Restrictiveness Index (DSTRI), OECD**
  - Provides insights into the cross-cutting barriers that affect *digital* services trade.
  - The tool covers over 100 countries
    - LAC region (17): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, Paraguay, and Uruguay.
  - (i) Infrastructure and connectivity; (ii) Electronic transactions; (iii) Payment systems; (iv) Intellectual property rights; and (v) Other barriers affecting trade in digitally-enabled services.
  - The country and sectoral indices range from 0, representing no restrictions, to 1, corresponding to a market that is completely closed to foreign services providers.

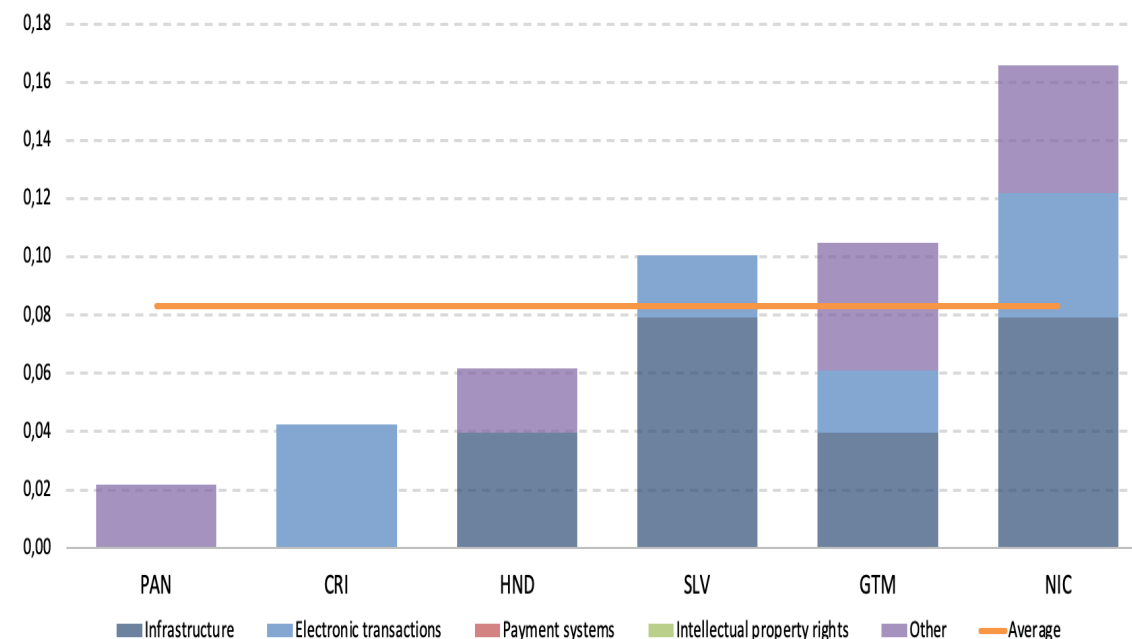
# II. Restrictions on digital trade integration

