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THE DIGITAL SPRINTERS

Boosting exports through digital technologies in Uruguay

October 2022

A Digital Sprinters focus report – Commissioned by Google

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The financial figures in this report are estimated in US dollars. Conversions, where applicable, are based on the average exchange rate for the period from December 2020 to December 2021.

1. Digital Sprinters is a framework for harnessing the digital transformation of emerging markets (EMs) into sustainable, inclusive growth that could ultimately have tremendous ramifications on the global economic balance of power. The concept of "Digital Sprinters" recognizes that—with the right strategies— EMs have tremendous potential to leapfrog more established markets. It's not a question of 'if' but rather where, when, and which markets.

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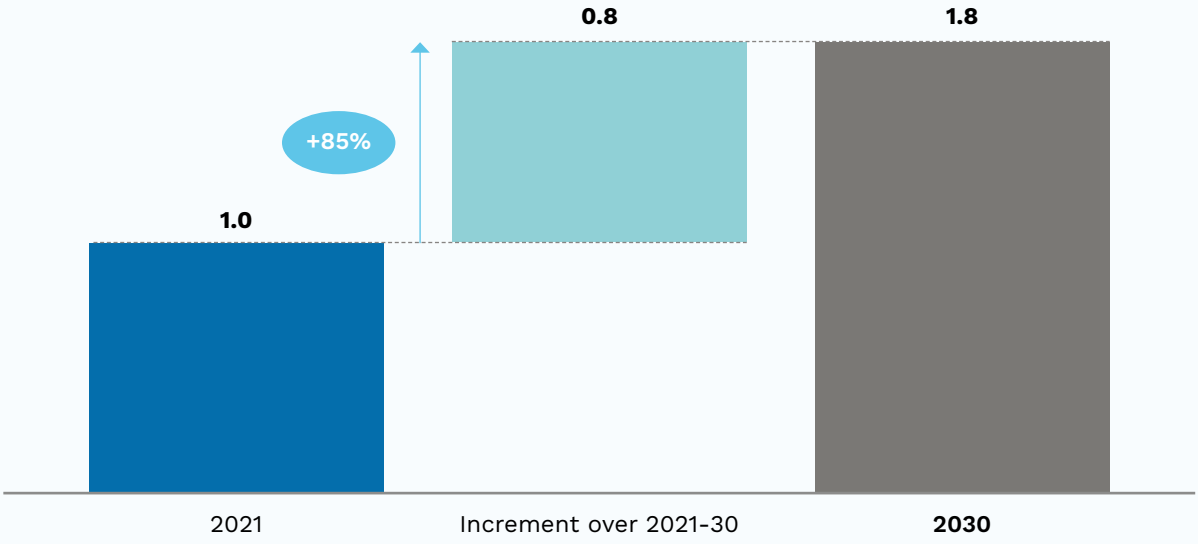
Uruguay is already experiencing a **US$1 BILLION** boost to its annual export value from digital technologies, but this value could grow by more than 80 percent to reach **US$1.8 BILLION** in 2030[1]



1. This is a conservative estimate as it does not include all the efficiency benefits that digital technologies can bring to export-related industries (e.g., through better tracking of goods in transit through Internet of Things technology). In addition, the 2030 estimate was projected based on the 2021 performance of the best-in-class within the six focus countries only and will likely be much higher if we used global best-in-class countries as a reference point.

A CONDUCIVE POLICY ENVIRONMENT IS NEEDED TO CAPTURE THIS US$1.8 BILLION POTENTIAL BENEFIT FOR URUGUAY

Promote use of technologies to boost supply chains

Raise awareness and facilitate the adoption of digital tools and emerging technologies among businesses

Conduct trainings for public and private sector representatives

Publish learning material and courses on digital exports, processes, paperless trade and digital shipping

This includes:

Develop robust regulatory frameworks

Harmonize legislation on electronic contracts and set industry standards to increase digital tool adoption and foster a digital culture across the public and private sectors

Support MSME adoption of digital tools

Promote financial programs to reduce costs related to digital exports, especially for MSMEs expanding overseas, such as financial support and technical assistance through small-scale and place-based initiatives

SOURCE: AlphaBeta-Access Partnership analysis

UNLOCKING THE DIGITAL EXPORT OPPORTUNITY IN URUGUAY

A leader in software development outsourcing, Uruguay ranks third in software exports per capita worldwide. While small in number due to their population size, Uruguay has the highest number of software developers per capita, coupled with favorable tax and other government policies that help to facilitate trade in digital services in Latin America.[2] It is no surprise then that Uruguay has established its comparative advantage in digital services in the region, and is well-positioned to become the "Silicon Valley of South America" given its digital penetration.[3] Uruguay's digital services exports are estimated at US$577 million, and this opportunity is expected to increase to US$984 billion by 2030. Despite that, digital exports such as digital services have not received as much attention as they warrant, given that national statistics have failed to keep pace with the rapid evolution of the digital economy.[4]

This report aims to address this gap,[5] and finds that Uruguay is already experiencing nearly a **US$1 billion** (US$978 million)[6] boost (7.2 percent of total exports) to its annual export value from applying digital technologies today (with Google facilitating up to 8.9 percent). By 2030, this value can increase by more than 80 percent to become **US$1.8 billion**.[7] To fully capture this significant prize, there are four policy recommendations for Uruguay to focus on:

1. Support the adoption of digital tools to improve supply chain management and streamline logistics processes;
2. Organize trainings for public and private sector representatives, with a particular focus on e-commerce and digital trade;
3. Develop robust regulatory frameworks for e-commerce and digital trade; and
4. Support the adoption of digital tools amongst businesses by improving micro, small and medium enterprises' (MSMEs) access to technology and financial support.

2. Tecla.io (2020), "Uruguay: Software Outsourcing and Top Nearshore Development Talent (Report)". Available at: *https //www.tecla.io/blog/uruguay-software-outsourcing-and-top-nearshore-development-talent-report*

3. The Bridge (2021), "Uruguay's High Tech Becoming Digital Hub in Latin América". Available at: *https //thebridge.social/uruguays-high-tech-becoming-digital-hub-in-latin-america/*

4. While some of this value is captured (in the case of e-commerce and digital services), value of digital products (such as advertising and online videos) are traditionally not captured in the national accounts as they are often hard to measure.

5. In our methodology to size the 2030 market, the country with the lowest digital export share of GDP for a particular component will see its share grow by the most over 2021-2030 in order to "catch up" to the best-in-class country for that component. This analysis is also based on current and forecasted economic conditions in the six focus countries in 2021, and could be changed if these economic conditions are changed. See Appendix in the overall regional report 'The Digital Sprinters: Boosting exports through digital technologies' for more details on the methodology.

6. This is a conservative estimate as it does not include all the efficiency benefits that digital technologies can bring to export-related industries (e.g., through better tracking of goods in transit through Internet of Things technology).

7. This was projected based on the 2021 performance of the best-in-class within the six focus countries only, and will likely be much higher if we used global best-in-class countries as a reference point.

> A LEADER IN SOFTWARE DEVELOPMENT OUTSOURCING, URUGUAY RANKS THIRD IN SOFTWARE EXPORTS PER CAPITA WORLDWIDE. WHILE SMALL IN NUMBER DUE TO THEIR POPULATION SIZE, URUGUAY HAS THE HIGHEST NUMBER OF SOFTWARE DEVELOPERS PER CAPITA, COUPLED WITH FAVORABLE TAX AND OTHER GOVERNMENT POLICIES THAT HELP TO FACILITATE TRADE IN DIGITAL SERVICES IN LATIN AMERICA. IT IS NO SURPRISE THEN THAT URUGUAY HAS ESTABLISHED ITS COMPARATIVE ADVANTAGE IN DIGITAL SERVICES IN THE REGION, AND IS WELL-POSITIONED TO BECOME THE “SILICON VALLEY OF SOUTH AMERICA” GIVEN ITS DIGITAL PENETRATION.

