

# Public and private trade promotion of offshore services in Chile: bad governance of good policies?

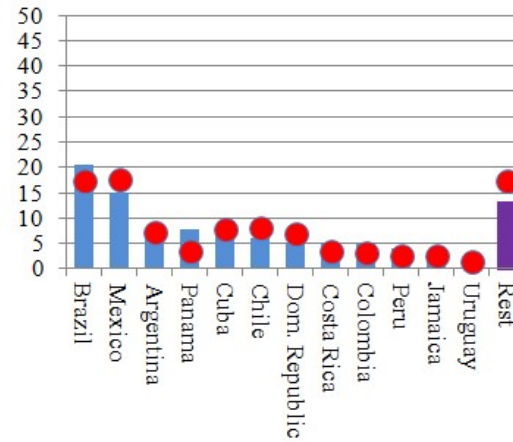
Nanno Mulder- Osvaldo Marinao

Chile is 4<sup>th</sup> largest exporter of modern services in Latin America, after Brazil, Argentina and Costa Rica

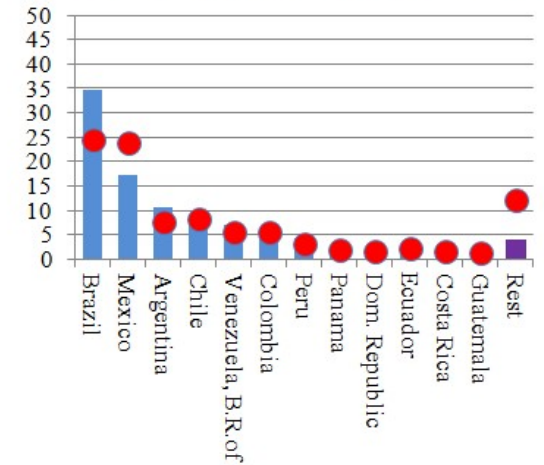
**Latin America and Caribbean: Shares of countries in regional total and modern services trade, 2005 and 2016**

(Percentages)

A. Total services: main exporting countries



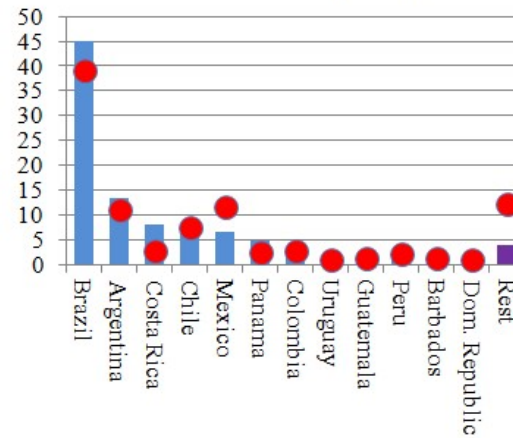
B. Total services: main importing countries



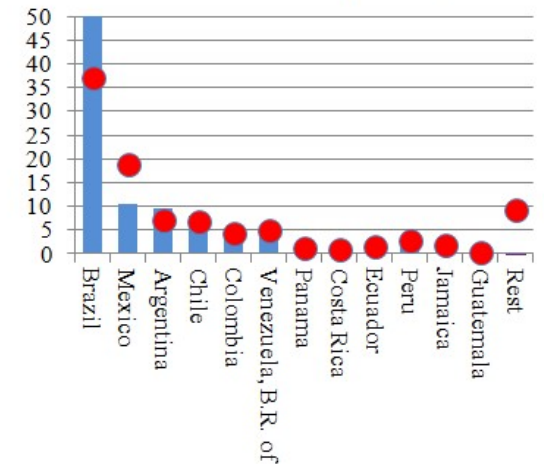
■ 2016 ● 2005

■ 2016 ● 2005

C. Modern services: main exporting countries



B. Modern services: main importing countries



# Governance of policies to promote global services

- Chile: Prachi Angarval, Osvaldo Marinao, Nanno Mulder (CEPAL)
- Colombia: Carmen Astrid Romero (Un. Sergio Arboleda)
- Mexico: Alfredo Hualde y Celina López (Colegio Frontera Norte and Un. de Guanajuato)
- Peru: Manuel Quindimil (PUCP)

Papers will be presented at annual REDLAS conference, véase <http://conferenciaredlas2017.blogspot.com>

(21-22 September in Costa Rica)

Central question:

What has been the governance of Chile's policies in the context of the stagnation of its world market share?