- Overview of the regulatory landscape affecting digital trade

LAC (selected countries): DSTRI, 2022



Selected Central American countries: DSTRI, 2022



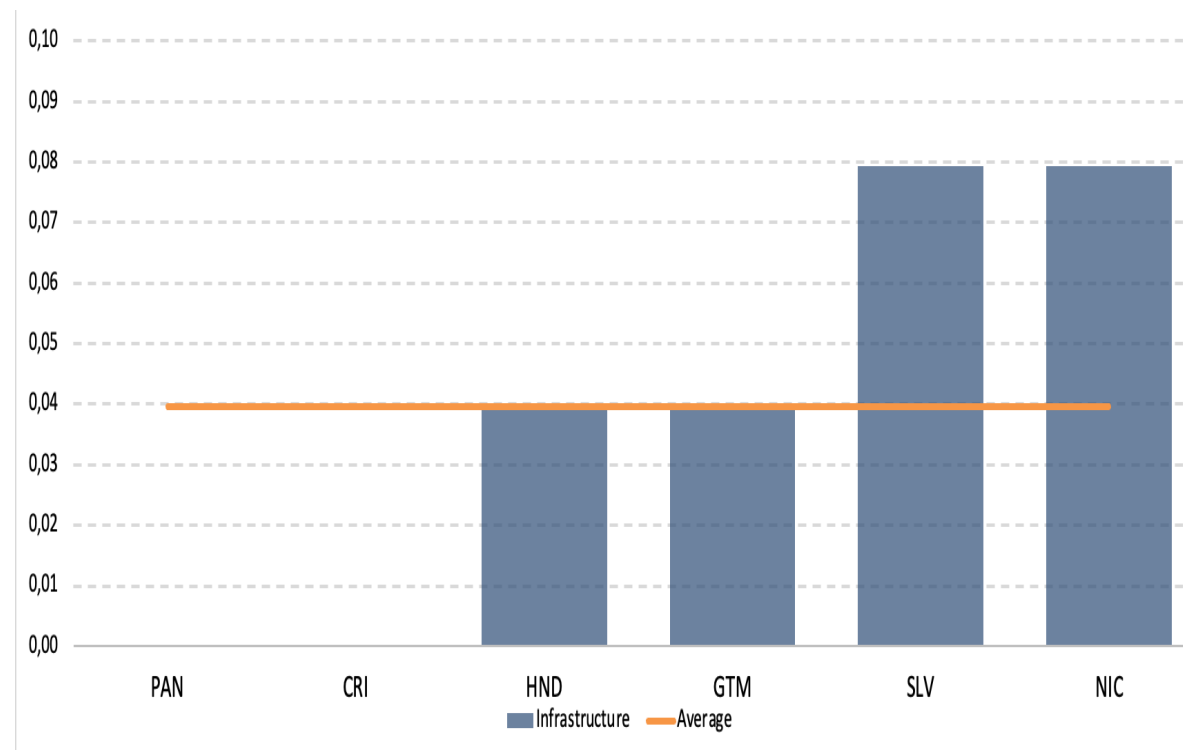
Source: Elaboration by the authors based on OECD, Digital Services Trade Restrictiveness Index.



## II. Restrictions on digital trade integration

- **(i) Infrastructure and connectivity**
  - Interconnection
  - Internet traffic management
  - Use of communication services
  - Cross-border data flows and data localization

Selected Central American countries:  
DSTRI, infrastructure and connectivity, 2022



