

**United Nations Conference on Trade and Development**

# **World Investment Report**

**2004 The Shift Towards  
Services**



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various kinds (table V.3). Tax incentives are more common than direct grants, but there are certain differences between countries at different levels of development: developed countries rely more on direct grants than on tax incentives, and they rarely allow duty-free inputs and free zone incentives.

Incentives in service industries are provided for various purposes. They are often

granted to induce domestic or foreign investment into service industries that are important for boosting systemic competitiveness and economic growth, such as infrastructure or other strategic industries. For example, in Sri Lanka, income tax holidays for 5-10 years are offered for pioneering investments in energy, transportation and water services; the Thai Board of Investment grants import-duty exemptions on certain machinery and an 8-year tax holiday to industries

#### **Box V.5. New Brunswick: an early mover in attracting call centres**

The Canadian province of New Brunswick has attracted customer contact centres since the beginning of the 1990s. Aliant Inc., the regional telecom provider, was an early investor in fibre-optics and digital switching technologies. Aliant's early entrance was driven by the need to create network-based solutions for distributed centres. It succeeded in rapid implementation of an advanced province-wide telecom infrastructure. This infrastructure, together with the province's business investment strategy, a skilled labour force, the province's bilingualism, proximity to the United States, political stability and a favourable currency exchange rate, were identified as location assets by the local government.

The development strategy was, and remains, successful. By 2004, more than 100 contact centres had been established in New Brunswick, employing an estimated 18,000 workers, equivalent to 4.6% of the provincial labour force. Initially, the investors were mainly of Canadian origin, although companies from the United States were subsequently targeted. Fibre-optic backbone connections to major United States telecom networks made possible a seamless integration of New Brunswick operations for international companies.

During the 1990s, educational initiatives were sought to support the industry. Computer literacy became mandatory for high school graduates, and both public and private institutions began to offer contact centre and IT training programmes. This training has evolved to include technical assistance/helpdesk operations as well as business-to-business sales, applications development and sophisticated customer service courses. Diversification into other back-office functions such as accounts receivables, human resource management and accounts management has also occurred, and the workforce continues to be trained in the skills and

technologies required to handle effectively skilled transactional work.

Career websites, electronic job fairs, toll-free numbers and electronic databases have been established to gather information on people with the skills and interests to work in the industry. There have also been efforts to draw on non-traditional labour pools, such as students, disabled persons and seniors, made possible in part by a targeted wage/training subsidy programme. Finally, so-called "virtual contact centres" – where people can work from smaller satellite operations or from home – have been tested and are operating in the province.

The provincial government continues to support the contact centre strategy as part of its "Prosperity Plan", while other partners have also become more visible. Partnerships with local economic development agencies, federal and municipal governments, chambers of commerce, industry organizations and educational facilities are now in place. An industry association shares best practices and addresses broader concerns such as quality standards, industry image and training to ensure a continued supply of qualified workers.

The customer contact centre industry remains a growing facet of the New Brunswick economy. From its early start in traditional telemarketing, the industry has grown to include web-based customer care (e-government) and advanced training technologies (e-learning) – the fastest growing subclusters of the province's knowledge industry. The industry now encompasses companies providing Internet solutions (e-business); software development; systems integration and support services; and consulting services, including knowledge-based services, engineering, environmental, architectural, ocean technologies and remote monitoring services.

*Source:* UNCTAD, based on information provided by Business New Brunswick.