

Latin American Association of Service Exporters

Global Services Regional Hub

www.ales-lac.org



Latin American Association of Service Exporters

The Latin American Association of Service Exporters is an international organization consisting of 35 public and private institutions from 16 countries. Our objective is to promote Latin America as a knowledge exporter region and outsourcing destination.

Latin America: nearshore destination

During the past decades, services exports have risen significantly, experiencing a faster growth than good exports. This phenomenon provides developing countries with a valuable opportunity to move into the knowledge economy through the Global Services market.

In recent years, Latin America has become one of the emerging regions of the global services market. In 2014, service exports reached USD 171.290 million, a result of a compound annual growth rate of 12%.

Currently, there are various rankings that reflect the most attractive countries for outsourcing services activities. According to A.T. Kearney, several Latin American countries occupy positions near Asian leaders: 4th Brazil, 8th Mexico, 9th Chile, 19th Costa Rica, 20th Colombia, and 31th Panama. Others, such as Argentina (36th), Perú (47th) and Uruguay (51st), are placed in the top 55. In addition, a number of leading companies in ITO, BPO and KPO are installed in many Latin American countries, such as IBM, Accenture, Wipro, HP/EDS Services, Capgemini, ACS, Tata Consulting Services, Wipro, and Infosys.

Latin America's diversity enhances the generation of valuable competitive advantages which strengthen the complementarity of human talent, infrastructure, laws, time zones and languages. Therefore, Latin America has the opportunity to play a leading role, offering a wide, low-cost and skilled labor pool, as well as geographical proximity and similar time zone with U.S.-based and some European multinational companies.

Worldwide, the most dynamic field of international trade is the service sector as well as the area that has shown the lowest relative vulnerability to global crisis. Moreover, services are intensive in qualified human resources, in other words: knowledge. Last but not least, the sector receives most of Foreign Direct Investment inflows.

Latin-American countries have the opportunity to play an outstanding role as a nearshore platform. To support this condition it's essential to understand, develop and promote their value proposition and take advantage of the growing interest of multinational service providers to expand their global network to strategic locations.

Background

The Latin American Association of Service Exporters goal is to encourage Latin America's position in the global services market, as well as to enhance a better understanding of their countries competitiveness.

In 2011, the Inter-American Development Bank (IDB) approved ALES the execution of a USD 500.000 RPG (Regional Public Good) named "Regional System of Information and Methodological Harmonization for the Latin-American Services Sector". Thanks to IDB support, Latin American and Caribbean countries will be able to improve its competitiveness and position in the International Trade in Services market.

In 2012 ALES became an International Organization with the support of 16 countries. Countries that adhere to this instance, Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic and Uruguay, do so with the conviction that Latin America needs to explore a new model of competitiveness based on human capital development, technological innovation and knowledge.

In 2014 the Information System for Trade in Services was launched at the IV ALES Annual Convention in Buenos Aires. The event was a unique opportunity to learn about the latest trends, business and investment opportunities in the services sector. It brought together more than 300 companies from 20 countries and representatives of Export Promotion and Investment Organizations, chambers of commerce and association of exporters of the entire region. The agenda was highlighted by the participation of frontline figures from public and private sectors such as Uruguay's Vice President Danilo Astori and international experts on the most current topics such as Cognitive Analysis, BPO, Global Value Chains, Crowdsourcing, Video Games, among others.

In 2015, Guatemala City hosted the V Annual Convention receiving more than 300 experts and leaders of multinational companies from different services industries such as BPO, technology, software development and digital content, as well as public and private institutions and suppliers. The main topics included innovation, challenges, trends and business opportunities in the sector. Discussions pursue the development of talent and creativity and the attraction of services Foreign Direct Investment (FDI) in order to increase export's value added and boost the importance of the sector in the region. The event was followed by more than 1,200 people via online streaming.



V ALES Annual Convention, 7th August 2015 (Guatemala City, Guatemala)

Methodological Harmonization and Information System

In order to promote the region competitiveness in the global services market, it is crucial to address the statistical gap, as well as the various data challenges concerning services exports and specific country's competitiveness

Thereby, we developed a "Regional System of Information and Methodological Harmonization". The activities within this project resulted in the following instruments:

- Methodological Harmonization
- Services Information System

Methodological Harmonization

Given the statistical challenges of the services sector, ALES has developed a Regional Common Nomenclature (RCN) and a specific measurement methodology.

The RCN purpose is to identify with detail the activities included within the regional services trade. The RCN was built on the W120 nomenclature used in GATS commitments and trade negotiations. However, given the dynamics of the market, it reaches further disaggregation. In addition, it is related to the activities included in the CPC 1.0 nomenclature. The nomenclature is a key instrument for trade promotion agencies and stakeholders, as it enhances the design of policies aimed at improving their countries competitiveness in certain areas. The proposal has been considered an "*innovative step, given that it placed Latin*

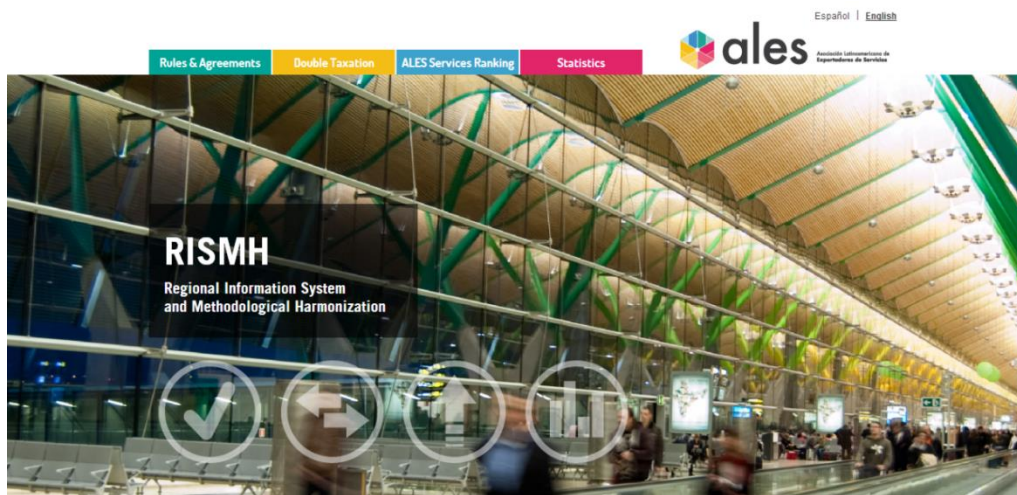
America as the first region in the world in shaping a universal language that identifies the different tasks that are involved in services trade"¹.

The next step consisted on the development of a harmonized methodology that provides guidelines for obtaining statistics on services trade in Latin America. The aim is that nations with fewer resources to obtain statistics can meet a minimum of indicators to provide relevant information.

Information System

The System provides relevant information for foreign investors, exporters and trade promotion agencies. Through an intuitive and simple method, it allows access to:

1. Rules and Agreements: includes national and international rules that may affect international trade in services, especially for the demand side of the market.
2. Double Taxation Agreements: informs the procedure to eliminate the double taxation effect.
3. Index: displays all data that investors take into account when deciding a location to outsource tasks abroad. In particular, it generates specific rankings by sector.
4. Statistics: provides statistics of the services sector in Latin America and the possibility of comparison.



¹ Juan Antonio Gálmez, President of Coalition of Service Exporters of the Santiago Chamber of Commerce.