1. THE VALUE OF DIGITAL PRODUCTS AND SERVICES FOR URUGUAY'S EXPORTS IN 2021

Digital technologies boost exports through three channels:

1 Creating new exportable digital solutions.

Digital technologies have given rise to a range of new digital solutions that can be exported abroad. These include video games, online video services, and digital services such as data processing rendered to overseas customers. In 2019, exports of information and communications technology (ICT) services constituted 15 percent of Uruguay's services exports.[8] In particular, Uruguay has a fast-growing video game industry, cultivated through joint efforts between Uruguay XXI (the government export and investment promotion agency), the Uruguayan Chamber of Video Game Developers (CAVI), and Uruguayan developer companies. The industry has grown by 100 percent from 2013 to 2020, with top games garnering up to ten million downloads globally.[9] The country has earned a place at the international level due to the success of several video games, which have topped rankings across app stores and achieved visibility on the best global platforms, and Uruguayan app developers are currently estimated to earn US$35 million annually from app users outside the country.[10] Some successful video games include Legends of Kingdom Rush by Ironhide Game Studio, which has been nominated for the "Best Game: Latin America" award at the BIG Festival 2022 in Brazil.[11] In addition to mobile apps, digital services provided by Uruguay also have strong growth potential, with direct digital services making up more than 95 percent of all digital services exports.

8. International Trade Administration (2021), "Uruguay – Country Commercial Guide". Available at: *https://www.trade.gov/country-commercial-guides/uruguay-ict-computer-hardware-and-telecommunication-equipment#~text=In%202019%20(latest%20available)%20ICT,goods%20to%20the%20United%20States*.

9. Uruguay XXI (2022), "For the first time Uruguay will have a country stand at the largest global meeting of videogame developers". Available at: *https://www.uruguayxxi.gub.uy/en/news/article/for-the-first-time-uruguay-will-have-a-country-stand-at-the-largest-global-meeting-of-videogame-developers/*

10. AlphaBeta-Access Partnership analysis. See Appendix in the overall regional report 'The Digital Sprinters: Boosting exports through digital technologies' for more details on the methodology.

11. BIG, "Games selected for BIG Festival 2022". Available at: *https://www.bigfestival.com.br/games2022en.html*

2 Reducing costs of access to overseas markets.

These include increases in the exports of goods through cross-border digital platforms (e.g., cross-border e-commerce) and digital advertising. E-commerce has become a key element for the growth of many companies, and the e-commerce market is expected to grow by 30 percent year-on-year over the next three years in the country.[12] In particular, government efforts in this area have focused on supporting MSMEs in exporting, given that smaller firms tend to face more challenges than larger ones. For instance, only 24 percent of MSMEs have been exporting without major disruptions, while this figure is 72 percent for large companies.[13] Nonetheless, Uruguay has much potential to grow its e-commerce exports market given its position as a regional leader in software development and its supply of human capital and tools.[14] Government agencies like Uruguay XXI have helped to develop human capital through initiatives such as training programs aimed at educating MSMEs on how they can sell their products on international marketplaces, which would further support the expected growth of the e-commerce market. The health and beauty industry, including the pharmaceutical sector, estimated at US$660 million,[15] is one key industry that relies on cross-border e-commerce for Uruguay, making up an estimated 76 percent of total e-commerce exports. The cost of access to overseas markets is not only reduced through e-commerce platforms, but through digital advertising. Currently, Uruguay-based firms are estimated to reap US$122 million annually in additional export revenues from digital advertising targeted at overseas customers, demonstrating how digital advertising platforms are able to enhance access to a larger export audience at a reduced cost. In particular, MSMEs in Uruguay see sizable benefits as they are able to access overseas audiences at an affordable price, giving them the same amount of visibility as their larger competitors.

12. Dlocal (2022), "The ultimate guide to unlocking eCommerce growth in Uruguay".
Available at: https //dlocal.com/insights/regional-and-country-guides/the-ultimate-guide-to-unlocking-ecommerce-growth-in-uruguay/

13. Uruguay XXI (2022), "For the first time Uruguay will have a country stand at the largest global meeting of videogame developers".
Available at: https //www.uruguayxxi.gub.uy/en/news/article/for-the-first-time-uruguay-will-have-a-country-stand-at-the-largest-global-meeting-of-videogame-developers/

14. International Trade Administration (2021), "Uruguay – Country Commercial Guide". Available at: https //www.trade.gov/country-commercial-guides/uruguay-ict-computer-hardware-and-telecommunication-equipment# ~ text=In%202019%20(latest%20available)%20ICT,goods%20to%20the%20United%20States

15. Uruguay XXI (2021), "Pharmaceutical Sector in Uruguay: Human and Animal Use".
Available at: https //www.uruguayxxi.gub.uy/uploads/informacion/999b902c3824c755a6129ade6686f90770408b56.pdf

16. AlphaBeta-Access Partnership analysis. See Appendix in the overall regional report 'The Digital Sprinters: Boosting exports through digital technologies' for more details on the methodology.

3 Supporting efficiency in exporting processes.

There are various examples of how technologies can do this, such as paperless trade, digital solutions for trade information and operations, machine-to-machine (M2M) tracking of exported goods, and the application of Internet-of-Things (IoT) technologies in ports. In Uruguay, the use of digital technologies for trade has the potential to compound benefits from implementing a single trade window. Uruguay's single window coordinates requirements by more than 20 government agencies, such as produce ministries and customs authorities.[17] According to the World Trade Organization (WTO), Uruguay is leading the way (along with Argentina) in the full deployment of blockchain technology within custom authorities, beyond proofs of concept (PoCs) and initial pilot projects in the region.[18] It is anticipated that blockchain will help to achieve greater efficiency and reliability in risk management, revenue collection, and trade facilitation, such as reducing processing time and enabling real-time approval from customs authorities to expedite exports. Digital solutions are also finding their way into agri-food value chains to improve efficiency. For instance, the Ministry of Livestock, Agriculture and Fisheries (MGAP), the Inter-American Institute for Cooperation on Agriculture (IICA), the Development Bank of Latin America (CAF), the National Meat Institute (INAC), and the Uruguayan Wool Secretariat (SUL) signed an agreement to develop digital solutions in the sheep meat value chain.[19] In particular, this agreement centers on piloting blockchain technologies to bolster the export processes of domestic producers through cost reductions, greater traceability of information, thereby building trust and confidence in high-value markets like the United States. These learnings can be replicated in other agro-industrial chains within Uruguay. Such benefits are especially significant for MSMEs, which may not have as much financial capabilities as their larger counterparts to invest in complex logistical networks. In such cases, the use of digital technologies can help to streamline and simplify exporting processes.

17. Inter-American Development Bank (2019), Windows of Opportunity: Facilitating Trade with Blockchain Technology.
Available at: *https://publications.iadb.org/publications/english/document/Windows_of_Opportunity_Facilitating_Trade_with_Blockchain_Technology.pdf*

18. World Trade Organization (2022), The role of advanced technologies in cross-border trade: A customs perspective.
Available at: *https://www.wto.org/english/res_e/booksp_e/wcotech22_e.pdf*

19. CAF Development Bank of Latin America (2022), "Promoting Digital Solutions in Uruguay Meat Industry".
Available at: *https://www.caf.com/en/currently/news/2022/03/promoting-digital-solutions-in-uruguay-meat-industry/*

Uruguay is already experiencing a **US$978 million** boost to its annual export value from applying digital technologies today (Exhibit 1), making digital exports Uruguay's 4th largest export sector behind only agriculture and food, manufacturing, and consumer and retail.[20] 63 percent of this comes from the creation of new exportable digital solutions (channel 1), representing 4.5 percent of total exports, while the remaining comes from reducing costs of access to overseas markets (channel 2) through digital advertising and e-commerce platforms, representing 2.7 percent of total exports. This is a conservative estimate as it does not include the increased efficiency in exporting processes (channel 3) resulting from the adoption of digital technologies. Sales of US$577 million from digital services exports, such as telecommunication, information technology (IT) and other information services, constitute a large bulk of this benefit.