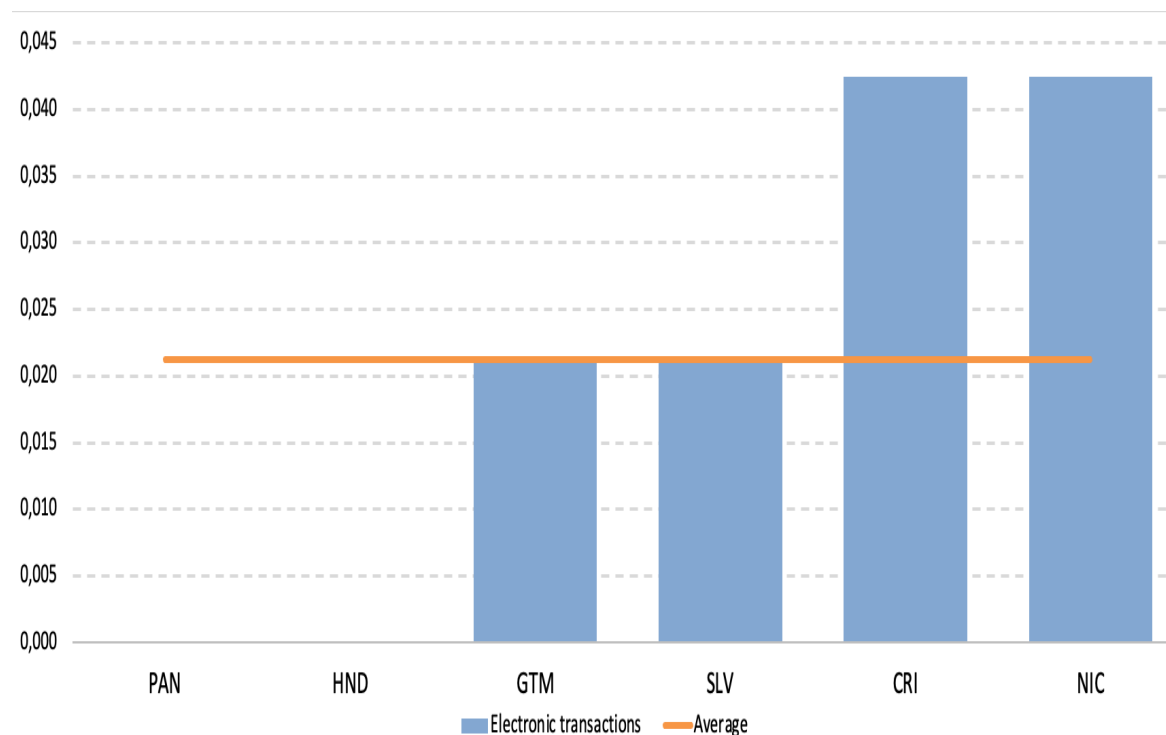
Source: Elaboration by the authors based on OECD, Digital Services Trade Restrictiveness Index.

## II. Restrictions on digital trade integration

- **(ii) Electronic transactions**

- Licenses for e-commerce
- Online tax registration and declaration
- Internationally standardized contract rules
- Recognitions for electronic signatures
- E-dispute settlement mechanisms