(preliminary results!)

# Outline

- A. Methodology: governance of public policies**
- B. Council of global services (2006-2010)**
- C. Committee of services exports (2015 >)**
- D. Governance “performance” over time**

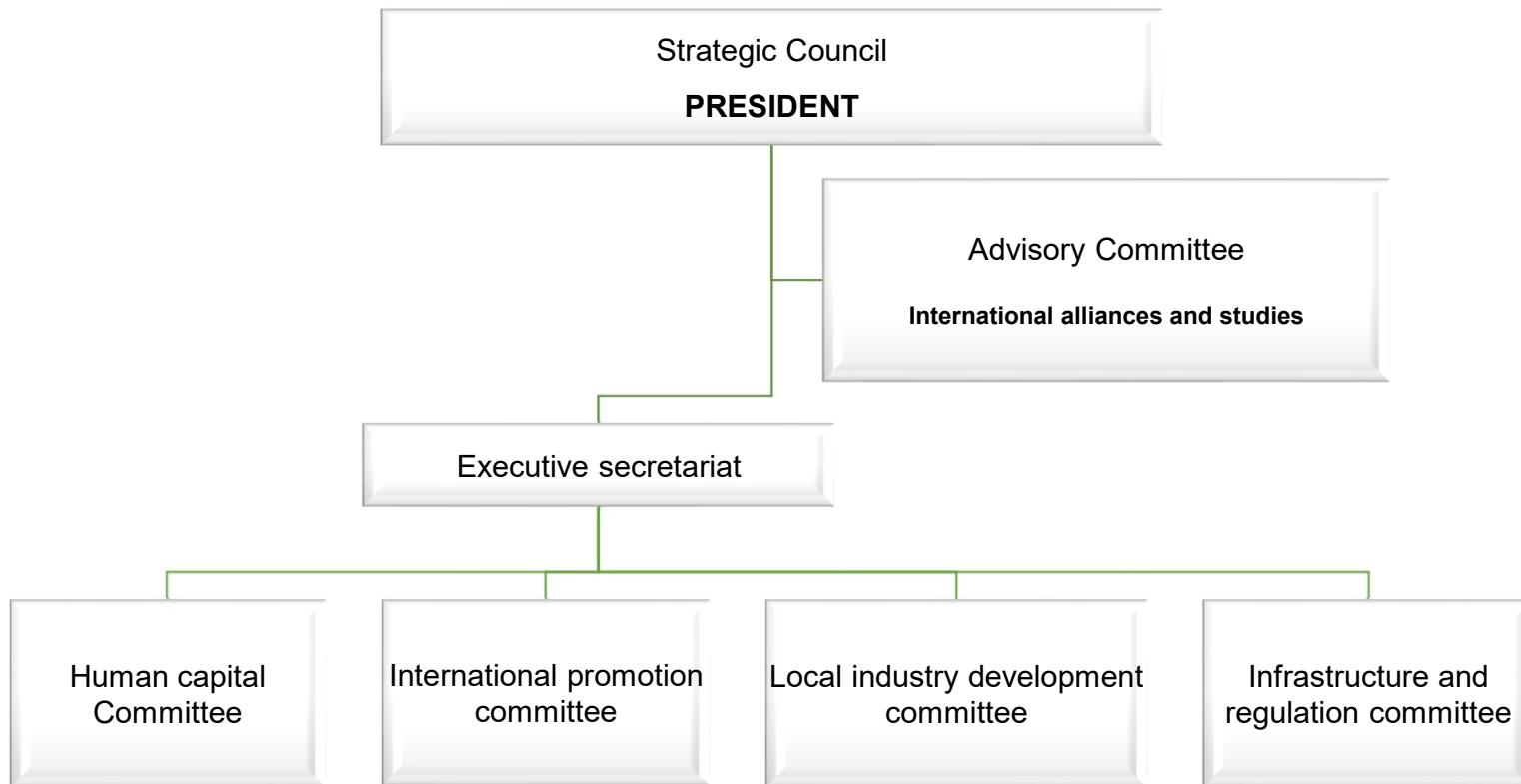
## A. Governance of policies: Devlin & Moguilansky (2010)