Uruguay's strong performance in digital services is unsurprising. In 2018, Uruguay became the first Latin American country to join the Digital 9, the working group of the countries with the most digitized governments in the world[21], taking a regional lead in digital development. According to the Digital Rise Report 2021 by the European Center for Digital Competitiveness, which ranks the digital competitiveness of 140 countries, Uruguay was selected as the top Digital Riser over the last three years in Latin America and the Caribbean.[22] In addition, Uruguay has an advanced telecommunications market, boasting the second fastest broadband speed in Latin America (behind only Brazil) and the second highest Internet penetration in Latin America (behind Chile).[23] In terms of IT and other information services, Uruguay now boasts more than 1,000 software development companies,[24] ranking first in per-capita software exports in Latin America and third worldwide.[25]

Several reasons underpin the emergence of Uruguay as a digital hub for outsourced software development. These include a combination of well-designed policies across educational, taxation and social spheres, such as a pro-investment policy that allows free movement of capital, setting up of specialized economic zones for trading, and being the first country to launch 5G technology in its territory in 2019.[26] These policies have helped attract talent and investment globally to Uruguay, including major U.S. software and IT companies such as IBM, Microsoft and VeriFone, all of which have established bases in Uruguay.[27] Uruguay ranks first for English in Latin America according to the Test of English as a Foreign Language (TOEFL), with 84 percent of engineering students having a working command of English which is essential for creating products that can be exported to the international market.[28] Furthermore, students pick up technological skills early on due to the One Laptop per Child program (OLPC). To increase the attractiveness of its tech industry, Uruguay maintains a 100 percent exemption for income tax for the payment obtained through the exports of software and related services (Decree 150/2007).[29] The institutional stability and low corruption of Uruguay's political and social system has also been recognized, where it ranked 13th in the Economist Intelligence Unit's 2021 Democracy Index, contributing to its relative attractiveness for skilled talent to settle down in the country.[30]

20. Channel 1 (Creating new exportable digital solutions) and Channel 2 (Reducing costs of access to overseas markets) are sized. As there are numerous ways in which technology applications drive efficiencies in the exporting process (e.g., overseas shipping, streamlining trade paperwork), rather than sizing this value (which can turn out to be less than comprehensive), Channel 3 (Supporting the efficiency of exporting processes) is assessed through case studies. See Appendix for more details. For comparison, merchandise and services exports were segmented into eight key sectors: healthcare, financial services, agriculture and food, education and training, consumer and retail, resources and mining, manufacturing, and infrastructure. This analysis assumed that we are able to define digital trade as a sector. OEC (2020), Yearly Exports. Historical Data. Available at: *https //oec.world/en/profile/country/ury*.

21. Uruguay XXI (2018), "Uruguay Assumes Presidency of the Group of Countries with More Advanced Digital Governments". Available at: *https //www.uruguayxxi.gub.uy/en/news/article/uruguay-asume-presidencia-del-grupo-de-paises-con-gobiernos-digitalmente-mas-avanzados/*

22. European Center for Digital Competitiveness (2021), Digital Riser Report 2021. Available at: *https //digital-competitiveness.eu/wp-content/uploads/Digital_Riser_Report-2021.pdf*

23. Cable.co.uk (2022), "Worldwide broadband speed league 2021". Available at: *https //www.cable.co.uk/broadband/speed/worldwide-speed-league/#map* . DataReportal (2022), "Digital 2022: Uruguay". Available at: *https //datareportal.com/reports/digital-2022-uruguay# ~ text=Data%20show%20that%20Uruguay's%20population,percent%20lived%20in%20rural%20areas*.

24. Financial Times (2021), "Uruguay's tech scene nears critical mass". Available at: *https //www.ft.com/content/40dafb4e-51ed-499c-8613-004f698e1c14*

25. Tecla.io (2019), "Outsourcing Uruguay". Available at: *https //www.tecla.io/blog/uruguay-software-outsourcing-and-top-nearshore-development-talent-report*

26. Biz Latin Hub (2020), "Why are Foreign Companies Choosing to do Business in Uruguay?" Available at: *https //www.bizlatinhub.com/business-uruguay-attractive-destination-foreign-commerce/*

27. The Bridge Social (2021), "Uruguay's High Tech Becoming Digital Hub in Latin America", Available at: *https //thebridge.social/uruguays-high-tech-becoming-digital-hub-in-latin-america/*

28. Tecla (2019), "Uruguay: Software Outsourcing and Top Nearshore Development Talent (Report)". Available at: *https //www.tecla.io/blog/uruguay-software-outsourcing-and-top-nearshore-development-talent-report*

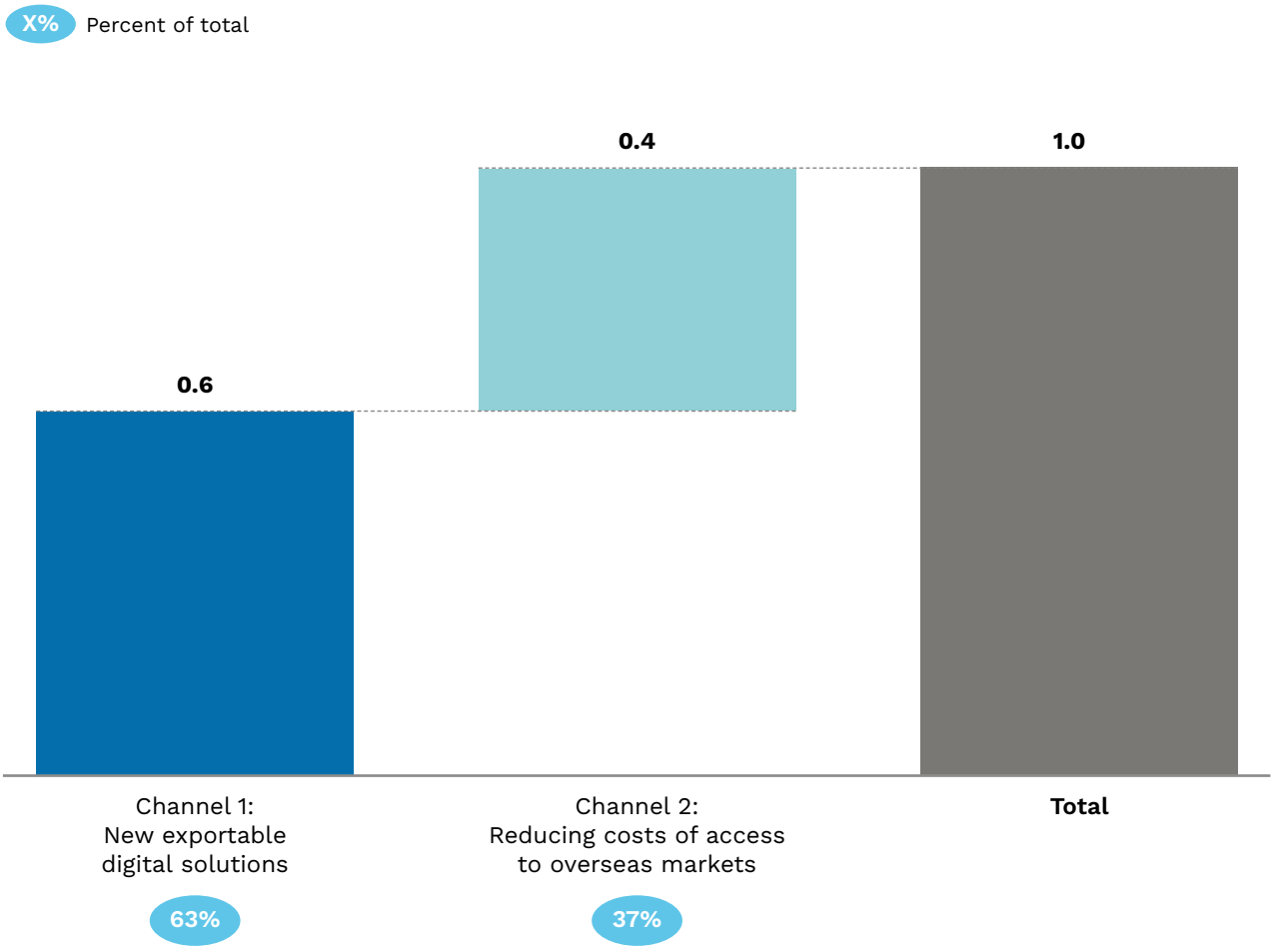
29. Nearsure (2020), "Uruguay: A Tiny Country Turned Mighty Nearshore Outsourcing Tech Hub". Available at: *https //www.nearsure.com/blog/uruguay-a-tiny-country-turned-mighty-nearshore-outsourcing-hub*

30. The Democracy Index evaluates 167 countries across measures such as electoral process and pluralism, government functioning, political participation, political culture, democracy and civil liberties. Economist Intelligence Unit (2022), "Democracy Index 2021: the China challenge". Available at: *https //www.eiu.com/n/campaigns/democracy-index-2021/*

Exhibit 1:

URUGUAY IS ALREADY EXPERIENCING A US$1 BILLION BOOST TO ITS ANNUAL EXPORT VALUE FROM DIGITAL TECHNOLOGIES TODAY

BOOST TO THE ANNUAL VALUE OF URUGUAY'S EXPORTS FROM DIGITAL TECHNOLOGIES, 2021
US$ BILLIONS



NOTE: Figures may not sum due to rounding. Figures are conservative estimates as they do not include all the efficiency benefits that digital technologies can bring to export-related industries under channel 3 (e.g., through better tracking of goods in transit through Internet of Things technology).