Selected Central American countries:  
DSTRI, electronic transactions, 2022

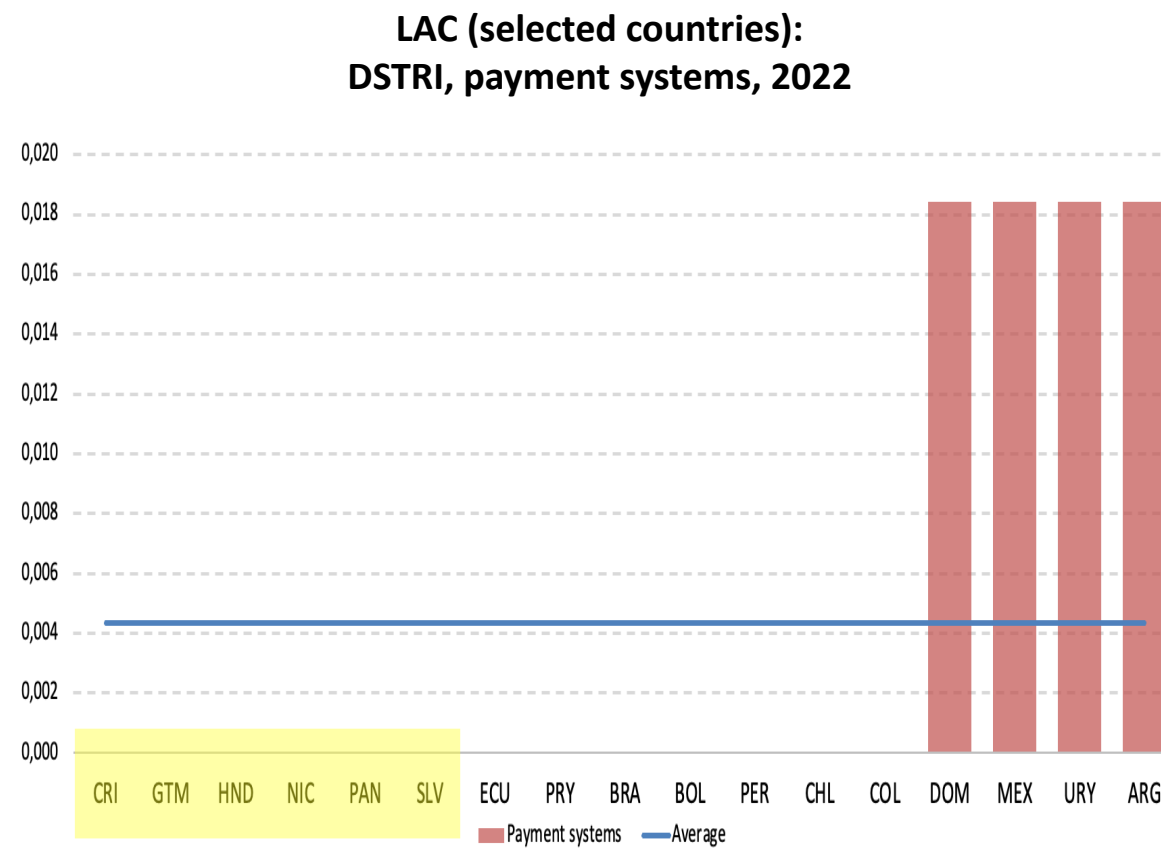


Source: Elaboration by the authors based on OECD, Digital Services Trade Restrictiveness Index.

## II. Restrictions on digital trade integration

- **(iii) Payment systems**

- Discriminatory access to payment settlement methods
- Deviation from international standards in payment security
- Restrictions on internet banking or insurance

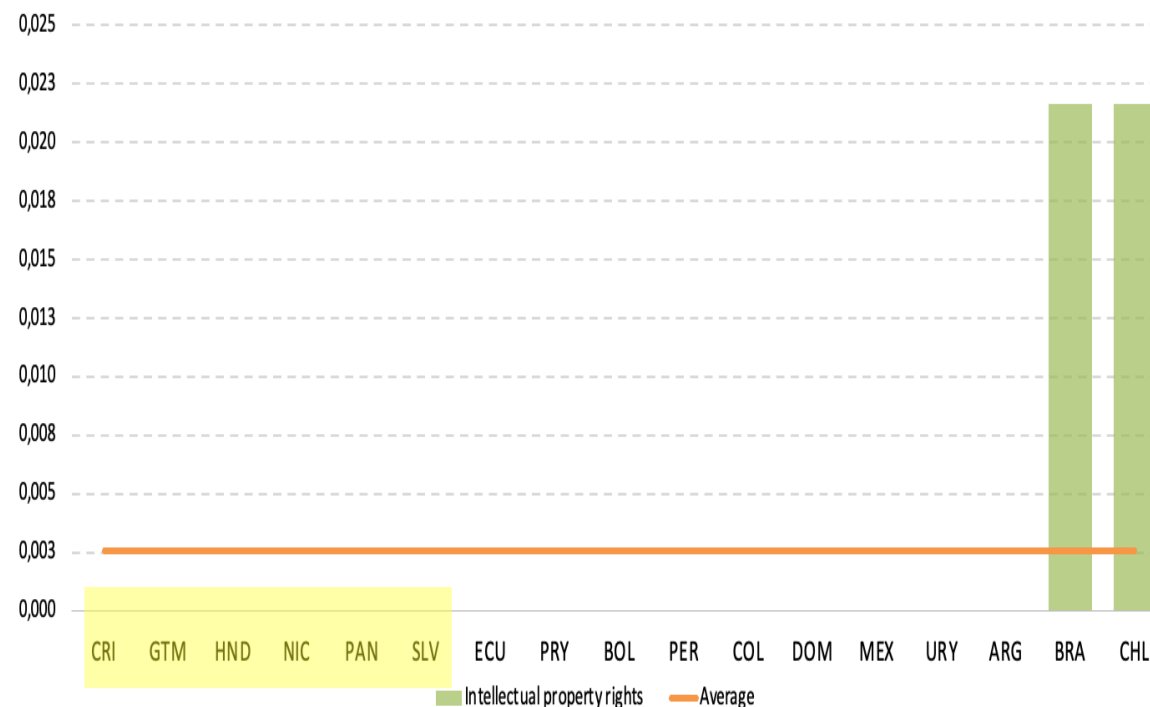


Source: Elaboration by the authors based on OECD, Digital Services Trade Restrictiveness Index.