1. Adopt a proactive national strategic vision in the medium and long term
2. Public-private partnership and the search for consensus for the future strategy
3. Conditions for effective implementation of the strategy:
  - a. Ensure leadership of the ministries / agencies in charge
  - b. Financial resources and human capabilities
  - c. Medium-long-term culture (think-tank, prospective analysis, ...)
  - d. Each area should have an agency in charge of its implementation
  - e. Civil service not politicized with professionalism and technical capacity
  - f. Monitoring and evaluation of instruments and their coordination
  - g. The effectiveness of the instruments depends on their management

**B. Council of global services (2006-2010)**  
**(from 2007 to end)**



# Organization of the Council





## Public private alliances to work on different areas



### HUMAN CAPITAL

- PUC
- Foro Innovación
- Mineduc
- ACTI
- Synopsys
- Evalueserve
- CORFO
- INACAP

### INTERNATIONAL PROMOTION

- Foro Innovación
- Prochile
- ACTI
- Evalueserve
- Synopsys
- Oracle
- AMCHAM
- CORFO

### LOCAL SECTOR DEVELOPMENT

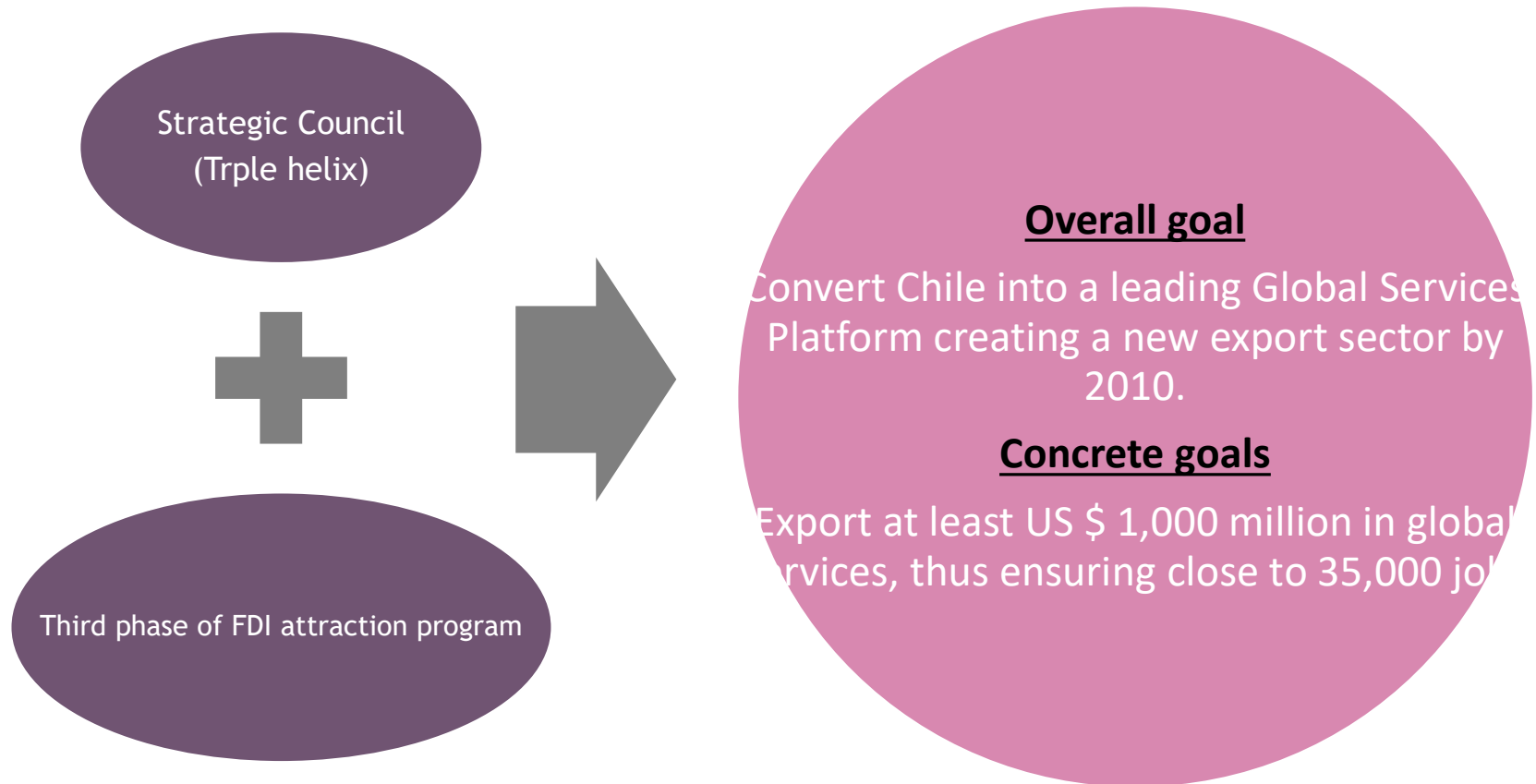
- ACTI
- Foro Innovación
- Teleperformance
- CORFO
- Minecon
- PROCHILE