SOURCE: AlphaBeta-Access Partnership analysis

2. THE VALUE OF GOOGLE'S PRODUCTS FOR URUGUAY'S EXPORTS IN 2021

Google has been instrumental in advancing Uruguay's digital export journey through its products such as Google Play, Google Ads and Google Cloud. For instance, Google Play, an app distribution platform with over 111.3 billion app downloads in 2021, allows app developers in Uruguay to reach overseas users with minimal cost. According to data.ai and AppsFlyer, Google Play represented 49 percent of all app store consumer spend in Q1 2021 in Spanish-speaking countries (Argentina, Uruguay, Colombia, Costa Rica, Peru), significantly higher than the 32 percent share in Q1 2020. This underscores the growing opportunity for Uruguayan app and game developers through Google's platforms.[31]

It is estimated that Google's products helped to facilitate **US$87 million** (or 8.9 percent) of Uruguay's digital export opportunity in 2021. Box 1 lists examples of how Uruguayan businesses, especially MSMEs, have benefited from exports facilitated by Google's products.

In addition to advertising tools, Google also helps businesses in Uruguay build their e-commerce presence and make better decisions regarding exports. Google's Market Finder, a free platform provided by Google, identifies the markets with the highest export potential for each business based on their product or service and various factors such as search traffic volumes, advertising costs, and purchasing power of consumers.[32] After the initial market shortlist, the platform guides businesses to plan its internationalization operations and market their products and services in new countries.

31. App Annie & Apps Flyer (2021), "The State of App Marketing in Latin America". Available at: https //www.data.ai/en/insights/market-data/latam-state-of-app-marketing-2021/
32. Google (n.d.), "Market Finder". Available at: https //marketfinder.thinkwithgoogle.com/intl/en/

BOX 1.
GOOGLE'S TOOLS HELP BUSINESSES IN URUGUAY REACH OVERSEAS CUSTOMERS AND OPTIMIZE BUSINESS PROCESSES

PINCER GAMES: A URUGUAYAN INDIE GAME DEVELOPER BREAKS OUT IN LATIN AMERICA WITH GOOGLE PLAY ACADEMY[33]

From a young age, Laia Bee had been enchanted by the world of video games. Having always played games with Juan Manuel and Pablo, her friends of more than 20 years, setting up game developer company Pincer Games was a dream come true. The three friends tried out Google Play Academy, a one-stop shop built by Google experts to learn about Google Play Console features, the best ways to scale up application and game businesses, and stay abreast of Google Play policies.[34] They found Google Play Academy easy to integrate into their work routine, adapting its short and clear chapters into their work style without sacrificing critical project time. This helped them to launch Fighters of Fate effectively by experimental A/B testing, for instance, discovering a difference of up to 20 percent in installs between one icon and another. Fighters of Fate won the national video game contest, was selected by Google for the first accelerator program for Latin American video game companies and is currently on Google's Open Beta collection.[35]

VOPERO: URUGUAYAN FASHION COMPANY EXPANDS INTO THE REGION WITH GOOGLE TOOLS[36]

Vopero is an Uruguayan full-service fashion resale marketplace focusing on sustainability and the circular economy. It caters to consumers who seek a seamless, fun, convenient and sustainable way of buying and selling secondhand clothing online. Within a year of its launch, the company was able to use Google Search and YouTube Ads to better understand their target audience in the region, prompting them to expand to Mexico. The use of Google tools has not only allowed them to get to know customers, but also to boost visibility among a wider target audience. Thus far, the firm has onboarded more than 3,000 independent sellers and retail stores on the platform and achieved a 70 percent repeat customer rate, while processing more than 80,000 secondhand products.[37] Beyond Uruguay and Mexico, Vopero is setting its sights on expanding into Brazil and Colombia. It has also been selected in the first 2022 cohort of Google for Startups Accelerator LATAM.

INTEGRA CCS: OFFERING CONTACT CENTER SERVICES GLOBALLY WITH GOOGLE CLOUD PARTNER PROGRAM[38]

Integra CCS is a Uruguay-headquartered software company with more than ten years of experience in the software as a service (SaaS) industry. Its key product is uContact, a cloud-based omnichannel platform that helps contact centers automate and streamline their voice and text interactions on a single platform. Companies can handle all interactions, monitor their contact center's activity, and design employee workflows within the platform. uContact also offers analytics solutions so businesses can keep up with their performance in real-time, allowing companies to constantly improve their customer service experiences.[39]

With the help of Google Cloud, companies can now access uContact on any device or their own cloud. Clients have cited improved contactability by 30 percent in their contact center, as well as further reduced operating costs as a result of the digital multichannel tool. The implementation of Google Cloud has also enabled Integra CCS to offer their services to clients anywhere across the globe, and they currently have a presence in 25 countries globally.[40]

33. YouTube (2021), "Android Developer Story: Pincer Games grows with Google Play Academy". Available at: www.youtube.com/watch?v=NJ1xPGMu6vY
34. Google Play Academy (n.d.), "Start Learning." Available at: https://playacademy.exceedlms.com/student/catalog
35. Uruguayan Game Developers Association (2021), Make Your Next Deal with Uruguay Game Developers. Available at: www.uruguayxxi.gub.uy/uploads/informacion/04babd50f58b88a49b8ac371ead198020e49fd51.pdf
36. Google Developers Blog (2022), "Google for Startups Accelerator LATAM announces the startups selected for its first cohort of 2022". Available at: https://developers-latam.googleblog.com/2022/02/google-for-startups-accelerator-latam.html
37. Yahoo! Life (2021), "Vopero Announces Strategic Investment from Grupo Axo and thredUP to Grow Sustainable Fashion Resale Marketplace in Latin America". Available at: https://sg.style.yahoo.com/vopero-announces-strategic-investment-grupo-130000366.html
38. Google (n.d.), "RedSalud meets telemedicine challenges by implementing SAP for Google Cloud". Available at: https://cloud.google.com/customers/redsalud
39. Integra CCS webpage (n.d.). Available at: https://www.integraccs.com/uContact#overview
40. Google Cloud, "IntegraCCS". Available at: https://cloud.google.com/find-a-partner/partner/integraccs

3. THE DIGITAL EXPORT POTENTIAL OF US$1.8 BILLION BY 2030

Uruguay could still work towards a significant "size of the prize" for exports in the next few years. By 2030, the boost to its annual export value from digital technologies could increase by more than 80 percent to reach **US$1.8 billion** by 2030 (Exhibit 2).[41]

Notably, cross-border e-commerce exports have the strongest growth potential for Uruguay. Uruguay XXI, the national export and investment promotion agency of the Government of Uruguay, has identified e-commerce as a fundamental area to promote MSME internationalization, particularly in terms of reducing costs of access to overseas markets. MSMEs account for 78 percent of exporting companies, and play a relevant role in diversifying Uruguay's exports. These firms tend to export products such as precious stones, pharmaceuticals, fish and seafood products, honey, citrus fruits, and wine.[42] In 2020, 36 percent of MSMEs had Argentina, Brazil, or Paraguay as their main markets, exhibiting a greater regional dependence relative to large companies, with MSMEs exporting to an average of three destinations and large companies exporting to an average of 15 markets. To promote e-commerce adoption and professionalize MSMEs in their internationalization process, Uruguay XXI organizes sharing sessions on building businesses on e-marketplaces and maintains an e-commerce directory as a tool on its website.[43] As more Uruguayan companies adopt e-commerce to reach customers overseas, cross-border e-commerce exports are expected to grow at a compound annual growth rate (CAGR) of 8.9 percent, from US$242 million in 2021 to US$522 billion by 2030.[44] Of the e-commerce exports, health and beauty is expected to be the largest category.