## II. Restrictions on digital trade integration

- **(iv) Intellectual property rights**
  - Discriminatory access to payment settlement methods
  - Deviation from international standards in payment security
  - Restrictions on internet banking or insurance

LAC (selected countries):  
DSTRI, intellectual property rights, 2022

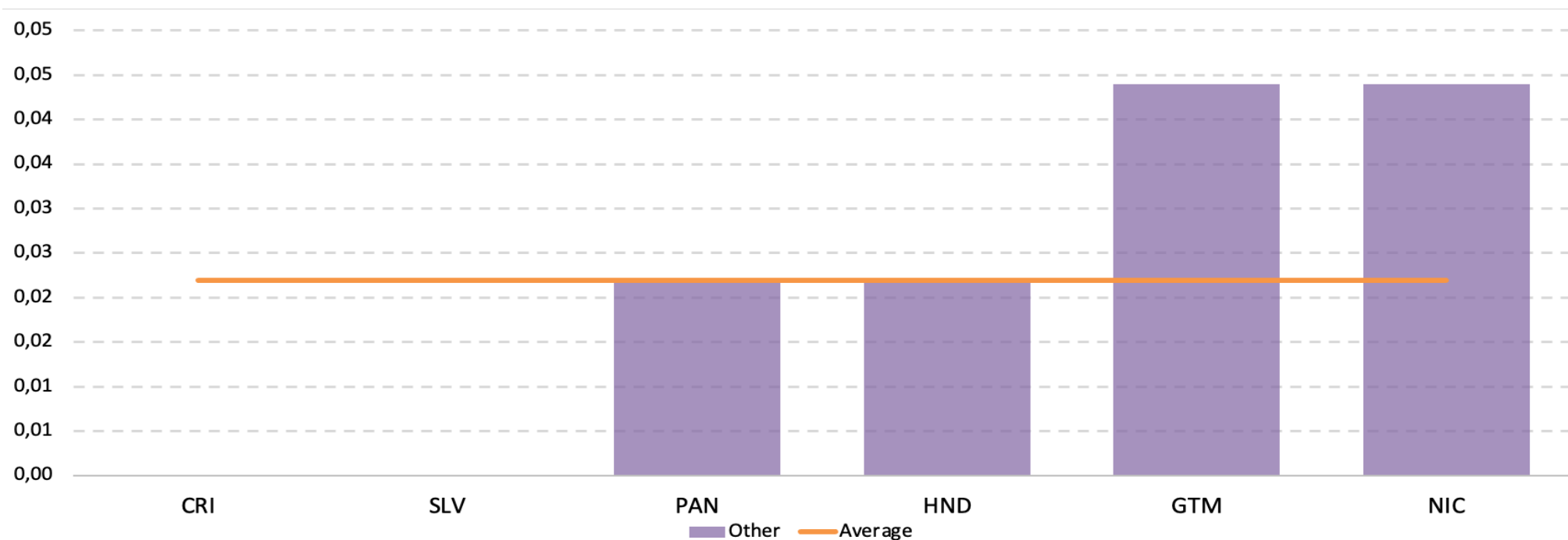


Source: Elaboration by the authors based on OECD, Digital Services Trade Restrictiveness Index.