### INFRASTRUCTURE AND REGULATION

- Minecon
- AMCHAM
- Foro Innovación
- CORFO
- ACTI

From 2007 to end-2010, the Council met 17 times

## Goals 2006 to 2010



# Results up to 2010

In 2010 Chile was considered as one of the most competitive locations in the region, with an operation of more than 60 global service centers in the country.





Chile  
A WORLD  
OF SERVICES

L i s t e n . T h i n k . G o .

Technical Committee Public Private Export Services

# Structure and members



**COMMITTEE XXS**

**Executive body**  
**Ministry of Finance**

**President of the Committee**  
**Employer association**

## PUBLIC SECTOR REPRESENTATIVES

Ministry of Finance  
Ministry of Economy  
Chilean Development Agency,  
Ministry of Trade  
Trade promotion, ProChile  
Internal Revenue Service, SII  
National Customs Service , Aduanas  
Foreign Investment promotion agency InvestChile  
Central Bank of Chile  
Training and Employment agency SENCE  
National Institute of Intellectual Property., INAPI  
Image Foundation of Chile, FICH  
National Council for Culture and the Arts

## PRIVATE SECTOR REPRESENTATIVES

Employer association SOFOFA  
Chamber of Commerce of Santiago, CCS  
Association of engineers, AIC  
Association of arquitechts, AOA  
Asociation of Technology Companies, CHILETEC

# Operating principles



Monthly, bi-monthly meetings or when the situation warrants.

List of topics proposed by the executive secretariat for the discussion of members.

Matrix with progress tracking measures.

Agreements are taken by simple majority of attendees.

Minutes with the agreements of each session are published semi-annually on the web

# Functioning



## Creation of five working groups

1. Customs facilitation
2. Tax matters
3. Statistics and indicators
4. Human capital
5. Promotion and dissemination

# Progress on implementation of decisions



**Total: 52 measures**

**Implemented: 55% (29) – Under study: 45% (23)**

1. Strengthening institutions
2. Customs and tax facilitation
3. Expansion of tax benefits
4. Improve the information available on the sector
5. Strengthen human capital competencies and capacities
6. Financing, identification of gaps and creation of support instruments and banking products
7. Increase the potential of Chile to export services and motivate Chilean companies to sell abroad



# Do Committees comply principles of good governance?

## 1. Medium term vision:

- Old council: policy goals for 4 years, but discontinued afterwards
- New committee: annual goals, IDB loan should give continuity

## 2. Public-private partnership:

- Old council: yes, but few private actors (large firms), Ministry of Education
- New committee: broader membership, with business associations (no MoE)

## 3. Ensure leadership of the ministries / agencies in charge

- Old council: led by Chilean Development Agency CORFO
- New committee: led by Min of Finance (more power, but continuity ???) and SOFOFA

- Financial resources and human capabilities
  - Old council: dedicated team of specialists in CORFO
  - New committee: small team in Ministry of Finance, no specialists
- Medium-long-term culture (think-tank, prospective analysis, ...)
  - Old council: medium term plan yes, no think tank
  - New committee: no plans, no think tank, yes prospective studies, additional push through Pacific Alliance
- Each area should have an agency in charge of its implementation
  - Old council: less clear division of labor
  - New committee: clearly assigned responsibilities except for human capital
- Civil service not politicized with professionalism and technical capacity
  - Old council: specialists in CORFO, but fell victim to political cycle
  - New committee: led by Finance Ministry. Future through IBD loan

- Monitoring and evaluation of instruments and their coordination
  - Old council: yes, evaluation in 2010
  - New committee: tracking of implementation of measures, no MT goals
- The effectiveness of the instruments depends on their management
  - Old council: few PP institutions, clear medium term goals
  - New committee: incremental approach by broader membership