41. This is a conservative estimate as it does not include all the efficiency benefits that digital technologies can bring to export-related industries (e.g., through better tracking of goods in transit through Internet of Things technology). In addition, the 2030 estimate was projected based on the 2021 performance of the best-in-class within the six focus countries only, and will likely be much higher if we used global best-in-class countries as a reference point.

42. Uruguay XXI (2021), "Uruguayan companies will be able to sell their products on Amazon".
Available at: *https //www.uruguayxxi.gub.uy/en/news/article/las-empresas-de-uruguay-podran-vender-sus-productos-en-amazon/*

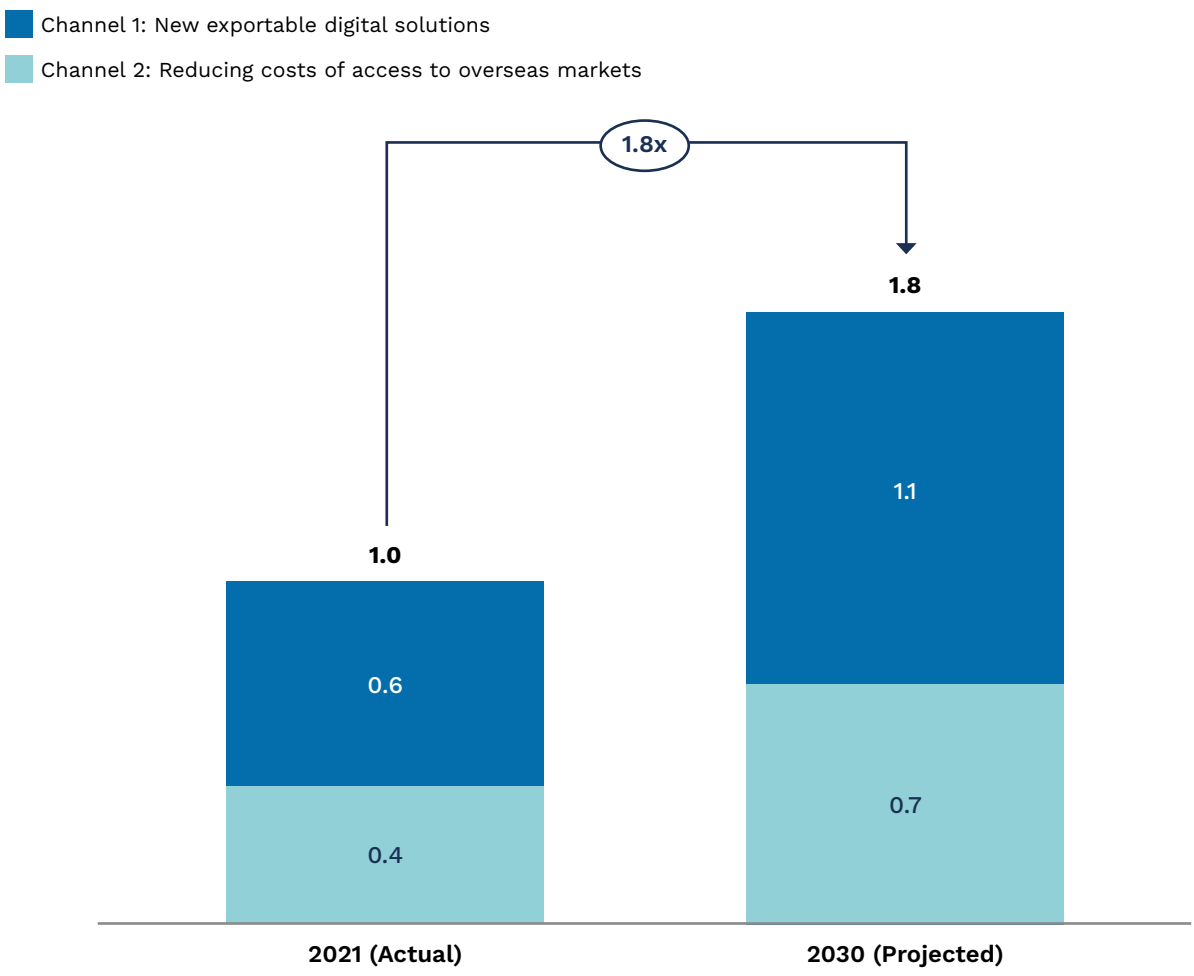
43. Uruguay XXI (2022), Characterization of MSMEs exporting goods in Uruguay.
Available at: *https //www.uruguayxxi.gub.uy/en/news/article/las-empresas-de-uruguay-podran-vender-sus-productos-en-amazon/*

44. AlphaBeta-Access Partnership analysis. See Appendix in the overall regional report 'The Digital Sprinters: Boosting exports through digital technologies' for more details on the methodology.

Exhibit 2:

BY 2030, THE TECH-ENABLED BOOST TO URUGUAY'S ANNUAL EXPORT VALUE COULD INCREASE BY MORE THAN 80 PERCENT FROM 2021 TO REACH US$1.8 BILLION

BOOST TO THE ANNUAL VALUE OF URUGUAY'S EXPORTS FROM DIGITAL TECHNOLOGIES, 2021 & 2030
US$ BILLIONS



NOTE: Figures may not sum due to rounding. Figures are conservative estimates as they do not include all the efficiency benefits that digital technologies can bring to export-related industries in channel 3 (e.g., through better tracking of goods in transit through Internet of Things technology). In addition, the 2030 estimate was projected based on the 2021 performance of the best-in-class within the six focus countries only and will likely be much higher if we used global best-in-class countries as a reference point.

SOURCE: AlphaBeta-Access Partnership analysis

4. POLICY RECOMMENDATIONS AND MEASURES TO ACHIEVE GOALS

A review of impactful, innovative, and practical digital policies, using the Digital Sprinters Framework with an export focus, identified 11 policy levers linked to five strategic imperatives crucial for capturing the technology-enabled export opportunity identified earlier in this report (Exhibit 3).[45] Each policy lever has also been classified as a general or critical enabler of digital exports. In this context, general enablers refer to those which contribute to the broader digitalization of the country, whereas critical enablers are specific and crucial to the achievement of digital exports.

Four of these policy levers have been identified as being most relevant to Uruguay, and translate into the four core recommendations outlined below (Exhibit 4). We used a two-step process to identify the policy gaps and determine the most applicable recommendations for Uruguay. First, we identified which policies and initiatives linked to the 11 policy levers have already been enacted or are currently in place. The policies identified were then ranked following a scoring protocol (a set of questions that serve as parameters to ensure a consistent scoring methodology across all six country reports). This allowed us to rank the policies on a scale of one (low level of progress) to three (high level of progress) and identify areas where further policy action is required. We then drafted our recommendations after considering the data and literature available to support the proposed arguments, the cost-effectiveness of each measure, and their priority and level of urgency (e.g., whether they act as structural bottlenecks to other policy gaps).