## II. Restrictions on digital trade integration

- (v) Other dimensions - overview

Selected Central American countries: DSTRI, other barriers, 2022

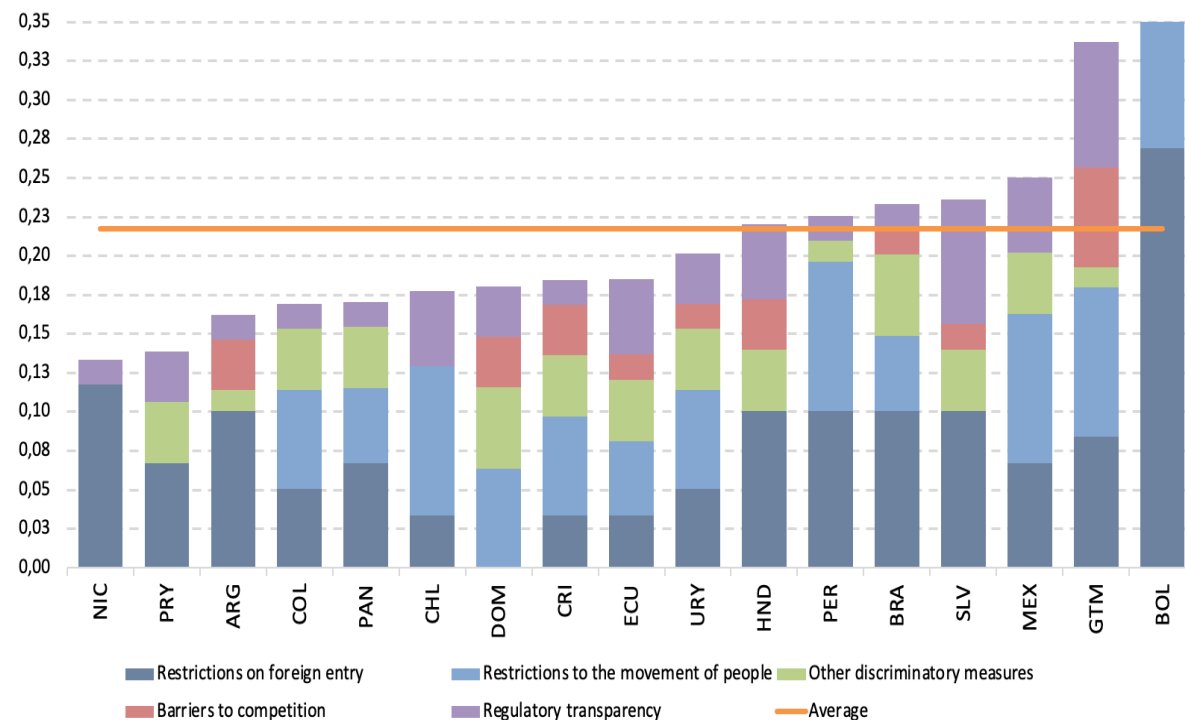


Source: Elaboration by the authors based on OECD, Digital Services Trade Restrictiveness Index.

## II. Restrictions on digital trade integration

- **(v) Other dimensions – computer and related services**
  - Computer Services Trade Restrictiveness Index (CSSTRI)
    - Foreign direct investment regulations
    - Barriers affecting movement of professionals
    - Regulatory transparency

LAC (selected countries):  
CSSTRI, 2022

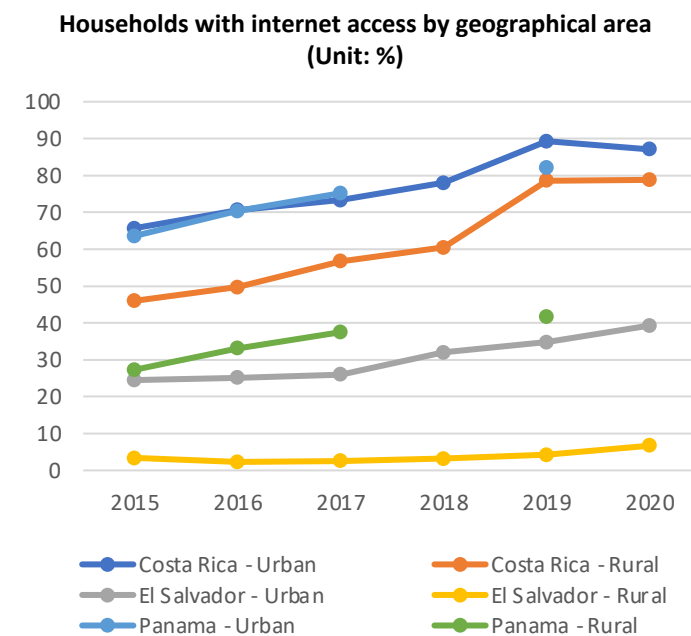
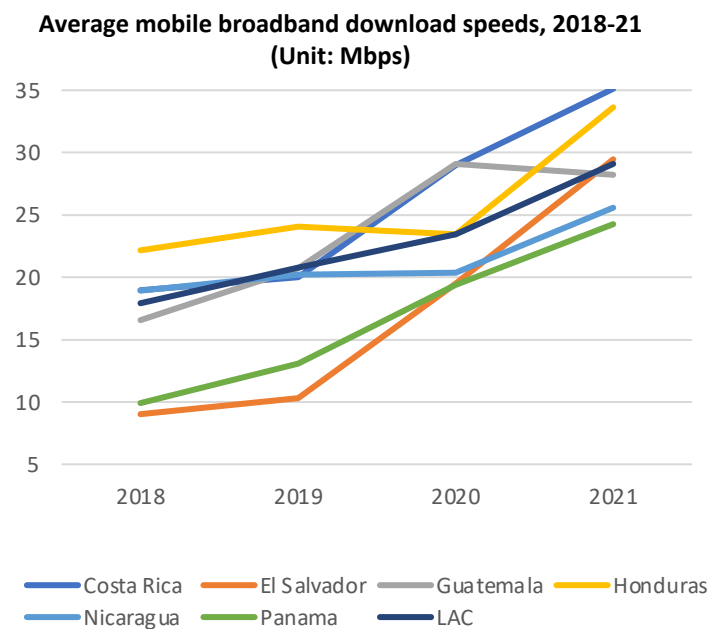
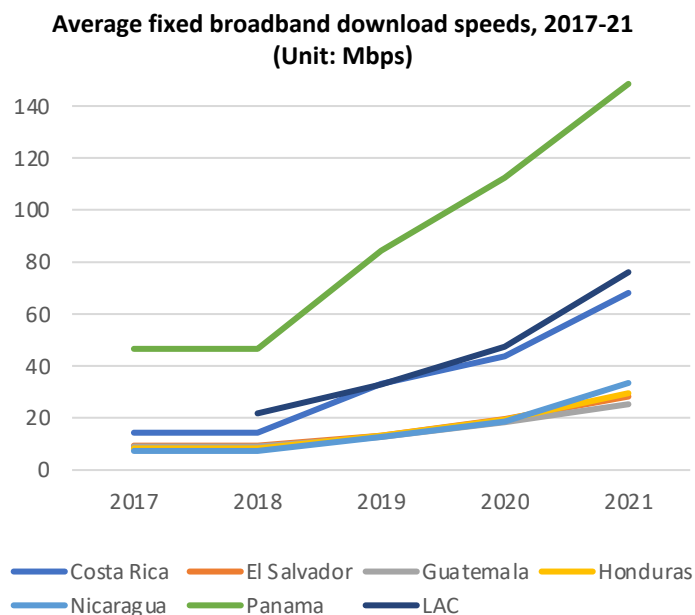


Source: Elaboration by the authors based on OECD, Services Trade Restrictiveness Index.