These recommendations are designed to support Uruguay in alleviating the bottlenecks currently hindering its export growth from moving forward in capturing the potential digital export opportunity, and are regarded as the most

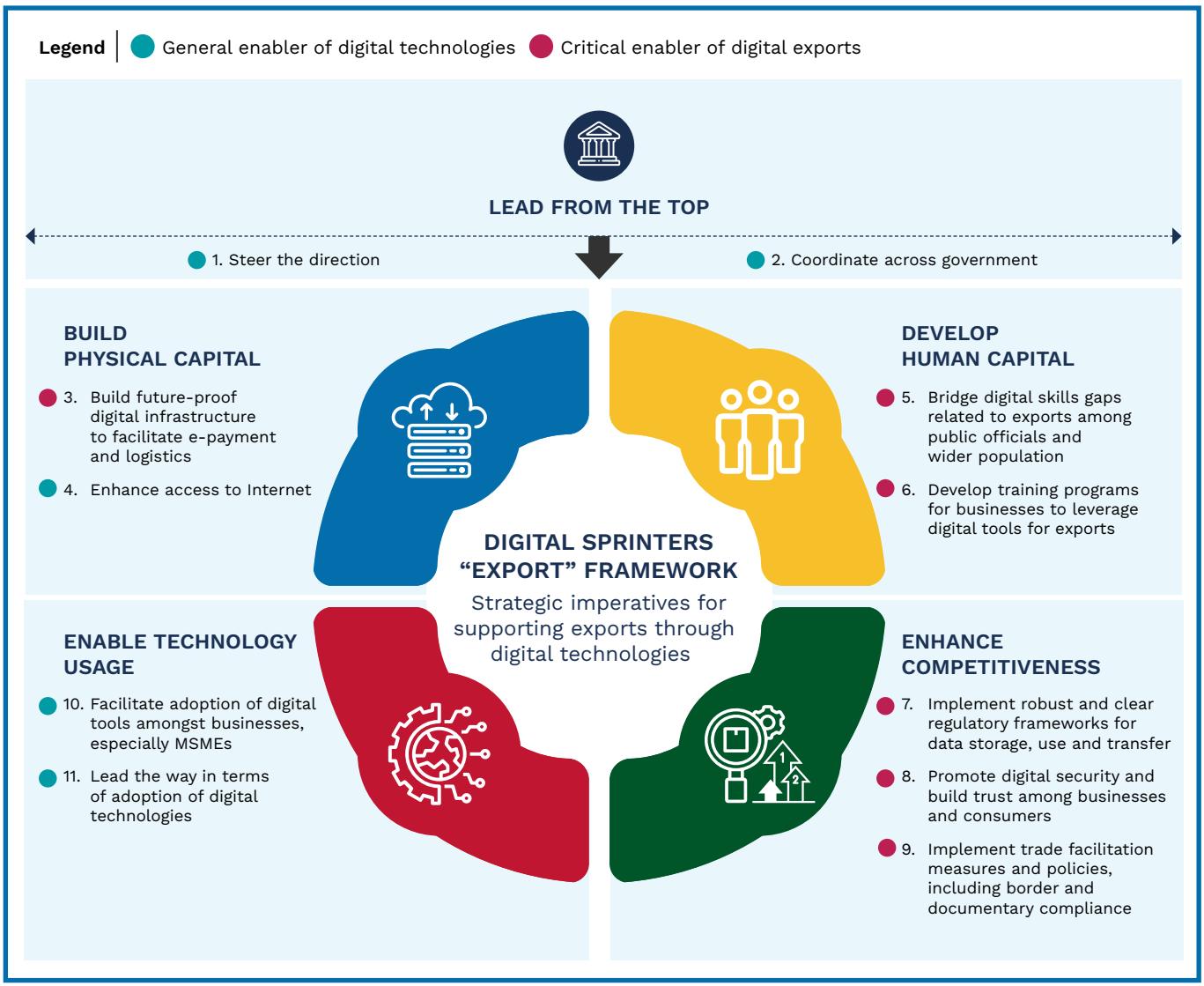
actionable in the short and medium term compared to other possibilities that would require more time or depend on extraordinary political conditions.

For Uruguay to achieve the US$1.8 billion “size of the prize” for digital exports by 2030, policymakers should find ways to integrate the implementation of the four policy recommendations highlighted above. Crucially, these four policy recommendations are cross-cutting in nature, and are targeted at strengthening the enabling environment for the respective digital components to unlock higher export growth for Uruguay (Exhibit 5). If leveraged and implemented well, it would go a long way in helping Uruguay capture its digital export opportunity.

45. The Digital Sprinters Framework focuses on key areas such as physical capital, human capital, technology innovation and competitiveness. Google (2020), The Digital Sprinters: Driving Growth in Emerging Markets. Available at: *https //blog.google/documents/94/The_Digital_Sprinters_FINAL.pdf/*

Exhibit 3:

11 POLICY LEVERS CAN HELP UNLOCK THE BENEFITS OF THE TECHNOLOGY-ENABLED EXPORT OPPORTUNITY AND ADDRESS POTENTIAL CONCERNS



SOURCE: Google; AlphaBeta-Access Partnership analysis

Exhibit 4:

FOUR RECOMMENDATIONS CAN HELP URUGUAY ADDRESS CURRENT GAPS HINDERING EXPORT-LED GROWTH

Policy Lever	Recommendation	From...	...To	Best Practice
Build future-proof digital infrastructure	Raise awareness and support the adoption of digital tools to improve supply chain management and streamline logistics processes among businesses	Private sector lags public sector in level of digital efforts throughout the supply chain	Improved perception and adoption of digital tools across the public and private sectors	Taiwan's national business-to-business (B2B) portal, Taiwantrade
Bridge digital skills gaps related to exports	Organize trainings for public and private sector representatives, with a special focus on e-commerce and digital trade	No specific training or learning material on digital exports	Improved capabilities among citizens and public officials on e-commerce and digital trade	Colombia's Vende Digital Program
Implement trade facilitation measures and policies	Develop robust regulatory frameworks for e-commerce and digital trade to foster a digital culture across the public and private sectors	Existing framework does not adequately help with e-commerce and digital trade development	Supportive regulatory framework which boosts the country's attractiveness	Malaysia's Digital Free Trade Zone
Facilitate adoption of digital tools	Support the adoption of digital tools amongst businesses by improving MSMEs' access to financial support	Existing programs do not provide financial support or subsidies for MSMEs specifically	Targeted support and assistance for MSMEs to encourage them to utilize digital technologies	Australia's Export Market Development Grants

Exhibit 5:

THE POLICY RECOMMENDATIONS CAN HELP URUGUAY CAPTURE THE FAST-GROWING DIGITAL COMPONENTS

RELEVANCE OF POLICY RECOMMENDATIONS FOR EACH DIGITAL COMPONENT

Relevance[1] | **Strong** **Moderate**

Strategic Imperative | Build physical capital | Develop human capital | Enhance competitiveness | Enable technology usage

POLICY RECOMMENDATIONS	MOBILE APPS	ONLINE VIDEO	E-COMMERCE	DIGITAL SERVICES	DIGITAL ADS
Raise awareness and support the adoption of digital tools to improve supply chain management and streamline logistics processes among businesses	✓	✓	✓	✓	✓
Organize trainings for public and private sector representatives, with a special focus on e-commerce and digital trade	✓		✓	✓	✓
Develop robust regulatory frameworks for e-commerce and digital trade to foster a digital culture across public and private sectors			✓	✓	
Support businesses' adoption of digital tools by improving MSMEs' access to financial support	✓	✓	✓	✓	✓

1. "Strong": Policy lever is extremely relevant to help capture the digital component as it pertains directly to the component or strongly enables its growth; "Moderate": Lever is relevant for the country as it indirectly enables its growth. In the absence of "Strong" or "Moderate", the policy lever does not directly affect the digital component nor provide a critical enabling environment.

SOURCE: Literature review; Expert interviews; AlphaBeta-Access Partnership analysis

Recommendation 1:
Raise awareness and support the adoption of digital tools to improve supply chain management and streamline logistics processes among businesses

In line with ***Policy Lever 3: Build future-proof digital infrastructure (Critical enabler)***, Uruguay should direct efforts towards increasing digital resilience among companies by promoting the use of technologies to improve the supply chain.

Although Uruguay ranks first in digital government in Latin America (ranked 26th out of 193 countries in the 2020 United Nations Digital Government Index), the country ranked 4th in the region in the use of digital tools for companies, demonstrating a significant gap in digital adoption between the public and private sector.[46] Moreover, national surveys and studies show that digitization efforts have not been replicated among private sector companies.[47] This highlights that existing implementation initiatives targeted at emerging technologies (artificial intelligence (AI), IoT, Blockchain) have not resulted in increased adoption.[48] Furthermore, companies do not perceive the lack of digitization as a key issue[49], showing a lack of awareness regarding the advantages that digitalization can bring to supply chain management, such as the ability to track inbound products in real-time. To this end, the government has established Objective V in the National Digital Plan 2025, the ultimate goal of which is to modernize the productive processes through the incorporation of technology in the supply chain.[50]

However, to support the implementation process, the government could also consider additional support to facilitate the digitalization of logistics. These include organizing bootcamps, seminars, training around supply chain integration; activating a support line or chats to answer queries; or providing demonstrations on solutions like cloud platforms to expedite processes and enhance efficiency among businesses. Government agencies could also partner with industry chambers to guide companies on digital warehouses or better logistics apps.

As an example, Taiwan's national business-to-business portal, Taiwantrade, features Taiwanese products, manufacturers, and exporters, and provides them with a platform to reach overseas buyers. It also organizes seminars to assist suppliers in listing their products on global e-commerce platforms, while connecting them with key stakeholders to facilitate sales of goods and services and other logistical issues such as payment and verification.[51]

In addition, products such as Google Cloud could be a good solution for companies interested in creating a digital supply chain platform that allows them to deliver better customer experience, build resilient and sustainable supply chains, and run processes autonomously by leveraging the cloud.

46. UN E-Government Knowledgebase (2020). "Country Information: Uruguay". Available at: *https://publicadministration.un.org/egovkb*

47. Agencia Nacional de Investigación e Innovación (2020). Supply Chain 4.0 – Perspectivas globales y situación en Uruguay. Available at: *https://www.anii.org.uy/upcms/files/listado-documentos/documentos/informe-sobre-tendencia-l.pdf*

48. UN E-Government Knowledgebase (2020). "Country Information: Uruguay". Available at: *https://publicadministration.un.org/egovkb/en-us/Data/Country-Information/id/185-Uruguay*

49. Agencia Nacional de Investigación e Innovación (2020). Supply Chain 4.0 – Perspectivas globales y situación en Uruguay. Available at: *https://www.anii.org.uy/upcms/files/listado-documentos/documentos/informe-sobre-tendencia-l.pdf*

50. Uruguay Presidencia (n.d.) Agenda Uruguay Digital 2025. Available at: *https://www.gub.uy/uruguay-digital/sites/uruguay-digital/files/documentos/publicaciones/agenda%202025%20Eng.pdf*

51. TaiwanTrade Portal (n.d.). Available at: *https://www.taiwantrade.com/home.html*

BOX 2.
GOOGLE CONTRIBUTES TO DIGITAL TOOL ADOPTION THROUGH THE BUILDING OF DIGITAL INFRASTRUCTURE IN URUGUAY

GOOGLE CONTRIBUTES TO THE STRENGTHENING OF DIGITAL INFRASTRUCTURE IN URUGUAY THROUGH THE BUILDING OF SUBSEA CABLES WHICH ENHANCE CONNECTIVITY[52]

Google recently announced intentions to build a new subsea cable, Firmina, which will connect the United States' East Coast to Las Toninas, Argentina, with landings in Punta del Este, Uruguay. Firmina is set to become the world's longest submarine cable, and will give people in South America faster and low-latency access to Google's suite of consumer and cloud services, including Search, Gmail and Cloud. SubCom will design and install the cable, which should be operational by the end of 2023.

Once the construction of Firmina is complete, Google will have two subsea cables spanning Uruguay, the first being the Tannat cable that links Uruguay to Brazil and Argentina.

GOOGLE SELECTS URUGUAY AS THE SITE FOR ITS SECOND DATA CENTER IN LATIN AMERICA[53]

Google announced that it has bought 30 hectares of land in Southern Uruguay through its subsidiary Eleanor Applications SRL, where it plans to build its second data center in Latin America. This facility will be built on a 20-hectare site in a duty-free tax zone called the Science Park.

This marked an important milestone in Google's Latin American expansion process, reinforcing its commitment to Uruguay and the development of the country's local technology ecosystem. This is expected to boost the growth of the digital economy in Uruguay, accelerating the uptake of technologies such as robotics and AI. In addition, it will also generate high-quality employment within the country.

52. TechCrunch (2021), "Google announces the Firmina subsea cable between the US and Argentina". Available at: *https //techcrunch.com/2021/06/09/google-announces-the-firmina-subsea-cable-between-the-u-s-to-argentina/*

53. Econ Americas (2021), "Why Google picked Uruguay". Available at: *https //econamericas.com/2021/06/why-google-uruguay-picked/*

Recommendation 2: Organize trainings for public and private sector representatives, with a special focus on e-commerce and digital trade

In line with ***Policy Lever 5: Bridge digital skills gaps related to exports (Critical enabler)***, Uruguay could publish learning materials or courses on digital exports, processes, paperless trade, and digital shipping, among others, to improve the capabilities of citizens and public officials, and to reduce the digital adoption gap between the public and private sectors (mentioned in Recommendation 1). While public officials have received several trainings on digitization, none focus specifically on digital exports. This could represent a key opportunity, particularly as digital skills are becoming more important in different jobs.[54]

The Uruguayan government has implemented training programs to promote the generation of Digital Government capabilities in state agencies to ensure that they can cope with technological changes, incorporate them and sustain them over time. Trainings include digital government curriculum, project management, legal aspects and data protection.[55] At the same time, similar courses have been identified for citizens and students on coding, digital tools, and data protection.[56] An initiative (named "Digital Mode") was launched by the Inter-American Development Bank (IADB) and the National Development Agency (ANDE), which focuses on the demand that MSMEs have for new digital management tools, processes and services.[57] Nevertheless, while these trainings and courses are digital-related, there is no evidence of specific trainings or learning material on digital exports.[58]

To this end, Uruguay could develop trainings through the platform Exporter's Route UY XXI[59], which promotes the internationalization of exporting companies or companies with exporting potential. The companies that use the site access an internationalization itinerary with commercial information, tools, digital applications and reference material for preparing their exports and commercial transactions, market analysis, promotion, prior documentation management and execution of sales abroad. The country could leverage this platform to deploy new training materials not only for businesses but also public officials overseeing international trade.

Additionally, courses on digital exports and learning materials could be organized by the Agency for the Development of the Government of Electronic Management and the Information and Knowledge Society, together with Digital Citizenship Group's organizations.

54. OECD Publishing, (2021) "OECD Skills Outlook 2021". Available at: https://www.oecd.org/skills/oecd-skills-outlook-e11c1c2d-en.htm

55. Agencia de Gobierno Electrónico y Sociedad de la Información y del Conocimiento (n.d.), "Capacitación a funcionarios públicos". Available at: https://www.gub.uy/agencia-gobierno-electronico-sociedad-informacion-conocimiento/node/2691

56. Agencia de Gobierno Electrónico y Sociedad de la Información y del Conocimiento (n.d.), "Capacitación a funcionarios públicos". Available at: https://www.gub.uy/agencia-gobierno-electronico-sociedad-informacion-conocimiento/tematica/capacitacion

57. Agencia Nacional de Desarrollo (n.d.), "¿Qué es Modo Digital?". Available at: https://mododigital.uy/que-es-modo-digital/

58. Agencia de Gobierno Electrónico y Sociedad de la Información y del Conocimiento (n.d.), "Capacitación a funcionarios públicos". Available at: https://www.gub.uy/agencia-gobierno-electronico-sociedad-informacion-conocimiento/tematica/capacitacion

59. "Ruta del Exportador" website. Available at: https://www.uruguayxxi.gub.uy/es/ruta-del-exportador/

Recommendation 3:
Continue the development of robust regulatory frameworks for e-commerce and digital trade while raising awareness to foster a digital culture across public and private sectors

In line with ***Policy Lever 9: Implement trade facilitation measures and policies (Critical enabler)***, Uruguay should continue supporting regulatory frameworks that boost the economy and the ease of doing business. This can be done by harmonizing legislation on electronic contracts or setting specific standards for the industry, such as guidelines around "Consent to Conduct E-Business", and "Certifying E-Records and E-Signatures".

Uruguay's bill on "Promoting Digital Distance Contracting" aims to modify the current electronic-related regulations.[60] The project considers four areas, including signature certification and documentation in electronic format.[61] This new law could support the development and growth of digital business and promote the use of digital tools to expand the business line of many companies, giving more certainty to the process. Once this new framework is approved, Uruguay will have a better and updated framework to develop digital commerce. To this end, policymakers should aim to advance such legislation, which will create enabling environments for digital exports.