# II. Restrictions on digital trade integration

- (v) Other dimensions – discrepancies in digital environment accessibility

Selected Central American countries: Heterogeneity in the quality of connection

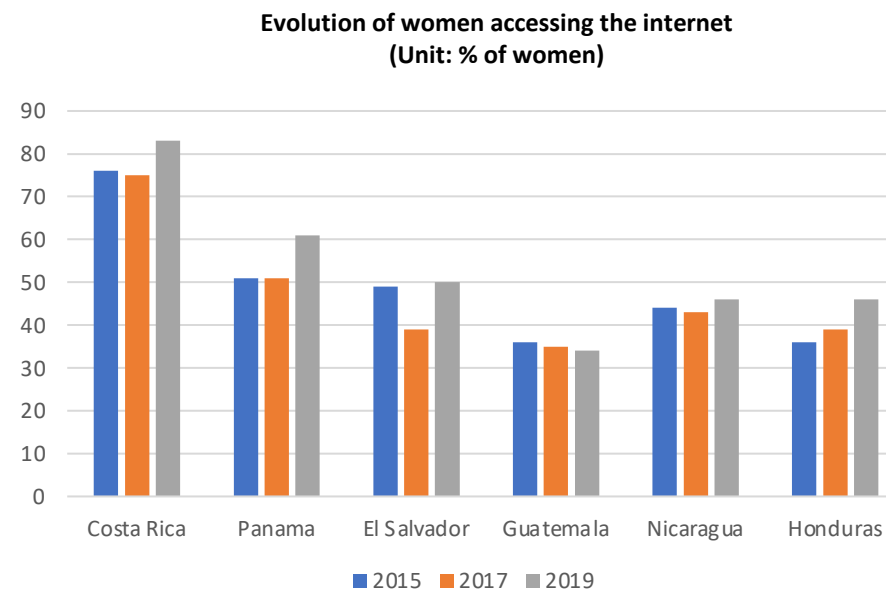
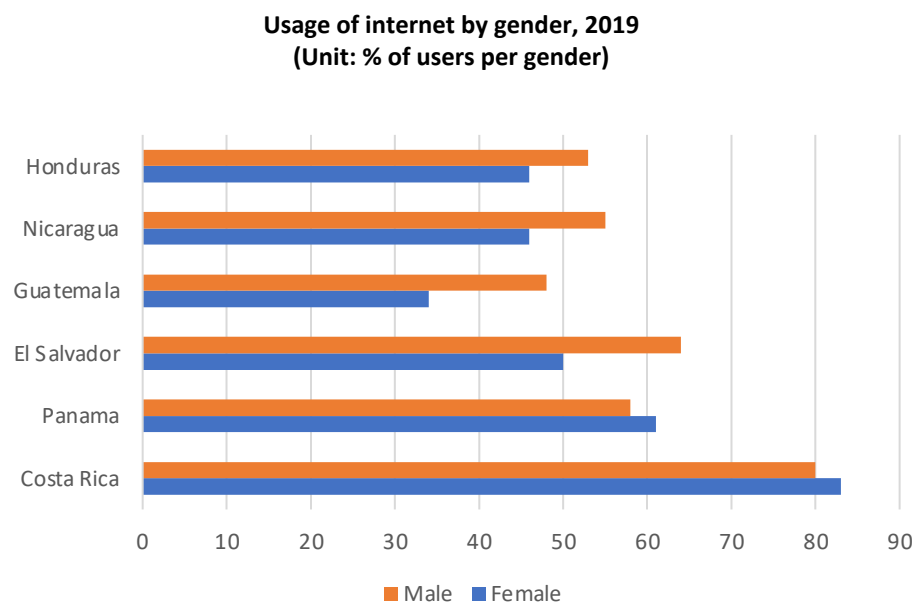


Source: Elaboration by the authors based on CEPALStat.

## II. Restrictions on digital trade integration

- **(v) Other dimensions – discrepancies in digital environment accessibility**

Selected Central American countries: Gender-based gap in accessing the internet



Source: Elaboration by the authors based on the Inclusive Internet Index.



# III. Recommendations

- **Focus on decreasing overall trade restrictions**
- **Reduce regulatory heterogeneity with other LAC countries.**
- **Expanding and deepening areas of commitments within trade agreements.**
- **Address gender gaps and limited digital competencies to improve digital accessibility.**
- **Leverage regional cooperation mechanisms.**

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