Amid the passage of the bill, the government could reinforce the message by launching awareness campaigns aimed at fostering a digital culture for companies. The government could assist in communicating the benefits of the new law and help companies incorporate digital tools. For example, the Uruguayan Chamber of Information Technologies and the Agency for the Development of the Government of Electronic Management and the Information and Knowledge Society could work together to issue learning material on e-signature adoption among entrepreneurs and companies and the benefits of simplifying processes.

60. Parliament of Uruguay, "Bill on Promotion of Digital Distance Contracting". Available at: https //parlamento.gub.uy/documentosyleyes/ficha-asunto/151233
61. Parliament of Uruguay, "Bill on Promotion of Digital Distance Contracting". Available at: https //parlamento.gub.uy/documentosyleyes/ficha-asunto/151233

Recommendation 4: Support businesses' adoption of digital tools by improving MSMEs' access to financial support

In line with *Policy Lever 10: Facilitate adoption of digital tools (General enabler)*, Uruguay should promote a financial program to reduce the costs related to digital exports, especially for MSMEs expanding their businesses abroad. In that sense, financial support and technical assistance in diagnosing digital trade related-problems or implementing new digital business solutions, often through small-scale and place-based initiatives, could be of great benefit for local MSMEs.

National and international programs have been enacted in order to improve MSMEs competitiveness, increase their sales and productivity and provide better services to their clients with the help of technology resources.[62] However, none of these programs have funding or financial support/ subsidies specifically for MSMEs to promote digital trade or e-commerce.

To this end, establishing government-funded programs around adapting to existing technologies (e.g., in industries such as digital trade), could be potentially useful. Reducing the cost for MSMEs to achieve this could be fostered through the promotion of new technologies (such as blockchain or AI) that allow companies to lower transaction costs in the financial market.

The MSME digital gap is usually a consequence of different factors, one of them being a lack of knowledge on financial support programs, or the lack of capital to upgrade to more sophisticated digital tools.[63] The government could support in setting up a fund to help MSMEs reap the benefits of digital tools. This will help not only promote a digital culture, but reduce costs, in time, energy and resources.[64]

62. Among the different projects, it can be mentioned "Modo Digital" available at: https //www.ande.org.uy/noticias/item/ya-esta-en-marcha-modo-digital-el-nuevo-programa-de-ande-y-el-bid-para-la-actualizacion-de-las-mipymes.html, "Pro-digital program" available at: https //www.ande.org.uy/convocatorias/item/programa-de-apoyo-a-la-digitalizacion-en-mipymes.html and "The BID program Digital Transformation for MSMEs" available at: https //www.iadb.org/es/project/UR-L1174

63. OECD Publishing (2020) "SME and Entrepreneurship Outlook 2019". Available at: https //www.oecd-ilibrary.org/sites/34907e9c-en/index.html?itemId=/content/publication/34907e9c-en

64. OECD Publishing (2017) "Key Issues for Digital Transformation in the G20". Available at: https //www.oecd.org/g20/key-issues-for-digital-transformation-in-the-g20.pdf

BOX 3.
BEST PRACTICES FOR RELEVANT POLICY LEVERS

RECOMMENDATION 2:
ORGANIZE TRAININGS FOR PUBLIC AND PRIVATE SECTOR REPRESENTATIVES, WITH A SPECIAL FOCUS ON E-COMMERCE AND DIGITAL TRADE [COLOMBIA]

In Colombia, the "Vende Digital" program implemented by the Ministry of Information and Communications Technologies (MinTIC) provides advice and support to 10,000 MSMEs and merchants to sell their products and services through e-commerce platforms.[65] The program aims to support businesses with little to no experience in digital sales, to advance digital transformation in Colombia. Such programs also help foster greater collaboration between the public and private sector by educating government agencies on how to best support businesses looking to sell their products online.

RECOMMENDATION 3:
DEVELOP ROBUST REGULATORY FRAMEWORKS FOR E-COMMERCE AND DIGITAL TRADE TO FOSTER A DIGITAL CULTURE ACROSS PUBLIC AND PRIVATE SECTORS [MALAYSIA]

In 2017, the Malaysian government implemented a "Digital Free Trade Zone" (DFTZ) in the country, a strategic multi-agency initiative aimed at promoting cross-border digital trade and facilitating MSMEs' efforts to export via e-commerce.[66] The DFTZ includes three components, the "eFulfilment Hub", the "Satellite Services Hub" and the "eServices Platform". This initiative aimed to streamline regulatory processes in the country in order to make export processes smoother for businesses.

The "eFulfilment Hub" comprises warehouses, logistics, and customs facilitation facilities, and satellite services such as training and foreign investment services, while the "Satellite Services Hub" connects businesses

with leading industry players who offer services like financing, last mile fulfillment, insurance which are important in cross-border trade. The "eServices Platform" is a trading platform that connects customs services to other e-commerce services, and was developed to efficiently manage cargo clearance and other processes needed for cross-border trade.[67] All three components aim to leverage digital technologies to drive seamless cross-border trade, and facilitate access of MSMEs to global markets.

From the end of 2017 to 2019, the DFTZ supported over 13,000 local MSMEs, allowing them to gain access to regional and global e-commerce markets. This was more than a six-fold increase from the 2,000 MSMEs selling online in 2017, highlighting the importance of strong regulatory frameworks in facilitating export growth.[68]

65. MinTIC (2022), "Cómo inscribirse en 'Vende Digital' y llevar su negocio al comercio electrónico".
Available at: *https //www.mintic.gov.co/portal/inicio/Sala-de-prensa/Noticias/208823 Como-inscribirse-en-Vende-Digital-y-llevar-su-negocio-al-comercio-electronico*

66. APEC Policy Support Unit (2017), Promoting E-commerce to Globalize MSMEs.
Available at: *www.apec.org/Publications/2017/11/Promoting-E-commerce-to-globalize-MSMEs*

67. Malaysia Digital Economy Corporation (n.d.), "Digital Free Trade Zone (DFTZ)". Available at: *https //www.aseanbriefing.com/news/malaysias-digital-free-trade-zone/*

68. MDEC (n.d.), "Digital Free Trade Zone". Available at: *https //mdec.my/digital-economy-initiatives/for-the-industry/entrepreneurs/dftz/# ~ text=The%20DFTZ%20is%20a%20strategic,global%20markets%20via%20e%2Dcommerce*

RECOMMENDATION 4:
SUPPORT THE ADOPTION OF DIGITAL TOOLS AMONGST BUSINESSES BY IMPROVING MSMEs' ACCESS TO TECHNOLOGY AND FINANCIAL SUPPORT [AUSTRALIA, CANADA]

Australia's "Export Market Development Grants" (EMDG) program helps Australian MSMEs export to foreign countries. Grants are available in three tiers, with each tier providing a different level of support for MSMEs as they internationalize.[69] Tier-1 grants are targeted at first-time exporters, providing them with support for two years and a maximum of AU$40,000 (US$28,700) per financial year. Tier-2 grants are targeted at MSMEs expanding their export promotion activities, with the EMDG supporting them for three years and a maximum of AU$80,000 (US$57,300) per financial year. Finally, Tier-3 grants help MSMEs who are expanding export promotion activities and making a strategic shift, for example targeting a new type of customer. The support will be a maximum of AU$150,000 (US$107,500) per financial year for up to three years. Under the program, no upfront investments are required, and successful applicants will know how much funding they will receive before undertaking their promotional activities.

Another example is the Canada Digital Adoption Program (CDAP) which aims to help Canadian small- and medium-sized businesses grow their online presence and upgrade or adopt digital technologies.[70] The program will provide CA$4 billion (US$3.1 billion) over four years and will support up to 160,000 small businesses leveraging e-commerce opportunities and digitizing their operations to stay competitive and meet their customers' needs in the digital marketplace.

69. Austrade (n.d.), "EMDG from 1 July 2021", Available at: https://www.austrade.gov.au/australian/export/export-market-development-grants/emdg-from-1-july-2021

70. Prime Minister of Canada (2022), "New Canada Digital Adoption Program to help small businesses thrive in the digital economy". Available at: https://pm.gc.ca/en/news/news-releases/2022/03/03/new-canada-digital-adoption-program-help-small-businesses-thrive

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